

E-BUSA Bulletin

JULY/AUGUST 2011

GETTING THE ECONOMY MOVING

As this latest E-Bulletin suggests, the past month has again been an active one for BUSA and its membership – with a wide range of issues requiring the attention of business. This included the economic and business outlook. With the New Growth Path and a greater focus on inclusive growth, jobs and equality in South Africa, coupled with the current uncertainties in the global economy, our economic recovery remains rather hesitant and soft, something which enjoys on-going scrutiny within BUSA.



**Acting CEO Raymond
Parsons**

The overall point of departure for BUSA in assessing policy and legislation is to emphasize that SA needs a much higher level of investment, especially by the private sector, to reduce unemployment and poverty – and to grow GDP faster at the same time. The latest UNCTAD Report on FDI into South Africa in 2010 raises a red flag about SA's ability to attract sufficient FDI to support growth.

BUSA is also being pro-active in exploring ways and means to expedite planned future infrastructure and to hasten its delivery - such as in transport and energy - to support growth and job creation.

Growth needs transformation and transformation needs growth. These are two sides of the same coin. In engaging in the New Growth Path process business has emphasized the extent to which

successful outcomes here depend on a collaborative effort with Government and other stakeholders to achieve good results.

Business is committed to such dialogue at both multilateral and bilateral levels, and it is social dialogue which is intended to drive the NGP. During July it became possible to sign off on two Accords arising out of the NGP process to date – on skills and basic education respectively. Businesspeople need to acquaint themselves with the details of those important voluntary commitments. Issues on the NGP agenda in the immediate future include small business, local procurement and the 'green' economy.

BUSA also continues to be involved in the promotion of trade and investment through trade missions and State visits. Details of forthcoming ones relevant to certain key markets for SA will be circulated shortly. SA's emerging role as the gateway to facilitating the development of Africa's economies is also coming at a propitious time and is a comparative advantage SA should continue to exploit, especially having now joined BRICS.

There is an African proverb that says "if you want to travel fast, travel alone. If you want to travel far, travel together." We need to travel far to reach our goals and we must continue on this journey together. But there is no reason why we should not through effective cooperation make all haste to get to our destination as quickly as possible.



THANKS BUSA!

The SABC Live Current Affairs Show SAFM PM Live thanked BUSA for donating a box of toys to orphans in Mpumalanga during the month of July.

A NOTE OF THANKS FROM SAFM PM LIVE

This note is to express sincerest appreciation from the PM Live team at SAFM, for heeding our call to action to change a life through donations for the Nelson Mandela Day. Our broadcast was a big success and it is mostly due to your generous hearts. SAFM PM Live was able to donate a kombi full of clothes, blankets, toys, books and videos, on your behalf. The team is grateful for your generosity and please be assured that your donations will go a long way in making the lives of the more than 600 children under the care of Sizabantwana a little better. On behalf of the team and the children, we would like to again express our sincere gratitude. If you would like to be in touch with the organization or to make a follow up on your donations, please view the project's website at www.sizabantwana.org

SOCIAL POLICY

100th Session of the International Labour Conference



Fani Xaba, Tanya Cohen, Mthunzi Mdwaba, Elize van der Westhuizen and John Botha

The 100th session of the International Labour Conference held in Geneva from June 1st to 17. Busa expresses its appreciation to these representatives (in the picture) for their sterling work at the ILO Conference. A report was circulated to members.

SKILLS ACCORD

A Busa task team on the Skills Development Amendment Bill was established and the task team has already met thrice. The first Nedlac meeting was convened on 01 July, 2011.

The New Growth Path Accords on Skills and Basic Education was signed on Wednesday, 13 July 2011. In order to strengthen the skills development as a crucial pillar of the New Growth Path certain commitments were agreed upon:

- To expand the level of training
- To make internships and placements available in the workplaces
- To set guidelines for ratios of trainees
- To improve the funding of training and the use of funds available for training and incentives on companies to train.
- To set annual targets for training in state owned enterprises
- To improve Seta governance and financial management as well as stakeholder involvement
- To align training to the New Growth Path and improve Sector Skills Plans and
- To improve the role of FET Colleges

ANTI CORRUPTION!

MENTORSRHIP PROGRAMME on business integrity is underway. Mentors orientation on the programme would be hosted on 5 August 2011 at Sandton Sun. The first networking session between mentees and mentors would be hosted on 12 August 2011 at Sandton Convention Centre.

