

SPEECH BY FUTHI MTOBA
PRESIDENT OF BUSINESS UNITY SOUTH AFRICA
NEDLAC SUMMIT BUSINESS CONSTITUENCY ADDRESS
SATURDAY
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BOKSBURG

EMBARGOED UNTIL 11H00 SATURDAY 11 SEPTEMBER 2010

Deputy President of the Republic of South Africa, Hon Kgalema Motlanthe,
Labour Minister Membathisi Mdladlana,
Nedlac Executive Director, Mr Herbert Mkhize,
Constituency Heads of our Labour and Community Social Partners from Labour,

Ladies and Gentlemen,

Thank you for the opportunity to make a contribution to this Summit on behalf of business in South Africa.

In one of the latest campaigns flighted by SAFM, we hear the World acclaimed Chilean-American author and human rights activist, Ariel Dorfman, challenge us as South Africans to make every day “Mandela Day”. In front of some scholars in Athlone in the Western Cape, he said, “You have just had a great triumph, a world triumph. You did not win the World Cup but you won something else which is much more important – the world’s admiration as a nation. The real question that faces you, of course, is have you got the energy, the intelligence and the talent to create a country that does not have the tremendous inequalities and tensions that you have.”

Ladies and Gentlemen,

I am here to tell you that business in South Africa believes that we have the energy and the intelligence and the talent to make every day a Mandela Day; to make every day a World Cup Day.

We firmly believe that we can start leveraging these qualities over the long term, just as we did during the Soccer World Cup, during which we:

- ◆ demonstrated ability to focus on a common objective;
- ◆ capitalised effectively on the phenomena of shared pride;
- ◆ built each other’s confidence as legitimate and respected parts of what makes this country great to live in, great to work in and great to do business in; and,
- ◆ during which we harvested the fruits of social cohesion that so easily blossoms naturally where we work together to overcome, rather than emphasise, the fault lines that delineate our society.

In other words, we need to look at ways to keep the positive energy that abounded during the Soccer World Cup alive. We need to channel it into renewed co-operation and effort to reach some of the many socio-economic goals that will help alleviate the “tremendous inequalities and tensions” that Ariel Dorfman spoke of, and that so many of our fellow South Africans live at the receiving end of every day.

As one, we must let ourselves be seized with economic growth, employment and transformation as key objectives that can change our society for the better and they must stand at the apex of our socio-economic policy hierarchy going forward. We must mobilize all our stakeholders around these aims: our colleagues in Government, our associates in business, our labour leaders and our compatriots in the rest of civil society. In particular the BEE Advisory Council — on which business is well represented — should consider new initiatives to make the BEE process a successful one.

The post-Soccer World Cup “dividend” — in other words, the benefits of the improved international awareness, enhanced image abroad and our greater attractiveness as a tourism and business destination — must be leveraged to get South Africa on to a higher labour-absorbing growth path. We believe that this is eminently possible if we “cash in” on another very important World Cup “dividend”. That is, to keep building on the experience that we gained in maintaining tight discipline of timelines, targets and the monitoring of projects to achieve tangible outcomes more promptly than we did before the World Cup; that we do so in pursuit of as rapid an improvement of our own shared prosperity as is possible, just as we did in pursuit of giving the world the best Soccer World Cup as was possible.

How will we do this?

We believe that a good place to start would be to identify and consolidate the ‘efficiency gains’ that we have achieved in our preparations for 2010 — in other words, if we were able to achieve more by working “smarter” during the World Cup, we must understand how it is that we worked “smarter” and keep on building on those new and improved practices.

This, we must understand, implies a real responsibility for both the public and private sectors.

In the run up to 1994 and beyond we have earned our reputation as a country that can bring itself to peace by talking through that which divides us. In the run up to 2010 we have learned valuable lessons about “walking the talk” to achieve the tangible outcomes that will become increasingly important if we are to remain at peace with one another into the future.

In short, we must leverage the lessons we learnt on 'walking the talk' more effectively in planning, decision-making and implementation for the benefit of all South Africans, especially relating to the provisioning of infrastructure.

And let this be one of the lessons that are not forgotten: the 2010 Soccer World Cup "project" was a public-private sector partnership on a huge scale. Without the private sector involving itself to the extent that it had, much of which had been achieved would decidedly not have been possible.

This, however, stands in stark contrast to what is planned for "project" South Africa over the next three years. The R846 billion in planned infrastructure spend will see to our most basic infrastructure needs only, and will be disbursed with difficulty by a fiscus already under great pressure. Yet, only about 3-5% of this amount has been allocated to public-private sector partnerships, which is low by global standards.

If project 2010 was important, then 'project South Africa' is all the more so.

We therefore need to remove what uncertainty there may be in terms of the extent to which planned future infrastructure will be delivered and certainly also investigate barriers to the expansion and hastening of the delivery of infrastructure in South Africa.

