

# bulletin.

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email: [busa@busa.org.za](mailto:busa@busa.org.za) or visit our website: [www.busa.org.za](http://www.busa.org.za)

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## Message from the CEO



>BUS A CEO Jerry Vilakazi

The new year has brought a new role for me as CEO of BUS A. I look forward to the exciting challenges that lie ahead, and to meeting all the role-players in the BUS A structures. Although my focus will now change from exclusively promoting the specific interests of black managers and black business to representing the interests of the business constituency across the spectrum, there are many common threads that make my move to BUS A a natural progression. There have been some comments in the media that my transition from the BMF to BUS A will not be an easy one since the aims and objectives of the two organisations are not alike. I don’t see it this way – certain emphases and priorities may be different, but the core goals are the same. BUS A’s main objective is to work towards growing the economy so that we

can alleviate poverty, address unemployment and promote greater transformation. I am certain that this is an objective shared by all the BUS A member organisations. De-racialising the ownership and control of our economy is one of business’ - and BUS A’s - major challenges.

Creating a single strong voice for our diverse business community was always going to be challenging, but BUS A’s two

*A key challenge in the coming year will be to increase our members’ confidence in BUS A as the principal representative of business in the country.*

years of existence so far have shown that it is possible for business to stand united on many issues of critical importance for the business community. Unity in diversity is possible and I believe that BUS A demonstrates this. I am fortunate to have been appointed to head up a strong organisation built on the solid foundation laid by its first CEO, Bheki Sibiyi, and his team. My goal is to make it even stronger so as to serve the interests of the BUS A members more vigorously, and also those of the business constituency as a whole.

A key challenge in the coming year will be to increase our members’ confidence in BUS A as the principal representative of business in the country.

I have already embarked on a programme to meet the leadership of all our member organisations so that I can hear first hand what is expected of BUS A. BUS A will tailor its activities in line with what its members want.

Conscious as I am of the economic disparities in our country, the one thing I am passionate about is the need to uplift those at the bottom end of the economic pyramid. The gap between the rich and the poor in this country cannot be sustained if we are to maintain economic and political stability. Key to this challenge is equipping our people with the skills they need to participate in the economy. Skills shortages represent a critical constraint to achieving and sustaining the six percent growth rate that will help us halve poverty and unemployment by 2014. BUS A has an important role to play in helping South Africa to meet its skills challenges, not only through its policy formulation processes and participation in bodies such as the National Skills Authority, but also by mobilising the business constituency to play a major role in training employees and the unemployed in the skills our economy so desperately needs. Earlier this month, BUS A was invited to participate in Deputy-President Mlambo-Ngcuka’s Joint Initiative on Priority Skills Acquisition (JIPSA) which she has established as part of the government’s Accelerated and Shared Growth Initiative for South Africa (ASGI-SA). JIPSA will represent a joint venture by the social partners to make a difference

## Message from the CEO

to skills provision over the short and medium terms, in response to identified skills needs in the economy. BUSA has also submitted further comments on the government's ASGI-SA to the Office of the Deputy-President. It is worth noting that the 10 points raised by BUSA in its meeting with President Mbeki in early September mostly coincide with Government's own assessment of the challenges facing South Africa in our quest for a faster growing economy. In its latest submission, BUSA suggests some key initiatives towards the goals of the ASGI-SA. Details of these are given later in the Bulletin.

Trade issues are assuming increased prominence in the national agenda and BUSA has established a Committee on Trade so that it can become more involved in this area. A successful first meeting of this Committee has taken place and several issues of importance are receiving attention, such as the overarching industrial policy for South Africa, the national export strategy and an implementation strategy for trade agreements. BUSA members who have not yet nominated representatives to serve on this Committee are invited to do so.

BUSA representatives accompanied the Minister of Trade and Industry to Hong Kong recently for the Doha Development Round. This round is scheduled to be concluded by December and a significant amount of work will be required in order to achieve the deadline. More detail on the Hong Kong discussions appears later in the Bulletin.

