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Corporate Governance Framework®

BUSINESS PRESENTATION

GOVERNANCE: PROMOTING GOOD GOVERNANCE – IMPERATIVES FOR ACCOUNTABILITY
Kwa-Zulu Natal

18 May 2015

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As always, I remain acutely aware of the sensitivities of this topic.

I am sure you will agree that delivering such a topic is a massive responsibility; but ironically not just for me as the presenter.

Indeed there are two components of responsibility I wish to draw your attention to.

The primary responsibility rests upon me as the conveyer of such a presentation, which required careful consideration regarding its research, compilation and now its delivery to you, the esteemed audience.

The secondary responsibility however, rests with you as the audience and the manner in which you interpret and make use of its information. As we are both engaged in this debate to promote good governance -- and hopefully the debate materialises into *constructive action to improve our governance* -- we both become accountable for our respective and consequent actions.

And so the need to take action where it is needed to promote and improve good governance -- by all and any who claim to be responsible leaders -- becomes the joint responsibility for all concerned as responsible citizens.

Accordingly, my usual disclaimer must be observed, stating that the contents of this presentation may have certain inaccuracies due to the nature of research, which is not always as reliable as one would like.

CHOICE OF WORDS

It is imperative that we make a distinction between words such as “accountability”, “responsibility”, “must” and “should” – and specifically so in the context of its use within a boardroom and its organisation.

Firstly, given the order and importance of these words -- and in the context of this discussion of promoting good governance -- the word “accountability” must be ring-fenced as the vocabulary intended specifically for the board of directors, and the use of this word *must not* be loosely associated with the role and function of management.

It is critical to note (and accept) that the “buck rests with the board of directors” and it is the board who are ultimately expected to bring success to the organisation -- every successful company culture needs accountability and this must not be an “after-the-fact” type of behaviour. Holding the board accountable begins by communicating very clear expectations and getting the director’s acceptance thereof prior to their acceptance of their appointment.

To the point of accountability, there is growing debate amongst many academics that the board should be held accountable to the organisation’s stakeholders vis-à-vis its social reporting – this of course speaks to the importance of Integrated Reporting and the responsible role an organisation is expected to fulfil in society. Once a director (and the board) accepts their various accountabilities, it should be recorded in a written agreement so that it is binding. Expectedly, where a director or the board do not fulfil their accountabilities, the maximum form of penalties must be imposed. This is surely the reason why leaders are *leaders* and why they are given the stature by society in the first place; they are placed in these trusted positions to *lead*.

Secondly, the word “responsibility” (which has a lessor order of importance with lower consequences as compared to the word accountability) must be used correctly in the context of holding management responsible in times where management (i.e. managers) do not meet and fulfil the full expectations of their board (i.e. executives). The consequences of the board not meeting its collective, or individual objectives is indeed a far more serious matter and the board (or a non-performing director) must be dealt with decisively if the board truly stands by its legal obligation and duty to protect the organisation. Indeed, such an obligation is not simply a duty which must be taken lightly, neither is it a duty of mere collegiality. The duty of protecting an organisation, which is the accountability of the board, is a legally binding duty which is mandated by common law as well as various statutes. The organisation may increase these duties with additional measures which are built within the organisation's Memorandum of Incorporation (MOI), as well as its various charters, delegations and various policies.

Too often we hear of organisations that ascribe accountability to management; this is fundamentally flawed and such ill-conceived positioning found within management's Letter of Appointments and Job Descriptions may well place a manager in an unintended position of Prescribed Officer, which places the same type of personal liability upon such an individual had they been appointed as a director, which they were not. So to clear this matter, let's agree then that the board and its directors are accountable to the shareholders (and extended stakeholders), and managers are simply responsible to the executive.

To conclude then on the issue of consequences, again there should be a clear distinction of the type of consequences which are applied to directors and managers who blunder in their duties. This must be seen in light of the person's seniority of appointment, pay-grade, experience, expectations set by their respective authorities and the extent to which they have caused damage. Having said this, one must remember that it would not be prudent placing a person in a directorship position if they are not qualified for such a position, as failure at this level can be dire for the organisation, the individuals serving on the board, as well as the person themselves. The Business Judgement Rule takes effect in this type of situation.

Whereas the position of a manager carries much responsibility, the manager at least has a higher line of authority to seek assistance from directors in times of uncertainty, but this is not necessarily the case for directors (although the Companies Act 2008 does give directors the right to seek external professional advice when they deem this necessary. However, many directors do not exercise this right and therefore they expose themselves and the organisation to greater risk). In simple terms, whilst both a director and a manager can be asked to leave an organisation -- or even if they are fired for their 'blunder' – a director has the added burden of a potential delinquency order from a court of law which can critically affect a director's chance of ever being placed on a board again.

To the point of delinquency, let me point out that this type of court order and sanction is extreme, and will be applied in circumstances where the director significantly failed in their fiduciary duties and was found guilty of amongst other; defrauding creditors, misrepresenting the financial affairs of the organisation, and so forth. Of course the case of a manager being asked to leave the organisation may not necessarily have the same dire affect as his director counterpart.

To give a brief explanation to the words "must" and "should" – think of these words being applied to a child who has a major life-threatening allergy to peanuts. If this were your child, would you say to your child "you <u>should not</u> eat these peanuts" or would you say, "you <u>must not</u> eat these peanuts".

In the context of corporate governance, in other words seeing governance as the manner in which one would discipline the total behaviour of the organisation and its occupants, the word 'must' implies that there is no option and the party must comply (i.e. a legal obligation). But using the word 'should' implies that the party has a choice and may decide to comply or not as the case may be. Indeed, this rather simplistic explanation has great implications and if there is not a clear distinction made between the words 'must' and 'should', then there will inevitably be great confusion in the ranks of the organisation, particularly as one considers the role and functions of the board versus that of management. Incidentally, in the context of the corporate governance fraternity, one usually associates the word 'should' with recommended organisational best practices, and this is where governance codes such as King I, II and III come to mind. That being said, many business communities across the world are anxious to receive the next King Code for Governance (King IV), which is due for publication probably around the second quarter 2016, and it is anticipated to become effective in early 2017. As we understand, the current King III version will be completely re-written, to include corporate governance recommendations for governmental and non-profit organisations, and hopefully there will be – amongst other – a very clear distinction made vis-à-vis these four, seemingly simple words *('accountable, responsible, must and should').*

WHAT IS GOOD GOVERNANCE?

'Good governance' is contingent upon a person's ability to exercise power in the correct manner, and to make good decisions over time, across a spectrum of economic, social, environmental and other areas. By practicing good governance, one may expect the principles of RAFT to apply, namely knowing and practicing Responsibility, Accountability, Fairness and Transparent behaviour. We need to accept that governments create the conditions for the functioning of its markets, including the 'strength' of its civil society, welfare of communities and indeed individuals. The quality of how good the governance is, is determined by the quality of life of the citizens, which talks to many other factors such as access to basic services, employment, crime and so forth. Indeed, in a democracy such as ours, 'good governance' is a right for all who live in South Africa, but sadly this right is not being experienced by millions of citizens, including businesses. The strength of our democracy, and the extent to which it is actually experienced by all our citizens, is arguably determined by how good the governance actually is in the country, including its sustainability.