E TRAINING PROGRAMME on Anti-Corruption – Members can still enrol and participate in the e-training programme available on the BUSA website (<http://www.busa-elearning.co.za/default.htm>)

Other Social Policy news...

ACOHS Scholarship in Japan

- Ms Nonhlalo Mphofu will be represent BUSA on: “The program on Occupational Safety and Health Management and Work Environment Improvement”, in Osaka, Japan from 29 August – 9 September 2011. Nominees to the ACOHS Board include Peter Davids, Nonhlalo Mphofu, Khanyile Baloyi, Phillip Tshepo, Elize van der Westhuizen, Laurraine Lotter
- Nominees to the NSA Board: Bev Jack ,Percy Mongalo, Nhlanhla Goba

- Superior Courts Submission: Busa will be making a verbal submission to the Parliamentary Portfolio Committee on Justice and Constitutional Development, on 3 August 2011.

CHAMBERS MEMBERSHIP AND BoT

Board of Trustee

Norman Adami first joined The South African Breweries Limited (SAB Ltd) in 1979 and was appointed Managing Director of SAB in 1994. In 2000, Norman assumed the additional role of Chairman. Following SABMiller's purchase of Miller from Philip Morris, Norman was installed as President and CEO of Miller Brewing Company in 2003. It was



Norman Adami Chairman and Managing Director SAB Ltd

during this period that Norman became known as a change agent who provides the bold leadership required in a turn-around situation. In 2006, Norman was appointed President and Chief Executive Officer of SABMiller Americas. In this position he was responsible for Miller Brewing Company and SABMiller's South and Central American business units with revenues in excess of \$11 billion. SABMiller had acquired the Bavaria group in 2005, and Norman's priority was to ensure optimal integration of that business with SABMiller's other Latin American operations and the Group. In the first full year of integration the businesses achieved beer volume growth of 12%, revenue growth of 15% and EBITA growth of 18%. Norman retired from SABMiller on November 30 2007, to return home to South Africa to be with his two children, Kelly and Simon, who had recently lost

their mother to cancer. He was reappointed Managing Director and Chairman of SAB Ltd in October 2008. Norman holds a Bachelor of Business Science. (Hons) from the University of Cape Town and an MBA from the University of Witwatersrand Business School.

TRADE POLICY



CII and BUSA in partnership

BUSA and the Confederation of Indian Industry (CII) are partnering with FNB and Webber Wentzel Attorneys' India Practice to organise an Engaging India Business Seminar in Sandton on 10th August 2011. The event will feature practical advice from South African companies that have successfully entered the Indian market. The event will also feature the Indian High Commissioner to South Africa and South Africa's former High Commissioner to India. Members interested in attending are requested to contact busi.ndlovu@busa.org.za

Visit by British Prime Minister to South Africa



President Jacob Zuma with British Prime Minister David Cameron and UK Minister for Trade and Investment, Lord Green, who visited South Africa on the 18th of July 2011. Cameron was accompanied by a high-powered business delegation of UK executives from companies such as Barclays Bank, Vodafone, PWC, G4S and several others. Despite time constraints, the visiting delegation held a business breakfast in Pretoria at which several BUSA Members participated. This was followed by a meeting and press conference at the Union Buildings. BUSA's Vice-President Venete Klein, gave South African business's keynote speech at the business breakfast.

Visit by Tanzanian President to South Africa



Tanzanian President Jakaya Kikwete

President Jakaya Kikwete of Tanzania visited South Africa on 19th of July. He was accompanied by a large Tanzanian business delegation. This visit also presented serious time constraints but was well attended by both South African and Tanzanian business people from several sectors such as mining, finance, infrastructure and energy. Vice-President Venete Klein gave a keynote speech on behalf of South African business at the matchmaking function held in Pretoria on the day.

Road Freight Strategy Submission

BUSA has finalised its submission on the Department of Transport's Road Freight Strategy. South Africa's road freight strategy has a profound effect on international trade because of the volume of goods carried on the national road network to and from ports of entry. This submission has been sent to Members for mandating and will shortly be submitted to the Department.

(cont..) emerged with a set of action points which included trade policy priorities to focus on, suggestions on how to unblock inter-departmental trade-related bottlenecks, trade experts and officials to engage with and several other issues. The Committee also undertook to regularly evaluate progress on these issues.