All in all, it looks like 2006 will be an extremely busy year for BUSA, and also for its members. I look forward to working with all of you to ensure that business plays its part in ensuring that we significantly raise our growth rate to the benefit of all South Africans.

**Jerry Vilakazi**

## BUSA Activities

### > SADC – EU

A follow-up consultation on the mid-term review regarding co-operation between the European Union (EU) and the Southern African Development Community (SADC) was held in Gaborone, Botswana, on 12 December 2005. The meeting was attended by EU representatives present in Gaborone, the SADC Secretariat and advisers and invited stakeholders, including the SADC Business Forum, SADC Employers Group, the Southern Africa Trade Union Co-ordinating Council (SATUCC) and the SADC NGO Coalition. The purpose of the meeting was to provide feedback on the response of the European Commission (EC) regarding the way forward with the current round of European Development Funding for SADC.

Several key points were made by both the EC delegation and the SADC Secretariat. The points raised by the EC included the poor performance of SADC compared with other African Caribbean Pacific (ACP) regions which are party to the Cotonou Agreement, the delivery and capacity problems of the SADC Secretariat and the seeming lack of political commitment of the SADC member states. The SADC Secretariat said that it had functioned with a 17% staff complement virtually for a whole year but this had increased to some 64%, something that would ensure delivery in terms of the agreement with the EU.

In terms of World Trade Organisation (WTO) agreements, EU funding cannot continue after 2007 in terms of the EU-ACP Cotonou agreement and this agreement will be replaced by Economic Partnership Agreements (EPAs). ACP countries elect which EPA they want to participate in and the different SADC Members States are

participating in two separate EPAs.

A SADC-EPA comprising Botswana, Lesotho, Namibia and Swaziland (all of whom are members together with South Africa of the Southern Africa Customs Union [SACU]), Angola, Mozambique, Tanzania and South Africa that has concluded a separate trade agreement with the EU having observer status, and an East and Southern Africa (ESA) EPA which includes the other SADC countries and a number of non SADC countries.

Since an EPA is negotiated on the basis that the region involved will, in practice, form a common market ultimately inclusive of a customs union, SADC in its current format, will have to change.

### > Technical Regulatory Infrastructure

Technical Regulatory Infrastructure in a country comprises the network of institutions that support technical regulation. These include a standards authority, an accreditation system, calibration facilities and regulators that can be either government departments or regulatory agencies. The operation of these institutions and the development and implementation of the wide range of technical regulations that national governments promulgate to protect consumers' health, safety and environment

### Queries / Feedback

*The Communications Team would like to encourage members to continue giving feedback regarding the Bulletin. Please send us your views by calling 011-784 8000 or email [busa@busa.org.za](mailto:busa@busa.org.za)*

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are required to comply with the World Trade Organisation Agreement on Technical Barriers to Trade.

The increasing government emphasis on trade promotion has required Government to review the national situation in this regard. BUSA, and formerly BSA, have been working with Government on this issue since 2000 when a review of the current situation in this area was undertaken through a FRIDGE project.

Most of the recommendations in the review were accepted in Nedlac and the dti commenced a process of implementation of the recommendations. The first step in this regard was the development of a discussion document on the topic.

In 2004, Government tabled a discussion document on Modernising Technical Regulatory Infrastructure for discussion in Nedlac. Agreement was reached on broad approaches that would be adopted in implementing the strategies contained in the document.

Progress has now been made with implementation of the approach as follows:

□ Two draft bills were tabled in Nedlac on 19 January 2006. These are, a Measurement Units and Measurement Standards Bill to provide for the establishment of an independent National Metrology Laboratory and an Accreditation for Metrology Conformity Assessment and a Good Laboratory Practice Bill to establish the South African Accreditation System as a public entity.

□ Two draft bills will be tabled in Nedlac in March 2006. These are a Standards Bill and a "Compulsory Specification" Bill to provide for the agreed restructuring of the Standards authority and the

separation of the standards and conformity assessment activities of the SABS from the regulatory responsibilities. A draft strategy for a national technical regulatory framework was tabled in Nedlac in December 2005. Once the strategy has been agreed, it will be implemented in the form of an implementation strategy in 2007 followed by a Bill in 2008.