The best way of doing this is undoubtedly to explore the much expanded use of public-private sector partnerships. With growth and job creation depending on it to an important degree, it is just one of those things that we can no longer afford to just talk about, but something on which we should be walking-the-talk.

In the afterglow of June/July, opportunities for the rebranding of South Africa by both the private and public sectors mean we must now be on the scout for opportunities to boost our share of the international tourism market, attracting key skills to South Africa (including those belonging to South African expatriates) and sharing expertise with key markets such as Brazil on how to run the next Soccer World Cup.

If economic growth and job creation are priorities, then attracting foreign direct investment into labour absorbing ventures in South Africa must be high on the agenda. We must therefore leverage the heightened global recognition that South Africa currently enjoys to help make us the leading investment destination among emerging economies. We can do this if we make concerted efforts to improve SA's attractiveness to foreign direct investment by establishing our economy as a platform for enhanced global competitiveness.

For the purposes of the World Cup, legislation was swiftly passed, temporary courts were put in place and long-troubled institutions, such as the Road Accident Fund, could quickly come up with new dispensations to deliver an effective service to visitors and citizens alike. If nothing else, this certainly provide solid 'empirical evidence' that if we put our minds to it, we can take action in pursuit of a common goal.

The World Cup has therefore shown that we can get unnecessary red tape out of the way expeditiously. We now need to apply that lesson to areas such as the regulatory and cost burdens that weigh down business growth and job creation. It has long been accepted that a regulatory review is necessary in this regard and the World Cup. This we see as particularly important to our current and potential entrepreneurs, who have in the past shown small business' potential to be the engine room of job creation in South Africa.

In addition to these ways of how we can consolidate our World Cup 'efficiency gains', we must make sure that we keep pay the necessary attention to some basic, but important issues, on which various factor-driven economies are now starting to rival and better us. We need to ensure:

- ◆ that the state maximizes its coherence, transparency and accountability on economic policy implementation;
- ◆ that we strengthen support for a growth-focused macro-economy; and,
- ◆ that we put every effort into ensuring that the input factors that will help us make the most of our human resource endowment (i.e. the even provision of access to primary education, health and justice) are taken care of.
- ◆ a coordinated and integrated anti-poverty programme to raise standards of living in SA.
- ◆ an effective anti-corruption campaign.

We emphasise that these factors must receive serious attention before we venture into territory that may cast the quality of our institutions and the maintenance of our freedoms into question in the eyes of international investors.

Ladies and Gentlemen,

Finally, the 2009/2010 NEDLAC annual report has recently been tabled in Parliament. It gives a good overview of Nedlac's work and activities over that period.

In it, Overall Business Convenor Laurraine Lotter gestures to the 2010 Soccer World Cup "as an example to us of what can be done if we all work together towards a common goal" and NEDLAC's potential in showing leadership in "engaging on ways to accelerate achievement on common goals like elimination of poverty, economic growth and job creation, universal access to basic services, an effective and efficient public service and smart regulation".

We are bolstered in this belief when we read Executive Director Herbert Mkhize's introduction in which he rightly lists the major impasses on which NEDLAC managed to show leadership in the period under review: amongst other the electricity and energy crisis, the Framework Agreement on the Decent Work Programme for South Africa and the Framework for South Africa's Response to the Global Economic Crisis as.

In this regard we also note that Cosatu is proposing to strongly raise anti-corruption issues in Nedlac. We would welcome an engagement on this matter. BUSA is implementing a nationwide anti-corruption campaign in partnership with the Department of Public Services and Administration and the Danish Embassy. BUSA's first Annual Anti-Corruption Forum was held at the Sandton Convention Centre in October 2009. The forum reviewed anti-

corruption mechanisms, including international agreements and their effectiveness in preventing corruption in the business sector. The second Forum will be held on 28 October 2010. Business has assumed the role of Chair of the National Anti-Corruption Forum (NACF), which drives the national anti-corruption programme and resolutions of the national anti-corruption summit.

In conclusion: There is presently emphasis on the need to rebuild consumer and business confidence in SA in the post-recession period. One of the most important ways to project a message of confidence is for the social partners and government to be seen to be cooperating in tackling challenges and offering practical solutions. A recent ILO publication refers specifically to SA's response to the global crisis as a 'stimulus package with strong social partner consensus.' This is the approach we need to build on to help take the tough decisions that still lie ahead.

It is therefore clear that NEDLAC can contribute to what the Minister of Finance has described as the 'new normality' needed in the post global crisis phase in SA by showing leadership in interrogating the total learning experience of 2010 Soccer World Cup; to help us to seize the moment to emphasize the 'can' in African and, indeed, also in South African. These are all key stepping stones if we want to aspire to a 7% growth rate over the long term. We will succeed only if we work together in the national interest. We will need effective social dialogue more —not less — in the period ahead.

Ladies and Gentlemen,

I thank you.