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**BUSA NEWS**

## African Continental Free Trade Area (AfCFTA)

Africa's largest trade agreement, the African Continental Free Trade Area (AfCFTA) agreement, has been hailed as a game-changer for intra-African trade. If properly implemented, it could provide a framework to ease the cost of doing business in Africa, but until the continent addresses' nontariff barriers, such as infrastructure backlogs and border corruption, it is likely to fall far short of expectations.

This hasn't stopped African countries from hyping up the agreement as a significant milestone on the road to creating a single African market and a single-currency union. Various reports suggest that as a large, unified market of up to 1.2-billion people, the AfCFTA could attract up to \$4-trillion in consumer spending and business investment; boost intra-African trade by 33%-52%, depending on the degree of tariff liberalisation; and generate a cumulative \$3.4-trillion gain in GDP over the long term.

Business Unity SA (BUSA) and law firm Herbert Smith Freehills hosted a panel discussion on the AfCFTA between Wamkele Mene, former South Africa's chief negotiator for the AfCFTA Agreement, Catherine Grant, a Director at Tutwa Consulting group, trade negotiator and trade policy expert and Cas Coovadia Business Unity South Africa CEO, moderated by Peter Leon. It was discussed that the recent spate of xenophobic attacks on foreign nationals and foreign-owned businesses could put SA in a defensive position in ongoing negotiations of the African Continental Free Trade Agreement (AfCFTA).

Wamkele Mene said SA should take the lead on improving the ease of movement of businesspeople across borders on the continental by introducing a trade visa. Global trade arrangement on service under the world trade organisation, which SA is party to, already make provision for movement of businesspeople. He added that SA can replicate this in the context of the AfCFTA to demonstrate its commitment to the continent Mene added.

📍BUSA site: [https://.org\\_busa\\_za/](https://.org_busa_za/); Twitter, @BusinessUnitySA; and Facebook, @BusinessUnitySouthAfrica.

## Integrated Resource Plan (IRP) and Eskom

Mineral resources & energy minister Gwede Mantashe said the Integrated Resource Plan (IRP), the government's long-term plan for meeting electricity demand, will have to make provision for all technologies, including coal, nuclear, hydro energy, gas and renewable energy. The draft IRP, which was published for comment and consultation more than a year ago, is keenly awaited by business and investors, given SA's electricity supply constraints and the politicisation of energy policy.

A least-cost IRP would be a plan based on the use of the cheapest sources of energy available, which, based on the department of energy's modelling, are wind and solar power. The value of the least-cost model is that it makes clear what the additional burden is to the price of electricity as a result of "policy adjustments" by the government. Mantashe added that when it came to coal-powered generation, "SA should make an effort to move to cleaner coal", and when it came to renewable energy, it was critical to invest in battery storage as well.

Business Unity SA (Busa) also sent out an urgent to-do list for the government detailing what is necessary to restore the security of electricity supply. Renewable energy is the quickest form of new capacity to build. Eskom has, for years, been battling to meet demand as the deterioration of its ageing plants continue.

Busa said that the first step in restructuring the electricity sector is the gazetting of the IRP, which business says should be a "least-cost, least-regret" option and should not be further delayed. The plan, which sets out the energy mix for how government plans to meet electricity demand, is years overdue after much politicking over energy policy. Busa also called for a plan on the restructuring of Eskom to be provided immediately following the IRP, as well a legal determination by the government to procure new, renewable generating capacity.

Busa said the following is urgent:

- The appointment of a CEO with proven leadership capability, assessed independently of political considerations.
- The reinforcement of the board and management with competent and capable people.
- The creation of a management platform to drive the restructuring.
- The finalisation of a government financial support plan to Eskom.
- Putting in place a cost-reflective tariff regime.
- Encouraging private-sector participation in Eskom and the sector.

Busa has also called on the government to provide a roadmap of Eskom's future, which public enterprises minister Pravin Gordhan has said will be provided in the form of a policy paper.

Business Unity SA (BUSA) president Siphon Pityana said "We believe that the stabilisation of Eskom in a restructured industry is a long-term proposition where business can be of significant assistance as a partner."

