

Annual Report

1 January 2017 – 30 June 2017

Business Unity South Africa

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Message from the BUSA President

The South African business environment, like in many parts of the world, is experiencing low to negative growth, high levels of uncertainty, and difficult conditions in general in which to do business. This calls for a resilient, insightful and imaginative business sector that can rise above the challenges and create new value in the economy.

In this context, Business Unity South Africa (BUSA) has been refocused to take up a more coherent and influential role as the apex body representing business in the economic and social spheres. A number of steps have been taken to make BUSA more effective and efficient and to raise its voice on key issues facing the country. This has been done both directly by BUSA, and in collaboration with aligned third party business organisations. Through the network of business partners and stakeholders, BUSA has made significant inroads on a number of challenges facing the country.

Within the National Economic Development and Labour Council (NEDLAC), BUSA has led the business sector on key issues such as the labour relations stability and national minimum wage agreements. BUSA has provided substantive input into future energy planning and resourcing and the national budget both bilaterally and through NEDLAC. BUSA, together with organised labour, initiated an urgent convening of a NEDLAC process that has resulted in the convening of a NEDLAC high level task team to mitigate against further downgrades. These examples demonstrate the extent to which BUSA is leveraging its position as the voice of business to represent and advance shared concerns that can expand economic opportunity and address many social challenges facing the country.

Significantly, BUSA has been engaged in an extensive process and internal conversation to develop a Business Approach to Black Economic Transformation for Inclusive Growth. This is the first time that business has comprehensively engaged in a cross-cutting manner with the transformation imperative, and the resulting Approach provides a framework for business itself to lead the transformation agenda and thereby create the opportunity for inclusive growth.

It is within the above context that I extend my thanks to the BUSA membership that have keenly participated in BUSA and actively informed its strategy and bolstered its efforts. I extend my appreciation to my Vice President, Martin Kingston, who has been deeply engaged in BUSA's policy work, particularly in relation to the Approach to Economic Transformation and the Economic and Trade Policy Committee, which he chairs. Thanks are also extended to Mr Kaizer Moyane, the business NEDLAC Convenor and Chairperson of the Social Policy Committee for his dedicated and capable service to BUSA. I express my thanks to the full Board, together with the chairs of the three board committees: Mr Cas Coovadia, Dr Lorraine Lotter and Mr Kaizer Nyatumba, who have all have provided capable and diverse oversight of the BUSA strategy and its implementation on behalf of its members. Lastly, I wish to thank

the BUSA CEO, Tanya Cohen and the staff of BUSA who have succeeded under very testing conditions to demonstrate the value and influence of a collaborative and capable voice of business.

BUSA is well set, along with its extensive membership base, to influence the policy environment so as to enable a vibrant, diverse, deracialized and globally competitive economy that is inclusive of all types, forms and sectors of business.

Jabu Mabuza
BUSA President
20 July 2017

CEO Report on Highlights

Strategic and Governance Highlights

The BUSA strategy was compiled after consultation with BUSA members and the Economic and Trade and Social Policy Committees. The strategy was approved by the Board on 2 March 2017 and provides the road map for BUSA's work. A key strategic driver, Economic Transformation, has been actively addressed by BUSA. This resulted in a comprehensive engagement process and the development of a Business Approach to Black Economic Transformation for Inclusive Growth. The Approach was endorsed by Members and the Board, distributed to key stakeholders, and distributed to the media in June 2017.

The Board held quarterly meetings on 2 March 2017 and 11 May 2017 and special meetings on 3 April 2017 dealing with the Cabinet reshuffle, and 29 May 2017 to engage on the Business Approach to Black Economic Transformation for Inclusive Growth. As at the end of June 2017:

- The Audit and Risk Committee met twice, closely monitoring management accounts and the auditing of the annual financial statements, revenue, expense control, risk management and the budgeting for the new office premises and new policy staff to BUSA.
- The Social and Ethics Committee met three times, monitoring social and ethical matters including BUSA's positioning in the public sphere, and finalizing the Social and Ethical Code of Conduct for BUSA for submission to the Board.
- The Remuneration Committee met once, and further approved the recruitment of new policy staff to BUSA and 28 nominations of members to statutory bodies, structures, workshops, conferences training or Nedlac chambers and task team. These approvals are ratified by the Board.

