

Message from the CEO

What a year 2007 has been! It has been a year that has seen us enhance our offerings as BUSA resulting in enhanced role in the country, continent and globe.

This year alone we strengthened our relationship and signed agreements with the business structures in the Russian Federation, Republic of Italy, Republic of Korea, German Federal Republic, Democratic Republic of Congo, Sudan, India, Brazil and many more! In addition, we have taken part, and made strong interventions, in the area of trade negotiations both in the SADC region and the continent generally.

We have continued to play our crucial role at NEDLAC, making sure that we represent business on such key issues as Trade environment, industrial policy, and cost of business, competition, job creation and many more.

In general lobbying and advocacy, BUSA has made numerous interventions in parliament, as well as in interactions with the Executive. Indeed one of the major achievements this year has been the strategic engagements with Ministers, wherein our members got the opportunity to raise strategic policy and regulatory issues with Ministers such as the Ministers of Safety & Security; Education; Transport and the Deputy Minister of Trade and Industry.

As BUSA we have made significant strides in developing our capacity to engage with economic policy documents. Indeed, we have just released a packaged document that reflects our view on the Draft Competition Policy Documents. BUSA has also developed positions on Social Security and Retirement Industry, Companies Bill and many more.

We have also enhanced our participation in key strategic social structures such as SABCOHA, JIPSA, Productivity SA, National Skills Authority, Employment Equity Commission and many more.

In the area of transformation, BUSA has initiated processes that will result in the formulation of BBBEE Guides, BBBEE Statement of Commitment, and most importantly, the inauguration of “annual transformation awards”, beginning in September 2008!

Of course there have been challenges at BUSA. It hardly needs no reminding that this year we had challenges in terms of our financial situation. Indeed, the successes of BUSA have resulted in our budget not meeting up with the ever-growing expectations and challenges.

As we look forward to 2008, I am confident that we will see further improvement in our offerings. Such optimism is informed by the growing strength of the partnership between BUSA, the membership and external stakeholders.

Let me take this opportunity to thank you all for the co-operation you have given me, and my staff. May I too thank my staff, the office bearers, chairpersons of committees for all the sacrifices and efforts that they invested this year!

Please enjoy the festive! Please remember to “Arrive Alive”

See you in 2008!

Mr Jerry Vilakazi

Chief Executive Officer: BUSA

Stakeholder Engagement

BUSA Presidential Working Group Meeting

The BUSA Presidential Working group took place on the 26th of October 2007, at the Union Building in Pretoria. It was made up of the Presidents of

member organisations, as well as selected corporate leaders in the country. The BUSA delegation was led by the President, Mr Patrice Motsepe, while the government delegation was led by President Thabo Mbeki.

The items for discussion, which were made available to all Member Organisations for comment and discussion were:

- BBBEE Baseline Report
- Investment Facilitation & SADC Integration
- State of Organised Business

Regarding the BBBEE Baseline Report, the following action points were agreed to:

- Statement of Commitment by members of BUSA and Captains of Industry basically renewing the business' or sector's commitment to transformation, in all seven areas of the BBBEE Codes of Good Practice
- Finalisation of BBBEE Guides by the first quarter of 2008. The guides will include variables such as equity transfer, Esops, Equity Equivalents, etc
- Incorporation of BBBEE requirement in the listing and auditing processes. This work should be aligned to the work of verification agencies
- Further enhancement of sectoral monitoring and reporting on transformation measures
- Speedy constitution of the BEE Advisory Council, with clear authority
- Mechanisms to ensure strict application of BEE requirements in issuing of licensing in all spheres of government
- Inclusion of BEE requirements in legislative reform, such as Companies Bill

On the issue of Investment Facilitation and Regional Integration, the meeting agreed to:

- Dispute Resolution Mechanism for all African business to arbitrate on disputes that might have arisen in the normal course of business, and lessen the need for onerous legal processes
- Establishment of Forum constituted of the governments and the business sector in the Continent, but starting in SA to advise on:
 - § Remaining obstacles to increased trade and investment
 - § Convergence of licensing regimes
 - § Strategic marketing of the continent
 - § Agree on code of conduct for SA business

The government stressed the need for South African companies to position themselves in the continent on the basis of a good reputation, such as progressive labour policies and local procurement.

