

**The Impact of the new Company Legislation on  
Corporate Governance - Dr Jacques van Zyl**

**April 2011**

The new *Companies Act* (Act 71 of 2008) has a specific focus on corporate governance. Company leadership is now legislated and a hybrid system based on both legislative and voluntary approaches is to be implemented.

The central chapter in the new *Act*, titled 'Governance of Companies', deals with the directors' fiduciary duties and requires directors to act in good faith, in the best interest of the company. The *Act* codifies duties and responsibilities previously based in common law and addresses the board, its committees and the appointment and removal of directors.

The new *Act* provides a broader definition and description of the concept of 'conflict of interest'. Directors are to disclose their personal financial interest in business transactions as well as the interests of 'related persons'. Directors are advised to thoroughly investigate disclosures as the *Act* makes them responsible and accountable for interests about which they ought to have known.

The *Act* also broadens its descriptions of directors' liabilities and holds that they may be held personally liable for company loss, damages or costs. The *Act* provides for a defence (called the 'Business Judgment Rule') for directors who face liability if they can demonstrate that:

- sufficient steps were taken by them to remain fully informed regarding the particular issue/s (the use of expert opinion is recommended);
- they had no personal financial interest in the issue/s;
- they did not know of any related persons that may have such interest;
- any interests, whether personal or from related persons, were indeed dealt with as required by the *Act*;

as a rational, reasonable and responsible person their decision was made in the best interests of the company. For example, the *Act* states that it is an offence for a company to trade when its liabilities exceed its assets and

reference for a company to trade when its liabilities exceed its assets and directors should involve expert valuers to avoid reckless trading charges being brought against them.

The Act will benefit directors and their companies and will ensure that directors discharge their duties with care and skill, and remain fully informed and focused on the best interests of the company.

**Post scrip:**

Don't forget the importance of a Duty of Care risk management strategy as part of Corporate Governance. Contact Duma Travel so that we can assist you with the implementation of a holistic Duty of Care strategy.

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### Airline News

- Comair will soon be servicing all major South African coastal routes and will commence flights between Durban, Port Elizabeth and Cape Town at the end of March. There is a demand for premium travel to these destinations and they will be taking over this service from their low cost carrier Kulula.
- From 27 March, Emirates will introduce an additional daily service to Cape Town. Flights will depart Dubai at 03h50, arriving in Cape Town at 11h40. The return service will depart Cape Town at 13h40, arriving in Dubai at 01h15 the following day.
- Qatar Airways has launched its thrice-weekly non-stop service to Stuttgart, Germany, establishing vital links between the German automobile centre and rest of the world through convenient connections via its Doha hub.
- Comair is expanding its African route network, and effective Tuesday, May 3 will commence flights from Lanseria airport to Maputo in Mozambique and Gaborone in Botswana.



### Leisure specials

**Preskil Beach Resort \*\*\*\*  
Mauritius**

**Cresta Mowana Safari  
Lodge\*\*\*\***

**Zebra Country Lodge-  
Leopard's View\*\*\***

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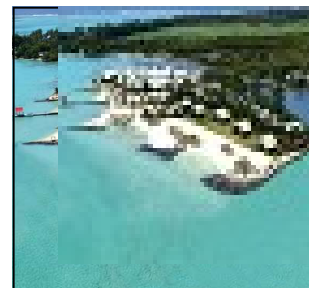
### General News

- Kuala Lumpur International Airport's Aerotrains, connecting the main terminal building and the satellite building at the airport, are expected to be fully operational for passenger use on March 23.
- India's first airport transit hotel is scheduled to open on March 3 at Indira Gandhi International Airport's Terminal 3. The 93-room Eaton Smart New Delhi Airport is managed by Hong-Kong based Langham Hotels.

**Preskil Beach Resort\*\*\*\*  
Mauritius**

**from R8381 per person sharing  
and includes:**

- Economy return airfare to Mauritius on BA ex Johannesburg (Saturday to Saturday only)
- Return resort transfers
- 7 night's accommodation in a standard room
- Breakfast and dinner daily
- Free non-motorised watersports
- All pre payable airport taxes and current fuel levies

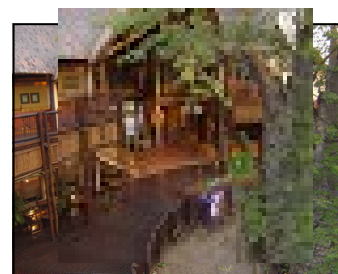


**Valid from 07 May to  
17 September 2011**

**Cresta Mowana Safari Lodge\*\*\*\*  
Botswana**

**from R4220 per person sharing  
and includes:**

- Return Economy airfare to Kasane on Air Botswana
- Return airport/lodge transfers in Kasane
- 2 Nights accommodation in a standard room
- Breakfast daily
- All pre-payable airport taxes and fuel levies
- Price ex Durban R5080.00 per person sharing
- Price ex Cape Town R5220.00 per person sharing
- Valid for SA Residents only



