

bulletin.

email: busa@busa.org.za or visit our website: www.busa.org.za

JULY 2005

- 2 BUSA Activities
- 5 Profile of BUSA member
- 6 Opinion piece – BUSA’s view on Land Reform
- 7 Upcoming Events

Message from the CEO



> BUSA CEO Bheki Sibiyi

Following feedback from members indicating that BUSA needs to improve its media profile, we have been working hard over the last few months to increase the presence of organised business in the media. Although we realise the media is merely one of our stakeholders, we believe it is an important constituent to position the view of business more pro-actively. We have based our media interaction on building long-term and effective relationships with journalists and explaining the role of organised business in this country.

We have already seen a significant increase in media coverage around business issues and we are now regularly contacted for our opinion. A full list of recent media coverage can be obtained from Melody Shevlane in our offices. One of the most significant developments during July was the announcement by President Thabo Mbeki that the government wants to see a target

growth rate of 6% for South Africa over the next decade to better and more effectively meet SA’s socio-economic goals. BUSA shares the government’s view that, if unemployment and poverty are to be halved over the next 10 years, the local economy needs to build on its achievements to date by further boosting investment – especially infrastructural investment – to help achieve those goals.

BUSA shares the government’s view that, if unemployment and poverty are to be halved over the next 10 years, the local economy needs to build on its achievements to date by further boosting investment – especially infrastructural investment – to help achieve those goals.

Professor Raymond Parsons, our economic advisor, outlines BUSA’s response elsewhere in this newsletter. BUSA will fully cooperate with the task group set up under Deputy-President Phumzile Mlambo-Ngcuka to implement action plans that will facilitate the economic outcomes South Africa is seeking.

BUSA has been focusing strongly over the last few months on the role of SMEs in the growth of this country. We have established a small business task group, under the leadership of Mr. Thami Mazwai, and attention is being given to BUSA hosting a SME conference to lift the level of debate around the role of organised business in establishing an enabling regulatory and operational environment for SMEs. These initiatives reconfirm our commitment to drive a focused strategy in ensuring SMEs become the economic growth engine that will address poverty and unemployment in South Africa.

Current research indicates that there are numerous impediments to the development of a viable SME sector in South Africa. These include:

- >A regulatory environment that does not promote SMEs
- >Unacceptable levels of taxation
- >Access to finance
- >Slow payment processes
- >Lack of creative funding solutions by banks and other service providers
- >Lack of information and relevant market research
- >Lack of continued staff training
- >Lack of coordinated marketing to focused target markets

cont...

Message from the CEO cont...

BUSA believes that effective partnerships between the private and public sectors in growing and promoting a sustainable SME sector should be created, with proper support systems to bridge the gap between the first and second economies. BUSA, in its role as a unified business organisation, should ensure that effective mechanisms are implemented that would enable, support and underwrite greater participation of SMEs in the local and global market.

The Minister of Labour has recently announced the members of the new Commission for Employment Equity (CEE). The Commission for Employment Equity – established in terms of the Employment Equity Act to advise the Minister on matters relating to employment equity policy and regulations - has a critical role to play in transforming South Africa's workplaces and in ensuring that all the social partners work together to achieve the worthy aims of the Employment Equity Act. BUSA is delighted that Minister Mdladlana has appointed Jimmy Manyi to Chair this important Commission. Jimmy is the Chair of the BUSA Standing Committee on Social Policy and also vice-president of the Black Management Forum (BMF). Lebogang Montjane and Marlene Bossett have been appointed as BUSA's representatives on the Commission.

The implementation of employment equity measures, as one

of the key factors in transforming the South African economy, needs to be speeded up and we are certain that the Commission will waste no time in addressing the challenges in this regard. We wish them success in this important venture.

I also had a recent meeting with the acting Director General of Trade and Industry, Mr Tshediso Matona. Several issues were discussed and some key agreements reached with regards to increased cooperation. These include:

- >improving the effectiveness of NEDLAC by amongst other raising the seniority of government (dti) and business representation
- >setting up regular, possibly quarterly, meetings among senior business leaders and cabinet ministers/director generals in the economic cluster
- > dealing with international trade and investment activities, including the World Trade Organisation (WTO)

BUSA welcomes the improved cooperation with the dti at executive level.

An important upcoming event in August that members should diarise is BUSA's event with newly-appointed Deputy President Phumzile Mlambo-Ngcuka at the Hilton Hotel, Sandton, on 16 August 2005 from 15:00 to 17:00. The Deputy President will be speaking on the growth and development of SMEs. Members who would like to attend this event should contact Dorothy Coston at the BUSA Office.