The issue of the non-optimal participation of business is of major concern to the government, as often business either does not show up or presents a light-weight business delegation.

The State of Organised Business item started with BUSA appraising government on the current status, basically stating that:

- BUSA & CHAMSA have been successful in uniting Black and White business – both symbolically and in real terms, to varying degrees
- Black Business, however, continues to suffer from the legacy of unequal access to resources and capacity to both participate effectively and to service its members especially those in the periphery of the mainstream economy.
- Business organisations still have a great deal of work to do and more energy needs to be put into creating an environment where even small businessmen in remote areas could access the services and voice of organized business in terms of responding to their issues

- Business has done an enormous amount of work which has directly affected the man in the street at the level of policy advocacy, for example tax amnesty for small business, retirement fund tax etc.
- Organised business has not yet made sufficient progress in bringing about substantive change in business at enterprise level and should do so in order to promote transformation. There are numerous areas of excellence in companies and industries, but there are still challenges in some sectors and companies.

After deliberations, it was resolved that the BUSA Presidential Working Group should meet early next year to discuss proposals on how to enhance the capacity of organised business in South Africa. Such a meeting should be preceded by engagements between BUSA and the DTI, whose proposals will be discussed by the Working Group.

The Minister of Trade and Industry raised some concerns about the inability of business to rise to the occasion, especially in responding to inward and outward trade missions. He furthermore lamented the “disorganisation and sometimes, a sense of disunity in the business community”. He charged that there has been no clear road map beyond “unity” to look at funding models, structures and programmes.

BUSA Road Shows

- Road shows took place in Limpopo, Mpumalanga, North West and the Free State to:
 - To appraise stakeholders on the role and significance of organised business in SA (BUSA)
 - Arrest the challenge of non-visibility, reach and ignorance of stakeholders re: organised business

- To get a richer understanding of the key economic issues and challenges in the province, such as key sectors, SMME support, etc
- To solicit issues for possible lobbying and advocacy
- To identify areas for possible partnership, and key activities that should attract provincial stakeholders
- To open up channel of communication and engagement between BUSA and Province

General findings are:

- The confusing roles of BUSA and Chamsa, in terms of what each offers was raised as a major issue
- The absence of a strong, united voice in the Provinces makes it very difficult for the provincial government to engage with business
- Lack of understanding of what BUSA does
- Poor state of organisation of BUSA member organisations in the provinces
- The sharing on information on inward and outward missions should be enhanced
- The challenges of the SMME sector not finding sufficient voice in national voice

Creation of a Board of Trustees

The Council meeting of 19 November 2007 endorsed the proposal from Manco to establish a Board of Trustees to deal with the challenge of financial incapacity. The proposal entails the constitution of the Board of Trustees of at least 20 members, who shall be members by invitation at a cost to be determined, for a period of three years. Membership will be restricted to Chairmen and Chief Executive Officers.

The BUSA Chairman will chair the Board of Trustees during its first year of operation.

SOCIAL POLICY

NEDLAC Review

The BUSA Task Team has engaged with the Webster Report, which aims to strengthen and improve the work of NEDLAC. Among the key recommendations of BUSA are the following:

- Assignment of lead Ministers for each of the Four Chambers
- Proper elaboration of the separate roles of Parliament and NEDLAC
- Development of a proper Communications and Public Relations Strategy
- Better management structure for NEDLAC, including the appointment of Non-Executive Chair
- Building of research capacity at NEDLAC
- Restructuring of systems and delivery models to ensure better service delivery

President: International Employer Organisation

BUSA is a member of the International Organisation of Employers (IOE) which is recognised as the only organisation at the international level that represents the interests of business in the labour and social policy fields.

