

# E-BUSA Bulletin

JUNE/JULY 2011

## NATIONALISATION? – THERE IS A BETTER WAY

The focus of BUSA and general business interest presently has been on the heightened debate around the possible nationalization of mines, land and banks – following on the recent ANC Youth League Conference.

Although not current government policy, the issue of nationalization as a possible policy option has now become of increasing concern to BUSA and its constituent organizations. Several statements by BUSA and its members have recently been made to the media on this matter. The outcome of the Youth League conference has shown that the issue of nationalization has assumed greater significance than previously thought.

Of course, there is an ANC study underway on the subject, the findings of which are expected in about October this year. This study is anticipated to provide the basis for a debate and vote at the ANC party conference in 2012. The issue of nationalization is therefore going to be a constant in the public debate ahead.

In the meantime, therefore, BUSA and business at large will have to be more proactive in helping to shape the debate and to rigorously interrogate the nationalization proposals that have been made. It will require leadership and will on the part of both government and business to help put the discussion



**Acting CEO  
Raymond Parsons**

on a rational and reasonable basis and to encourage dialogue that will facilitate this outcome.

With the benefit of hindsight, it is easy to say that business should have reacted sooner and more strongly to recent nationalization proposals. Yet the nationalization debate has been rumbling on intermittently for years. Indeed, former president Nelson Mandela featured it strongly in his first Cape Town speech after his release from prison in February 1990. Since then nationalization proposals have ebbed and flowed on the periphery of the public domain. But no longer, as they now occupy centre-stage.

It will eventually require a change to the Constitution to make nationalization a reality. Uncertainty will not be good for investor confidence. BUSA now must take the debate on nationalization to the next level and its views should be evidenced. Empirical research will help to identify the right answers. Business as a whole will need to be mobilized and consensus found.

It is common cause that South Africa has to address serious socio-economic challenges but the question remains as to the best ways of doing so. On the nationalization issue it is necessary to find appropriate mechanisms to interact with stakeholders and promote constructive engagement on alternative solutions to the socio-economic challenges faced by SA. There is a better way, but we will have to work hard to promote it.



## ***BUSA thanked by President Jacob Zuma!***



President Jacob Zuma

**On June 14, President Jacob Zuma on the occasion of the Budget Vote Debate of the Presidency, National Assembly in Cape Town: We thank Business Unity SA for their consistent support. We work very well together in promotion job creation and campaigns to attract investments to the country.**

## **REVIEWING THE ROLE OF STATE OWNED ENTERPRISES**

Acting CEO, Raymond Parsons, Overall Business Convenor in Nedlac, Dr Lorraine Lotter and Acting Executive Director of Economic Policy Coenraad Bezuidenhout met at short notice on 29 June 2011 with some members of the Presidential SOE Review Committee (PRC) It is reviewing the role and performance of various state entities. The purpose was to have a preliminary discussion with BUSA on the terms of reference of the PRC, how it will operate, and what inputs are expected from BUSA. The PRC expects to provide a final report by March 2012. BUSA will be consulting its membership on possible submissions.

## **KEEPING THE LIGHTS ON**



**Brian Dames CEO of Eskom at BUSA**

On June 10<sup>th</sup>, Eskom CEO Brian Dames gave an overview and an update on the State of the Power System in the country. Dames at BUSA is part of an ongoing process of sharing information and engaging with stakeholders on matters of concern in the field of energy and power. Eskom has committed to share what is happening with power efficiencies on a quarterly basis, with the nation, media, the public, in an open and transparent manner. Dames said although power will be under pressure over the next two years, Eskom is not planning load shedding this winter. Eskom's resolve is not to go back to load shedding days.

### ***Challenges :***

- *Meeting peak demand for the evenings*
- *Dealing with peak times of 18:00 and 20:00*

## **Way Forward:**

- *BUSA has commissioned a study with government and labour exploring energy efficiency initiative*
- *Business working with government on energy saving as we need a safety net.*
- *Introduction of smart systems – business is currently lobbying government and Treasury for funding, lobbying Treasury*
- *Business is lobbying government in solar heating initiatives and the leadership group working with Minister Patel in this regard on the New Growth Path*
- *Business exploring with the IDC how to better access better demand side as there are lots of untapped potential there*



Raymond Parsons Acting CEO of BUSA with Brian Dames



BUSA members who had come to the Eskom briefing



Dr Laurraine Lotter and Neren Rau at the Eskom briefing



**NOTE: There will be more engagements with BUSA, DME and Eskom at the end of June**

## ***NEW GROWTH PATH PROCESS - UPDATE***

Business met again with the social partners on the New Growth Path at the NEDLAC offices on Saturday 25 June. The BUSA delegation was lead by Vice President Michael Spicier, Overall Business Convenor Dr Laurraine Lotter, and acting-CEO Raymond Parsons.