**Valid from 01 April to  
31 December 2011**

**Zebra Country Lodge-Leopard's View\*\*\*  
Gauteng**

**from R860 per person  
sharing:**

- 2 night's stay at the Zebra Country Lodge, Leopard's View
- Breakfast daily
- High season supplement may apply



Valid until  
2 May 2011

## Helpful Travel Tips

### Before you journey

- Consult your doctor before travelling if you have any medical concerns about making a long journey, or if you suffer from a respiratory or cardiovascular condition.
- Plan for the destination - will you need any special vaccinations or special medications?
- Get a good nights rest before the flight.
- Eat light and sensible.

### At the airport

- Allow yourself plenty of time to check-in.
- Avoid carrying heavy bags through the airport and onto the flight as this can place the body under considerable stress.
- Once through the departure try and relax as much as possible.

### During the flight

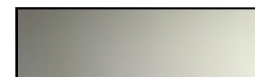
- Sucking and swallowing will help equalize your ear pressure during ascent and descent.
- Babies and young passengers may suffer more acutely with popping ears, therefore consider providing a dummy.
- Get as comfortable as possible when resting and turn frequently.
- Avoid sleeping for long periods in the same position.

### When you arrive

- Try some light exercise or read if you can't sleep after arrival at your destination. It generally takes the body's biological clock approximately one day to adjust per time zone crossed.

## Phumi of Duma Travel

Phumi Nzimande grew up in Durban. She started her career in Public Relations and then moved to Travel and Tourism and has not looked back. She spent the last ten years



and has not looked back. She spent the last ten years working for various travel agencies focusing on government clients.

In January this year she joined Duma Travel as the branch manager for Duma Travel Durban. "I am loving it and enjoy making sure that my clients are happy and well serviced."

She is happily married with two kids Mahle 2 years and Thando 6 years and loves cooking, music and travelling.



**Phumi Nzimande**  
**Travel Manager Duma**  
**Travel Durban**

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## **DUMA ICE - INCENTIVE TRAVEL PROGRAMS**

Is your incentive travel program only motivating 20% of your sales force with the same people qualifying year after year? To change this you need to engage with your staff, restructure your incentive program to motivate the entire workforce and ensure that you maximise the motivational benefit of your spend.

Research has shown a correlation between improvements made to incentive programs and performance gain within companies. Incentive programs can according to SITE (Society for Incentive & Travel Executives) increase work performance by up to 22 percent.

Travel incentives are effective motivational tools as they recognise and reward employees, make them feel appreciated and satisfy the need for novelty, physical activity, knowledge and the need to relax away from work. The success of travel as an incentive also lies in its trophy value. Winners can openly talk about their trip without being seen as overly boastful. But if not structured effectively travel incentives can fail dismally.

### **Engage employees**

Explore the views of your unique set of employees, not only the top achievers but all employees. What factors would impact their level of motivation? Research points to the importance of having a choice rather than receiving a pre-selected reward, the value of being able to weigh up and decide on the class of hotel accommodation, length of stay and destination. Cruises and beach/sun and water destinations have high motivational value so too is the option of inviting a guest or family member to join, even at their own expense. A tangible reward also offers better motivational benefits than cash or a cash card.

### **Motivate the entire workforce**

Consider the structure of the incentive programme. Many companies are faced with the scenario where a selected number of people benefit from incentive travel programs, while the majority view these rewards as unattainable. It's important to consider that a 5% performance gain from the middle 60% could contribute over 70% more revenue than a 5% shift in the top 10 percent. One way of ensuring greater participation is a tiered travel incentive structure consisting of a main incentive as well as smaller incentives or tangible rewards. Another is to use an open ended goal structure aligned to your company objectives, where the individual works towards attaining a personal goal rather than a set target; this changes the focus and

works towards attaining a personal goal rather than a set target, this changes the focus and ensures that what was once unattainable becomes possible. Group incentive travel can also assist in energizing and motivating a larger group of employees.

The incentive programme should also be integrated into your internal communication strategy. Continuous communication from teasers to desk drops, company memos and posters to creative intranet and website support ensures greater awareness and impact throughout the company.

### Maximise the benefit of program spend

You need the right balance between motivation and investment. A clear understanding of the attributes and potential tradeoffs (a more exotic destination for less expensive hotel) will enable you to make an informed choice and get the best return on your investment.

#### Duma ICE will:

Assist in exploring employee perceptions and the value they assign to different program attributes and potential tradeoffs.

Develop an incentive structure aligned to individual and company objectives

Incorporate the learnings to ensure the best return on investment

Craft, implement and manage the incentive travel program

The optimal travel incentive program will motivate your employees, impact productivity as well as the performance of your company.



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