Many government and private organisations may use this 'good governance' casual phrase to describe a variety of seemingly good deed actions. Whilst many organisations may claim its importance and their support thereof, in reality there may be a number of different interpretations of its meaning. Having said this, and to prevent any confusion, let's agree then in simple terms that "good governance" generally means "good" things and that these good things are used in a meaningful way. The political scientist -- John Gerring -- articulated in 1999 eight criteria of "conceptual goodness" and four of the eight criteria have bearing to the meaning of good governance. They are:

1. "good governance" lacks an agreed definition. Unlike good concepts, good governance has endless definitions, and we always need the details of each to understand if we are talking about the same thing.
2. "good governance" lacks differentiation. Well-governed countries often sound a lot like functioning liberal democracies, for instance, and it is not clear how they differ.
3. "good governance" lacks coherence. Its many possible characteristics — from respect for human rights to efficient banking regulations — do not clearly belong together.
4. "good governance" lacks theoretical utility. It confuses, rather than aids, in the formulation of theory and the related project of hypothesis testing, not least because the concept is so fluid that analysts can easily define it in the way that best fits their data.

Accordingly, having varying interpretations will have numerous consequences, not least different (and problematic) outcomes which may detract from what organisations hope to achieve when discussing and planning their governance matters. It is however interesting to note that former UN Secretary-General Kofi Annan said that *"good governance is perhaps the single most important factor in eradicating poverty and promoting development".* Whilst this "definition" is still largely supported by global organisations such as the WEF and the UN Global Compact, one cannot assume that all organisations regard "good governance" and its outputs in the same way, neither that their actions will all be "pulling in the same direction" so to speak.

In short, the difference of interpretation and outputs do not bode well to "eradicating poverty and promoting development", neither to the many other noble causes intended under the auspices of good governance (e.g. eradicating corruption, balancing executive bonuses, developing organisational group wellness, diversity management, etc.) To make matters more confusing, some governance experts will speak and focus on other types of governance issues, such as data governance, regulatory governance, IT governance, etc. All of these are sub-components to the overarching discussion of good governance.

It is therefore imperative -- whilst there is no formally agreed definition of "good governance" -- that organisations at least meaningfully deliver upon the "good things" and that these actions are done with a view to support the UN Secretary-General's vision of *eradicating poverty and promoting development.*

A WELL-GOVERNED ORGANISATION

Now that we have dealt with a few of the basics, which in itself can have a potentially critical, or damaging affect upon the functioning of an organization (if these are not correctly understood); let's briefly consider what it takes for an organisation to be "well governed" and through this, be able to claim it is a "good citizen".

In my experience, there are a few basics that first need to be in place. Firstly, the organisation must be *wholly functional*, and this starts with the board of directors who are accountable for setting, and ensuring the strategic direction of the organisation. Whilst the strategic task of directing an organisation in itself has many -- and most often -- challenging components to contend with, it requires astute, experienced individuals to direct the organisation towards profitability and its sustainability. An organisation that is "well governed" will reflect a number of components; where strategic and operational elements are inter-locked such that there is common purpose and common understanding between all the organisational stakeholders. For this to happen, a *Corporate Governance Framework®* will greatly assist the board and management to ensure their respective functions are properly aligned and that there is a distinct -- and balanced -- relationship between the strategic and operational activities which are symbiotic for the purpose of sustainability.

Clearly, 'silo' or departmental -- rigid -- boundaries will not make this task any easier, and more so in an aggressive, and inter-connected global economy.

Some of the key components for a successful organisation will include:

CORPORATE GOVERNANCE FRAMEWORK®

i. Organisational identity *(Vision; mission; values (including ethics); branding)*

ii. Strong committed leadership *(Understands accountability & serves interests of organisation; abides with legislation, codes & policies; geopolitically astute)*

iii. Board development plan *(Needs assessment; evaluation; recruitment; orientation; maintenance/team building)*

iv. Organisational culture *(Ethics, stakeholder communication & engagement, integrated reporting)*

v. Strategic plan *(Goals; objectives; value creation; benchmarks; risk management setting)*

vi. Financial & systems admin *(Budget; cash flow analysis; audit; financial reporting)*

vii. Operational plan *(Objectives, activities & timelines; staffing; programme needs; committed resources; risk mitigation*

viii. Management & employee development *(Needs assessment; evaluation & review; training; team building; group wellness*

PROMOTING GOOD GOVERNANCE

Promoting good governance within the context of an organisation is a multi-dimensional approach to doing business. Expectedly it is a process which will differ from one organisation to the next, and rightly so. Specifically, one must be cognisant of the fact that each organisation is unique in many ways. It is unique because of its culture, size, location, complexities of product and or service offerings, amongst many other possible reasons. Accordingly, the manner in which the board is chosen and established; is in itself a very important and a critical process. Not only must there be the right mix of skill and experience represented on the board, there must also be a good combination of individuals who fulfil the role of *conformists*, *challengers* and *critics* (amongst other characteristics) which will balance the risk appetite expected from the board when setting the organisation's risk tolerances.

But why speak of risk appetite and risk tolerances in respect of promoting good governance?

As a start, one must concede that most organisations are primarily established for profit making. Seldom will an organisation commence its business for the sole purpose of being a "good citizen". To this point, and particularly so for start-up organisations in regions such as South Africa, many organisations are also not particularly "well governed" when they initially commence their operations. Whilst the merits of this point may indeed stir debate, in truth many start-ups and indeed more established organisations still regard governance as an unnecessary evil and a hindrance to doing business. Without laboring the point, it can be argued that the matter of good governance has most often been an "after-thought" for many organisations, and more so when the questionable practices of directors have been exposed in the media.

The perception of 'policing' the governance of (and within) an organisation needs to be re-addressed, and done so on the basis where organisations (and people) are recognised and 'rewarded' for their and the organisation's good behaviour. Instead of governance being seen as some form of draconian regulatory measures, forward thinking boards should see the application of governance as a differentiating and strategic choice that adds value to the organisation and its supply chain.

But in considering the above factors, in truth most organisations only really consider promoting good governance once they have established the organisation, established its processes, established its risks and profits.

It is only at this stage of the organisation's life-cycle that it begins to re-assess itself, and its multiple processes, with the view of improving its 'standing' internally and externally. In other words, truly beginning to enhance and promote its governance practices with the view of optimising its standing. Without intending to embarrass any particular organisation that started as small entrepreneurial operations and who had a number of governance blunders in their humble beginnings, there are many examples in the South African market place that now produce remarkable, and credible Integrated Reports that bolsters this point.