Under the leadership of President Jabu Mabuza and Vice President Martin Kingston, and with the support of Board Committee Chairpersons and Board members BUSA has continued to enhance its delivery and credibility. This has enabled it to exert greater influence and represent the BUSA membership in a more accountable and capable manner.

Financial Highlights

Invoices were issued to members in January 2017 with 75% of membership fees being paid by March 2017. By the end of June 2017, all but 3 members had paid the membership fees due. Expense control has been maintained within budget.

BUSA has managed to secure research funding to support its work through the:

- Employment Promotion Project
- Nedlac Constituency funding
- National Skills Fund Constituency Capacity Building and Advocacy fund
- International Labour Organisation.

BUSA has also benefited from pro bono support from a number of service providers and members:

- Bowmans in providing contractual and labour related legal services
- Brunswick provided media services until end of March 2017
- Interwaste providing paper recycling
- Legal Best in providing company secretariat services
- Prolog provided communication and reputation management advice on an ad hoc basis
- ASISA in financing the development of a new BUSA website
- BLSA in securing research on the Integrated Energy Plan
- CAIA in providing the secretariat services to the BUSA Environment Committee
- Chamber of Mines providing pro bono payroll processing
- NAACA, NAAMSA indirectly supporting trade advice to BUSA
- Rothschild providing research and drafting support on the Approach to Economic Transformation
- Transman in providing support for the recruitment of new BUSA staff members
- Chairs and Deputy Chairs of BUSA Committees and Sub-Committees, and BUSA members that provide input and support well beyond the ordinary course of responsibility.

Operating Highlights

BUSA has secured the support of a specialist human resource service provider that is contracted to BUSA for half a day a week. This has enabled BUSA to manage employee relations; update role profiles; set up annual performance agreements with staff; improve human resource management and professionally recruit new staff members to BUSA in line with the BUSA policy and conditions of employment.

BUSA also contracted with a small financial advisory service that provides specialist expertise to BUSA on a regular basis.

In January 2017, BUSA concluded the move to a new IT service provider, making the entire IT service cloud based, with the necessary security in place to protect BUSA information. The service includes maintaining the system and support on IT software and hardware.

Membership mailing lists were updated by February 2017, and are regularly adjusted to reflect changes in the composition of BUSA membership and to ensure that only members in good standing participate in BUSA activities.

Weekly staff meetings have been introduced where weekly objectives are set and reviewed. The meetings provide a useful opportunity for staff to prioritise, remain focused on key priorities and align with their work with that of other staff members.

The pending expiry of the BUSA lease at the current premises gave rise to a Board decision to secure more accessible, suitable offices with the option of sharing meeting space with members. After consideration of a number of options, work has commenced to determine the cost and implications of a move to new premises that will also be occupied by BLSA. This will enable BUSA and BLSA to utilize each other's meeting room space.

On the human resource front, BUSA said farewell to Social Policy Director, Sharna Johardien and Policy Director Assistant Jacobeth Miya. A recruitment process to appoint new staff has been conducted and BUSA will welcome Ditshego Tshebe, Social Policy Director; Sino Moabalobelo, Policy Manager; and Mbini Kutta, Trade and Transport Manager in August 2017.

The staff members of BUSA has delivered admirably despite limited capacity and a demanding workload. Thanks are extended to Economic and Trade Policy Director, Olivier Serrao, Operations Manager, Zelda Setladi, Executive Assistant, Nomaza Spelman, Tyson Sibande, Phila Fakude, Mary Tshawe and Freddinah Kgasago for their dedicated and professional service to BUSA.

Policy Highlights

In line with the 10 strategic drivers, BUSA through the Economic and Trade and Social Policy Committees, and with the participation of many active members, has:

- Developed a position on Economic Transformation, and embedded it into the work of BUSA.
- In pursuit of a thriving small and medium enterprise sector, BUSA has provided input to a study on barriers to registration of SMEs; conducted a study on the definition of small business; motivated for socio-economic impact assessments to specifically consider the impact on small business and secured funding and commenced work on the development of an SME CCMA Web-tool.