Trade policy Internal Strategy Session

The Standing Committee on Trade Policy held an internal strategy session on 15 July 2011. This session sought to find ways to enhance the workings of the committee and to ensure that Members' needs were adequately addressed. The session

Chambers of Commerce and Rules of Origin

BUSA is finalising its submission to the Department of Trade and Industry on the rules governing the issuing of certificates of origin. Currently, Chambers of Commerce issue certificates of origin but there is agreement that the integrity of the process needs to be enhanced. BUSA and the Chambers of Commerce will give critical input to the Department of Trade and Industry on how to enhance this system.

Zimbabwe Indigenisation Indaba

BUSA took part in the Zimbabwe indigenisation Indaba held in Harare on 20-21 July 2011. The event featured presentations from the Zimbabwean Deputy Prime Minister, the Minister of Youth Development, Indigenisation and Empowerment, the Minister of Trade and Industry and other leading political and business leaders from Zimbabwe. The Indaba aimed to demystify the Indigenisation process and legislation in Zimbabwe, particularly for the mining sector. Several BUSA Members participated in the Indaba on the 20th of July. On the 21st of July the South African business delegation held a 2 hour meeting with the Minister of Youth Development, Indigenisation and Empowerment during which they raised their questions and concerns directly with him and received feedback. BUSA will circulate a report on this event in the first week of August 2011.



Meetings with foreign state representatives

BUSA met with the South Korean Ambassador to South Africa. The meeting focused on ways to enhance trade and investment ties between the two countries in sectors such as automotive and nuclear power. The Ambassador also informed BUSA that 2012 is the 20th Anniversary of the establishment of South Africa – Korea diplomatic relations and urged BUSA to work with him to find ways of celebrating this. BUSA also met with head of Trade and Investment at the Thai Embassy to South Africa. The Thai Embassy briefed BUSA on Thailand's focus on increasing the trade relationship with Africa and South Africa in particular. BUSA was also informed of the All Eyes on Africa Investors' Conference in Bangkok on 12th September 2011 to which South African companies will be invited to participate.



Dinner with South African High Commissioner to Sri Lanka and Sri Lankan business delegation

BUSA attended a dinner hosted by Sri Lanka's Acting High Commissioner to South Africa. The guest of honour was the South African High Commissioner to Sri Lanka, Nepal and the Maldives. The dinner also featured a Sri Lankan business delegation visiting South Africa. The business delegation was attending the SAITEX exhibition in Midrand. Both High Commissioners pledged their commitment to working with BUSA to increase the business linkages between the two countries.

US-SA BUSINESS FORUM

Ohio's northwest region engages with BUSA

On the 14th July, BUSA at its offices hosted two deans from the University of Toledo who were representing the northwest region of the State of Ohio. The delegates, on behalf of the region's academia, private sector and local government - were promoting the area's economic revitalization efforts. The key focus industries for the region are in automotives, glassware, building products, transportation/supply chain and healthcare. BUSA's Acting CEO, the US-SA Business Forum and the Gauteng Economic Development Agency briefed the Ohio reps on their respective roles in facilitating trade and investment between South Africa and the US and as well as in possible areas of cooperation.



The 8th U.S.-Africa Business Summit to be held in Washington, DC from 5th to 7th of October will attract senior government and business officials from sub-Saharan Africa and as well as the USA. The Corporate Council on Africa's flagship event will focus on the following key sectors: Infrastructure-Security | Energy-Power | Agribusiness | Health | Goods and Services. In addition to 6 workshops per sector, the conference will showcase 6 high level plenaries as well as two "Doing Business in xxx Country" Forums.

For additional information on this conference please contact Mfundo Hlatshwayo at mfundo.hlatshwayo@busa.org.za. You may also visit the Summit's web page via the Corporate Council on Africa's website at www.africacncl.org.



State Owned Enterprises

BUSA commenced preparations for a submission to the Presidential Review Commission on SOEs. As reported in last month's eBB, BUSA met with a delegation from the Presidential Review Committee (PRC) on State-owned Entities on 29 June to be briefed on the remit of their work and the inputs they require from Business as a stakeholder. The core objective of the PRC is to produce a review of a sample of state-owned entities that were not only limited to large state-owned enterprises, but that comprised of state-owned entities that spanned the spectrum of local government, provincial government and national government, including statutory bodies and delivery agencies.