WHY PROMOTE GOVERNANCE?

Good governance and ensuring that good governance prevails is good for a country. In broader terms, I quote Dr Jim Yong Kim – President of the World Bank – who said, *"there is evidence that investment in people – like health care, education and social protection, are not just good for the individuals who directly benefit, they are also good for their countries' growth and political stability".*

Besides the more common response to this question such as "it's the right thing to do", there are many reasons why we should promote governance within the ranks of business, government and civil society. By promoting governance, we don't mean the blatant type of advertising a person may expect to see on the billboards or television for example. In the business sense, the type of governance promotion we refer to is linked to actions such as encouraging the conduct of business with like-minded businesses who value and support sound, ethically based business practices, employing people whose ethical values support those of the organisation, and encouraging people to grow organisational profits on a basis where People, Planet and Profit factors are sustainably linked.

Expectedly, when organisations are associated with good, or sound governance practices, they are also immediately linked to other factors such as accountability, responsibility, reliability and predictability and these characteristics are ingrained for the organisation's overall prosperity (sustainability). So, if I were to skip many chapters of explaining why it is necessary to practice and promote sound governance in organisations, it could ultimately all be answered in a sentence which says, "treat people in the same way you wish to be treated; with fairness, transparency, dignity and respect." To this end, South Africa's 'ubuntu' principle -- *I am because we are* -- as well as the Batho Pele principles of *'people first'* also come to mind. Indeed these principles are supported in South Africa's constitution, including the Bill of Rights and the Freedom Charter. All these 'humanistic ideals' are the epitome of good governance, and this is why -- in a modern society -- we must strive to improve the *what*, the *how* and the *why* we practice and promote good governance.

Interestingly, the recently launched *Social Progress Index* (SPI) attempts to determine what it means to be a good society and makes use of three dimensions, namely Basic Human Needs; Foundations of Wellbeing; and Opportunity. Within these three dimensions, there are 12 components which form the *Social Progress Framework*. As one considers the extent to which a country is measured in terms of its GDP (Gross Domestic Product) and then compares this to its SPI, then it is hardly surprising to see the correlation of a 'healthy society' and a 'healthy economy'. Such is the case with developed countries such as Norway who were ranked 1st in the world out of 133 countries in 2015, followed by Sweden (2nd), Switzerland (3rd), Iceland (4th) and New Zealand (5th). South Africa was rated a poor 63rd in this index, and we were beaten handsomely by Slovenia (19th), Slovakia (25th), Lithuania (35th), Mauritius (36th), Croatia (37th) and Brazil (42nd).

THE ROLE PLAYERS

In South Africa, and like many countries who are challenged with socio-economic and political issues, people will typically point fingers and blame their government for the poor governance within their country, or the board of directors or CEO in the case of an organisation. Again a lot of criticism can be levelled at the door of the leaders, but as active participants we also need to question how the position of poor governance started in the first place? Yes, in short leaders are expected to set and lead their subjects by example and if citizens chose to remain 'good subjects' rather than 'active citizens', then the situation of poor governance and its associated evils will continue. I believe Professor Akin L. Mabogunje Chancellor, Bells University of Technol summed up the role players very well in his 2011 essay; *Promoting Good Governance* when he said, *"the challenge of transparency and accountability is not only one to be met by those who govern us but also by "We, the people" ourselves."* He went on further to quote Bernard Shaw who so aptly puts it in his play, *The Apple Cart*, "we (the people) need to be governed and yet to control our governors". In other words, finger pointing seems to be a futile exercise when there is not a visible and concerted effort on the part of all the people to remedy the poor governance which besets their immediate environment. Indeed we are all role players in one way and or another. In simple terms, if a President of a country is not delivering upon their promise to the citizens, through proper governance structures; that President can be removed through the vote of the citizens through democratic elections. Similarly, a non-performing or errant director on a board can be removed by a simple resolution (in SA) and finally, an employee has the option to leave his place of employ should the working environment not align his personal (ethical) values. As we consider the imperatives for accountability and promoting good governance, let's be reminded of Abraham Lincoln's famous dictum on democracy as *"the government of the people, by the people and for the people"*. In other words, the leaders have been elected by other people they trust as their leaders in leadership positions, to lead and serve the people according to the needs of the people.

POOR GOVERNANCE: MANIFESTATIONS

Following the train of thinking thusfar in my presentation, I believe the foundations of this presentation have now been firmly set to therefore be able to say that we have;

1. established the importance of understanding and using the right choice of words when assigning accountability and delegating responsibility;
2. established some boundaries in respect of knowing the difference between following the rule of law, versus the decision to apply a benchmark (or not as the case may be);
3. agreed that "good governance" implies "good" things and that these should be used meaningfully;
4. addressed some of the components found in a *Corporate Governance Framework®* that underpins a well-governed organisation, and supports the notion of a "good citizen"; and
5. established why good governance must be promoted, and the role players to drive this practice.

Indeed the above fundamentals apply to all organisations, be they in government and in business and they will affect any supply chain adversely when they are either partially in place, or absent. Turning to matters associated to poor governance, in order words when things are done "poorly" and therefore represent risk to an organisation, and ultimately a country – in our case South Africa.

According to the PwC 18th Annual Global CEO Survey, the following areas of risk have been expressed by many CEOs across the globe. Interestingly, many of the global risks identified in this list are also reflected in the National Planning Commission's Diagnostic Report which identifies amongst other, key national challenges that inhibit the elimination of poverty and seek to reduce the inequalities of our society. These risks have the potential to undermine South Africa's hard earned achievements, and they threaten our ability to grow the economy which is key to creating employment for millions of South Africans.

Globally, CEOs concern themselves with...			
Type of risk	2013	2014	2015
Over regulation	69%	72%	78%
Availability of key skills	58%	63%	73%
Fiscal deficit & debt burden	71%	71%	72%
Geo-political uncertainty	-	-	72% - NEW!
Rising taxes	62%	70%	70%
Cyber threats	-	48% - NEW!	61%
Consumer behaviours	49%	52%	60%
Social instability	-	-	60% - NEW!
Speed of technological change	42%	47%	58%
New market entrants	40%	46%	54%

Source: PwC 18th Annual Global CEO Survey

Additional areas that worry South African CEO's include:

- ***Ailing economy*** - in spite of a number of economic plans to boost South Africa's economy, including the recently launched National Development Plan ('NDP'), the economy is struggling to get the required traction in order to create the much needed (decent) jobs. Compounding matters, the World Bank revised South Africa's economic 2015 growth outlook from an earlier forecast of 2.7% to 2.5%. Much of this downward forecast is due to Eskom's inability to provide a constant supply of electricity and this has severe implications for SA's short to medium term economic prospects. Interestingly, in February this year, Finance Minister only projected 2% economic growth for 2015 during his Budget speech (but in his medium-term budget statement in October last year, he expected the economy to grow to 3% by 2017.)