BUSA Activities

TRANSPOL'S THREE-POINT PLAN OF ACTION

At its last meeting held on 13 July 2005, TRANSPOL considered and approved a Three-Point Plan of Action to guide its work over the next eighteen months. TRANSPOL's Three-Point Plan of Action sets out priorities to give effect to the transformation ideals of organised business as articulated in the Strategic Business Plan for BUSA and Terms of Reference for the BUSA Standing Committee on Transformation Policy (TRANSPOL Circular No.31/04). The three areas of strategic intervention that constitute the core of the Plan are:

- >BBBEE Policy Analyses and Support;
- > Strategic Transformation Support and Advisory Services and
- > BBBEE Educational Awareness and Advocacy

These three areas of strategic intervention are deliberately cast in broad terms to allow TRANSPOL to engage in a range of issues without losing its thematic focus.

The first area of the Plan seeks to develop programmes, using the 'best practice' model, to assist member organisations to comply with the equity ownership, management, employment equity, skills development, preferential procurement, enterprise development and residual elements

cont...

BUSA Activities

of the BBBEE balanced scorecard

In this regard, a set of guides written in simple, accessible language will be prepared for the benefit of member organisations. A guide on BEE transformation charter formulation and implementation has already been prepared and is being printed for distribution to member organisations and other interested parties. Another guide on managing and reducing incidents of fronting in BEE transactions has almost been concluded.

The second area of focus aims to monitor the impact of charter implementation in the various strategic economic sectors and to encourage the internal transformation of member organisations to position BUSA as the non-racial representative of organised business in South Africa. In this regard, TRANSPOL is exploring the possibility of establishing working relationships with the various Charter Councils.

The third area of intervention is designed to cultivate positive public opinion on transformation and the need for business to embrace and implement BBBEE and related transformation policy instruments.

A series of workshops dealing with the various aspects of BBBEE and transformation will be conducted in different parts of the country. In addition, TRANSPOL is planning to engage public debates on BBBEE and

transformation by making regular contributions to the media and other relevant forms of communication.

Immigration Regulations

The new immigration regulations were published and brought into effect on 1 July 2005. Overall, the final regulations, despite some deficiencies, are a great improvement on the earlier drafts.

BUSA submitted comments on the draft regulations earlier in the year, in essence arguing that:

- >Visitors' permits were overcomplicated and bureaucratic.
- >Business permits required an onerous set of conditions which would deter investment and inhibit economic integration into the global world.
- >Certain conditions relating to work permits were impractical.
- >Corporate permits were subject to confusion.
- >Provisions in regard to retired persons were not strictly in accordance with the Act and were unnecessarily onerous

We are pleased to report that the most serious and investment-destructive conditions applicable to the business permits have been removed from the final version of the regulations. These include the need to prove entrepreneurial skills (they are not necessary for all businesses), proof that the business will contribute to the

geographic spread of economic activity, and proof of export potential (not every business needs to export).

BUSA also argued in favour of reducing the requirement that R2,5 m be required from every applicant as a capital or cash contribution, being supported in this argument by the dti, Department of Foreign Affairs and the Department of Labour.

Unfortunately, business' arguments were not successful on this particular point. However, this sum may be reduced or waived in respect of 8 listed industrial sectors.

Some issues of lesser importance have also been addressed in the final version of the regulations and will lead to greater efficiency and workability than before. For example, most provisions for certification by chartered accountants have been deleted.

Corporate permits remain largely as they were in the earlier drafts (with a new provision regarding fingerprints), but the relevant Form 8 still contains some onerous conditions.

Since, in law, the general usually gives way to the particular, we trust that in practice this will not cause difficulty and BUSA has been given many assurances to this effect.

In the final analysis, however, whether the Act and regulations will be functional to economic growth and human rights will depend upon how they are implemented from day-to-day. BUSA will monitor this closely.

BUSA Activities

Standing Committee on Social Policy

A delegation from the Standing Committee met with the Parliamentary Portfolio Committee on Labour on 2 August 2005.

After giving a brief overview of BUSA and the state of organised business, the BUSA representatives covered issues such as:

- >labour market in the broader economic context – how to get people into productive employment
- >skills development – what is needed for job creation
- >labour market regulation – the need for better enforcement as opposed to more regulation

A detailed report on the session with the Parliamentarians will be included in the next edition of the BUSA Bulletin.

The Standing Committee is also giving attention to the proposals on atypical employment that have been referred to NEDLAC by the Department of Labour. The first NEDLAC negotiating meeting on this sensitive issue will take place shortly.

Attention is being given to appropriate ways in which to increase employers' awareness of their reporting requirements in terms of the Employment Equity Act and, in particular, to publicise this year's 1 October deadline for the submission of Employment Equity Reports to

the Department of Labour by companies that employ 150 or more employees.