- Through Nedlac, BUSA has participated in over 20 task teams dealing with policy and regulatory development motivating for fit for purpose legislation, with minimal unintended consequences.
- With the objective of influencing affordable, reliable and sustainable energy for the future, BUSA, together with BLSA, secured funding for research on the Integrated Energy Plan and Integrated Resource Plan, thereby providing empirical support for the BUSA position submitted to the Department of Energy. BUSA met with Eskom and publicly advocated for credible leadership in Eskom. BUSA has also submitted positions on Eskom's request to deviate from certain requirements of the MYPD methodology and MIRTA.
- Pursuant to a productive and stable labour market, BUSA maintained strong stakeholder relationships with the Department of Labour and with labour federation leaders. BUSA has participated actively at the International Labour Conference and on a number of tripartite engagements on matters such migration, skills development, SADC employment and labour, and South-South co-operation has taken place. BUSA has positioned itself as a leading global voice on the ILO future of work initiative. BUSA continues to represent business on the labour relations stability and national minimum wage deliberations in Nedlac, and on a number of tripartite statutory body structures in the labour market.
- In support of a progressive tax system that supports inclusive growth objectives, BUSA through the input of its Tax Committee made submissions to National Treasury on the budget. This was followed up with media and stakeholder engagements, including interaction in Nedlac with the former Minister of Finance and the new Minister of Finance following the Cabinet Reshuffle and sovereign ratings downgrade. With the aim of ensuring an enabling environment in which to do business, BUSA also engaged with the Minister of Finance at a member meeting, as well as a subsequent meeting with BUSA Board members.
- Further to a conducive trade regime, BUSA has led business in the Teselico sub-committee at Nedlac and contributed extensively to the development of South Africa's position on various ongoing trade negotiations including (but not limited to) the Tripartite Free Trade Agreement (TFTA), SACU-EFTA Review and the Continental Free Trade Agreement (CFTA)
- The BUSA Committee on Education and Training makes a significant contribution to shaping the skills agenda. BUSA is currently engaged in the national skills development planning in Nedlac, and has made representations this year to the National Skills Conference, the Presidential Commission on Higher Education Fees, and attended the ILO skills mismatch conference. Members represent business on a host of tripartite statutory and informal structures pertaining to skills development.
- Pursuant to the objective of developing a comprehensive social security framework for future generations, BUSA represents business in the negotiations that have recently commenced in Nedlac. Participation is with a view to influencing a comprehensive, affordable and sustainable approach to social security for the country.

- SADC, African and global co-operation and influence have been enhanced through the participation of BUSA in the SADC Private Sector Forum, Business Africa, the ILO, BRICS Council, B20 and the South-South Co-operation project.

Nedlac continues to be an important structure for policy deliberation and influence. To this end, BUSA has enhanced the level of its participation in Nedlac and reviewed the composition of business delegations. To this end, BUSA advised BBC that it was no longer appropriate for BBC to participate as part of the BUSA seat at Nedlac. BBC has since confirmed that it does not wish to be represented through BUSA at Nedlac.

The BUSA Board has also reinforced the need for BUSA to be adequately capacitated to influence issues within Parliament. To this end, a Parliamentary service provider has been contracted to provide a service to BUSA.

Member and Stakeholder Highlights

BUSA has engaged with all organisational members, and many of the Board of Trustee members in one on one meetings. This has provided BUSA with considerable insight on member interests, needs and expectations.

Communication was identified as a key area that required improvement. As a result, BUSA has introduced a monthly newsletter, the BUSA Bulletin, ad hoc member communication on matters arising, as well as more focused and streamlined policy committee communication where possible.

BUSA has updated the existing website with current information and is in the process of developing a new website that will provide an enhanced digital platform for BUSA members and external stakeholders.

In order to position BUSA more effectively in the public sphere, BUSA engaged a dedicated media service provider. Highlights include the BUSA input on the State of the Nation Address, the Budget, the National Minimum Wage and Labour Relations Stability Agreements; the sovereign ratings downgrade; the important role of small business; Eskom governance and the launch of the Approach to Economic Transformation.

Looking Ahead

BUSA will continue to focus on the 10 strategic drivers identified in the strategy, together with improving organisational efficiency and effectiveness for the period ahead. During the latter part of 2017, BUSA will focus on activating the Economic Transformation approach and continue to influence policy through various structures and processes. BUSA will further play a more influential role as South Africa assumes the chair of SADC and the BRICS Council.

