

# THE BOTTOM LINE

Newsletter

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## KEY: STRATEGIC DRIVERS

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-  Progressive pro-growth taxation
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## Mini Budget & Nedlac Exco

New Finance Minister Tito Mboweni delivered his maiden Medium-Term Budget Policy Statement (MTBPS) on Wednesday 24 October 2018, on the eve of the three-day Investment Conference.

The market response has been lukewarm and sovereign credit ratings agency Moody's Investors Service said in a note that it had characterised the MTBPS as a credit negative, citing the unchanged expenditure ceilings; while Fitch was unconvinced that redirecting spending to priority areas would boost the country's low rate of economic growth. SA's rising debt-to-GDP ratio is a major concern because of the associated debt-servicing costs, which erode the country's fiscal space.

Business Unity South Africa (BUSA) Vice-President Martin Kingston and CEO Tanya Cohen attended the mini-budget speech in Parliament, while President Siphon M Pityana gave a keynote address at a post-MTBPS function hosted by Capital City Business.

Pityana and Mboweni go back a long way, as the duo were the first director-general and minister of labour respectively in the new democratic dispensation in 1994. In addition, the National Economic Development and Labour Council (Nedlac) was founded under Pityana and Mboweni's stewardship.

BUSA played a role, pre-budget and post-budget. Pre-budget, BUSA had an engagement with the National Treasury team working on the MTBPS about the organisation's mandated position at Nedlac's Public Finance & Monetary Chamber.

Post-budget, BUSA released a statement, which is on the organisation's website, and Pityana and Cohen led the business response to the MTBPS at the Nedlac executive committee meeting held on Monday 29 October 2018.



THE BUSA TEAM

## Competition Amendment Bill

The National Assembly passed the Competition Amendment Bill (CAB) on Tuesday 23 October 2018.

BUSA made a written submission on its mandated position on the CAB to Parliament and then made an oral presentation on Wednesday 29 August 2018 to the portfolio committee on economic development, articulating its stance on the Bill. Prior to that, the organisation had long engagements on the Bill at Nedlac, as well as several bilateral meetings with Economic Development Minister Ebrahim Patel who led the government delegation and was proactive and hands-on.

In brief, BUSA is not opposed to the Bill and is supportive of many of its proposals, remedies and interventions to stimulate competition in the economy. BUSA supports the introduction of measures to promote the entry of small and medium businesses into market. This is in addition to the Bill's objective of curbing anti-competitive practices. However, BUSA has cautioned that the Bill could inadvertently be a hindrance to the ease of doing business in the country, and measures that go too far can easily have anti-competitive outcomes.

During the Nedlac engagements, BUSA made concessions with a view of seeking consensus and conceiving a Bill that achieved the aim of promoting competition while also promoting investment and creating the right conditions for doing business in the country.

In the oral presentation to Parliament, BUSA noted that the CAB sought to do away with the yellow card regime. BUSA is in favour of retaining the yellow card regime as it is an effective mechanism of dealing with instances of conduct that is not clear-cut and may not necessarily constitute anti-competitive behaviour.

BUSA has also made observations about the Bill's proposals on market inquiries, noting its concerns about the provisions therein, particularly the diminished role of the Competition Tribunal. This is in the context of the Tribunal having previously been a pivotal safeguard and has the expertise to adjudicate complex findings of market inquiries.

In terms of the National Security Provisions, BUSA does not disagree with the principles of the provisions but has cautioned about implementation. BUSA noted in its presentation that the provisions were not unusual and had been adopted in other comparable jurisdictions.

All associated documents have been circulated to Members and are also available on the Member Dashboard of the BUSA site for your convenience.

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## Health Summit & Investment Conference

The Presidential Health Summit took place on 19 and 20 October, while the Investment Conference played out on 25, 26 and 27 October 2018. BUSA played a pivotal role in both events in their respective build-ups by providing its guidance and expertise.