**The Integrated Resource Plan (IRP), the government's long-term plan for meeting electricity demand, will have to make provision for all technologies, including coal, nuclear, hydro energy, gas and renewable energy. A least-cost IRP would be a plan based on the use of the cheapest sources of energy available, which, based on the department of energy's modelling, are wind and solar power.**



ICYMI: Business Unity SA, BUSA with law firm Herbert Smith hosted a panel discussion between Wamkele Mene, former South Africa's chief negotiator for the AfCFTA Agreement, Catherine Grant, a Director at Tutwa Consulting group, trade negotiator and trade policy expert and Cas Coovadia Business Unity South Africa CEO moderated by Peter Leon. on the implications of the African Continental Free Trade Area (AfCFTA) Agreement for business at the Hyatt Regency Hotel in Rosebank on the 3<sup>rd</sup> of October 2019: pictures supplied by Sizwe.



**Socpol & SubCET**

**Skills and Education**



**President of Business Unity South Africa, Siphon Pityana, has decried the lack of integration and the duplication of government programmes in fighting youth unemployment.**

According to Stats SA, the youth aged 15–24 years are the most vulnerable in the South African labour market as the unemployment rate among this age group was 55,2 percent in the first quarter of 2019.

Speaking at Harambee’s 6th Solutions Exchange conference in Johannesburg, Pityana said one of the biggest killers of employment opportunities for the youth was the duplication of initiatives that do not speak to one another.

He said the Skills Fund, for instance, needed to be moved from the Department of Higher Education and placed where its resources could be used to their full potential.

The National Skills Fund is used to fund projects identified as national priorities and a range of skills development initiatives that aim to improve the employability or self-employability of citizens.

“I’m very resentful because of the Skills Fund reporting to the Department of Higher Education, Science and Technology. I think it is misplaced because the skills agenda is an active labour market. It doesn’t belong there, it’s a stepchild where it is,” Pityana said.

## Mr. Pityana Continues on Skills & Education

“It speaks to a lack of integration. When somebody gets out of a job, at the same time as they are taken care of through UIF the Skills Fund should kick in and help them transition from whatever job they are losing into a new skills regime. You need to have those integrated in one place and speak to one another.”

Pityana was talking on the Solutions Exchange panel that looked at how senior business and government leaders should use priority interventions to contribute to a national agenda for solving youth unemployment.

He said that even though some people were cynical about the agreements reached at the Jobs Summit, they actually planted new thoughts about to what extent to bring mutually reinforcing

“There are too many parallel initiatives wasting and duplicating a lot of resources. This country must appreciate that young people are not inbred,” he said.

“Young people have the capability and can drive what is likely to be the major driver of growth in this economy, and that is small business. So, we must enable them to be courageous and feel supported and give them steps to establish.”

## Calls for input/ comment

- Voting for BUSA representatives to serve on Productivity SA Board inputs were required by no later than **Tuesday, 15 October 2019.**
- Draft BUSA response on COSATU Section 77 Notice on the economic crisis inputs were required by no later than **Thursday, 24 October 2019.**

## Nominations

- Call for Nominations for Chairperson and Deputy Chairperson of the Sub-Committee on Education and Training the nominations were required by no later than close of business on **Friday, 18 October 2019.**
- Call for Nominations to serve as Board members of Productivity SA the nominations were required by close of business on **Thursday, 10 October 2019.**
- Call for Nomination to attend ILO Workshop on Building African Employers Organizations’ Capacity to engage in Labour Migration Governance nominations were required by close of business on **Monday, 14 October 2019.**
- Call for Nomination to serve on the Board of the South African Qualifications Authority nominations were required by no later than **Thursday, 17 October 2019.**



## **Econpol & Subcommittees**

BUSA Tax Sub-Committee meeting scheduled for 22 October 2019 took place the meeting was chaired by Robert Legh. BUSA had previously circulated meeting invites to Members. The Chair indicated that the next meeting of the sub-committee meeting is scheduled to take place on **3 March 2020**.

## **MEETING WITH SARS COMMISSIONER**

1. Olivier Serrão reported that BUSA had proposed three possible meeting dates to SARS and had been waiting for the SARS Commissioner's office to confirm one of the proposed meeting dates.
2. The Chair indicated that there was a need for BUSA to put together an agenda for the proposed leadership meeting with SARS Commissioner.
3. Following the discussion on the proposed BUSA / SARS leadership meeting, the following agenda items were agreed on:
  - Tax Gap
  - Efficiency within the system;
  - Co-operative Compliance;
  - Illicit Trade / Economy;
  - Rebuilding trust and equal treatment of taxpayers and
  - Commitment from SARS on appointing or filling critical vacancies.