Within the return of Zelda Setladi from maternity leave and the hiring of a new policy social policy director, Ditshego Tshebe and two new policy managers in Social Policy, Sinovuyo Moabalobelo, and Trade and Transport, Nombini Kutta, this should make a significant positive contribution to BUSA's policy work and enable existing staff to optimise their delivery.

Going forward, and in line with the Memorandum of Incorporation, membership invoices will be issued by end of November for payment by the end of February 2018. We will continue to endeavor to attract new organisational members and research funding to BUSA, thereby strengthening capability and representivity.

The move to the new office premises and the development of a new website, scheduled for late 2017, should provide BUSA with professional and functional premises in close proximity to Gautrain, Nedlac and many members; as well as an enhanced digital platform. Together with the many enhancements that are underway to improve BUSA's efficiency and effectiveness, BUSA is set to be better positioned to perform its role as the apex body representing business in South Africa.

Tanya Cohen
Chief Executive Officer
20 July 2017

Report from Audit and Risk Committee

The Audit and Risk Committee (ARC) has, in the period to 30 June 2017, overseen the following:

- development of, and agreement on, a comprehensive risk management framework
- consideration of auditors for the 2017 financial year
- finalization of terms of reference for the Committee
- more rigid monitoring and application of sanctions on non-paying members
- recommendation of a three-year budget to the Board
- finalization of the 2016 Annual Financial Statements, for presentation to the AGM.

The Committee has the necessary skills to fulfil its mandate and has noted significant improvements in the following:

- the financial performance for the year ended December 2016, in which a surplus of over R 6 million was achieved
- collection of membership fees, whereby over 90% of fees for the 2017 financial year were collected by end June 2017

The ARC is pleased to recognize the significant improvement in financial controls, liquidity and reserves.

All matters pertinent to the ARC are being addressed by management.

Cas Coovadia
Chairperson Audit and Risk Committee

Report from Remuneration Committee

The Remuneration Committee (Remco) is working well and in the period to 30 June 2017 has established operational procedures and systems to fulfil its mandate.

The following activities have been undertaken are ongoing where appropriate:

- Nominations to outside structures, task teams and bodies are managed in line with the Board approved guidelines
- A revised organogram which has been designed to support achievement of the new strategy adopted earlier this year was developed and approved by the Board.
- Job descriptions and role profiles have been developed for all posts.
- Performance Management agreements have been developed and implemented for all staff.
- Systems for leave management, salary reviews and recruitment of new staff are in place

The dedication of Committee members to their responsibilities is acknowledged.

Laurraine Lotter
Chairperson Remuneration Committee

Report from Social and Ethics Committee

The Social and Ethics Committee (SEC) is the newest among the BUSA Board Committees. It was constituted on 2 August 2016 and held its first meeting on 1 December 2016, with its Terms of Reference approved by the Board that month.

Founding members of the SEC were Mr Dumisani Radebe, Ms Eugenia Kula-Ameyaw, Ms Tanya Cohen (then a Non-Executive Director) and Kaizer Nyatsumba. Following her subsequent appointment as BUSA CEO, Ms Cohen was replaced by Mr Gwarega Mangozhe as the fourth Non-Executive Director on the SEC.

To date, the SEC has met thrice: on 1 December 2016, 26 April 2017 and 20 June 2017. Still very much at its infancy in its work, the SEC has worked well so far and fully appreciates the support and cooperation that it has received from the CEO and the Board.

A more detailed report of the Committee is included elsewhere in this Annual Report and will be provided at the Annual General Meeting.

Kaizer M. Nyatsumba
Chairperson Social and Ethics Committee

Company Information

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VICE PRESIDENT :	Martin Kingston
CEO :	Tanya Cohen
NEDLAC CONVENOR:	Kaizer Moyane
DIRECTORS :	Angela Dick, Cas Coovadia Christo Botes Dumisani Radebe Eugenia Kula-Ameyaw Gwarega Mangozhe Kaizer Nyatumba Laurraine Lotter Leon Campher Roger Baxter Stavros Nicolaou Vusi Khumalo