At the Health Summit, CEO Tanya Cohen made the business inputs and explained that the private sector supported the imperative of universal healthcare coverage and was committed to ongoing discussions taking place in Nedlac about the shape and form of the National Health Insurance (NHI). However, it was important to have an unfiltered conversation about the role of the private sector's therein, as well as establish business' role in modelling and capacitating. Cohen emphasised the importance of consultation and collaboration, as opposed to pursuing a prescriptive approach that risked backlash.

Netcare CEO Dr Richard Friedland made a presentation to the commission on the private sector, highlighting how the private sector could be co-opted into solving challenges in the healthcare system. Dr Friedland proposed that the private sector could help in four areas: measurement and management, waiting lists and backlogs, capacity and training. The presentation provided an overview and snapshot of areas of divergence and convergence between the public and private healthcare sector, as well as statistical insights

A week later, more than 1,000 delegates made their way to the Sandton Convention Centre for the long-awaited Investment Conference. BUSA President Siphon M Pityana led the organisation's delegation, which included Vice-President Martin Kingston, CEO Tanya Cohen and several Board Members.

BUSA is proud to have worked with, among others, presidential economic adviser Trudi Makhaya, investment envoys Phumzile Langeni, Trevor Manual and Jacko Maree, the Industrial Development Corporation, the Department of Trade & Industry, Invest SA, the World Bank Group to help capacitate the event. Most important, BUSA extends thanks to its Members who availed themselves for the sector roundtables and made unvaluable inputs, as well as gave their industry insights. The Investment Conference garnered investment pledges to the value of R290bn.



IN CASE YOU MISSED IT: Inside the Sandton Convention Centre, left, where the Investment Conference took place. BUSA CEO Tanya Cohen, above, at a pre-Investment Conference meeting held with business leaders and hosted by President Cyril Ramaphosa.



SUBMISSIONS  
TO PARLIAMENT



SUBMISSIONS  
TO GOVERNMENT



STRATEGIC  
MEETINGS

### Econpol & subcommittees:



#### Committee meetings schedule for 2019

- The Econpol 2019 meetings schedule was circulated to Members on 8 October 2018. The last Econpol meeting for the year is scheduled for Wednesday 5 December 2018.

#### World Economic Forum Global Competitiveness Report 2018/19, Executive Opinion Survey

- BUSA thanks Members having made the Report possible through their participation. The Report was launched on Wednesday 17 October 2018. The Report has been circulated to Members - SA's overall position has dropped significantly to 67 out of 140 countries.

#### Calls for nominations

- Members have been invited to put forward nominations for the Nedlac task team on macro-economic issues and catalytic actions to address unemployment, poverty and inequality. Members had until 1 November 2018 to make nominations to the task team.

#### Calls for input

- Members have been invited to make inputs on the Electronic Communications Amendment Bill, the deadline was Monday 29 October 2018. The Department of Telecommunications & Postal Services has published the Bill, which seeks to amend the Electronic Communications Act of 2005. The Bill deals with, among others, the allocation of spectrum.
- National Enterprise Amendment Act: Schedule 1 of the National Definition of Small Enterprises.
- Tax Ombudsman review in terms of Section 16 (1)(b) of the Tax Administration Act. A call for input has been circulated to Members. Although BUSA will not make a submission, Members are welcome to make inputs.

#### Ad hoc

- BUSA has circulated a letter to Members from acting South African Revenue Service (SARS) commissioner Mark Kingon detailing the tax authority's aim to introduce penalties for non-submission of corporate income tax and personal income tax returns.
- BUSA has also circulated a note to Members from SARS warning about penalties that will be incurred by companies that have failed to submit electronic cargo reports in the stipulated time.
- BUSA has circulated feedback on the Customs & Excise National Operations Forum held on 12 October 2018.

