

NEWSLETTER



Central Chamber

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MAY 2004

CONSUMER CREDIT ACT

(Item 633) Acknowledgements ICOSA
Corporate Governance Technical
Newsletter

Government has given notice of its intention to publish a policy framework for legislation which will lead to the Consumer Credit Act.

Amongst the objectives described are the following:

- The Usury Act and the Credit Agreement Act are to be replaced by the proposed Consumer Credit Act.
- Credit providers and compliance monitoring and enforcement would be by a consumer credit regulator.
- Increased disclosure will be required in terms of the cost of credit and the terms of credit agreement, together with details of the participation of all agents.
- The legislation will aim to educate the consumer.
- A nationwide complaint resolution and debt counseling framework would be established.
- Provisions would be instituted on reckless lending, by the proposed Consumer Credit Act.

- Credit bureau activities and the exchange of consumer credit information would be regulated by the proposed legislation.
- Weaknesses in the regulation of debt collection would be investigated.

EMPLOYER ORGANISATION SUBSCRIPTIONS

(Item 634)

Members are reminded that , in addition to being members of the Printing Industries Federation, it is also a legal requirement that they be members of one of the two following Employer Organisations:

- Printing Employers Association of South Africa
- Independent Packaging Employers Association of South Africa

The reason for this is to enable representation during labour disputes at either CCMA or – in future – the Statutory Council. Unfortunately, some members have failed to renew their annual subscription to the above organizations and we urge you to remit the R60.00 required in terms of the law to this office at your earliest convenience. Should any aspect of this be unclear or should

you require a duplicate invoice, please do not hesitate to contact Ms Maria Silviero, on 699-3015.

COPYRIGHT ON TYPE FONTS

(Item 635)

Members will recently have been alerted by an e-mail from a well-known supplier of the dangers of using typefaces, supplied to them by clients, for which they are not licensed. A member contacted the Federation, concerned about the implications for Printers – especially if the client concerned is also operating with unlicensed software.

On behalf of the industry, the Federation has taken this matter up with Business Software Alliance (BSA), our attorneys and other interested parties. We hope to have a solution in the not too distant future but must advise that typeface copyrights do not appear to be high on the list of priorities of the B S A. However, should any member experience difficulties, they are invited to contact Ms Louise Moralee, on 699-3017.

TELEPHONE TECHNIQUES AND FRONT OFFICE SKILLS COURSE

Please note that the date of the above course is the **10th June 2004** and not the 19th June

2005 as erroneously stated in the April Newsletter.

PLEASE BOOK NOW TO ENSURE A PLACE!

EXECUTIVE DEVELOPMENT PROGRAMME

(Item 636)

The Chamber is busy arranging the 4th annual E D P, presented by the Gordon Institute of Business Science and sponsored by First Paper House. The sub-committee of the Chamber Executive Committee – together with the G I B S advisers – are continually adjusting the programme and timing of this event, in order to ensure delivery of the most appropriate content and making it attractive to individuals.

This year, the Programme will be staged on 21st and 22nd July (Wednesday and Thursday) with an optional extra of a one-day course on Tuesday 20th July, covering Finance for Non-financial Managers. This is a shift away from previous years when the Programme ran

Thursday/Friday/Saturday. It has been suggested that Fridays are extremely difficult, especially for small companies with a very flat management structure. To avoid this, we are trying a midweek event – kept well away from month end. A further amendment this year will have the Programme run at the Cross Media Training Centre, instead of the G I B S Campus in Illovo.

The cost of attending the Programme has been kept the same as last year, in order to make it even more attractive. It must be stressed that this would not be possible, were it not for the generosity of First Paper House. The aim of the programme is to keep entrepreneurs in the printing industry fully aware of changes in business and how best to cope with increasingly complex issues presented to management.

Statistics reveal a steady and continuous reduction in the number of companies involved in the Printing, Newspaper and Packaging industry. Analysis of the reason for this decline reveals inadequate management training or poor management application is usually the reason for the demise of companies. Members are urged to give this matter their serious consideration.

Further details and registration forms will be distributed shortly and members are encouraged to make every attempt to attend – even if they have attended previous Programmes.

DIRECTOR'S PERSONAL LIABILITY

(Item 633) Acknowledgements ICSA
Corporate Governance Technical
Newsletter

In the recent case of Terblanche NO and Others v Danji and Another 2003 (5) SA489 (C), the Court considered a situation in which a sole director had dishonestly inflated the asset value of her company and paid company cheques into a trust, in which she had an interest.

The Court found, in terms of Section 424 of the Companies Act, that the director had been guilty of reckless trading with the intent of defrauding creditors.

Accordingly the director was held liable for payment of all the company's debts and her loan account was forfeited.

SOUTH AFRICAN PUBLIC HOLIDAYS 2005

New Years Day	01 Jan 2005
Human Rights Day	21 Mar 2005
Good Friday	25 Mar 2005
Family Day	28 Mar 2005
Freedom Day	27 April 2005
Workers Day	01 May 2005
Youth Day	16 June 2005
National Women's Day	09 Aug 2005
Heritage Day	24 Sept 2005
Day of Reconciliation	16 Dec 2005
Christmas Day	25 Dec 2005
Day of Goodwill	26 Dec 2005

N.B. The information has been compiled from the official source (Department of Home Affairs), and

whilst every effort is made in ensuring that the information supplied to us is correct, PIFSA cannot be held responsible for any changes or inaccuracies by the Department.

