

FEBRUARY NEWSLETTER

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CEO's MESSAGE

In my last message for 2007, I submitted that 2007 was a great year for BUSA, as we consolidated our status as the voice of organised business in South Africa. But I went further and committed the organisation to doing even better this year. This commitment I made because of the support and enthusiastic participation of our members, without whose support BUSA would not have been able to make the great leap forward that we made last year. In particular, the leadership of both the President and Chairman of BUSA was instrumental in the development of our strategy and vision for the future.

It is my sincere belief that despite the global economic outlook this year, BUSA will make some major positive strides towards achieving its objectives and in representing SA business.

At the macro-level the country did not have a great start, as we witness **electricity outages** of unprecedented proportions. These outages affected all South Africans, and specifically affected the business community, both big and small. As BUSA we sought to engage the key players, mainly ESKOM and the SA Government with a view to formulating interventions that did not kill the growth prospects of our country!

Indeed on the morning of the 23rd of January 2008, BUSA invited the Chief Executive Officer of Eskom, Mr Jacob Maroga, to brief members of the business community from all sectors and sizes on the current state of electricity supply shortage, as well as the measures that should be taken by all stakeholders. Mr Maroga provided a historical and current detour in terms of contextualising the current state of electricity supply shortages, and ended with proposal in terms of dealing with the short term, medium term and long term interventions to deal with this challenge.

BUSA's Electricity Task team met on the afternoon of the 23rd to formulate a consolidated response to the proposals as enunciated by Mr Maroga BUSA also sought to look at measures that every social partner, including business, needs to undertake to ensure that the short, medium and long term electricity supply challenges are arrested. BUSA agrees with the majority of the proposals that were made by Eskom, and feel that they objectively deal with the challenge in a bold and innovative manner.

As BUSA we did express, through a letter to the Minister of Minerals and Energy, HE Buyelwa Sonjica, concerns regarding the proposal that calls for "an official declaration of a National Energy Shortage". Without a consulted bold plan of action, we felt that such a statement, would do a lot of damage to the country, especially to the investor community – both locally and internationally. In the same vein, we have raised concerns about the Statement attributed to Eskom's Chief Financial Officer to the effect that all major electricity-demanding Capital Investment Projects should be frozen until about 2013!

The ruling party, the **African National Congress held its 52nd** elective conference in December 2007. At this Conference, Mr Jacob Zuma was elected President of the ANC, thus giving some degree of certainty about who the next President of the country shall be in 2009!

One of the understated positives of this Conference is that it re-affirmed what many had been saying that our democracy had matured. Here you have the sitting President of the Country losing an electoral contest, and he accepts the outcome with the necessary spirit that attends to democratic processes! **THIS IS A POWERFUL STATEMENT TO THE WHOLE OF SA!**

There have been concerns about what the media has variously dubbed "the leftward or populist shift" under the new leadership of the African National Congress. In numerous addresses and pronouncement before and after the conference of the ANC, the ANC President and the Conference itself through

its resolutions, and subsequently the newly elected National Executive Committee, it has been made clear that the broad Economic Policy Framework of the ANC will not change. As we did last year before conference, BUSA will continue to engage with the leadership of the ANC on the future of this country and of the economy in particular. I want to encourage you and the SA business community to study the resolutions and decisions of the conference and to engage on what role business can play in ensuring a responsive economy to the challenges of equity, poverty and unemployment.

I wish you all a very successful and prosperous 2008.

Mr Jerry Vilakazi
Chief Executive Officer: BUSA

GOVERNANCE & STAKEHOLDER MATTERS

Board of Trustees: Latest

As we reported in December 2007, 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 inadequacy. The proposal entails the constitution of the Board of Trustees, made up of selected companies for a period of three years. Membership will be restricted to Chairmen and Chief Executive Officers.

Letters have been deposited to selected companies, and it is our intention to have the Board of Trustees fully constituted by the end of the first quarter of 2008!

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

The Annual General Meeting

The Annual General Meeting of BUSA takes place in May 2008. In terms of our Constitution, the Terms of Office of the President and three of the four Vice Presidents come to an end. You will be advised in due course in terms of the Nominations Process for all these critical positions.

It has to be re-emphasized that this AGM is being re-aligned to the Financial Year so that by the time it takes place, BUSA has been audited and members are in a position to adopt the Financial Report!

Business Directory

At our AGM in May, BUSA will officially launch a Business Directory that represents the totality of SA Business with all its sectors. The Directory will be made available to South African Companies and International Companies through South African Embassies abroad.

A service provider of repute, Siyenza, will be contacting members and Corporates for sponsorship for this very important Directory. In interactions with counterparts from all over the world, such a Directory is mandatory!

ECONOMIC POLICY MATTERS

Electricity Crisis: Latest

The underlying weaknesses of our energy policy were highlighted by the recent security of electricity crisis which was experienced throughout South Africa. BUSA has held several engagements with both Eskom – as the supplier to the industry and government as the regulator and custodian of energy security in South Africa. Parallel to the engagement process with Telkom and the SA govt, BUSA was able to gather inputs from the members in terms of interventions that are needed to arrest the challenge of electricity supply shortages.