A major focus of the Standing Committee, in conjunction with its Sub-Committee on Education and Training, is on measures to:

- >increase the quantity of skills
- >improve skills relevance and quality and
- >offer better value for money

Various initiatives to achieve these ends are being investigated and debated.

The new sectoral determinations for farm workers, the retail and wholesale sector and for domestic workers are also currently being considered.

Contact Corinna Gardner for further information on any of these issues.

GROWTH AND INVESTMENT

Economic Consultant to BUSA/Overall Business Convener at NEDLAC Raymond Parsons writes:

BUSA welcomes the announcement by President Thabo Mbeki that the government wants to see a target growth rate of 6% for South Africa over the next decade to better and more effectively meet SA's socio-economic goals. BUSA shares the government's view that, if unemployment and poverty are to be

halved over the next 10 years, the SA economy needs to build on its achievements to date by further boosting investment – especially infrastructural investment – to help achieve those goals.

BUSA believes that the economy is capable of progressively doubling its growth rate in the years ahead if the public and private sector fully collaborate in creating an environment in which this can happen.

Achieving much higher rates of growth and labour absorption in the SA economy depends on getting several things right, including attracting more fixed investment and encouraging entrepreneurship and capacity-building at all levels.

BUSA also supports the emphasis which the President has put on strengthening capacity and delivery at local level, where the majority of services are located. Business remains willing through its regional and local networks to intensify its involvement in local economic development and work in closer cooperation with municipal authorities to build capacity and enhance delivery.

BUSA will fully cooperate with the task group set up under Deputy-President Phumzile Mlambo-Ngcuka to implement action plans which will facilitate the economic outcomes SA is seeking. It looks forward to meeting with the Deputy-President at an early stage to exchange ideas on the best way forward, leading up to the next Medium Term Budget Strategy (MTBS) in November.

Black Management Forum

BUSA Member profile features the BMF this month....

The BMF was founded in 1976 to represent the interests of managers who were then discriminated against on the basis that they were not white. Its focus was on the needs and aspirations of disadvantaged black managers.

Although the strategic focus of the BMF is on black managers, its policy and philosophy is non-racial. To that end membership was opened to all races in 1989. The organisation is nationally based with branches throughout the country, also providing career guidance to young people through established student chapters at various institutions of higher learning. In addition, the organisation continues to enjoy the support of corporate members who identify with the mission and ideals of the BMF.

The BMF claims a proud track record of being in the forefront of numerous initiatives aimed at redressing the imbalances of the past.

The BMF claims a proud track record of being at the forefront of numerous initiatives aimed at redressing the imbalances of the past.

These include;-

>The 1993 Affirmative Action Blueprint, eventually used as a key input for the 1998 Employment Equity legislation.

>The conceptualisation and establishment of the commission that produced the 1997 BEE Commission Report, accepted in principle by government

>Acknowledgment by government as one of the key role players in the advocacy and implementation of transformation

The organisation builds confidence and capacity amongst black managers by providing a support structure that facilitates their integration into a business environment, which more often than not is hostile and unsupportive.

Its leadership in the area of affirmative action through its "Affirmative Action Blue Print" which was published in 1993 has also assisted many companies in the formulation of Human Resource Policies, which sped up the process of employment equity.

Two of the BMF staff members were, at different times, appointed to the Department of Labour as Directors of Employment Equity.

The BMF played a key role in NEDLAC in the negotiation and formulation of affirmative action



> BMF President Jerry Vilakasi

positions, which are incorporated in the Employment Equity Act.

The BMF has facilitated many developmental programmes locally and internationally for black managers, thus contributing to the development of managerial competence. Regular workshops and seminars are conducted where members participate. A high calibre pool of leading black managers has kept the BMF at the cutting edge of managerial leadership and transformation in South Africa.

The BMF is committed – in line with one of its key principles – to working for business unity and non-racialism. The BMF is proud to be one of the founding members and active participants of Business Unity South Africa (BUSA).

Opinion piece – BUSA’s view on Land Reform

BUSA recognises the importance of land reform in South Africa’s political, social and economic transformation processes. In this regard, BUSA recognises sections 26 and 27 of the Constitution, as well as existing government policy and agreements on Land Reform. It also welcomes government making available R6 billion to address land reform matters.

BUSA recognises the importance of addressing both agricultural and urban land matters, in the belief that each of these areas needs to be dealt with in their own right - not one at the expense of the other.

Social dialogue has been a key foundation for South Africans to tackle a myriad of difficult but necessary matters and BUSA cannot stress enough the importance of continual debate, monitoring and re-commitment to the implementation of agreed upon action with the view to achieving established targets.

