

# THE ROLE OF BUSINESS UNITY SOUTH AFRICA (BUSA) IN CHARTER COUNCILS

## 1. Background

- 1.1 BUSA is a confederation of business and professional associations that seek to ensure that organised business plays a meaningful strategic role in South Africa's overall development initiatives intended to promote greater investment, economic growth and transformation, job creation and poverty alleviation.
- 1.2 One of the strategic objectives of BUSA is to promote the effective implementation of the objectives of broad-based Black Economic Empowerment (BBBEE) by engaging government, corporate South Africa and other stakeholders on issues of BBBEE and transformation.
- 1.3 In line with this objective, BUSA desires to play an active role in monitoring the implementation of BBBEE in the sectors of the economy that have BEE Transformation Charters and/or BEE Sector Codes.
- 1.4 This requires BUSA to work hand in hand with the various Charter Councils.
- 1.5 The purpose of this proposal is to establish the basis for such cooperation between the BUSA Transformation Committee and the various Charter Councils.

## 2. Functions of Charter Councils

- 2.1 To ensure that there is effective monitoring of charter implementation at the sectoral level, the Codes of Good Practice on BBBEE require BEE Transformation Charters and BEE Sector Codes to have monitoring Charter Councils.
- 2.2 The Charter Council must, in consultation with the relevant stakeholders in a sector, determine its mandate and functions, which should include, inter alia,
  - providing guidance on sector-specific matters affecting BEE entities within the sector;
  - compiling reports on the status of BBBEE within the sector; and
  - sharing relevant BEE information in the sector with the national monitoring mechanism and approved accreditation agencies.
- 2.3 Although every charter makes reference to monitoring and evaluation, the charters with the most developed statements on the functions, powers and composition of Charter Councils are the Financial Sector and Information & Communication Technology Charters.
- 2.4 In terms of these Charters, the specific functions of their respective Councils are to:
  - receive, consider and approve BEE annual audits from each enterprise that applies for accreditation;
  - issue guidance notes on the interpretation and application of the Charter;

- prepare an annual review which outlines progress and evaluates new areas of intervention;
- submit the annual review to the BEE Advisory Council for publication;
- prepare interim reports at appropriate intervals;
- undertake the reviews identified in terms of the Charter;
- certify agencies that will audit companies in the sector for BEE accreditations purposes;
- confirm the sectors' BEE ratings and accreditations;
- engage with government, public sector, the BEE Advisory Council and other regulatory agencies to promote the implementation of the Charter; and
- assess, evaluate and commission research on specific areas where such research is not available.

### **3. Composition of Charter Council**

3.1 The Codes of Good Practice on BBBEE require Charter Councils to have equitable composition of stakeholders in the sector.

3.2 In line with this requirement, the Financial Sector Charter Council, which was officially established by the Minister of Finance towards the end of 2004, comprises:

- six members of the financial services community
- four labour representatives;
- four social and community representatives;
- four government officials; and
- three Absip representatives.

3.3 The ICT BEE Council, though not yet formally established, shall consist of:

- the Chairperson, to be appointed by the Minister of Communication in consultation with the industry associations;
- the CEO; and
- no fewer than 15 and no more than 20 other members (Each of the four ICT sub-sectors shall be represented by three individuals with the balance made up of representatives of civil society, labour and government).

### **4. Proposal and Way Forward**

4.1 It is clear from the above account that none of the Charter Councils make provision for BUSA representation in their structures.

4.2 Yet BUSA, in view of its commitment to the effective implementation of the objectives of BBBEE, has a vital role to play in monitoring the progress made in implementing BEE in the entire economy.

4.3 In the light of this, it is proposed that Charter Councils be formally approached by the Chief Executive of BUSA with a view to secure a seat for BUSA representation in the bodies.

4.4 This will ensure that the transformation and empowerment initiatives unfolding in the various economic assist to create an environment conducive to greater investment, economic growth and transformation, job creation and poverty alleviation.

4.5 If the proposal is acceptable, the Chairperson of TRANSPOL shall approach the CEO of BUSA with a view to taking the process forward.