



17 March 2009

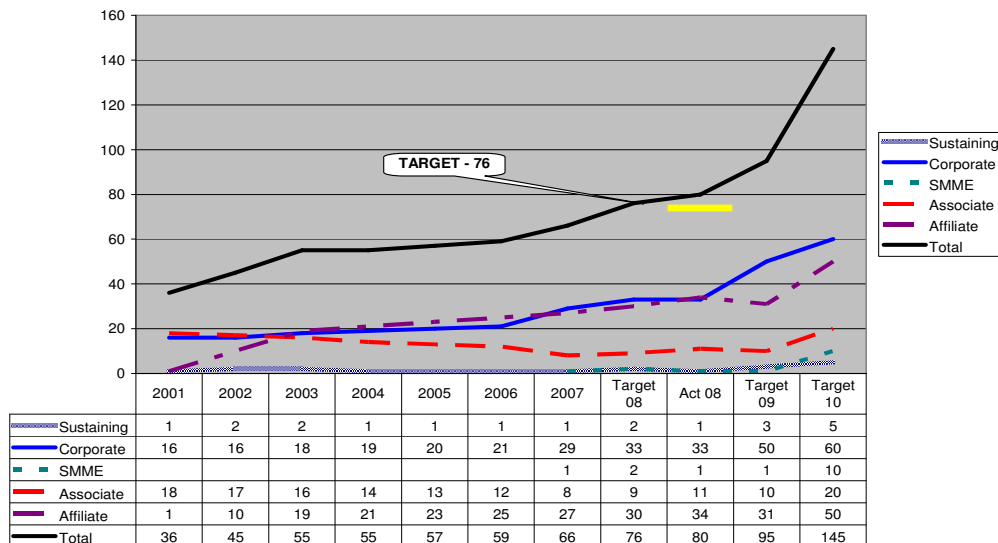
CHAIRMAN'S ANNUAL REPORT TO MEMBERS

It has to be said that 2008 was an eventful year for SANEA. I shall report on each of the main items in turn.

Membership

Clearly SANEA exists because of its members perceive value in belonging to the SANEA community. During 2008 we managed to be slightly better than our business plan target and it was particularly pleasing to note that several new members came from services sectors. However, we do need to grow the top end of sustaining and senior corporate members if we are to continue to be credible and viable. We have to date not been successful in attracting members from the transport sector, which is disappointing.

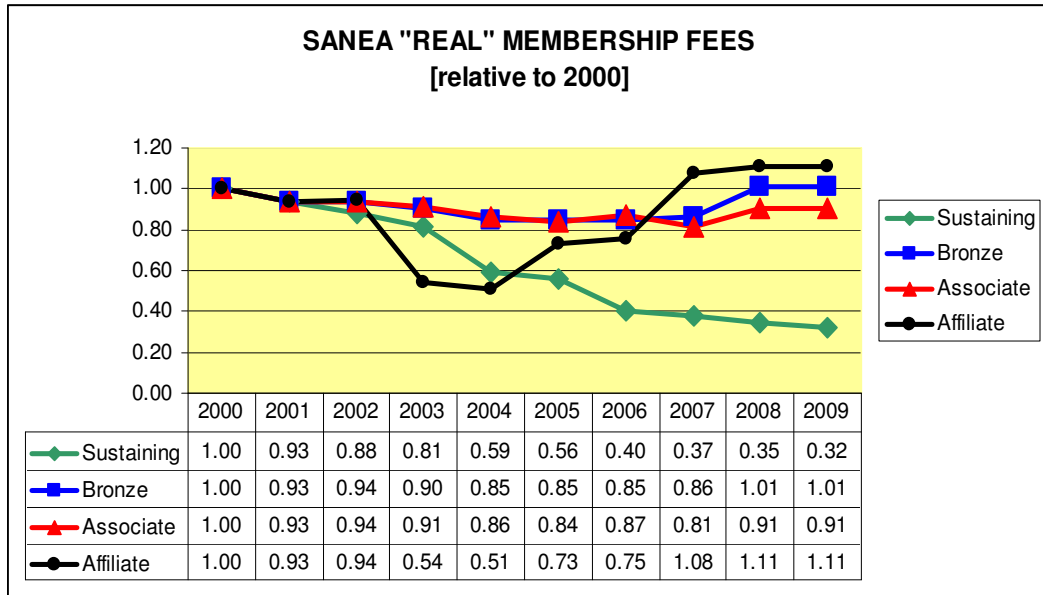
SANEA Membership Numbers
 (End of Year)



I urge every member of SANEA to encourage others to join our organisation. The more members there are, the richer will be the content of our work and the more we will be able to make a relevant and credible contribution to the development of the South African Energy Sector.