Today, it consists of 145 national employer organisations from 138 countries from all over the world.

The mission of the IOE is to promote and defend the interests of employers in international forums, particularly in the International Labour Organization (ILO), and to this end works to ensure that international labour and social policy promotes the viability of enterprises and creates an environment favourable to enterprise development and job creation. At the same time it acts as the Secretariat to the Employers' Group at the ILO International

Labour Conference, the ILO Governing Body and all other ILO-related meetings.

The IOE elects a non executive president for a two year term of office rotating from one continent to another. It is Africa's turn to nominate a president for the period 2008 – 2009. The African continent endorsed and tabled the name of Professor Wiseman Nkhulu as nominated by BUSA. The Governing Body of the IOE has accepted and approved the nomination and this will in turn be tabled at the ILO meeting in March for ratification.

The pending appointment of Prof Nkhulu to this position is a prestigious and momentous occasion for business in South Africa and the continent as a whole.

Social Security and Retirement Fund Reform

BUSA is actively involved in the debate on social security and retirement reform. In particular, BUSA has constituted a task team of experts to deal with the matter. At this point in time BUSA has engaged bilaterally with both the Department of Social Development and the Treasury as well as two tripartite Nedlac meetings.

The government is holding a workshop in December in order to align its position across the relevant government departments. BUSA has been invited to send five delegates to participate in the workshop and have nominated five persons from the task team.

At an appropriate point in the proceedings, BUSA will be tabling a position paper for broader debate and mandating within the BUSA structures.

Regulations

During the past month, the Standing Committee on Social Policy agreed that a recommendation should be forwarded to the Compensation Board to advise the Minister to approve and sign the COIDA Regulations.

Representation in boards

BUSA sees the need for representation in various boards and continuously ensures that it is well represented. The new members in various boards are as follows:

SAQA BOARD

Messrs Vusi Mabena and John Arnesen.

National Skills Authority

Mr Ken Hall.

SABCOHA BOARD

Ms Vikashnee Harbhajan

THRIP BOARD

The names of Dr Mike Booth and Mr Wellington Didibhuku Thwala were submitted as the Business nominations for the Thrip Board.

EMPLOYMENT CONDITIONS COMMISSION

Nominations have been invited for the Employment Conditions Commission.

National Skills Conference

The National Skills Conference took place on 18 / 19 October 2007 in Gauteng. Business was well represented and Dr Penuell Maduna delivered the BUSA response to the four discussion papers regarding the first economy, second economy, scarce and critical skills and funding.

Trade Policy

EU-SADC Business Council

The EU-SADC Business Council (ESBC) was formed earlier this year and has three members from the SADC region – SADC Employers Group, Association of SADC Chambers of Commerce and Industry (ASCCI) and Southern African Confederation of Agricultural Unions (SACAU). The ESBC is the first body of its kind in that it provides for formal engagement between the private sectors of the EU and a group of the African, Caribbean and Pacific (ACP) countries.

Discussions of the ESBC have to date focused on the negotiation of the Economic Partnership Agreement (EPA) between the EU and SADC group. Research has been undertaken by the SADC members of the Business Council on market access, services and implementation of the EPA. This research canvassed the views of over 100 private sector representatives from the region and has been passed on the SADC Chief Negotiator as well as to country negotiating teams.

The last meeting of the ESBC was held in Maputo from 17 to 19 October. The focus of the discussions was on the research undertaken by the SADC members. It was possible for both the EU and SADC private sector organisations represented to agree on a number of positions and the result was the adoption of the attached declaration. One of the key points emphasised by the ESBC is the need to ensure that there are mechanisms in place for the private sector to be consulted on trade negotiations, including the ongoing work on the EPA.

