

Jobs Summit

Thursday 4 October 2018

Address by Business Constituency Leader at Nedlac: BUSA President Sipho M Pityana

Programme Director,

Your Excellency President Ramaphosa,

Your Excellency Deputy President David Mabuza,

Honourable Minister in the Presidency Dr Nkosazana Dlamini Zuma

Honourable Minister of Labour Ms Mildred Oliphant,

Honourable Ministers, Deputy Ministers, Directors General, Leadership of the Community Constituency in Nedlac,

Leaders of the Trade Union Movement, Business leaders, Executive Director of Nedlac Mr Vilakazi,

Members of the Media,

Distinguished guests,

Ladies and Gentlemen,

Our presence here is a response to your clarion call and challenge, Mr President, during your State of the Nation Address in February, in which you stirred the nation from its slumber. You called on us to embark on a search for answers, a hunt for solutions. You implored us to roll up our sleeves, and to adjust our trajectory upwards, from the downwards spiral that we seemed unable to escape.

Since then you have led from the front. You have made enormous – and difficult strides -- to reclaim our sovereignty from the clutches of state capture. You set a clear, strong tone against corruption. You set an agenda to restore the credibility and integrity of the state.

In your travels abroad, you have sought to reclaim our place as a nation committed to world peace, multilateralism, free trade, human rights, democracy and stability. You have sought to re-establish our good name as a state which cares deeply about the plight of the poor and marginalised. In less than a year, South Africans are able to say, without equivocation, that we once again have a leader worthy of representing the South Africa nation, and all that it stands for.

You have enjoined us to search for durable solutions to the deep, structural challenge of unemployment. If we don't solve this conundrum, we will condemn many more of our compatriots to a life of poverty, and the social ills that come with a yawning gap in equality.

With the long list of contributions that our individual enterprises and sector organisations have proposed, we as business say Thuma Thina, Thuma Mina, Mr President.

We want to be there when you start to turn it around. We, as business, want to lend a hand in the urgent collective struggle against poverty, unemployment and inequality. Send us, Mr. President.

Structural Unemployment and Economic Downturn

We meet as our economic growth is sluggish and our businesses are bleeding jobs. Just last week Stats SA revealed that almost 70 000 jobs were lost in the second quarter – 13,000 of those come from the manufacturing sector alone.

The IMF expects the situation to get worse still, with our jobless rate reaching 28.3% next year. That is worse than it's ever been.

Fitch sees our economy growing at a pedestrian 2.2% annually over the next decade, with our progress held back by power shortages, strikes and continued malaise in the mining sector. We will continue to lag our global peers.

The data shows that our Government simply has no fiscal headroom to catalyse growth, without risking our sovereign credit rating and raising borrowing costs for a generation. To be sure, we remain precariously placed for the rating reviews that will follow the medium-term budget later this month.

The reality we face is that we must grow consistently at more than 6%, for us to make a dent in unemployment. That target is a long way from where we are, especially in a global environment with more headwinds than tailwinds.

We are under no illusion that the Jobs Summit will stem this tide of job erosion.

But we are gathering here today to generate innovative ideas of stimulating employment creation across our economy. We are here to decide on pragmatic ways to protect jobs wherever possible, and to identify and nurture the potential for new jobs that will help turn back the tide.

We are not only hopeful, as we embark on this job-creating expedition, but also clear that our path will be full of challenges that will require tough and painful choices to resolve. But these hardships cannot deter us from taking on this important task.

We will need to fully leverage our multilateral forums, such as Nedlac, in order to find ways to confront – and resolve -- the structural problems that underpin this economic crisis.

We've been hard at work crafting a policy framework that is conducive to investment while also honouring our constitutional mandate to transform society and achieve socio-economic justice. Your recently announced stimulus package alludes not only to this important balance, but also the need to prioritise state spending to jump-start the economy. We welcome the intent of the stimulus package. Few can argue with its emphasis on better planning and improved use of existing resources to boost growth and employment. The advancement of outstanding reforms also remain crucial if we are to reinvigorate economic growth and make our economy more inclusive.