The World Bank expects the sub-Saharan Africa's growth to slow down from 4.5% to 4% this year. The fall in these GDP figures is largely due to the fall in the prices of oil and other commodities.

- ***South Africa's growth path*** - a number of South African economists, strategists and business leaders are of the opinion that South Africa requires a "new economic democracy" and that the long-term provisions of the National Development Plan ('NDP') are unrealistic and therefore unsustainable. Part of the rational for this thinking is based upon the NDP's over reliance on 'shaky issues' such as energy costs, climate change and environmental degradation which still requires resolve. Moreover, the NDP is still based on the premise of an annual GDP growth rate of 5% to supposedly benefit all South Africans. Indeed, there are many variables which can change government's 5% forecasts and these are determined by external factors such as commodity prices, rand value and direct investments which are controlled at a global level. In the words of Clem Sunter -- a scenario economic planner, speaker and best-selling author -- South Africa requires a Codesa III to negotiate a new economic policy which may include new debates over the issues of nationalisation, land ownership, beneficiation and general rules of investment, capital ownership, public private partnerships, economic freedom and environmental sustainability.

- ***Industrial strikes and rolling mass action*** - under the Presidency of Jacob Zuma, the Department of Labour's annual industrial action report shows that R6.7bn in wages were lost in 2013 whilst the figure was R6.6bn the previous year. Since President Zuma's first inauguration, South African workers have already lost more than R11bn in wages due to strikes and rolling mass actions. Increasingly, many labour unions frame their wants as 'demands' and when these demands (which are often unrealistic) are not met, strikes become the next order of the day with little regard for the national interest of the country. With the current dispute between COSATU and NUMSA, as well as the public service wage stand-off against government, including the Medupi – Eskom unprotected industrial action since 25 March 2015, further strikes are still imminent. Indeed this situation does not bode well for SA, and the country's credit rating was down-graded by S&P, Moody's & Fitch Ratings such that SA is a single notch away from 'junk' status.

- ***Crime*** - SA's high, increasing crime rates continue to impact business and civil society in a manner which erodes the nation's psyche on a daily basis, and it is rampant. The 2014 Global Economic Crime Survey shows that nearly 70% (Q1: 2014) of business executives in the private and public sectors have experienced some form of economic crime in the last 24 months. The global average is 37% - there's been an increase of 3% since 2011, compared to a 9% increase in South Africa over the same period of time. The local figure is not far off the 79% of business people -- polled at the recent Corruption Watch business conference -- who said that they had experienced some form of actual or attempted corruption. It is believed there is a steady decline in the effectiveness of whistle-blowing systems in South Africa, which may be related to senior management committing more crimes. It is further believed that the rise in economic crime is directly linked to the demise of the corruption-busting Directorate of Special Operations (aka Scorpions) which was disbanded in 2009 and replaced by the Directorate for Priority Crime Investigation (aka the Hawks).

Main types of economic crime experienced		
Type of crime	**Experienced by South Africans**	**Experienced by global counterparts**
Asset misappropriation	77%	69%
Procurement fraud	59%	29%
Bribery & corruption	52%	27%
Human resources fraud	42%	15%
Financial-statement fraud	35%	22%
Cybercrime	26%	24%
Money-laundering	14%	11%
Tax fraud	11%	6%
Illegal insider trading	9%	5%
Source: PwC's 2014 Global Economic, Crime Survey, February 2014		

- ***Overly prescriptive regulation & lack of skilled workforce*** - these are considered two of the biggest business growth inhibitors in South Africa, with obvious direct impacts on employment. 38% of South African business executives state over-regulation (and red tape) as a major cause for limited growth while 36% of business owners state that the lack of skills is constraining their expansion plans.

- ***Electricity supply and disruptions*** - being one of the biggest risks to SA's economy, SA is ranked 56th in the 2014/2015 World Economic Global Competitiveness Report as compared to 144 countries in this area. Eskom Holdings SOC Ltd -- which provides more than 95% of the country's electricity -- regularly requests its industrial customers (and consumers) to switch off machinery, even if this means reducing the production of industry with obvious implications of reduced productivity and job losses. Eskom cannot provide reliable electricity to run Africa's second-largest economy and black-outs are common. Eskom has a long-term plan to expand generating capacity by more than 40%, while facing a R225bn funding shortfall until 2018. South Africa can expect electricity supply shortages for another five years before any guarantees are provided for reliable electricity. As at the time of preparing this presentation, the latest 6-week long unprotected strike and intimidation at Medupi places further pressure on Eskom to normalise the supply of electricity to its customers.

In the IRMSA South Africa Risks Report 2015, the participants from business and public sector ranked their top risks as follows:

TOP 10 SA RISKS BY LIKELIHOOD		TOP 10 SA RISKS BY CONSEQUENCE	
1	Corruption (increasing)	1	Corruption (increasing)
2	Unemployment (structurally high unemployment / underemployment)	2	Governance failure
3	Infrastructure (failure / shortfall of critical infrastructure)	3	Unemployment (structurally high unemployment / underemployment)
4	Political & social instability (profound political &social instability)	4	Infrastructure & networks (breakdown of critical information, infrastructure & networks)
5	Organised crime (major escalation in organised crime & illicit trade)	5	Critical infrastructure (failure / shortfall of critical infrastructure)
6	Cyber attacks (escalation in large-scale cyber attacks)	6	Fiscal crisis
7	Financial mechanism (failure of a major financial mechanism or institution)	7	Financial mechanism (failure of a major financial mechanism or institution)
8	Income disparity (severe income disparity)	8	Economic & resource nationalisation (escalation of economic & resource nationalisation)
9	Urbanisation (mismanaged urbanisation)	9	Cyber attacks (escalation in large-scale cyber attacks)
10	Data fraud (massive incident of data fraud / theft)	10	Income disparity (severe income disparity)

Source: The Institute of Risk Management South Africa (2015)

In addition to the above risks seen by South Africans (mostly business executives), the South African government also has the following challenges:

GOVERNMENT CHALLENGES

- ***Leadership*** - South Africa has in more recent times been described as a 'rudderless ship', drowning in bureaucracy and going nowhere fast. In fact, the country is reportedly regressing on many fronts as the government produces one national socio-economic development plan after the next, where each 'plan' essentially amounts to zero. Bureaucrats and so-called "tenderpreneurs" appear to be benefitting from the public purse, creating multi-millionaires through massive scale nepotism and cronyism practices with seemingly no end in sight.

- ***Poor governance*** - amongst a number of matters which can be categorised as 'poor governance', the strong-hold position over the ANC-led government by mainly Cosatu, NUMSA and the SACP leaves little room for the government to be able to make its own independent decisions for the best interests of the country as a whole. Statistics have shown that the support of the ANC has been slowly eroding, and this may be largely due to a previously much larger ANC supporter base beginning to lose patience with failed promises made by the ANC, including countless accusations of corruption and nepotism.