BUSA representatives are participating in the Nedlac Task Team that has been established to consider these documents.

## > WEF – Global Competitiveness Report

BUSA, as the country partner of the World Economic Forum (WEF) for purposes of the Global Competitiveness Report, has been asked to distribute the Executive Opinion Survey to company executives. As BUSA does not have any direct company representation, we are reliant on members to make the survey available to their member company executives.

The request to complete the survey elicited a very poor response last year and nearly resulted in South Africa not being included in the survey results.

This year, in an attempt to bolster the number of responses and thereby ensure South Africa's inclusion in the survey, it is being sent to all BUSA's member organisations and Council and Standing Committee members.

The WEF has also already circulated the questionnaire to previous respondents and as a result, some duplication may occur.

The Executive Opinion Survey will take approximately 30 minutes of your

time and can be completed in one of the following ways:

□ Online (from 1 February) you can obtain a User ID by sending an e-mail to [busa@busa.org.za](mailto:busa@busa.org.za). Once you have received the User ID, log on to <http://www.wefsurvey.org/login.aspx>, insert your unique User ID and complete the questionnaire.

□ Alternatively you may request a copy of the Survey from the BUSA office. We will send you a copy of the questionnaire which you can complete and submit by fax to (0941) 22 786 2744 or by post to:

Global Competitiveness Report  
Attention: Augusto Lopez-Claros  
World Economic Forum  
91-93 Route de la Capite  
CH-1223 Coligny/Geneva  
Switzerland

If you have any further queries please contact the BUSA offices on 011-784 8000.

## > The 2nd Phase of the Codes of Good Practice on Broad Based Black Economic Empowerment

The 2<sup>nd</sup> phase of the Codes covers a wider scope of issues than those presented in the 1<sup>st</sup> phase. Whereas the 1<sup>st</sup> phase deals with the BBBEE conceptual framework and the equity ownership and management control elements, the 2<sup>nd</sup> phase deals with the employment equity, skills development, preferential procurement, enterprise development and residual elements of the BBBEE scorecard.

In addition, the 2<sup>nd</sup> phase provides a framework that regulates the compliance of Qualifying Small Enterprises with the

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seven elements of the BBBEE scorecard and gives information relating to fronting practices, verification issues for complex structures and recognition of ownership contributions made by BEE targeted Warehousing Funds, Multinational Companies, Public Entities and organs of State, Companies limited by Guarantee and Section 21 Companies.

As some of the substantive issues raised in the 2<sup>nd</sup> phase are currently handled by the existing sub-structures of the Standing Committees, it has been agreed that:

□ the initial formulation of BUSA's comments on Codes 300 (Employment Equity), 400 (Skills Development), 1300 (Employment Equity for Small Qualifying Enterprises) and 1400 (Skills Development for Small Qualifying Enterprises) will be undertaken by the relevant sub-structures of SOCPOOL that deals with these issues on a regular basis

□ the initial formulation of BUSA's comments on Codes 600 (Enterprise Development) and 1000 (Qualifying Small Enterprises) will be undertaken by the relevant sub-structure of ECONPOL that deals with these issues on a regular basis

□ the initial formulation of BUSA's recommendations for the treatment of investments made by pension funds, provident funds and other retirement funding schemes; private equity funds; property unit trusts; asset managers and all other forms of collective investments currently not covered in Code 100 will be undertaken by the relevant sub-structure of ECONPOL

The rest of the issues not identified above will be handled by the BUSA Task

Group on BBBEE, with input from all the BUSA member organisations. The collaborative approach adopted here will ensure that the BUSA final position paper on the 2<sup>nd</sup> phase of the Codes is consistent with the views that BUSA has articulated elsewhere on these policy matters. The Chief Officer: Transformation Policy will coordinate the flow of work and collaboration between the various sub-structures and the BUSA Task Group on BBBEE, which will draft the final BUSA position paper on the Codes for mandating by Council.