We are painfully aware that our rising public debt requires urgent attention if we are to stabilise the economy. Equally urgent is the imperative for fiscal consolidation, reigning in leakage from corruption, and choking off wasteful and irregular expenditure to halt the never-ending call for bailout from our SOEs.

We applaud the clean-up we've seen in some state companies, and we continue to urge employment of competent, experienced and scrupulous leaders as custodians of the state's capital and the ambitions of its people. We are encouraged by your administration's appreciation of the pressing need to find solutions to the plethora of challenges you've inherited. Business remains ready and willing to assist

I mention these, Mr President to suggest that if this Jobs Summit is viewed in isolation from all these other initiatives, we will mislocate its purpose. It is only one of a range of mutually

reinforcing arsenals we are employing to navigate our way out of this challenging environment.

So, as we wrestle with the complexity of assembling the right basic ingredients for successful growth: budget allocation, taxes, monetary policy, trade and industrial policies, to name just a few -- we must agree that that there is no painless, quick-fix solution to our employment predicament.

As we deliberate today and tomorrow, we need to bear in mind the challenging work of crafting the policies that will indelibly influence the lives of millions of our people: their job prospects, their health, their education, their access to basic amenities like water, and the overall quality of their daily lives.

Labour Market Disruptions of the 4th Industrial Revolution

The most pressing task, of finding employment for a largely low-skilled population, must also not undermine our longer-term goal of cultivating a working population with the skills to thrive in a rapidly changing modern economy.

The future of work in SA is likely to be impacted by these changes including automation, artificial intelligence and robotics. The World Economic Forum predicts *that* 41% of all work activities in South Africa are susceptible to automation. That's a staggering number.

So, as we contend with the structural impediments that are a legacy of our past, we are also keenly aware that the Fourth Industrial Revolution is upon us.

The digital economy, innovation, artificial intelligence, robotics and machine learning are already bringing structural changes within industries and labour markets – and all at dazzling speed. These seismic-technological changes stand to disrupt our labour market, and change methods and types of jobs required by the economy. We know that this Summit doesn't address this in any systematic and meaningful way.

With the advent of electric cars, what's the future of petrol attendants? Like the luddites of 19th Century Europe, the cab drivers of today who see enemies in the Uber drivers, are in fact assailing their future allies in the coming struggle against driverless cars.

What will happen to farmworkers when smart farming methods are introduced more widely? White collar jobs won't be exempt, as we've seen with online banking. We no longer have CD shops in every main street, or DVD stores in every suburb. There are fewer book shops. The list is endless.

It's our mistake that we often reflect on these challenges of the digital era, without the digital generation leading the charge. We must rediscover the value of the young in the redefinition of our future. The grey hair – or lack of any hair at all – at this gathering is not, I say this with all due respect, equipped to alone define a radical path for the digital era.

If we fail to prepare in anticipation of these disruptions, our current unemployment problems will soon seem like prosperity in comparison with the employment calamity we'll face. We must have bifocal vision -- fixing the challenges of today, and preparing for the future.

Part of the preparation entails reforming of our education system to deliver suitably skilled workers in the numbers required. We are currently battling technology illiteracy, a shortcoming which makes many of our people unemployable in the rapidly growing gig-economy.

To build a pipeline of future skills, Mr President, our educators should design future-ready curricula that encourage critical thinking, creativity and emotional intelligence. We must also accelerate the acquisition of science, technology, engineering and mathematics (the STEM skills), as well as the information and communication technology skills to match the way people will work and collaborate in the Fourth Industrial Revolution.

The Job Summit Accord

Eight months since SONA and three months of collaborative work at Nedlac, we as the social partners – Community, labour, government and business – have responded to the call of Thuma Mina. We have put our heads together and dedicated considerable time and resources in our collective quest for answers to the universal socio-economic questions that have stalked the Republic since independence: how to grow the economy to create sustainable employment while addressing endemic poverty and inequality.