The ongoing discussions on an inclusive New Growth Path are eight months in. The NGP is a framework that in totality encompasses around 100 policies and projects. Work has been divided and short-, medium- and longer-term projects and has commenced with areas where early gains could be more easily achieved.



**Michael Spicier Vice President of BUSA, was one of the BUSA members making a presentation on the New Growth Path team presented on Sat 25 June to Minister of Economic Development Ebrahim Patel**

### **ISSUES on the New Growth Path Agenda presented on June 25 included;**

- Skills development,
- Basic education,
- Local procurement,
- The green economy,
- Red-tape,

- Enterprise development and
- Savings and investment.

The process has been characterised by finalising accords in each of these areas, in terms of which solid enough progress has been made in the areas of skills development and basic education that public announcements may be expected towards early August.

Meetings are to take place again on 13 July and mid-August, when manufacturing, agro-processing, mining and manufacturing is expected to be added to the Agenda.

## MEDIA WISE

Some of our media statements that went out during the month of June. To get this and more of our other media statements, visit [www.busa.org.za](http://www.busa.org.za) under press releases

Media Statement issued on June 9

### **BUSA welcomes R9bn Jobs Fund**

In welcoming the creation of the Jobs Fund this week, BUSA agrees with Finance Minister Pravin Gordhan that the challenge of job creation ought to be approached with new “boldness and energy”. The establishment of the Fund is an important step in contributing to the increased levels of investment required for job creation in SA.

BUSA also concurs with the minister that job creation and growth needs to occur in an environment secured by both policy coherence and certainty about what policy developments there will be in the future. Additionally, BUSA supports vigorous entrepreneurship - as well as a rapid improvement in our global competitiveness - to improve the prospects for job creation.

Although the Jobs Fund is welcomed as a valuable mechanism helping to achieve the employment targets of the New Growth Path, it must not deflect attention from the many other measures also needed to create jobs on a broad front. These remain essential to the eventual success or otherwise of the NGP.

While the integrity of the application and adjudication process will be of utmost importance to the success of the Jobs Fund, every effort should be made to ensure that red-tape does not mar the disbursement of funds to deserving projects. To ensure as many possible competitive applications from the private sector, we would strongly urge the extension of the application date to the end of August 2011.

BUSA is circulating the details of the Jobs Fund to all its members to encourage business to lodge applications to the Fund as soon possible.

Ends.



THANK YOU!

Transpol would like to thank Metropolitan for sponsoring this portfolio to the tune of R500 000. This money will greatly assist in steering and upgrading transformational projects to the benefit of our members.

## Review and Refinement of the Broad-Based Black Economic Empowerment

On June 23<sup>rd</sup>, the Ms Nomonde Mesatywa, the Chief Director of the BBBEE Unit at the Department of Trade and Industry made a presentation to Transpol on the planned review and refinement of B-BBEE. Below are the salient features of her presentation:

- Significant progress has been made on direct equity element of the scorecard as evidenced by the number of merger deals;
- Moderate progress is observed in other elements;
- There is an element of “tick box” approach to BBBEE as opposed to adopting the substance over form principle;
- Many existing legislations and policies are still misaligned e.g. IPAP2, Employment Equity Act, PPPFA, Mining Charter, New Growth Path and so on;
- There is lack of effective monitoring of implementation;
- B-BBEE Act should be an overarching framework;
- We should transfer the general principles from the Codes of Good Practice to the B-BBEE Act;
- B-BBEE Act should be the primary legislation over conflicting provisions in legislations dealing with empowerment;
- A clarification should be made between the Codes of Good Practice and Sector Codes to ensure that they are applicable to all spheres of government, public institutions and the private sector;

- A door is closed for any new sector charter;
- Inclusion of specific statutory offences involving fronting and other forms of fraudulent misrepresentation of empowerment status and the specifications of penalties;
- Empowering of the SIU to investigate all offences of fronting;
- Collaboration between the DTI and National Treasury;
- Regulation of the Verification Industry;
- Consider the creation of Empowerment Ombudsperson.

Transpol will engage with the process as soon as it becomes official.

## Expediting Transformation and Succession Planning Research Project

Transpol is hard at work with a research project looking at Black and Female Representation on the top echelons of the JSE Listed Companies. The main objective of this research project is to start a debate on succession planning. This research was launched last year and it has become one of Transpol's flagship projects. It will be released in due course.

**CHAMBERS/SMME and BOT**

# DEVELOPING SMALL BUSINESS



**Dr Thami Mazwai**  
Convenor of the  
BUSA SMME Task  
Group

On JUNE 13<sup>th</sup> an SMME task team meeting was held at BUSA. This meeting follows the first SMME task group meeting of 2011, held on May 10.