KREDIT INFORMATION SHARING SYSTEM (K I S S)

(Item 642)

The KISS meetings which were being held under the auspices of KreditInform for approximately the last six years have been suspended for the time being. Initially, the meetings were held on the first Tuesday afternoon of every month at the KreditInform offices in Randburg. The attendance at these meetings grew from four people to 26 at its peak and the meetings were designed to be attended by senior executives from board level.

The meetings began to lose favour in the last 12 months and a variety of alternative options were tried, including moving the venue to the boardroom of First Paper House in Johannesburg and then back to Randburg again. Different days and times were also tried and eventually the meetings were only held once every two months. Unfortunately, the situation has now been reached where only three or four people from the Accounting Department are attending these meetings and the Executive Committee has decided to suspend them.

In discussing the problem with several people who used to attend regularly, it has become apparent that the alternative credit control

option being managed by KreditInform has found to be more effective and less time-consuming. This option is known as the "Closed User Group" and, contrary to what might be expected from the name, it is open to anyone who wishes to participate. It is the information which is "Closed" and only available to those who participate. At present, in excess of 25 companies contribute information to the system and receive monthly reports. In order to answer questions and encourage other members to join the group and thus improve the quality of information available, an explanatory letter from KreditInform is attached as an annexure to this newsletter.

FIDUCIARY DUTY EXTENDS TO EMPLOYEES AND AGENTS

(Item 638) Acknowledgements ICOSA
Corporate Governance Technical
Newsletter

In a recent unreported case the Supreme Court of Appeal dismissed an application by a former employee of Fieldstone Private Capital Group and its South African subsidiary, Fieldstone Africa. The Supreme Court of Appeal held that the High Court had been correct when it found that an employee who acquired secret profiles committed a breach of trust, faith, confidence and

loyalty which was a tantamount to an outright betrayal.

The Court upheld an application by Fieldstone for the return of R11.25 million, which was the profit made by the employee on the sale of company shares.

The Supreme Court of Appeal held that an employee of a company was, in all respects, subject to the same fiduciary relationship as any other person with a fiduciary responsibility.

SECTIONAL TITLES: OBLIGATION OF OWNERS TO PAY LEVIES

(Item 641) Acknowledgements ICSCA
Corporate Governance Technical
Newsletter

In the case of Body Corporate of Fish Eagle v Group 12 Investments (Pty) Ltd 2003 (5) SA 414 (W), the Court considered the obligation of an owner to pay his Section Title levy.

The Court found that an owner could not refuse to pay:

- an increase in levies, because he or she considered it had been unnecessarily imposed;
- a Special levy, because he or she considered it unnecessary.

The judgement emphasizes the need for Sectional Title owners to pay their levies. Hopefully, this will avoid some of the present difficulties encountered by Sectional Title schemes in obtaining payment from owners.

SOCIAL SUSTAINABILITY: TRIPLE BOTTOM LINE PERFORMANCE

(Item 640) Acknowledgements ICSCA
Corporate Governance Technical
Newsletter

The JSE Securities Exchange South Africa has been developing criteria against which to measure triple bottom line performance. These will be indicated in the FTSE-JSE Allshare Index.

The Index is to be a voluntary market-driven mechanism. The South African requirements will of course focus on good corporate governance in all aspects. This will provide for companies to address HIV/AIDS, affirmative action and general health and social matters. The environment is one particular aspect of corporate governance which has still to be addressed by many companies.

As with all leading international corporate governance companies, it will become essential for companies to effectively communicate with all stakeholders, including staff, surrounding communities and shareholders.

This will present challenges in summarizing complex financial matters poses a new challenge to the corporate world.

The substantial premium of the share price of South African companies with the highest corporate governance standards could provide the necessary incentive for responsible boards.

USURY ACT

(Item 633) Acknowledgements ICOSA
Corporate Governance Technical
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Government Gazette 25968 of 6 February 2004 contains details of the latest limits imposed in terms of the Usury Act. The Gazette specifies as follows:

DETAIL OF TRANSACTION	LIMIT	%
Money Lending	Less than R10 000	21
Money Lending	Exceeds R10 000	18
Credit Transactions	Less than R10 000	21
Credit Transactions	Exceeds R10 000	18
Leasing Transactions	Less than R10 000	21
Leasing Transactions	Exceeds R10 000	18

BUSINESS CONFIDENCE REMAINS HIGH

(Item 643) Acknowledgements SACOB

SACOB's Business Confidence Index maintained the high level of above 120 index points in April and recovered 124 after it dipped somewhat in February and March.

The movements of the sub-indices of the BCI from March to April were rather mixed. Foreign trade data was perhaps the most positive and surprising. Both export and import volumes accelerated, reflecting improved world economic growth and a resilient domestic economy. The relatively stable and conducive financial environment remained in place.

Seven of the thirteen sub-indices improved on their previous levels during April 2004, four remained virtually unchanged and two sub-indices, namely new vehicle sales and the real prime overdraft rate, moved into negative territory. Please refer to the SACOB web site at www.sacob.co.za for the full BCI.

The continued high level of the BCI should not be seen as reflecting an unprecedented high level of business confidence. The current BCI level merely reflects a structurally changing business environment where South Africa is moving close to the global benchmarks of low inflation, a reasonably stable exchange rate and a less sensitive monetary environment accompanied by fiscal discipline.

Before rapid changes in the global financial environment set in, South Africa will have to act in time to protect the sounder domestic financial environment. The present conducive financial surroundings should also be supported and underpinned by more economic performance.

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