- ***Political instability*** - as South Africa continues to fight stubborn levels of unemployment, crime, corruption, including the lethargic land transfers; so these factors lend themselves as contributors to political instability. In the 2nd quarter of 2013, it was reported that as much as 67% of South African privately held businesses were putting off their investment decisions owing to their uncertainty about the future political direction of South Africa. A further 48% were considering investing offshore, whilst 27% were contemplating selling their businesses, and 14% were seriously considering emigrating. But as fractions of division are still evident between the ANC-led government and many trade unions -- most notably the Congress of South African Trade Unions (Cosatu) and the National Union of Metalworkers of SA ('Numsa') -- the question of business certainty in South Africa may still be in the balance? With the understanding that Cosatu and Numsa were notably the biggest supporters of Jacob Zuma's presidency, today they largely oppose the implementation of the government's National Development Plan ('NDP'). Indeed this stance has dire implications for the future sustainability of South Africa, including President Zuma's existing government.

- ***Corruption in government*** - the former head of the Special Investigating Unit ('SIU') -- Willie Hofmeyer – reported before parliament in 2011 that circa 20-25% of state procurement, representing approximately R25-30bn is lost each year due to corruption. Furthermore in 2012, the Institute for Accountability estimated that the South African economy may have lost approximately R675 billion as a result of corruption since 1994. Corruption of this magnitude undermines state legitimacy and service delivery; it furthermore distorts market competition, increases the cost of doing business and decreases the ease of conducting business. Understandably, this scourge is a massive and debilitating burden upon South Africa's development and it remains a critical area of risk for business stability and sustainable growth in our economy. Hopefully, with the introduction of the blacklist implemented for local government officials found guilty of corruption, including the recently promulgated Municipal Systems Amendment Act, which bars officials dismissed on charges of corruption from working in a municipality for a period of 10 years, these problems will become far less over time. Transparency International rates South Africa 67th out of 174 countries in respect of the perceptions of corruption in the public sector and this position has become worse over the years. Understanding that the best ranking is 1, which is currently held by Denmark with a score of 92, South Africa is placed in 67th position and in the same league as Kuwait, Brazil and Bulgaria.

- ***Unemployment*** - whilst it is true that many black South Africans were not properly represented in official statistical employment surveys pre-1994, labour experts and academics believe that the unemployment in 1994 has risen from 13% to 25.2% in the 2Q:2014, and peaked during 2014 at 31.2% (these figures exclude discouraged work seekers). South African unemployment is now one of the highest in the world, with the biggest job losses at both a quarterly and annual rate found in the manufacturing and agriculture sectors. For many young South Africans, the promise of the new democracy has not delivered. Approximately 74% of the potentially economically active population under the age of twenty-four are not able to find employment and are saddled with poverty and despair, including the associated social ills that this brings (e.g. crime, alcohol, drug abuse, social unrest and political instability). Critics believe the government will need to inter alia, revisit the stringent labour regulations placed upon employers in order for them to be able to bring many of the unemployed into the formal economy. Interestingly, the World Economic Forum ('WEF') ranked South Africa's labour laws and regulations at 133rd (i.e. the 7th lowest) among 139 countries worldwide. Finally, given the high unemployment levels (and income disparities) in South Africa, this could fuel social unrest as well as lead to an increase in loan defaults which could hurt the banking sector and ultimately affect South Africa's financial stability.

Considering some of the world's unemployment statistics, they are roughly:

- South Africa - 25.2% (this figure excludes discouraged work seekers.
  - There are large racial disparities in SA's unemployment
    - Black Africans unemployed - 28.5%
    - Coloureds unemployed - 23.5%
    - Indians / Asians - 13%
    - Whites - 5.6%
      - this implies the average black South African is 5 times more likely to be unemployed than the average white South African
- France - 10.8% (a 15 year high)
- Italy - 12.2% (highest in 35 years)
- Eurozone - 12.2% (as a whole)
- Poland - 13.2%
- Ireland - 13.6%
- Portugal - 17.7%
- Greece - 26.9% (but projected at 30%)
- Spain - 27.2%
- USA - 7.5%

- ***Poor performance of the failing public service -*** many local municipal authorities will, as an example, deny any of their own wrong-doing in respect of poor public service management which has become daily news across most of South Africa's media platforms. Whilst the vast majority of municipalities are essentially defunct and consistently receive qualified audits, municipal authorities -- who have circa R320bn budget under their control -- blame poor performance and service delivery on ageing systems and/or any other convenient excuse for the country's current public service delivery woes. In truth, many of the problems can be attributed to the incompetent people who head the public services and who lack the most basic managerial, financial and technical skills. They refuse to be held to account for any forms of mismanagement or substandard performance. Indeed the problems in rural and/or poorer communities is further exacerbated as a result of the poorer municipalities being totally dependent upon government grants and loans, as they are not able to draw on a substantial tax base from affluent residents. In a recent report, the Minister of Co-operative Governance, Pravin Gordhan, stated that out of the 278 chief financial officers at municipalities, 170 of them were not qualified for their position. The Minister further said that a third of the existing municipalities were dysfunctional. That being said, in many instances the public have voiced their outrage through violent protests, damaging public and private property and even causing human fatalities. In respect of the business sector's sentiment, research from the fourth quarter of 2013 showed that 59% of business executives were negatively impacted by poor government service delivery. These statistics have more than doubled as compared to a previous survey just six months earlier. 81 % of business executives stated unreliable utilities was a core business issue. Their concerns included the disruption of water and electricity supply (Q1:2013 - 41%), while 69% said road concerns such as potholes and traffic light issues (Q1:2013 - 21%) and 58% cited billing issues (up from 23% in Q1 this year). Indeed, considering the latest verbal ANC-led political media attacks upon the Public Protector in respect of the Nkandla saga, amongst many other corruption related matters; these actions do not bode well for raising the standards of sound governance. Expectedly, any form of government red tape and bureaucracy just makes matters worse and most employees in the public sector have become masters of using this to their advantage to avoid personal liability.

To the point of the recent public sector unions demands placed upon the government for public servant wage increase to be upwardly revised into double digits (15%), veiled threats by various trade unions affiliated to COSATU to potentially "shut government down" is a critical concern, and is a militant form of behaviour which is increasingly becoming the norm amongst the many trade unions in South Africa.
Nehawu (which has circa 277,000 members) states:

1. *"At this stage, we can only warn the employer [government] that unless it significantly revises its offer and cease divisive tactics, it is bound to be met by unprecedented rage from our members that might lead to a total shutdown of government soon."*

2. *"It is up to them [government] whether they [government] want to satisfy the IMF (International Monetary Fund) or the people who have been behind the ANC." - [Mr Sizwe Pamla] (Is this a veiled threat prior to the local government elections in 2016?)*

There are seven COSATU affiliated unions supporting the public sector wage negotiations, namely National Education Health and Allied Workers Union (Nehawu), the South African Democratic Teachers Union (Sadtu), the National Education, Police and Prisons Civil Rights Union (Popcru), the Democratic Organisation of SA (Denosa), the South African Medical Association (Sama), the South African State and Allied Workers Union (Sasawu) and the Public and Allied Workers Union of SA (Pawusa). They also demanded a R3,500.00 housing allowance and a 28% increase for medical aid costs. Government was offering a 5.8% salary increase and a housing allowance of R1,200.00 per month. The current government wage bill is R400bn and this is projected to rise to R437bn in the 2015-16 financial year, constituting circa 35.5% of the total government budget.