To ensure that the process of developing the BUSA position paper on the 2<sup>nd</sup> phase is all-inclusive and transparent, meetings of both the BUSA Task Team on BBBEE and the sub-structures of the Standing Committees handling specific issues will be open to all members of the three Standing Committees. Further, member organisations will be afforded the opportunity to comment on the various drafts of the position paper as they become available.

### > World Trade Organisation: Sixth Ministerial Conference 13 - 18 December 2005

The Minister of Trade and Industry led a delegation of 80 representatives to the ministerial conference in Hong Kong. BUSA delegates to the Conference were Laurraine Lotter, Danie Jordaan, Prince Maluleke and Hans van der Merwe.

A draft Ministerial Declaration had been prepared prior to the meeting, but it was clear from the start that there were varying degrees of support for the starter

text. Inputs from delegations on this point took up a significant amount of time. South Africa, along with other developing countries, maintained strongly throughout the conference that any concessions made in industrial tariffs had to be linked to movement on developing country aspirations on market access for agriculture.

A lack of progress on agriculture therefore constrained progress in other areas. Although the conference did not collapse without an outcome as has been the case with other conferences in this round, the final ministerial text did not include substantial agreement in the key areas.

It is clear that ambitions for the final outcome of this round will need to be revised. It is also clear that organised business in the developed world is lobbying their governments very strongly to push for extensive concessions from the developing world in terms of market access in goods and services.

It is still intended to conclude the Doha Round by December 2006. In order to achieve this a significant amount of work needs to be done. Government has advised that it wishes to see a much stronger engagement from business in the services area to inform the negotiations.

The BUSA Committee on Trade is attempting to address this issue, but in the absence of support from members this is a challenge. Organisations in all sectors are therefore requested to engage with their members on what they would like to see as an outcome from the WTO negotiations.

The final version of the Ministerial Declaration is available from Ms Melody Shevlane at the BUSA office.

## Automotive Industry Sector



>AMEO Secretary and Executive Director of NAAMSA  
Nico Vermeulen

>NAACAM Executive Director Roger Pitot

>RMI CEO Jeff Osbourne

**This issue of the BUSA Bulletin features the Automotive Industry Sector which comprises the Automobile Manufacturers Employers Association (AMEO), National Association of Automotive Component and Allied Manufacturers (NAACAM), National Association of Automobile Manufacturers of South Africa (NAAMSA) and the Retail Motor Industry (RMI).**

AMEO is registered as an employer organisation in terms of the Labour Relations Act and the organisation, through the National Bargaining Forum, collectively bargains with Automotive Industry Trade Unions on conditions of employment in the South African new motor vehicle manufacturing and assembly industry in South Africa. Their members include; DaimlerChrysler SA, BMW South Africa, Ford Motor

Company, General Motors South Africa, Nissan South Africa, Toyota South Africa Motors and Volkswagen of South Africa.

The National Association of Automotive Component and Allied Manufacturers (NAACAM) provides South African manufacturing companies with a forum through which to formulate policies for the benefit of the industry as a whole. It was established in July 1980 by representatives of 20 major automotive component manufacturers and suppliers who felt the necessity for a strong organisation to represent their interests effectively to government, vehicle manufacturers and other authorities.

NAAMSA is the representative organisation for franchise holders marketing vehicles in South Africa. It is

the leading authority and information provider for the South African Motor Industry.

NAAMSA's vision is the progressive improvement of the international competitiveness of the South African automotive and associated industries, and in the process, to promote South Africa as a leading supplier of automotive products to international markets.

The RMI is a member owned and driven organisation; constantly seeking and offering solutions to issues raised by members in their day-to-day running of their businesses. The RMI is the major employer representative of the Motor Industry Bargaining Council and plays a major role in negotiations for the Main Agreement for the Motor Industry and the Administrative Agreement.