Strengthening Cooperation between Organised Business in South Africa and Austria

On 5 November 2007, BUSA hosted a delegation of Austrian business representatives led by Dr Christoph Leitl, President of the Austrian Federal Economic Chamber (WKO). The discussions focused on possible avenues for cooperation between organised businesses in the two countries. The current trading relationship is worth approximately 900 million Euros but there is scope for much more to be done to encourage greater trade and investment links. Both countries can be viewed as hubs in their respective regions, with Austria providing a good platform for South African business looking to interact with Central and Eastern Europe.

It was suggested that BUSA and WKO explore a cooperation agreement that could include the exchange of information and training initiatives in areas such as tourism and professional education. Such an agreement could also assist in building broader networks between Austria and other African countries. The Austrian delegation was particularly interested in understanding the current economic climate in South Africa from the point of view of the private sector. Mr Roger Baxter, Chairman of the BUSA Standing Committee on Economic Policy, made a presentation that provided a thorough overview of South Africa's economy and the opportunities for foreign business. This was complimented by input by Mr Mthunzi Mdwaba, Chairman of the BUSA Standing Committee on Transformation Policy who presented on broad-based black economic empowerment and its implications for doing business in South Africa.

Business Breakfast with the President of Sudan

Mr Jerry Vilakazi, CEO of BUSA, Chaired a breakfast for South African business on the trade and investment opportunities in the Republic of Sudan on Wednesday 7 November in Cape Town. The key note address at the meeting was given by Sudanese President Omar Hassan Ahmed El-Bashir. This was supported by a detailed presentation by the Minister of Industry of Sudan, Dr. Galel Yousif Eldigair, and welcome remarks by the South African Minister of

Trade and Industry, Mr Mandisi Mpahlwa. There was a good level of participation by both big and small South African companies from a variety of sectors, including telecommunications, mining, energy, banking, aviation, healthcare and agriculture.

The strong growth of the Sudanese economy and the recent efforts to achieve peace and stability were emphasised by the speakers. The Government of Sudan has put in place a number of incentives and programmes to encourage investment, including a One-Stop-Shop in the Department of Investment. South African business was encouraged to build on the strong political relationship that has been established between the Governments of Sudan and South Africa. Following the breakfast the two governments signed eight cooperation agreements aimed at improving the environment for strengthened trade and investment linkages between the two countries.

Meeting with Deputy Minister of Trade and Industry

BUSA had its second meeting of the year with Deputy Minister of Trade and Industry, Dr. Rob Davies, on Monday 26 November 2007. The discussions covered three general areas – trade negotiations, industrial policy and trade missions.

It was particularly timely for the Deputy Minister to update business on the negotiations with the European Union of an Economic Partnership Agreement (EPA). Dr. Davies explained the difficult negotiations that are still taking place. BUSA encouraged the Deputy Minister to continue his efforts to find an outcome to the process that would make a positive contribution to regional integration.

On industrial policy, BUSA identified a number of cross-cutting themes on which it would like to be consulted. In the area of trade and investment

missions, work is underway between BUSA and the Department of Trade and Industry to make them more effective. This will include evaluation and assessment of the results of such missions.

Economic policy

Update on the Companies Bill

BUSA has been advised that the Revised Bill has now been finalised and submitted to the Minister for onward submission to Cabinet members.

The Full Cabinet meeting to consider the Bill will be held on the in December 2007, after which the Bill will be submitted to State Law Advisors for certification. It is still envisaged that the Bill will be tabled to Parliament in the first half of 2008.

Electricity Pricing Policy

The Department of Minerals and Energy is currently in the process of developing the Electricity Pricing Policy of South Africa. A meeting was held with DME and consultants on Friday the 2nd November 2007.

Public Private Partnerships

BUSA held an initial meeting with the Head of Public Private Partnership (PPP) Unit, Mr Taz Chavonda at National Treasury on 23 October 2007. It was agreed that BUSA and the National Treasury will host a joint workshop on PPP's in the first quarter of 2008. Also, the National Treasury indicated that BUSA members can participate in PPP training programmes conducted at DBSA by the National Treasury.

