

## Monthly Newsletter – May 2015

### Note from Theo and Warren

April was a volatile month: increased load-shedding, the ongoing strike action and perhaps even more distressing, rumours of further delays at Medupi and Kusile.

Load-shedding was in force for quite a few consecutive days, with unplanned outages taking the best part of 9GW off capacity. However, according to RMB Morgan Stanley's South African research team, who took a closer look at the supply/demand problems in SA electricity and the ramifications at the macro and micro level during the month, apparently it's not all "doom and gloom ... the data shows there is probably a really good opportunity to emulate best practice and fix the problems, particularly on the demand management side, if consumers are appropriately incentivised".

Of course, how this translates into reality and the appetite of SA consumers to reduce demand and move towards pre-paid meters, along with SA businesses, remains to be seen. That means periods of load-shedding are likely to be a reality for a while to come, and there is high risk of further electricity tariff increases.

One can only hope that the appointment of Brian Molefe to Eskom as Acting CEO will have a positive influence; he has already been cited as saying he hoped to rid SA of load-shedding by year-end despite Public Enterprises Minister Lynne Brown saying just the week before that load-shedding was here for at least the next two years.

NUM will submit demands to the gold sector calling for 75% basic pay increase for entry-level workers, increasing monthly wages from R5,700 to R10,000. A senior government official also warned that the wage demands of public sector unions are unaffordable and would add R50bn to the budget, with Finance Minister Nhlanhla Nene warning that a 10% hike, which the unions are insisting on, would add R20bn to the Government's remuneration bill. The wage bill stands at R400bn and is projected to grow to R430bn in the 2015-16 financial year.

The xenophobic attacks could have translated into something much worse for the broader country, but the actions taken to stem the spread of the violence seem to have been effective.

A bit of light amidst the gloom was Goldman Sach's Chairperson Lloyd Blankfein, who was in SA during the month to speak at the Gordon Institute of Business Science, saying that he was generally bullish about South Africa as a favourable investment destination, albeit with some fairly heavy caveats.

Moving to other issues, consumer inflation rose to 4% last month from 3.9% in February, caused by rand weakness, increases in the prices of administered services such as education, the higher oil and petrol prices, electricity tariff hikes and higher food prices owing to local droughts.

Despite all the troubles, the South African stock market continued to perform well and breached the index level of 55 000 for the first time in history. It is also worth noting that some of the rise in the market was caused by the resources (mining) sector, which has been declining for many months. This means that an initial recovery in this sector might simply be a small bounce and not the beginning of a trend, but it is worth watching.

*- Theo and Warren*

## Thinking out of the office

No-one knows what the South African figures are, but Forrester Research estimates that by next year, 63-million Americans will be working virtually – ie. away from the confines of the traditional office.

It's one of the quickest ways to cut costs if your business is struggling a little: reduce the size of your office or even eliminate it completely.

The workforce has changed, business needs have changed, and so have the needs of employees – many would prefer to work non-traditional hours, and cut the time sink of commuting if they live far from work. Having a virtual workforce means that companies are able to operate with zero unnecessary overheads, often saving over 30% of their costs.

Virtual workers, including those who are their own business owners, are often more accountable, take on more responsibility, and are more passionate about their work than brick and mortar workers, which enables them to achieve better performance.

It does require something of a mind shift for employers and employees alike, but it has the potential to change the way we live and work as long as everyone understands what is required from them and managers are prepared to understand that it's not a one-size-fits-all kind of solution.

## Take a two-minute walk by Mary Elizabeth Dallas

Study found short bouts of light activity seem to boost longevity.

By now you should know that a sedentary lifestyle is bad for you. Sitting for extended periods every day can increase your risk for heart disease, diabetes and premature death. But a new study out of the University of Utah School of Medicine in Salt Lake City, shows that even small bouts of exercise can have a big impact.

The findings were published online at the end of April in the Clinical Journal of the American Society of Nephrology. The study used data from more than 3 200 people who participated in the US National Health and Nutrition Examination Survey, all of whom wore devices to measure the intensity of their activities. The study participants were followed for three years.

Interestingly, the study found that standing more may not be enough to offset the dangers of sitting for too long. Instead, short bursts of light activities like walking, cleaning and gardening can boost the longevity of people who are sedentary for more than half of their day.

In fact, giving up two minutes of sitting for two minutes of light-intensity activity each hour lowered the risk of premature death by 33%. Over the course of days and weeks, the beneficial effects of walking can add up and help sedentary people to get closer to the weekly recommendation for exercise, the researchers said.

Based on these results, they recommended that sedentary people – like office workers – add two minutes of walking each hour to their day, in combination with their normal activities, which should include 2.5 hours of moderate exercise each week.

It's not advisable to replace your moderate exercise with your two-minute walks, as moderate exercise strengthens the heart, muscles and bones, and confers health benefits that low and light activities can't.