## **Action items**

- Following the discussion on the agenda items of the proposed BUSA / SARS Leadership meeting, the Chair undertook to develop the draft agenda for the meeting.
  - The sub-committee to provide their inputs / comments on the draft agenda once it had been shared with them.
  - Kyle Mandy undertook to share with BUSA PWC's work on "Restoring trust in SARS" in an attempt to assist the Chair in drafting the agenda.
  - Carmen Van Niekerk undertook to share with BUSA research on "The Illicit Sale of Alcohol in South Africa" in preparation of a meeting with SARS Commissioner.
  - The Subcommittee further agreed that at least 3-5 members of the subcommittee should be invited to the meeting with SARS Commissioner.
4. Following a general discussion on SARS, Paul Bondi reported that the Commissioner had indicated that SARS would be re-establishing the eagerly awaited Large Business Centre (LBC), with a possibility of this being announced on Wednesday, 23 October 2019.

## Econpol & Subcommittees continued

### BUSA POSITION IN ADVANCE OF THE MTBPS

1. Paul Bondi reported that the Nedlac Public Finance and Monetary Policy Chamber had a meeting with the National Treasury's budgeting office where the budget and BUSA's inputs were discussed extensively. Paul Bondi further indicated that the Medium-Term Budget Policy Statement (MTBPS) was scheduled for 30 October 2019.
2. The Chair asked the sub-committee for their inputs in advance of the MTBPS from a tax perspective in order to prepare a press statement.
3. Some members of the subcommittee indicated that they were not foreseeing any major tax policy adjustments and or additions to the existing proposed new taxes such as the Carbon Tax and proposed that more attention should be given to the Budget Speech.

#### Action item

- Nazrien Kader undertook to provide input on the reduction of Corporate Income Tax for the BUSA's press statement on MTBPS.

#### Calls for input/ comment

- Draft Energy Sub-Committee Engagement Plan comments were due by no later than **30 October 2019.**
- Draft National norms and standards for organic waste composting comments were due by no later than **30 October 2019.**
- Milestone 2 Report - Vulnerability Assessment the proposed amendments are due by **2 November 2019**
- Draft briefing note for the meeting with the SARS Commissioner the proposed amendments are due by **6 November 2019**
- Draft Amendment of Administrative Adjudication of Road Traffic (AARTO) Regulations, BUSA members are requested to provide written inputs or comments to the proposed amendment by **7 November 2019 before end of business**
- On Technical Tax Proposals the proposed amendments are due by **25 November 2019**
- Draft BUSA submission on the draft norms and standards for organic waste composting proposed amendments are due by **25 November 2019**

#### Nominations

- Call for nomination: BIAC Policy Groups / Committees nominations were due by no later than **25 October 2019**
- Call for nomination: Eskom Leadership Task Team - Alternates nominations were by close of business **25 October 2019.**

## ■ THE MONTH AHEAD

- **1 November:** High-Level Seminar on the German Experience on Social Dialogue
- **5 November:** DEFF NAEIS GHG Module Workshop
- **7 November:** Manufacturing
- **11 November:** BUSA engagement with the CCMA
- **13 November:** NCTF-Private Sector meeting
- **13 November:** Retail trade sales
- **14 November:** Mining
- **14 November:** Motor and trade sales
- **15 November:** verification guidelines workshop
- **18 November:** Food and Beverages
- **18-19 November:** Tralac AfCFTA Workshop
- **21 November:** PREMIER MAKHURA'S ENGAGEMENT WITH THE CORPORATES
- **22 November:** CPI
- **25 November:** Tourism & migration
- **25 November:** Preparatory Workshop for Inter-Ministerial Session on BEE
- **26 November:** Women's Economic Empowerment in the Indian Ocean Rim
- **27 November:** Energy Subcommittee Meeting
- **28 November:** PPI

## ■ The End!

## ■ CONTACTS

For queries, contact Nomaza Spelman on  
[Nomaza.Spelman@busa.org.za](mailto:Nomaza.Spelman@busa.org.za) / 011 784 8000