Transformation policy

Business Transformation Statement of Commitment

BUSA has drafted a "Transformation Statement of Commitment" to be signed by the business community of South Africa, including companies and organised business organizations. The statement of commitment is one of BUSA's initiatives aimed at addressing the slow pace of business transformation and encouraging businesses that are doing well in transformation. The statement, which will be signed early next year by Chairpersons and CEO's of companies, acknowledges that transformation is a business imperative which needs urgent attention and implementation.

The statement further demonstrates business's support of the transformation policies and legislation and regulations enacted by government to accelerate transformation in the country.

Companies are encouraged that once the statement has been signed by the Chairperson or Chief Executive Officer, it must be placed in a public area where it can be visible to all stakeholders of the company.

Verification and Reporting on BBBEE

BUSA will be meeting DTI soon to discuss the document "A GUIDE FOR VERIFICATION AGENCIES". This document was drafted by the DTI to give guidance to verification agencies on the method of undertaking verification of companies. The meeting will also seek clarity on the process and progress regarding the accreditation of verification agencies by SANAS.

There has been some discomfort by some of our members with regard to the verification taking place currently without proper verification. Important areas such as protection of information, objectivity and conflict of interest are currently not regulated.

BUSA would like to see this matter resolved urgently as it might have a negative impact on transformation.

New Members

BUSA welcomes the following new members:

- Association of Collective Investments
- Businesswomen Association
- Black Conveyancers Association

Upcoming events

7 December

EU-Africa Business Summit Lisbon, Portugal

10 December (TBC)

SADC Employers Group Annual General Meeting at the BUSA Offices

12 December

Workshop on the SADC Business Forum at the BUSA Offices

The International Media Forum South Africa 2008

On May the 21st and 22nd next year The International Media Forum will be held again in South Africa and BUSA will once again be one of its main supporters.

The forum will bring to South Africa some of the most important editors from the world's media, as well as national and local South African media for two days of highly informative debate, discussions, training and workshops.

Delegates will discuss that although South Africa is increasingly confident of its position on the world stage there is still a major challenge ahead in communicating what the country has to offer and attracting the levels of foreign direct investment and international trade that will be necessary for future economic development.

Speakers from the International media who have already agreed to attend include

Emma Duncan - Deputy Editor of the Economist

William Wallace - Africa Editor of the Financial Times

Joseph Warungu - Africa Editor of BBC News and

Celia Dugger - Africa Correspondent, The New York Times

Kim Norgaard – Africa Bureau Chief for CNN

Paul Charles - Global Director of Communications for Virgin

Barry Moody – Africa Editor of Reuters

Andrew Simmons – Africa Editor of Aljazeera

Chip Cummins – Africa Editor of The Wall Street Journal

Gary Alfonso – Head of Programming of CNBC Africa

James Themba Maseko – Head of SA Government Communications

Essop Pahad – Minister in the Presidency

As well as a senior member of BUSA, national and local news editors.

The benefits of attending this event are obvious. In particular business will

- Understand how the media works and how business can use it to its advantage
- Hear how effective media relations can directly benefit business performance
- Meet senior editors, journalists and communications professionals who will be essential for effective PR in person
- Learn tricks of the trade from the insiders on media presentation and management for results

The organiser of the event Fergal Parkinson is former BBC correspondent and is passionate about the way Africa is covered in the media. He said “Africa

does not get the media attention it deserves but with 2010 approaching South Africa stands to gain enormously from International media coverage. This event is a fantastic opportunity to meet some of the people in charge of that coverage”

The International Media Forum will give delegates the kind of expertise, training and contacts that would otherwise take weeks, if not months, and a significant spend on PR services to achieve

There are a limited number of places for this event and more details can be found on the BUSA website at www.busa.org.za or by visiting the forum website at www.internationalmediaforum.com