### Environment subcommittee



#### Subcommittee schedule for 2019

- The environment subcommittee meetings for 2019 was circulated to Members on Tuesday 9 October 2018. The subcommittee held its meeting on Monday 22 October 2018.

#### Carbon Tax Bill: Jobs Mitigation Plans

- Work at Nedlac on the Jobs Mitigation Plans is continuing. It is worth noting that business won a concession in the MTBPS when Mboweni announced that the Carbon Tax and Carbon Budget would be aligned.

#### Greenhouse Gas (GHG) Reporting & Low Emissions Development Strategy (LEDS) 2050

- There are four aspects to the GHG - the reporting regulations, the technical guidelines, the inventory and the biennial report. On Thursday 11 October 2018, BUSA circulated its draft comment on the GHG Inventory for Member inputs and review.
- The Department of Environmental Affairs conducted a stakeholder consultation session on the GHG Emission Performance Guidelines on 18 October 2018 in Pretoria.
- Members are reminded that BUSA has issued a request for funding to review the GHG Reporting Regulations and Technical Guidelines.
- Members had until Friday 2 November 2018 to make inputs and review the GHG Guidelines and LEDS, which will inform BUSA's consolidated submission on the policy.

#### National Framework for Air Quality Management

- The Framework was published on Friday 26 October 2018 and circulated to Members. In that communication, BUSA highlighted two key areas: the postponement/suspension of compliance timeframes and controlled emitters.

#### Ad hoc

- SA is hosting the 3rd Partnership for Action on Green Economy (PAGE) Ministerial Conference under the theme: Advancing Inclusive and Sustainable Economies in January 2019. As part of preparations for this, the Department of Environmental Affairs hosted a roundtable on 16 October 2018 in Pretoria. The roundtable discussion focused on economic and social inclusion within the green economy and strategies and policies for a green economy.



SUBMISSIONS  
TO PARLIAMENT



SUBMISSIONS  
TO GOVERNMENT



STRATEGIC  
MEETINGS

### Energy subcommittee



#### Subcommittee meeting schedule for 2019

The subcommittee meeting schedule for 2019 has been circulated to Members. The subcommittee last met on Tuesday 30 October 2018, when several pertinent issues were discussed, including BUSA's Integrated Resource Plan (IRP) comment.

#### IRP comment & Parliament oral submission

BUSA's submitted its final written comment on the IRP to the Department of Energy on Friday 26 October 2018. In addition to this, BUSA made an oral presentation about its position on the IRP to the portfolio committee on energy on Wednesday 17 October 2018.

The department and the portfolio committee are running parallel public consultation and comment process on the same policy document. BUSA has identified defects in the Socio-economic Impact Assessment Report on the IRP, has recommended that the GDP assumptions made in the document be lowered to reflect the current state of the economy and recommended an increase to the allocation for embedded generation, energy efficiency and fuel switching on demand to 500MW/annum. The 11-page submission has been circulated to Members.

#### Calls for input & comment

BUSA has asked Members to comment on Eskom's Multiyear Price Determination (MYPD) 3 Year 5 Regulatory Clearing Account and MYPD 4 Revenue Application. Members have until Friday 9 November 2018 to comment. The documents were sent to Members on 24 October 2018 over three e-mails.

### Socpol & SubCET



#### Socpol meeting schedule for 2019

- The committee's 2019 meeting schedule will be distributed to Members in due course. The committee met on Thursday 1 November 2018.

#### Proposed SETA Landscape

- BUSA has made a four-page submission to the Department of Higher Education & Training, noting the difficulty in providing a simple response to the proposed policy because changing the SETAs landscape will far-reaching implications. BUSA has made the point that the SETAs landscape does not need to be re-engineered, rather an appropriate response would be to ensure that the SETAs were more efficient. Finally, BUSA has advanced the position that the SETA system must be an enabler. The document is available to the Member-only section of the BUSA website.