There are circa 2,161m government employees with a wage bill that grew by a staggering 145.6% between 2005 and 2012. Researchers calculated the number of government employees grew by 27.3% between 2005 – 2012, whereas in the USA, the number of employees grew by only 2%. Clearly this cannot be sustainable.

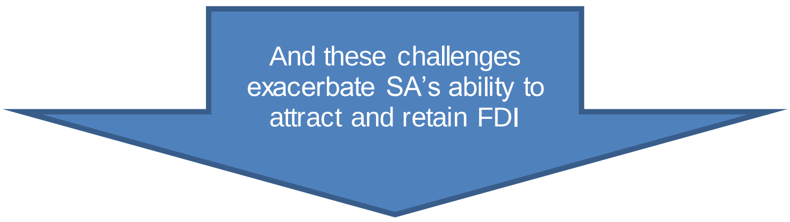
- ***A largely divided and unequal society*** - for centuries SA has been divided along numerous racial and economic lines and exacerbated through the 'apartheid' era and policies. The gap between the rich and poor is widening at an exponential rate. Figures show that the devastation of this travesty is felt mostly by women and children. Whilst the incomes of black households may have increased by an average of 169% over the past ten years, they are a sixth of those of white households. According to the World Bank, South Africa's Gini Coefficient currently hovers around 65%; it is the second worst index of poverty levels in the world and trails far behind the other BRIC countries (Brazil, Russia, India and China). About a quarter of the population are unemployed and according to UNAIDS, about a third of South Africa's roughly 53 million people live on US$2 or less per day. Ironically, despite the early ANC slogan "A better life for all", South Africa has become one of the most unequal and divided societies in the world.

- ***Education*** - the quality of the education system for most black children is sub-standard and critics believe schooling is in a deep crisis. Gauging from the recent Annual National Assessments (ANA), our children's performance is not on par as compared to our much poorer neighbouring countries, who largely out-perform us.

Clearly with poor levels in literacy and numeracy, South Africa will continue to limp along with a scarcity in the high skill set levels we desperately require. Indeed, such a dilemma also exacerbates the country's poverty levels, including levels of inequality for development and growth. Sadly, twenty years into our democracy, only 35% of our junior black school children can read, with results ranging from 12% in Mpumalanga to a "high" 43% in the Western Cape. In contrast, most white school children enter Grade 12 and/or some form of tertiary education, whilst only 50% of black children get to Grade 12 and only 12% make it to university. Indeed, the unreliable provision of teaching and learning materials, including the Education Department's inability (or failure) to deliver upon their core functions, does not bode well for the efficacy of the current educational system. Clearly this situation is exacerbated by the many inept teachers who fail to accept their responsibilities and who deliver poor teaching services.

- ***Inadequate and poorly located infrastructure*** - whilst optimists may argue that South Africa's infrastructure and basic services are still very good (as compared to other SADC regions), in truth many citizens feel cheated by the government. They believe that after two decades of democracy, the standards of infrastructure and services delivery (as compared to many previous 'white-only' establishments and/or residential suburbs) is still largely skewed in favour of white people. Furthermore, this has exacerbated the massive divisions between the so-called rich and poor, as well as opened past racial and political tensions. Indeed, the lack of basic services in less privileged communities forms a great part of this growing problem. Compounding matters further, many of the existing, older infrastructural systems in the more affluent, developed areas of South Africa are beginning to fail. As the government is constantly trailing behind the demands of its citizens vis-à-vis a modern and more evenly distributed array of basic services and infrastructure, it now finds itself pressed to fulfil its obligations to those citizens who do not have access to these amenities, as well as those who demand renewed or upgraded amenities. These mounting problems are also part of the reasons for limited social inclusion and retarded economic growth.

- ***Ailing public health system*** - whilst a lot of progress has been made in South Africa's public health system, life expectancy is still unusually low and this is exacerbated by a multi-faceted disease burden, comprising of HIV/AIDS, tuberculosis and other diseases related to poor nutrition and exercise habits (e.g. obesity, hypertension). It is worth noting that six infectious diseases make up over 90% of all deaths. HIV/AIDS, tuberculosis, pneumonia, diarrhoeal diseases, measles and malaria are the infectious diseases that overwhelm health care systems and they are the biggest drivers of health care cost. Interestingly, all these diseases are preventable. Compounding South Africa's healthcare problem are matters such as the high rate of violence associated with criminal and domestic violence, including the country's high road accident rates. According to the World Bank's 2013 Global Atlas of the Health Work Force, South Africa's doctor-to-patient ratio is well behind the ratios of our BRIC counterparts. Currently South Africa stands at 0.8:1000 people, whilst Brazil (1.9:1000) and Russia (4.3:1000) outperform us, and India (0.7:1000) face similar difficulties. Other developing countries like Egypt (2,8:1000), Cuba (6.7:1000) and Mexico (2.1:1000) are also well ahead of South Africa. It is worth noting further that in 2009, 17% of our graduating medical professionals immigrated for better opportunities. Expectedly, whilst there is a marked difference between the quality of the healthcare standards of the public versus private healthcare establishments, critics argue that the private healthcare systems do not optimally serve the country's needs, stating the costs of private health care are prohibitively more expensive (as compared to other developed countries) and the private healthcare only benefits a relatively small segment of the population. It is suggested that the solution to address both systems may be found within an integrated national healthcare system, as proposed through the National Health Insurance. Finally, the public healthcare sector is described as a 'collapsing' system due mostly to insufficient locally skilled healthcare professionals, antiquated hospital equipment and systems, maladministration and corruption.