Government has achieved some successes in the implementation of its land policies and the targets linked to them. In a recent report it is indicated that 70% of land restitution matters have been settled.

However, in meeting the challenges of land reform, it is necessary to strike a balance between addressing the ills of the past, while still ensuring sustainable and sound economic growth that will benefit all South Africans. So too, recognition needs to be given to the complexities of the matter, while paying due heed to the necessity for transformation.

The solutions lie in many areas, including maintaining sound business principles, the development and transference of skills and access to opportunities. The concept of willing seller, willing buyer, BUSA understands the sensitivities and believes that in-depth debate is needed on this issues. However it is crucial that a market-oriented approach is followed, and that all of the social partners, including organised business, play a key role in the implementation process.

BUSA recognises the importance of addressing both agricultural and urban land matters, in the belief that each of these areas needs to be dealt with in their own right - not one at the expense of the other.

Land is not a business in itself and it is therefore important that the identified programmes equip the acquirers of land to become viable commercial farmers. This not only requires commitment from government, but also from all other

role players in working together to create an acceptable and viable way forward.

BUSA recognises the strategic plan for South African Agriculture dated 27 November 2001 and believes that this certainly creates a positive and sustainable framework for dealing with agricultural land reform.

The targets set are going to be difficult to achieve, but organised business is committed to playing its part in the implementation process. Both NAFU and Agri SA are members of BUSA, but they are only two of many organisations that make up BUSA. All of BUSA is committed to the process, both directly and indirectly. To this extent, BUSA was a signatory to the Growth and Development Summit Agreement, which identifies the importance of land reform.

Many private sector initiatives in this area have already been implemented, while still more are currently underway. These actions need to be co-ordinated and identified to be captured in the land reform process. Public-private partnerships are going to be key in achieving set goals and more attention needs to be given to this area going forward. Good deals are often lost because of unnecessary bureaucracy and an appeal is made to the authorities to review current administrative processes.

cont...

Opinion piece – BUSA’s view on Land Reform cont...

The importance of smooth administration cannot be over emphasised as too often we blame policy for non-delivery, whereas the heart of the problem lies with poor implementation. There is a need to improve the provision of information and to introduce a “one stop shop” for persons entering the land reform process. Consideration needs to be given to forming a more structured consultation body between organised business and government in addressing land reform matters and BUSA is prepared to take on this challenge together with government. In particular, BUSA can play an important role in mobilising private sector capacity, including land acquisition skills, project and programme management, farming expertise, legal expertise and training and development programmes.

In looking at the way forward, the following principles are important to recognise:

- >the fact that there is adequate legislation and policy in place
- >the need to accelerate implementation
- >the need for revising the current administrative bureaucracy
- >the need of all social partners to assist government in implementation
- >the importance of addressing both urban and rural land reform
- >the importance of education and development of current and potential land owners

- >the importance of maintaining market orientated principles
- >implementing a more effective communication strategy

BUSA supports the statement made by the Gauteng and North West Land Claims Commissioner, Blessing Mphela, who said at a media briefing on 12 July in Pretoria that “The country must realise that

**Land Claims
Commissioner, Blessing
Mphela, who said at a
media briefing on 12
July in Pretoria that
“The country must
realise that land reform
and the restitution
process is about
maintaining commercial
agricultural food
security and export
markets – the politics
and romanticism
surrounding it must be
removed”.**

land reform and the restitution process is about maintaining commercial agricultural food security and export markets – the politics and romanticism surrounding it must be removed”.

BUSA is committed to the land reform process. If members require any further information on this issue, please contact the BUSA offices.

Upcoming Events

Meeting with Deputy President

BUSA is pleased to announce that it will host a meeting with newly appointed deputy president Phumzile Mlambo-Ngcuka at the Hilton Hotel, Sandton on 16 AUGUST 2005 from 15:00 to 17:00. The topic discussed will be “The growing economy and SME development”. All members wishing to attend are asked to contact Ms Dorothy Coston on 011-784 8000.

An International Labour Organisation Seminar on the Youth Employment Challenge

International Labour Organisation (ILO) Seminar on the Youth Employment Challenge in the Southern African, 17 to 19 October 2005 will be held in Harare, Zimbabwe. The purpose of the meeting is to create a forum for the exchange of views on the challenges, scope, characteristics and causes of youth employment in Southern Africa with the view to formulating regional and national action plans for employment creation and poverty reduction. BUSA has been requested to nominate one representative to participate in the seminar. The travelling, accommodation and subsistence expenses (excluding visa and insurance expenses) of the participants will be borne by the ILO. For further details please contact Ms Nicola Vilakazi at the BUSA offices.