#### Youth Employment Service (YES) Initiative Practice Note

- BUSA circulated the YES Practice Note to Members on Monday 15 October 2018.

#### Calls for nominations

- Members have been invited to make nominations for the 2019 edition of the International Labour Organisation's (ILO's) Internship Course on Labour and Social Policies for Decent Work. The ILO course is scheduled to run from 30 May 2019 to 7 June 2019 in Geneva, Switzerland. The nominations closed on Wednesday 24 October 2018.



## Socpol & SubCET



### Calls for nominations

- BUSA has circulated a call for nominations to the Nedlac task team on a National Action Plan to combat Racism, Xenophobia and Related Intolerances. Members had until Monday 22 October 2018 to make nominations for the task team.

### Calls for comments & inputs

- BUSA has asked Members to make inputs on the Draft Amendments to Commission for Conciliation, Mediation & Arbitration (CCMA) Rules. Members had until Thursday 1 November 2018 to make inputs.
- The Department of Labour of published the Compensation for Occupational Injuries and Diseases Amendment (COIDA) Bill and the regulations on the new Compensation Fund Assessment Model in terms of the COIDA Act. Members have until Tuesday 6 November 2018 to make inputs on the regulation. The deadline to submit inputs for the COIDA Bill is Monday 3 December 2018.

### Khayelitsha Jobs Fair

- BUSA is proud to have been represented at the recent Jobs Fair held in Khayelitsha by the Department of Labour. Innocent Dwayi of FishSA represented BUSA at the event. The BUSA representative at the Fair reiterated the organisation's commitment to ensuring that the agreements reached at the Jobs Summit are honoured. In addition, BUSA expressed its willingness and readiness work with social partners at Nedlac to ensure that SA returns to a growth path and on job-creation initiatives.

### ILO International Labour Statisticians Conference, Geneva

- In mid-October 2018, Bev Jack led the employer's global position at the ILO International Labour Statisticians Conference in Geneva. The conference took place from 10 to 19 October 2018. Jack is the global employer spokesperson.

### Skills Initiative for Africa (SIFA), Africa Talks Jobs Conference, Addis Ababa

- BUSA was represented at the Africa Talks Conference that took place in Ethiopia on 30 and 31 October 2018. Nazrene Mannie attended the event on BUSA's behalf and participated in a panel discussion about private-sector initiatives to create jobs. Mannie was able to share aspects of the recently concluded Jobs Summit, with specific reference to the early childhood development incubator model. The African Union (AU) director for HR, science & technology approached the BUSA delegate on the sidelines of the conference, wanting to know more about the model and how to bring to scale. The director is due to brief a meeting 10 AU heads of state, who are tasked with leading the continental organisation's education agenda, on 2 and 3 November 2018.

### Jobs Summit lunch

- BUSA extends thanks to Members who attended the Jobs Summit lunch held at 54 on Bath. Your continued support, assistance and dedication is appreciated. The Jobs Summit work is ongoing at Nedlac to ensure that we make good on our promises and maintain the momentum generated from hosting a successful event, thanks to all your hard work.

## ■ THE MONTH AHEAD



### EVENTS

- 1 November: Socpol & SubCET meetings
- 5 November: Workshop on Employment Equity Amendment Bill
- 5 November: Mineral & Petroleum Royalty Tax Return, SARS training (correct)
- 6 November: Workshop on Draft Regulations for Hazardous Chemical Agents
- 7-9 November: Inaugural Africa Investment Forum
- 8 November: BUSA Board meeting
- 8 November: Sunday Times Top 100 Companies Awards
- 12 November: Mineral & Petroleum Royalty Tax Return, SARS training (correct)
- 13 November: Colloquium on the One Environment System
- 13 November: Tax subcommittee meeting
- 14 November: SBI SME Indaba
- 20 November: Trade, transport & logistics subcommittee meeting
- 22 November: Environment subcommittee meeting
- 5 December: Econpol meeting

## ■ The End!

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