Over the past few months as the global financial crisis has taken hold a few members have spoken to me about the affordability of our membership fees.

I believe the following graph of relative fees in year 2000 money values puts this matter into perspective



It is only the Affiliate [individual] grade that is paying more now than in 2000 and yet that grade is still growing. This grade is still under priced in relation to benefits available.

Notable is the steady reduction of the real fees contribution from Eskom, our only sustaining member. It has required a concerted effort to sign up additional corporate members to compensate for this and to maintain the financial viability of SANEA. SANEA members can certainly help us by extolling the benefits of SANEA membership and introducing new members.

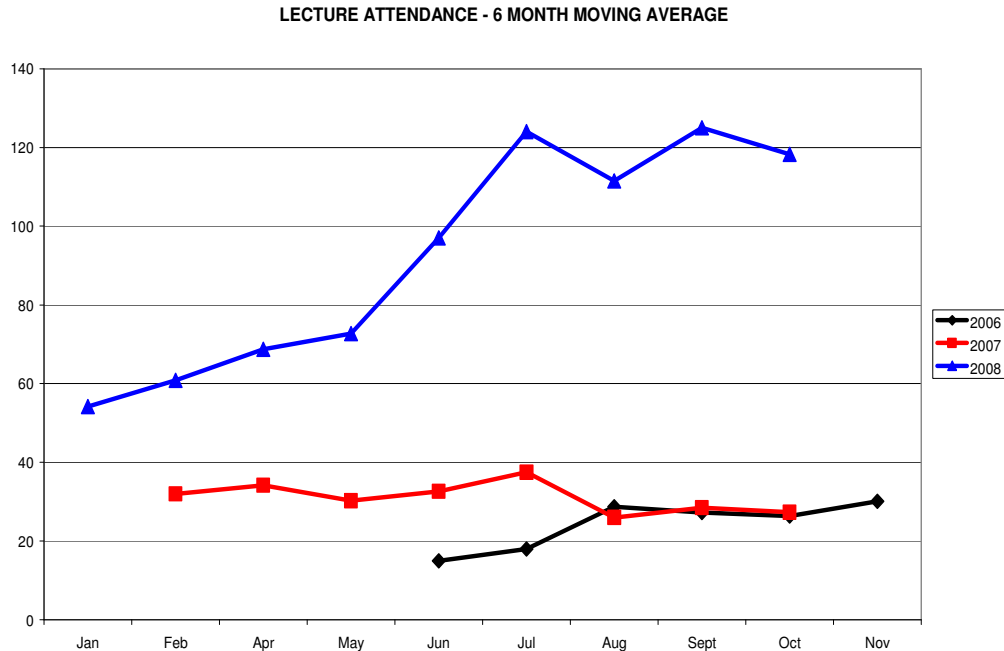
While the fees have remained essentially constant in real terms the stature of SANEA has increased significantly. As reported later, attendance at technical events has grown dramatically which is a testimony to the improved quality and relevance of the programme. We have also increased the level of activity.

I am constantly surprised at how few SANEA members register to access the wealth of information available through the World Energy Council. There is no charge for registration and this is one of the significant benefits included in your SANEA membership.

I should also point out that membership of associations is not a simple spreadsheet decision. SANEA is active in the public domain spreading the word on energy issues and in so doing is conditioning the environment within which you are doing business. We are raising the level of understanding, enhancing the quality of debate and thereby improving the quality of decision-making on energy matters. This is an intangible benefit and all our members are contributing towards making this happen. The voice of SANEA is heard regularly on TV, radio and at conferences and we are increasingly reported in the print media.

Technical Activities

Our monthly technical lectures continue to be our core activity. We have taken a careful look at the topics of the lectures, based on feedback from members, and we have experienced a gratifying increase in attendance. For 2009 we already have a full programme of lectures. There is increasing media attendance at our lectures which is also encouraging.



We did not hold any lectures outside Gauteng during 2008. However Engen Petroleum, a new Gold member, have agreed to sponsor a venue for a lecture in Cape Town and we will action this during 2009.

We held two Business Breakfast Briefings for Corporate Executives in 2008, both of which were well received. We will continue with this initiative in 2009 and the first such briefing was held on 5 March, attended by some 30 Executives.

We are considering re-introducing the technical visits that used to be such an integral part of SANEA activities and the results of the survey conducted amongst members are currently being assessed.

