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**ADDRESS BY MS NOMAXABISO MAJOKWENI, CEO OF BUSINESS UNITY SOUTH
 AFRICA**

**“PROMOTING ALL INCLUSIVE GROWTH, DEVELOPMENT AND DECENT WORK
 THROUGH SOCIAL DIALOGUE”**

NEDLAC ANNUAL SUMMIT 2011, BIRCHWOOD CONFERENCE CENTRE, BOKSBURG

EMBARGOED UNTIL NOON, FRIDAY, 2nd SEPTEMBER 2011

Deputy President of the Republic of South Africa, Hon Kgalema Motlanthe MP, Minister of Labour, Hon Mildred Oliphant MP, and other Ministers present, NEDLAC Executive Director, Mr Herbert Mkhize, Constituency Heads of our Government, Labour and Community Social Partners, Ladies and Gentlemen,

It is my privilege to address the NEDLAC summit this morning on behalf of Business Unity South Africa. It is auspicious that this opportunity comes so early in my new role as the BUSA Chief Executive Officer. I apologise on behalf of the BUSA President, Futhi Mtoba, who is overseas, and who sends her best wishes for a successful Summit.

As many of you will know, BUSA is the apex business organisation in South Africa and represents the views of business in NEDLAC. Given the important role that NEDLAC fulfils as the social dialogue institution in South Africa, it is only natural that NEDLAC has a determining effect on the shape and workings of BUSA’s mandating structures. I can therefore assure you that I will take a keen interest in workings of NEDLAC, and look forward to fruitful working relationships with all social partners.

Chairperson,

For as long as the achievement of the goals of eradicating poverty, job creation and the necessary economic growth to support these goals continue to elude us, no South African should sleep to easy. In fact, the need to place South Africa on a

higher, more inclusive job-creating growth path is something that should keep all South Africans awake at night. This has never been more true than now.

The recent Quarterly Labour Force Statistics have not painted a pretty picture. They indicated that while the economy has created 64 000 more jobs in the twelve months leading up to the end of the second quarter of this year, unemployment has surged to 25.7%. We may have created 152 000 more jobs than the low point we experienced in the third quarter of 2010, but it is still some way off the 500 000 jobs we need to create per annum, if we are to achieve our overarching national goal of creating 5 million jobs in the decade up to 2020.

We now also hear that the growth figures for 2Q 2011 have been disappointing and that our growth rate for 2011 as a whole will probably be in the range of 3 – 3 ½ %. Positive, but not good enough.

When we hear these statistics, it should trigger tough questions.

We need to ask ourselves what it is that that will provide the growth we need to make it possible for the economy to create jobs and to improve the prospects for the wealth gap to be narrowed.

We also need to ask: if we deem social dialogue as important to help us succeed in this process, what must our approach be to ensure that when we come together at NEDLAC, concrete outcomes will follow that will make a real contribution to achieving the growth we need in our economy?

Will we be able to show through the agenda's we adopt, the minutes that record our debates and the resolutions we have taken that we have actively contributed to the creation of 500 000 jobs per annum?

If the answers to these questions are not clear just yet, then there is work to be done. And yes, part of the work is to work more effectively towards a common understanding and a common approach to growing our economy.

As business, our understanding of how this needs to happen has not changed for some time and is unlikely to change soon.

The growth of any economy requires investment in that economy, but given the dynamic nature of markets, that there will be investment in any given economy can never be regarded as a *fait accompli*. Rather, investment is enticed by competitiveness, which is predicated on certainty, predictability and efficiency.

Investment must manifest as a show of confidence in the competitiveness of an economy, for without the fair returns that only the necessary degree of competitiveness can deliver, there will be no way that we will be able to sustain the jobs we have, nor will we be able to sustain any new jobs that the economy may create.

And let us be under no illusions. We need to be asking ourselves serious questions about the competitiveness of our economy – if not for how it fares in international indexes measuring competitiveness and efficiency, then for the very concerning fact that FDI in South Africa declined by 70% last year; for the fact, in other words, that investors are voting with their feet.

Against this backdrop of declining foreign investment, let those of us who feel the need to question the link between investment and economic growth look no further than the recently released growth statistics for the second quarter of this year: at an annualised rate of 1.3% of GDP, it disappointed even the most conservative spectators. Can we do better?

If we support the implementation of the New Growth Path through social dialogue, then we simply cannot veer from this understanding, as this particular plan of government in no uncertain terms recognises that a job-creating economy will require:

- strong social dialogue to focus all stakeholders on encouraging growth in employment-creating activities;
- systematic changes to mobilise domestic investment around activities that can create sustainable employment; and,
- a comprehensive drive to enhance both social equity *and* competitiveness.

It will therefore be our approach that improved competitiveness and job creation needs to be at the heart of everything we do at NEDLAC. And this does not only mean working together to cut costs of doing business in South Africa. In fact, the

most basic building blocks for boosting growth and narrowing the wealth gap are none other than:

- ensuring that government is coherent, effective, transparent and accountable on economic policy implementation;
- to ensure that there is a macro-economic policy in place that supports growth and employment single-mindedly; and,
- ensuring that the basics are in place to make the absolute most that can be made of our human resource endowment.

Yes, Chairperson,

Our human resource endowment, requires particular attention, none of which would concern exploitation or exclusion. It neither needs to be about turning the ideological screws, nor about protracted developmental debates, or about insisting on holistic agreements and overarching definitions. It rather needs to be about delivery; about social partners tolerating discomfort for the sake of the greater good; about:

- making sure there is progress in very basic areas such as evening out access to justice, to quality basic health care and primary education;
- ensuring income support for the poor that will not undermine progress towards self-reliance; and,
- confronting our spatial development legacy, infrastructure needs and housing backlogs head-on.

If social dialogue could make concrete contributions in these areas, then it will most certainly also be able to make more determined progress in the more hard-core areas related to gearing the economy for competitiveness and job creation; and, ensuring that we bring about the necessary structural change in our economy.

I would emphasize that, given the additional commitments arising out of the New Growth Path, Nedlac needs to be adequately resourced to carry out its work and to do justice to its important responsibilities in this regard. It must have the capacity needed to support its essential tasks.

The New Growth Path discussions, where the first accords on basic education and skills development have paved the way, hopefully, to much quicker progress on

accords in the areas of the green economy the local procurement, serves as an example in this regard. We are committed to doing all that is practicable.

It is our hope that the current discussions on the seven year-old National Project to Reduce Poverty and Inequality in South Africa will yield similarly expedited results.

It is only if we work in a more disciplined way; in a way that indomitably shirks the lowest common denominator in favour of real progress that we will promote all inclusive growth, development and decent work through social dialogue.

In closing, Chairperson,

When we talk about social dialogue, then it would also be fitting to acknowledge that this will be the last opportunity that we have to attend the NEDLAC Summit with somebody that has become synonymous with the term, at least inasmuch as he will soon be concluding his work as the Executive Director of NEDLAC. I may be a newcomer to the ranks of organised business officialdom, but Mr Mkhize's service of the past eight years to social dialogue, to the benefit of our country and our economy, does precede him. While his inimitable style will no doubt be missed, we thank him for delivering a better and stronger NEDLAC to his successor.

I thank you

Ends

2nd September 2011.

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