The objective of the SMME Task Group meeting is looking at what BUSA can do to develop small business

*Salient points that have come up to assist SMME development;*

- Research has been commissioned that explores whether entrepreneurial levels gone down? Looks at what society can do rather than what can government do.
- Developing a template for invoicing - and looking at other examples where businesses are paid within 7 days as opposed to the 30 day period.
- Coaching of SMMES to educate them on terms of payment, but they need to learn the basics, Including and integrating the SMME element in the greater New Growth Path debate as this is where a large portion of the job creation is envisaged
- Engage with the Banking Association, based on what we now know, identify a smaller more focused, more committed and doing something in depth

*Challenges that SMMES face with getting paid on time;*

- Banks are in cash preservation mode
- The challenge of getting corporate SA's "buy in" to support the sustainability of small businesses
- Cost of inefficiency from government
- Fully exploring and having an integrated ONE STOP SHOP workshop with all the other stakeholders such as Seda, Khula, Jozi Rising, Gauteng Enterprise Propeller and expanding this to include other provinces.



Futhi Mtoba BUSA President and Chairperson of the NACF

## SOCIAL POLICY

On June 7<sup>th</sup>, there was a National Anti-Corruption Forum (NACF) plenary meeting in Pretoria, where government, business and civil society were present. Minister Bheki Cele and Minister Baloyi attended for government whilst the business delegation included Mr Brown. The plenary considered and approved proposals on the review of the NACF. Business also

tabled a model for consideration a NACF structure. The NACF Summit is scheduled for end of December 2011.

The deliberations on the Labour Law Amendments are proceeding well at Nedlac. The NEDLAC Labour Market Chamber has taken a number of initiatives to get traction on the matter of negotiating amendments to the three of the current labour statutes as well as to address the introduction of a further Bill on Employment Services. These initiatives include: using economic growth, unemployment reduction and labour intensive growth as a primary consideration and balancing these factors with the need to secure worker rights, six themes have been identified as points of departure – a-typical employment, dispute resolution, equity, compliance and enforcement, collective bargaining, and job creation. Furthermore, a two-a-side working team structure has been meeting to look at moving forwards as quickly as possible on these themes.

The two-a-side team are awaiting revised legal drafts from the technical drafting team comprising one legal expert nominated by each of the three social partners. Hopefully we will be able to finalise a way forwards and present areas of consensus and disagreement on a-typical employment to the NEDLAC Labour Market Chamber plenary within the next 2 weeks.

## **SKILLS DEVELOPMENT AMENDMENT BILL**

A BUSA task team is in the process of drafting a BUSA position for deliberations on the Skills Development Amendment Bill at Nedlac. The Nedlac process starts today. (July 1<sup>st</sup>)

## **MENTORSHIP PROGRAMME**

The BUSA mentorship programme on Business Integrity is underway. BUSA is still requesting more mentors and mentees. If you are interested please submit your details to

[Terrence.mutshavatsindi@busa.org.za](mailto:Terrence.mutshavatsindi@busa.org.za)

## **LOOK OUT FOR!**

BUSA's Anti Corruption Forum – 21 October. BUSA's roundtable breakfast on Anti Corruption is on September 16<sup>th</sup> this year and the Nedlac Summit on September 2<sup>nd</sup>.

### **INTERNATIONAL TRADE**

## **AGOA 2011 –some outcomes**

The 2011 AGOA Forum hosted by Zambia in Lusaka, was held from 7 – 10 June, 2011. A day before the 7 June opening of the AGOA Forum, in Sandton, Minister Davies told a business group comprising of BUSA, CCA, and AmCham members, that South Africa has benefited significantly from the US trade legislation and that the South African government is eager to see the act be rolled over to 2025. Minister Davies also warned against amendments to the legislation that would create disparities between African

countries and African regional blocks. At the closing of the Forum, African Ministers unanimously supported the extension of AGOA and called for the extension of the Third Country Fabric provision to be rolled over to 2025.”

BUSA supported the AGOA Forum Private Sector/ Civil Society meeting through numerous marketing strategies in South Africa and throughout Southern Africa. BUSA also purchased a booth at the AGOA International Trade Exhibition, highlighting all its international trade activities

## U.S. – SOUTH AFRICA TIFA DISCUSSION



The US – SA Trade and Investment Framework Agreement (TIFA) private sector meeting was held on Monday, 6 June, 2011 at The Michelangelo in Sandton. The meeting convened both South African and American private sector representatives to discuss the proposed U.S.-South Africa TIFA. The private sectors convened for an hour subsequent to meeting with The dti Minister Davies and U.S. Deputy Trade Representative Demetrios Marantis.