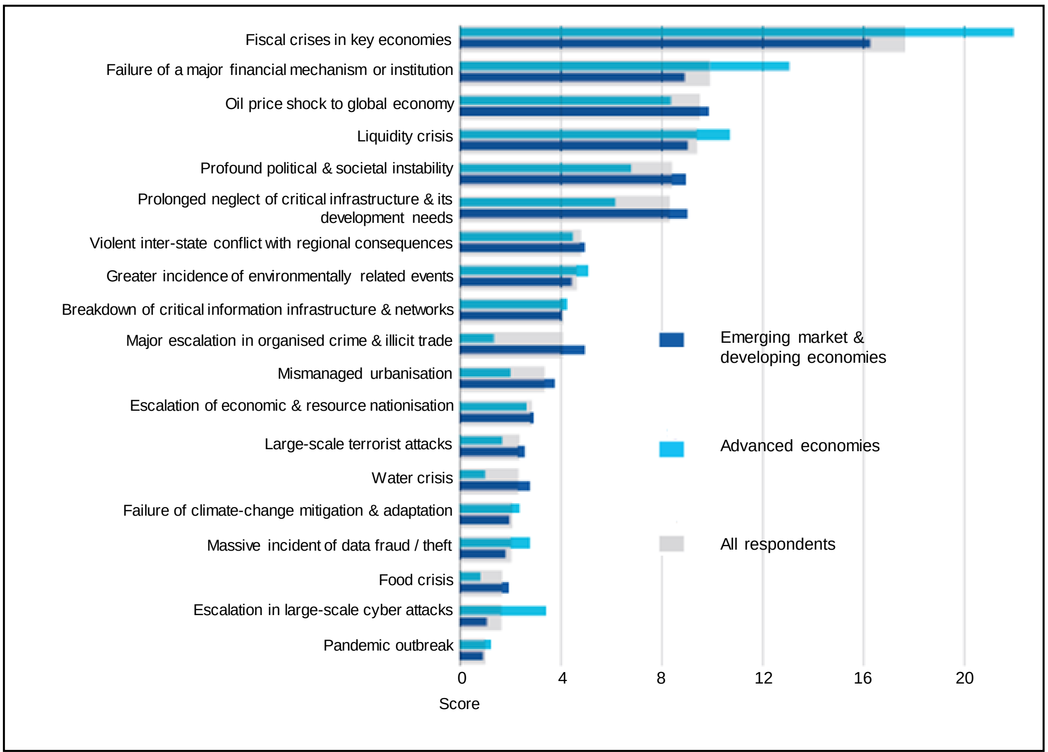


- ***Foreign direct investment (FDI)*** - FDI is critical for growth in South Africa, not least the much needed employment that FDI brings to our economy. Whilst President Zuma and Minister Rob Davies explained in Davos in January'15 that SA is 'open for business', it appears that many foreign investors have other destinations in mind for their investments.

Here are some SA's global rankings:

a) Attracting FDI as a country destination (in 2014, SA was number 13 best country in the world to attract FDI, but in April'15, SA (and the rest of Africa) are now not in the first 25 positions - 2015 FDI Confidence Index)
b) Global competitiveness (Sept'14: 56th out of 144 countries - WEF)
c) Ease of doing business (2015: 43rd out of 189 countries - World Bank)
d) Perceived wastefulness of government spending (Sept'14: 89th out of 144 countries - WEF)
e) Lack of public trust in politicians (Sept'14: 90th out of 144 countries - WEF)
f) Labour market efficiency (Sept'14: 113th out of 144 countries - WEF)
g) Electricity supply & disruptions (Sept'14: 99th out of 144 countries - WEF)
h) Quality of education system (Sept'14: 140th out of 144 countries - WEF)
i) Tensions in labour-employer relations (Sept'14: 144th out of 144 countries - WEF)
j) Co-operation in labour relations (Sept'14: 144th out of 144 countries - WEF)
k) Corruption Perception Index (in the public sector) (2015:72nd out of 177 countries - Transparency International)
l) Bribe Payer's Index (BPI) Report (in the private sector) (2015:15th out of 28 countries - Transparency International)
m) Social Progress Index (SPI) (measures elements of a good society) (2015: 63rd out of 133 countries)
n) Index of African Governance: African Quality of Governance (2014:4th out of 52 African countries - Mo Ibrahim Foundation)
o) World Talent Report (2014: 56th out of 60 countries - IMD)
p) Failed States Index (2014: 115th out of 178 countries where178th position is the least likely country for governance failure)

In considering some of the above risks currently filling South Africa's media, these risks do align with a number of risks being experienced by other developing economies.



A CONTINENT KNOWN FOR OPPORTUNITY

For centuries Africa has been known as a continent where only the 'toughest of tough' survive. Like in the bygone era, Africa -- more particularly South Africa -- continues to attract people's attention in spite of our massive contrasts.
We must be reminded we have a youngest democracy in the world, and with this comes lots of challenges, as well as opportunities. Since the dawn of its democracy in 1994, the country has had to -- in relative terms -- mature and deal rapidly with many of its challenges in order for it to trade on a sustainable basis with its global trading partners.
Indeed, South Africa has many positives, and these should not be ignored given the fact that many South African citizens tend to be over critical of the country and its current direction.
Besides our strong heritage, including our world-class Constitution and independence of our courts; we are a nation who can be proud of our 1994 peaceful democratic political transition. Indeed the country has an abundance of rich mineral deposits, including a vibrant and young workforce that needs to be unlocked to allow South Africa to become a truly major economic powerhouse.

Whilst the list is not exhaustive, some of the more prominent South African achievements over the last two decades are:

a) South Africa has almost trebled its GDP from $136bn to $400bn and inflation has dropped from an average of 14% (1980-1994) to 6% (1994-2012);

b) tax revenue of R114bn from 1.7m people has increased to R814bn from 13.7m people;

c) the dramatic rise of the middle class showing 4.5m people moving above the lower (1-4) Living Standard Measure ('LSM') sectors, with a total of 10m people being added to the middle to higher (5-10) LSM sectors;

d) the previously divided education system has been rectified, and schooling is now available to both black and white scholars which is not racially segregated, neither is it discriminatory of gender (today women and black people constitute more than 60% of the overall student enrolments at SA universities and more than 1.4m black students have benefited from the National Student Financial Aid Scheme in both public colleges and universities. Over 9 million learners in 20,000 schools receive daily meals);

e) the government has built approximately three million houses for the poor and more than 16 million South Africans (nearly one-third of all SA's population) now benefit from a range of social grants (this figure has increased from circa 3 million in 1994);

f) over seven million new household electricity connections have been made since 1996, and in the past five years, over 400,000 solar water heaters have been installed free on the rooftops of poor households (this is one of the largest programmes of its kind worldwide);

g) South Africa is fortunate to be ranked the third best in the world in supplying safe, drinkable tap water;

h) for the first time since the country's democracy -- giving effect to our Bill of Rights -- a robust plan to improve the socio-economic plight of the millions of unemployed citizens has been tabled and approved through the National Development Plan ('NDP'). Amongst a number of its objectives, the NDP aspires to incrementally improve South Africa's GDP as well as show a marked improvement for employment of six million new jobs by 2020 through government's Expanded Public Works Programme;

i) the 2014 World Economic Forum's Global Competitiveness Report places South Africa's auditing and reporting standards, accountability of private institutions, financial market development and efficacy of its legal frameworks amongst the best, rating South Africa in the top ten as compared with 144 other countries. The Report places South Africa first for its auditing standards, second for the accountability of its private institutions, and third for financial market development. (However South Africa's overall ranking in the Report shows South Africa dropped to 56th out of the 144 countries this year, from 50th (2011), 52nd (2012), 53rd (2013). But comparing South Africa in terms of its economic competitiveness out of 38 African countries, the country is rated first);

j) South Africa generally has a good reputation in the eyes of consumers from the G8 countries (Canada, France, Germany, Italy, Japan, Russia, UK and US). The international RepTrak 2013 survey placed South Africa 28th out of 50 countries.