## BUSA's input on the Accelerated and Shared Growth Initiative for South Africa

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**BUSA has recently presented its views to government on the Accelerated and Shared Growth Initiative (ASGI). Some of the main points raised by BUSA in its submission are given below.**

BUSA fully subscribes to the government's conviction that a much higher sustained economic growth rate will have a material impact on lowering unemployment and poverty and in helping to accelerate economic transformation in South Africa. To this end, and building on the foundations generated by the RDP and the GDS, the substantial effort by government, with input from various stakeholders, to evolve the ASGI is sincerely applauded. On behalf of organised business, BUSA has also invested substantial time and resources to provide input to government on this vitally important project. It is noteworthy that the 10 points raised by BUSA in the meeting with President Mbeki in early September 2005 mostly coincide with government's assessment of the challenges facing South Africa in the search for a faster growing economy.

BUSA agrees with government that one of the key challenges is to identify clear constraints to higher economic growth and then to find pragmatic solutions that would reduce the barriers to growth. BUSA firmly believes that the constraints have already been identified and that the focus should mostly be on the development of pragmatic solutions and the development of means to implement the solutions.

One of the key issues for the ultimate success of the ASGI programme is the cooperation between organised business and government, both at a national level and at the sectoral/local level. This cooperation will need to take the form of institutionalising the engagement to the extent that regular meetings and reviews are undertaken to find solutions to identified problems. BUSA has pledged its support to working with government on developing solutions and in the implementation of ASGI. In this regard,

BUSA has proposed that a bilateral task team between government and business be established that meets on a regular basis to share experiences on the practical roll out of the ASGI initiative on cross-cutting issues. This task team could also be used for both parties to alert each other to implementation constraints such as the need for specific skills support and the need for information from business to facilitate prioritisation.

While not being an overarching economic strategy, ASGI is designed to establish a set of concrete economic proposals that will build on the existing strong macroeconomic framework already in place. BUSA fully supports the view that many of the macroeconomic achievements of the government over the past decade, such as good fiscal discipline, inflation targeting, trade liberalisation, etc., should not be discarded but should be further implemented and built on. By building on a firm foundation of good macroeconomic policy the government's economic policy credibility will continue to grow as it has over the past decade of democracy, and greater investment will flow from the rest of the world. The key now is to deal with a number of the microeconomic issues, as developed in the ASGI programme. Another critical challenge in the sphere of foreign investments is to attract productive investment that will contribute toward job creation.

BUSA fully agrees with the vision to create a vigorous and inclusive economy that encourages new business initiatives (which business refers to as enterprise development), diversification, adds value, lowers costs and which absorbs labour. BUSA feels that the vision should also specifically include the term global competitiveness. BUSA has always supported the concept of the government adopting an Enterprise Development Strategy which provides the facilitating environment for a massive expansion of private business enterprises, especially SMMEs. In order to give practical effect to this approach, each sectoral

strategy should be required to reflect how enterprise development, particularly with SMMEs, will be promoted.

BUSA has welcomed the government's focus on increasing its own capital investment. The large capital deficits and backlogs in a number of government driven areas are a definite impediment to higher growth. However, the lack of capacity in various parastatals and local government, and the relatively low priority given to public-private partnerships, or the use of the private sector as a delivery agent, has implications for the delivery of cost effective, timely and efficient outcomes. BUSA believes that partnerships can deliver the better outcomes.

The private sector currently accounts for 71% of gross investment and 80% of net investment in the economy and therefore will play a key role in the ultimate success of ASGI. BUSA strongly supports the need to improve the business operating environment so as to promote higher levels of investment and growth. The current corporate tax rate plus secondary tax on companies is high by international standards and is contributing to a 4% economic growth rate. The country's strong fiscal situation plus the objective of encouraging greater levels of private sector investment and growth require further cuts in the corporate tax rate. In the context where many other countries are competing far more aggressively for FDI, South Africa cannot afford to fall further behind.