Marketing

As part of the Growth Initiative, Sarita Cronje of Marketecture CC has continued to lead our marketing drive. Sarita has made a big impact on our organisation and much of the credit for the increased activity levels must go to her.

Sarita has also paid particular attention to our media profile with very positive results. SANEA has appeared on TV, radio, in newspapers and magazines more frequently in 2008 than ever before. We are also enjoying regular media attendance at our events.

Business Performance

I am pleased to report that the revision of our corporate membership grades, an increased level of activity, attention to expenses and strong support from sponsors has enabled us to achieve financial results that are much better than planned. The current financial squeeze will however make it difficult for us to hold this position as membership of associations is considered by many to be a “nice to do” rather than an essential.

SANEA FINANCIAL PLANS

Update 2009/02/27

	BUDGET 2008	ACTUAL 2008	BUDGET 2009	
Current Assets	1852378	2598651	2633289	
Member Income	982150	1229556	1522255	
Interest	200000	214859	180000	
Sponsors & Events		125635	310000	
Total Income	1182150	1570050	2012255	
Surplus	-799131	-121377	34638	
				2008
Expenses	1981281	1691427	1977617	2009
Administration	234680	11.8% 225890	13.4% 289117	14.6%
Labour	157680	8.0% 157275	9.3% 206000	10.4%
Other	29000	1.5% 33948	2.0% 44982	2.3%
Office Space	48000	2.4% 34667	2.0% 38135	1.9%
WEC	397021	20.0% 397021	23.5% 450000	22.8%
Programmes	834540	42.1% 527874	31.2% 673500	34.1%
Labour	354840	17.9% 155658	9.2% 90000	4.6%
Travel	238700	12.0% 208013	12.3% 361500	18.3%
Publications & Events		139789	181000	9.2%
Other	241000	12.2% 24414	1.4% 41000	2.1%
Growth Initiative	515040	26.0% 540642	32.0% 565000	28.6%
Specialist Services	515040	26.0% 540642	32.0% 565000	28.6%
Other		0.0%	0.0%	0.0%
Ratio - Assets/Expenses	0.93	1.54	1.33	
<u>SEPARATE ACCOUNT</u>				
Congress 2013	297700	4782		

We are working hard at keeping administrative expenses below our target of 15% of total expense. Our membership of WEC takes a large portion of our “technical” budget and surprising few members have registered to take advantage of this significant benefit to members.

World Energy Congress 2013

It was a great disappointment that we were not successful in our bid to host the 2013 World Energy Congress. The team submitted a robust bid, certainly comparable with that of Denmark but in the end the secondary benefits of supporting South Korea won the day.

I would like to express my appreciation to the many organisations who supported our efforts and in particular Turners Conferences, International Convention Centre and Ethekweni Metro who were unstinting in their support.

Governance

The Board has met three times during the year and the Executive Committee nine times. We owe a debt of gratitude to these members who give of their time to ensure that SANEA remains on course and achieves its objectives. Much of this work is done in their private time. Alison von Ketelhodt [Secretary-General] and Dr Chris Cooper have been especially supportive through their work on the Executive Committee while Vicky Mundell, based in Durban, was particularly involved in our bid for the 2013 Congress

At this time three of our Board Members will be resigning.

Jean Madzongwe who is spending so much time working outside the country that it is difficult for her to devote time to SANEA

Sipho Nkozi, a former Chairman, who is finding the pressures of work plus being the president of the Chamber of Mines, too distracting

Marius Willemse, a founder Board Member, who is now pursuing business interests outside the energy sector

I should like to express appreciation to them for their commitment to SANEA and especially for their advice and encouragement which has been so freely given.

We are fortunate to have three eminent energy personalities nominated to replace them and their appointment to the Board will be a matter for confirmation at the Annual General meeting.

Service Providers

During the year our contract with the University of Johannesburg was terminated by mutual agreement. This relationship had been in place since 2000 and had served us well. However since SANEA has matured as a business it has less need for this support and the University was finding it increasingly difficult to allocate suitable resources to this work. Our service providers, VanDer Walt and Company and Marketecture CC, continue to provide valuable support. Certainly all of them demonstrate a level of commitment that extends way beyond simple contractual compliance.

Appreciation

I wish to express my appreciation to the members of SANEA. Your fellowship and obvious commitment to energy are a constant source of encouragement.

Finally, to my wife Kate who spends more time on SANEA business than I have a right to expect and who is always willing to engage in one more round of discussion; "Thank You".



B A Statham
CHAIRMAN