Added to these impressive milestones, the country also has the cheapest electricity in the world. South Africa generates two-thirds of the continent's total electricity supply. Considering the aforementioned, not least the fact that South Africa also has over 31,000 kilometres of railway tracks which represents 80% of Africa's rail infrastructure, its seems as though the 'rainbow nation' has everything in its favour. Indeed, these hard won victories must not be ignored. If we do so, this could have massive negative implications and South Africa could regress far worse than the dark days of apartheid. Whilst the country still has a long road ahead, we need to be acutely aware of protecting all the country's assets. This includes protecting the country's human capital, talent, skills and natural resources to avoid unwanted risks and subsequent unintended consequences.

WHAT CAN BE DONE IN SOUTH AFRICA?

Considering the many challenges we face as a country – we do not need any further negativity in the South African media about South Africa, neither any more unforeseen risks (e.g. xenophobia, power black-outs, threats of land grabs, wild-cat strikes, etc.) And with the IMF having slashed its economic growth forecast for SA to 2,3% for 2015, its fairly safe to say our economy is under severe pressure and is currently very 'brittle' with incoherent economic policies. Having said this, let's also remember the concerns of out-going CEO of the JSE – Russell Loubser. He spoke of South Africa being in a state of 'drift' (i.e. *"just one more, it won't really matter!";* or *"it's not really corruption, he's returning a favour!;* or *"if the taxi driver can do it, why not I?").*

To paraphrase his analogy, whilst South Africa is slowing drifting further away from what we are hoping to achieve through the NDP for South Africa -- and the more complacent we become and drift away from where we want to be -- the more we stand the chance of not achieving the NDP objectives, amongst other important matters. (It starts off with small things going wrong, and if left unattended, bigger things go wrong at a later stage.) Millions of people post 1994 were promised a life where there would be true democracy and proper transformation that would shatter the apartheid bondage. In many respects the 'drift' South Africa is experiencing 21 years after the new political dispensation has caused much disillusionment with the government of the day and millions of South Africans feel cheated as the disparity of the 'haves' and 'have-nots' have widened. In order to grow and prosper as a country, there are a number of actions South African's could take to address the social, political, economic and infrastructural 'woes' that currently face our country. But before I list some of these actions (in no order of importance), let's agree that there are no 'bad' organisations (or for that matter bad countries), but there are bad leaders at their helm.

1. We must (civil society) implement a tough governance stance and hold leadership -- at government and business levels -- directly accountable for empty and /or failed promises, including missed deliverables

2. We must inculcate ethical based values and leaders in our society without exception. Any person with civil and or criminal records (such as in the private sector and Companies Act) must not be permitted to hold office of authority, especially so in government positions

3. We must foster a culture of 'active citizenry' and know the difference between being accountable or responsible (i.e. be a good citizen, don't break the law and report any breakages of the law, avoid 'turning a blind eye')

4. We must widen dialogue to engage constructively with each other (i.e. citizen-to-citizen, business-to-government and vice versa)

5. We must say no to all forms of crime and types abuse (i.e. people, animal, planet, substance, systems)

6. We must insist -- as a society -- that the right people are placed in the positions of authority, and actively stand against poor appointments in these positions when it occurs (we have the laws and systems in place, but the wrong people 'enforcing')

7. We must insist that government root out all corrupt employees, and stop fruitless and wasteful expenditure. Tax payers money must be spent wisely

8. We must insist that national, provincial and municipal government significantly improves its own productivity and places competent people in leadership positions. Management structures must be radically improved and inept employees removed. The state must not be seen as a place offering 'jobs for pals', neither as a gravy train and singularly be the biggest employer in the country

CONCLUSION

In a global village, everyone is affected by either good or poor governance and this is a matter which needs to be constantly addressed with great seriousness, in order to avoid monumental disasters on a regional, national and global scale. From a South African perspective, it is evident that the problem of poor governance is increasing at many levels and this trend is most likely to continue (and will get worse) in the years ahead if it is not urgently addressed. Indeed, if it is left unchecked, there is no telling what the untold damage within the global supply chains will be. This is something we should all be seriously concerned about, and we all need to play our part to assist in resolving this crisis. Sadly, whilst corporate governance has become fashionable to flaunt its meaning, and claim its importance, many leaders in government, business and civil society are reluctant to be externally tested upon their claims to be seriously addressing this matter, and especially when it comes to corruption as a primary example of poor governance.

In specific regard to the comments made by President Zuma pertaining anti-corruption measures in South Africa, I am particularly concerned that in spite of the fact that South Africa is a stakeholder to a number of international conventions aimed at fighting corruption -- and in spite of our own world-class legal and regulatory frameworks to fight corruption -- our country continues to demonstrate ineptitude in combatting and effectively managing this terrible scourge. Transparency International (TI) is a well-recognised international non-governmental organisation and is devoted to combating corruption across the world. In the TI Report, South Africa's perception of corruption in the public sector has steadily worsened over the last two decades. To this extent, given the recent spate of corruption allegations brought against various prominent government and business leaders in South Africa, it is hardly surprising that South Africa's CPI score in 2014 was 44 (a score below 50 indicates a significant corruption problem). Even more damaging to the brand of South Africa, is the fact that our TI ranking stands at 67th out of 174 countries and this position has become worse over the years. Understanding that the best ranking is 1, which is currently held by Denmark with a score of 92, South Africa is placed in 67th position and in the same league as Kuwait, Brazil and Bulgaria. South African economy may have lost approximately R675 billion as a result of corruption since 1994. It is clear that the heart of the corruption problem lies within the perceived lack of accountability for maladministration which leaders -- and government -- seem to be evading. And whilst there may be anti-corruption architectural structures in place to tackle corruption in South Africa; these are meaningless if there is no political leadership that prevents continual impunity for the perpetrators fuelling corruption.

I believe it is prudent to end my presentation then on two well-known quotes which have significant relevance in these worrying times:

1. "Corruption is an insidious plague that has a wide range of corrosive effects on societies and it undermines democracy and the rule of law." (United Nations Convention Against Corruption: New York, October 2003)

2. "The secret of change is to focus all your energy, not on fighting the old, but building the new." - Socrates

I remain a proud South African and committed to the transformation of our beloved country. I am up for the challenges that still lie ahead. I thank you.

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