BUSA fully subscribes to the view of trying to aim for a 6% growth rate by 2014 and the view that a gross fixed capital formation (GFCF) level of about 25% of GDP will be necessary to achieve the higher growth rate. However, it is important to reflect on the fact that a significant portion of South Africa's current economic performance has been driven by the demand side of the economy (which grew

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at 4.9% per annum over the past decade and 5.5% per annum over the past five years). There are no examples of developing countries that have sustained a high level of economic growth on the basis of an extended consumption-led boom. A key challenge is therefore to try and create the right conditions for the supply side of the economy to catch up and grow at the same pace as the demand side. The supply side grew by only 1.8% per year for the past decade and only 2.6% per annum in the past five years. The imbalance between the demand and supply sides of the economy is manifested in the growing current account deficit which sits at 4.7% of GDP.

While the improved government fiscal position, subdued inflation and lower interest rates will help the supply side of the economy, there are a multiplicity of other factors affecting competitiveness, including high corporate tax rates, high barriers to penetrate export markets (tariff and non-tariff barriers), expensive logistical costs, a volatile exchange rate, skills constraints, poor research and development incentives and in some cases higher than necessary input costs and general cost of doing business due to lack of streamlining in regulatory requirements.

While the risks have been managed downwards through prudent macroeconomic policy management, there are a couple of potential threats to the current consumption-led growth trajectory, including the risk of a shortfall in foreign funding of the current account deficit (possibly due to a drying up of funds investing in emerging markets). This would in all likelihood weaken the rand exchange rate, result in a resurgence of inflation and thus would propel interest rates up, which would choke off consumption spending. While this scenario is not an immediate threat, it is possible and in the absence of strong supply side industry growth could result in a sharp downward correction to the current growth trajectory. This reinforces the need to facilitate higher growth in the supply side of the economy

which would be complementary to the current consumption-led growth profile. The challenge for the ASGI assumptions is the fact that while the private sector does account for the majority of GFCF (71%), a large portion of the investment has been into sectors driven by the consumption-led boom (9% annual growth rate in GFCF over the past five years), with more modest growth in investment by the supply side of the economy (4% annual growth rate). This serves to emphasise the critical challenge of accelerating growth in fixed investment in the supply side to similar levels experienced on the demand side. This will ensure a more balanced and sustainable higher economic growth rate.

There also remains the very important question of how the country will generate the savings required to fund higher levels of fixed investment. Government continues to consume savings at a rapid pace, with government dissaving (net savings after the consumption of fixed capital) sitting at -2.1% in 2004 versus an average of -1.6% for the past five years. Even if government was to eliminate dissaving by 2008 this simply would not be enough to fund higher levels of fixed investment. The impact of government on the quantum of savings available is a key policy issue. If government cannot generate surpluses that can be used to generate a stronger supply side response in the economy (through lower direct taxes) this will further detract from the ASGI vision of higher and more balanced growth. BUSA is of the view that the current corporate tax system remains a disincentive to reinvestment and that the taxation on the interest income of retirement funds will continue to undermine savings and investment in the economy. Net corporate savings sit at a level equivalent to 3.5% of GDP. There are also other policy implications – because fiscal policy may further encourage even higher consumption-led growth which may in turn be negative for savings.

If domestic savings remain constrained by continued government

dissaving and low household savings, then access to large amounts of foreign savings will become necessary. But South Africa is already close to the limits of what is acceptable from a current account deficit point of view and a number of sectors are “off-limits” to FDI so there may well be a challenge in attracting greenfields FDI. The implication is that in order to fuel investment (both locally and from foreign sources) into the supply side of the economy the environment for encouraging investment will have to be improved further (lower direct taxes, generous depreciation schedules, liberalisation of closed sectors, etc.).

In addition, BUSA supports the need to encourage greater stability in the rand exchange rate. Excessive volatility of the currency has not been good for private investment. BUSA has highlighted the importance of building up foreign exchange reserves (including gold) as stated in ASGI, eliminating exchange controls and encouraging greater long term FDI inflows as ways of achieving this objective. The Reserve Bank has already done much to build up foreign exchange reserves and with credit extension rising in excess of 20% (i.e. an accommodative monetary policy) it is clear that monetary policy is not a constraint on growth.