A BUSA ad hoc task team, established to guide its work in this respect, had its first meeting on 26 July. The meeting was also attended by consultants from Genesis Analytics, who will forward a proposal in due course on working with the ad hoc task team to produce a report that will be submitted to the PRC.

The meeting concurred that the BUSA report should be sufficiently modest in what it attempts, but firm in what it proposes. To facilitate this, it was likely that it would focus on a shortlist of core state-owned entities that expressly impact the business environment, analysed along the following six themes:

- The core objectives of SOEs in respect of issues such as profit, financial sustainability, (universal) service delivery, direct employment, indirect employment and their alignment with overarching policy initiatives flowing from the work on the New Growth Path and the work of the National Planning Commission;
- Relevant performance measures and reporting disciplines imposed, with specific reference to any structural changes that need to be compounded;
- Management and governance structures as guarantors of performance and alignment;
- Oversight and regulation;
- Funding; and,
- How the government portfolio of state-owned entities should be constituted.

The PRC has indicated that a general extension to the submission deadline would be granted to some date in September. This date will be communicated as soon as it has been received.

MERGER

Following much speculation in the press as to the irregular five day notification period and the after-the-fact nature of the public hearings called by the Parliamentary Portfolio Committee on Economic Development on the Walmart/Massmart merger, BUSA made representations in Parliament on 19 July. The BUSA submission reiterated its view of the Competition Tribunal's decision as a pragmatic, realistic solution to complex scenario, which should be acceptable by all parties concerned, mindful of the limits to mandate of the competition authorities. The move was likely to fuel jobs and growth in the retail sector, resulting in a better deal for consumers. This was in line with provisions of the New Growth Path, which is seen as a "...comprehensive drive to enhance both social equity and competitiveness".

The BUSA presentation further posited that the conditions sought by opposing parties with respect to labour relations penalised companies seeking to invest in South Africa, vis-à-vis established local players. With respect to the

local procurement conditions sought, BUSA expressed concern that care needed to be exercised to ensure we remain within our obligations in respect of World Trade Organisation agreements.

BUSA participation received brought media coverage on television, radio and in print. It was well-received by the Committee, who had been briefed on the legal requirements within which they had to conduct the public hearings. A day later, however, an announcement followed that the Ministers of Economic Development, Trade and Industry and Fisheries, Forestry and Agriculture had asked for the decision of the competition tribunal to be taken on review. Though they motivated their application on procedural basis, it is believed they are pursuing a second opportunity to see more rigid local procurement conditions imposed on the deal.



New Growth Path

BUSA on 13 July participated in New Growth Path discussions at the Union Buildings under the Chairmanship of Economic Development Minister Ebrahim Patel. Significantly, the event was preceded by a signing ceremony to release the finalised New Growth Path accords on Basic Education and Skills Development.

While matters related to small business were also considered, the meeting focused on presentations of the procurement leverage and infrastructure spend of government and SOEs by the Department of Public Enterprises. While it emerged that the approach to the funding of infrastructure spending needed an urgent rethink, after the corporatisation of the relevant balance sheets off which this needed to be done in the late eighties, business also undertook to make representations in August on optimum delivery models.

Finance Minister Pravin Gordhan provided an overall picture of the trade-offs that will have to be interrogated to boost infrastructure spending outside what can be provided off the balance sheets of the relevant state-owned entities. He said that of the roughly R900bn that will be spent by the government in the current financial year, R75bn will be spent on interest, with borrowing at levels of around R1trillion. R310bn will be for personnel costs and R100bn will be spent on social grants. This left around R400bn for all other priorities. Over the next five years, South Africa would run a deficit of approximately R140bn to R160bn, in part fuelled by R50bn in funding that had to be reprioritised because of government staff costs over the MTEF.

CALENDAR - AUGUST

2 August	Meeting with ANC
2 August	Meeting with ANC Research Team on Nationalisation
4 August	Special Manco and Council Meeting
4 August	Youth Unemployment Task Team meeting at Nedlac
5 August	Anti Corruption Mentorship Programme Sandton Sun
10 August	Engaging India Business Seminar at Sandton Convention Centre
12 August	Anti Corruption Mentor/Mentee at Sandton Convention Centre
26 August	Econpol

This newsletter is distributed by the BUSA in-house PR and Communications desk. We always welcome feedback. Contact – Ms Masego Lehihi at masego.lehihi@busa.org.za

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