The next steps are to develop further proposals from Business and also provide the necessary technical and strategic input for the resolution of the electricity challenge. BUSA representatives will form part of the National Response Team under Department of Minerals and Energy

Competition Policy Developments

The task team has continued with its engagement with Dti. Dti has advised that the Drafting Team has commenced its work and this should be completed before March 2008. The Competition Amendment Bill is expected to be tabled in Parliament in the third quarter of 2008. In anticipation of this process, BUSA has been seeking appropriate professional advice from Competition Law experts, in addition to the valuable input from its members.

Companies Bill

BUSA Nedlac Task Team is finalising the NEDLAC report on the Companies Bill. This Bill is scheduled to be tabled in parliament in March 2008. BUSA is subjecting the available draft to a cost benefit analysis.

Consumer Protection Bill

After several delays, the Consumer Protection Bill is also expected to be tabled in March 2008. The NEDLAC task team and our regulatory impact assessment (RIA) team are currently performing a RIA on the Bill.

TRANSFORMATION POLICY

Progress: 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 will be signed in the first quarter of 2008 by Chairpersons and CEO’s of companies. This symbolic gesture is aimed at emphatically acknowledging that transformation is a business imperative which needs urgent attention and implementation, and should be placed in a public area where it can be visible to all stakeholders of the company.

BBBEE Guides

As was reported previously, BUSA is developing easy-to-use guides to help businesses as they grapple with the national challenge of Broad-Based Black Economic Empowerment. The current Codes display a serious sense of legal sophistication, yet it is such that makes them inaccessible to non-legal citizens, worse with those who have developed, undisturbingly, some legal paranoia!

With financial sponsorship from BHP Billiton, BUSA shall have finalised, by **end of March 2008**, the BBBEE Guides with each of the seven areas of the Codes receiving specific dedication, namely:

- ✓ Ownership
- ✓ Management
- ✓ Employment Equity
- ✓ Skills Development
- ✓ Procurement
- ✓ Enterprise Development
- ✓ Socio-Economic Development

TRADE POLICY MATTERS

SADC Employers Group AGM

On 17 and 18 January 2008, the SADC Employers Group held its Annual General Meeting at BUSA. The aim was to develop a strategic work plan for the Group for the next five years. A plan was adopted and in 2008 the focus of the Group will be on assessing capacity of employers organisations in the region, recruiting new members from Angola and the DRC, starting research on the impact of South-South investment in the region, developing positions on FDI and the proposed SADC Customs Union, and participating in SADC events, including the regional conference on poverty in April and the Summit in August.

BUSA Study Tour to Confindustria

On 28 and 29 January 2008, the BUSA CEO and Director of Trade Policy held a series of meetings in Rome. This included learning about the operation of Confindustria in Italy and its role in organised business. Possible models for training were identified and a schedule of events for cooperation between Italian and South African companies was put in place for the year.

SADC Business Forum

In December 2007 BUSA hosted a meeting of the members of the SADC Business Forum. The SADC Business Forum has not been particularly active since it was formed and the discussion focused on ways in which momentum could be given to this important group. The Forum could provide a unique gathering of regional bodies from a range of different business sectors and therefore a useful point of engagement for the SADC private sector on cross-cutting issues. It was decided that steps would be taken to strengthen the Forum, including the convening of an AGM in May 2008.

SOCIAL POLICY MATTERS

Adopt a School

When Business Unity South Africa hosted the Minister of Education, HE Naledi Pandor in 2008, it became apparent that business had a major role to play in transforming our education. The Minister challenged the business community to be involved in "Adopt a School Initiatives". Engagement will take place with the Department of Education, school governing body federations and relevant stakeholders on this issue. We encourage our members to take part in this important venture as education has proven "the greatest and fairest of equalisers"

Further Education and Training

Business is geared towards representation in the panels for the setting and external moderation of the theory and practical examinations in the various programmes of the NCV.

Skills Development

A **Constituency Capacity Building Grant** was awarded to Business to build capacity on skills issues. Workshops will be held across the country, targeting 720 business representatives. The workshops are due to commence in March 2008.

Matric Results

Once again the Matric results did not meet the expectation of South Africa. It remains our view that for South Africa to reach and maintain her growth

prospects, the quality of our matriculants should improve. Business is keen to get an analysis of the 2007 matric results. BUSA is organising a Briefing Session with the Department of Education, wherein the members will be appraised of the current status, as well as the remedial plans for 2008.

IMPORTANT DATES

- 1 State of the Nation Address: President of the Republic of South Africa; **08 February 2008**
- 2 Budget speech & introduction of Division of Revenue Bill: Trevor Manuel; **20 February 2008**
- 4 Visit of delegation from The Marches region in Italy: **11 February 2008**, Park Hyatt Hotel in Rosebank
- 5 South Africa – France Business Forum during the visit of President Sarkozy of France: **28-29 February 2008**, Cape Town
- 6 **The International Media Forum South Africa 2008.** Following the success of the 2006 Forum, 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. Through keynote speeches, discussions and interactive sessions, international and local communicators will build an image of the country.

If you are concerned about how your sector, company and country is perceived internationally, then register on line at:

www.internationalmediaforumsa.com or by phone at +44 203 002

[8401; www.internationalmediaforum.com](http://www.internationalmediaforum.com): **21-22 May 2008, The**

Forum in Bryanston

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