Important changes are emerging in the key factors that influence which countries generate domestic, and attract foreign direct, investment. In contrast to the traditional comparative advantages of mineral resource endowment, natural capital and supply of low-cost labour, the increasingly integrated global economy is resulting in companies seeking investment destinations where there is an abundance of competitive advantages. Such competitive advantages tend to be created rather than inherited and include created assets such as technology and innovation capacities, availability of skilled human capital, cost effective and efficient communication infrastructure, marketing networks, access to markets and a competitive and efficient

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business environment. Created assets can be tangible, such as the stock of financial or physical assets in an economy, or can be intangible assets like skills, business culture, attitudes to wealth creation or the stock of information on trademarks or goodwill. The key denominator of intangible assets in this context is knowledge which thus forms a key part of a country developing competitive advantages to attract investment.

BUSA is of the view that the sector investment strategies should be driven by the sectors and are really focused on the competitive advantage issues that affect each sector. Finalisation of the sector strategies currently underway should be expedited and once finalised should form the platform for all interventions in that sector. All sector strategies should include specific mechanisms to promote enterprise development, particularly at the SMME level. BUSA notes that some of these strategies have been developed through sector summit processes and thus enjoy buy in from all social partners. BUSA encourages government to ensure that all the sector development strategies are undertaken in full consultation and cooperation with stakeholders in the sectors concerned.

BUSA shares government's recognition that a shortage of appropriate skills is a serious constraint to increased levels of economic growth, transformation and the empowerment of all South Africa's people. BUSA is committed to increased and improved skills development in South Africa. We believe that this is a national imperative and that all of us need to give it our focused and sustained attention as we strive to realise growth levels of 6% and higher. BUSA fully subscribes to the view that the main challenge in this area lies in achieving more effective implementation of the current skills development system in South Africa. Simply stated, the system is not producing enough people with

skills, it is not delivering the skills the economy needs and it costs too much for the results it yields. Therefore, we need to look at ways in which to increase the quantity of skills; improve skills relevance and quality; and offer better value for money.

BUSA is also of the view that the adoption of a Regulatory Impact Assessment system in South Africa will have a substantially positive impact on ensuring that legislation is pro investment, employment, transformation and growth. BUSA has previously suggested that all significant legislation and regulations should be subject to rigorous and transparent cost benefit analyses to determine the consequences of the legislation and regulations on investment, employment, transformation and small business. Far too often in the past legislation has been agreed that in practice (recognising that the intentions may be good the results are not necessarily) is detrimental to the above goals.

Business is of the view that there are no "silver bullets" that will simply quantum leap South Africa's investment, growth and employment performance. Rather, a combination of appropriate economic policies that foster competitiveness, build long-term confidence and which make South Africa an attractive place to do business in the long-term are necessary for the country. Already substantial progress has been made in generating a clear and credible macroeconomic framework over the course of the past decade, in reforming certain parts of the microeconomy and in developing black economic empowerment and transformation policy for the country. However, the focus has now shifted on to a series of microeconomic issues that require reform to enable the pick up in investment, economic growth, transformation and employment that the economy requires.

BUSA will do all in its power to ensure that the ASGI goals of halving unemployment and poverty by 2014 become a reality.

## Upcoming Events

### > Opening of Parliament

The 3<sup>rd</sup> of February 2006 sees the 12th annual opening of Parliament since 1994. BUSA will be represented by President Patrice Motsepe, Vice-President Futhi Mtoba and CEO Jerry Vilakazi.

### > Budget speech

The Minister of Finance Trevor Manuel will deliver the Budget speech on the 15<sup>th</sup> of February 2006 in Cape Town. President Patrice Motsepe and CEO Jerry Vilakazi will attend, together with other BUSA representatives.

Mr Roger Baxter, Chairman of BUSA's Committee on Economic Policy, will be part of a special 'Budget Day' panel discussion on Summit TV at 20h45 on the evening of the 15<sup>th</sup>. Other panelists include Carl Grim from Aveng and a representative from the SMME sector. The show will be hosted by Lindsay Williams.

## Please Note

*The South Africa Foundation  
has changed its name to  
Business Leadership South  
Africa.*