Outcomes: The meeting concluded with a brief joint press conference.

### SA – US Private Sector Meeting

BUSA, AmCham, CCA and their corporate members welcomed the 2011 proposed U.S.-South Africa Trade and Investment Framework Agreement (TIFA). The group viewed the draft as an improvement and as a step forward in the broader bilateral commercial relationship. In light of the failed 2006 Free Trade Agreement (TFA) and slow movement within the TIDCA, the proposed TIFA is a confidence booster, it was stated.

The group unanimously supported stronger language in the draft 2011 US-SA TIFA that would require private sector participation in official bilateral discussions. The group identified Article Two: Section 1, which elevates the TIFA Council to “ministerial level” as a positive development. Article 3: Section 4, which mandates the Council to establish “ad hoc working groups” to discuss specific issues was also a positive development.

### Way Forward

The three business associations present at the meeting, Business Unity South Africa, Corporate Council on Africa and The American Chamber of Commerce SA agreed to establish a tripartite business group that would formally represent the three organizations at official bilateral meetings. The group decided on a possible meeting on the margins of the U.S.-Africa Business Summit to be held from **Oct 5 -7, 2011 in Washington, DC.**

#### Meeting with the dti Minister Davies and Deputy US Trade Representative Demetrios Marantis

The private sector meeting with Minister Davies and Marantis revealed that the draft US-SA TIFA, was just that, a draft. Minister Davies assured the group the agreement was still flexible and that organized business on both sides should have a role for providing input into the official discussions. Marantis added that the private sector voice will be instrumental in unearthing difficulties, challenges and opportunities to be acted on by both countries.

# TRADE POLICY

## Road Freight Association (RFA) convention

BUSA participated in the RFA's annual convention in Gaborone, Botswana from 19-21 June. Deputy Minister of Transport, Mr Jeremy Cronin was a keynote speaker. Other participants included prominent economists, SARS and the South African National Energy Research Institute. Topics discussed included the rail strategy, carbon tax, e-tolling and a road freight policy update.



Trade Policy Chair Angela Dick

## Meetings with foreign state representatives

BUSA met with the Egyptian Minister of Trade on the 10<sup>th</sup> of June and discussed key issues around bilateral trade and investment between the two countries. Other issues discussed included follow-up on South Africa's State Visit to Egypt in 2010 and the Trilateral Free Trade Area currently under discussion. BUSA also met with the Nepalese Ambassador to South Africa in order to discuss ways of

increasing bilateral trade and investment between the two countries. The Ambassador specified tourism, gaming and hydro-electric power as the sectors with the most investment potential for South African companies.

## Briefing to DIRCO diplomats-in-training

On the 3<sup>rd</sup> of June 2011, BUSA held a session to brief the Department of International Relations and Co-operation's latest diplomats-in-training. The briefing focussed on explaining BUSA's mandate and operations and on explaining how South Africa's diplomats can work effectively with business to promote trade and investment.

**Customs Bills** BUSA is still engaged in the process of formulating the new Customs Bills. The latest draft report was drawn up in Nedlac in June and BUSA ensured that business's concerns around issues such as the role of inland ports, penalties for customs law offenders, the judicial process for customs-related disputes were articulated. BUSA will continue to engage in the process to ensure that business's remaining concerns are adequately expressed and addressed. BUSA commissioned specialist research on the mooted introduction of export taxes in South Africa and used this as a basis for discussion with Members. We are now in the process of formulating BUSA's official position on this topic and will feed submit this to the Nedlac Trade and Industry Chamber.

## A GUEST SPEAKER ON LABOUR AND TRADE REMEDIES

On June 29, Mr Meluleki Nzimande, a partner in the international trade law practice at Webber Wentzel attorneys briefed members of BUSA's Standing Committee on trade policy about the legal implications of Trade Unions applying for the imposition of trade remedies. This briefing was in response to labour's current push to be permitted/assisted in applying for trade remedies when neither business nor ITAC were willing to do so. The briefing was meant to provide members with key information and will serve as a good basis for formulating business's response on this issue .

## STAFF NEWS

### CONGRATULATIONS COENRAAD!

*Coenraad Bezuidenhout Acting Executive Director of Econpol made it to the annual prestigious Mail & Guardians 300 Young South Africans Awards, which profiles movers and shakers in a particular field. Coenraad made it to the Business and Law category. Congratulations Coenraad!*

## CALENDAR - JULY

14 July –BUSA  
Manco Meeting

15 July Nedlac  
Industrial Policy  
Session

27 July Socpol  
Meeting

28 July Nedlac  
Manco

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](mailto:masego.lehihi@busa.org.za)

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