During the 80s, as an ANC and SACTU activist in exile in the UK, I joined a huge People's March for Jobs in solidarity with the struggles of the local people who formed the backbone of the Anti-Apartheid Movement. It symbolised a nation united in the common cause of finding lasting answers to a challenge that was on a smaller scale to the one we now face. Harnessed correctly, this Summit and its defined processes, have the same potential.

Unlike previous Summits, the approach taken here has been bottom up. We are engaging the conversation from a micro perspective. Some of the proposals before us are from companies that don't operate in the sector for which the interventions are targeted. While these innovations are crucial, we must resist focusing only on the numbers on the table – we must also factor in, that these proposals catalyse growth and change, sparking a multiplier effect with results beyond what the data suggest.

The Jobs Summit is cognisant of the full set of economic challenges we are confronted with, but does not pretend to have all the answers – only some. We cannot underestimate the requirement for long-term economic restructuring. This will be the subject of a follow up process.

Positives from the Jobs Summit process

We are building on the accords reached among social partners both in and outside Nedlac. We recognise for instance, Mr President, the centrality of finding solutions to the education crisis as a long-term solution to the scourge of unemployment. The National Education Collaboration Trust, which was initiated by business in collaboration with labour and government, went beyond merely diagnosing the problems of education, but proceeded to develop a programme to resolve these in a collaborative way. It's pilot programmes must contain clear results and signals of how we progress our interventions more broadly.

For a low skills base country, it is an unforgivable extravagance – and an intolerable waste – to have jobless graduates. That is irrespective of the discipline of their training. It is noticeable that some of the agreements seek to address this challenge targeting TVET graduates for learner ships and apprenticeships, as they should those from universities of technology, among others.

The three major ratings agencies who previously characterised South Africa's labour environment as unstable and volatile, and a credit risk to our country, have commended the National Minimum Wage and Labour Relations Amendments as an important step in our long-term development. That process saw the Nedlac constituents coming together in a collective effort to find middle ground, for the greater good.

It's a good example for us to emulate here. The Jobs Summit process is only the start of the continuing conversation we must have about the type of economy we are building, taking into account the pressures and opportunities of the Fourth Industrial Revolution, and our location on the continent.

I believe Business has rightly consolidated its place as a valued, long-term partner and generator of tax and employment. It is in that context that we welcome the action orientation of the Jobs Summit framework agreement, and the way social partners have agreed to once again cooperate for the common good. We are excited about the potential evident in the proposed projects, such as those identified for the agricultural sector, nursing, youth employment and in early childhood development.

We need to sustain and deepen these interventions, as we move to the Medium-Term Budget Policy Statement, the Investment Conference and beyond. As we conduct these processes and introspect on what course will carry us through as a collective, the world will be watching.

We can choose whether it sees a South Africa that is full of unrealized potential because of self-inflicted domestic factors. Or one that overcomes these real, and daunting challenges to realise the promise enshrined in our Constitution and the Bill of Rights, of an economy that can support our ambition of dignity, equality and true freedom for all.

We are fortunate that our institutional framework remains intact. We have a vibrant judiciary and the exemplary custodians of our fiscal and monetary policy in the National Treasury and the Reserve Bank respectively. We have a loud and free press and a vibrant, multifaceted civil society.

In our toolkit we now have an economic stimulus package, and will soon add the outcomes of this Jobs Summit, to help us to conduct our ongoing dialogue about which economic path to take. What is comforting and encouraging is the return of due process not only in the policy space, but also in the nature of engagements among economic role-players and the social partners at Nedlac. We are not devoting all of our time and resources to protecting our institutions, but are instead able to focus on tangible solutions to undo the damage caused by years of maladministration.

South Africa withstood the global economic meltdown because of its robust countercyclical policy instruments, which it deployed to good measure. Those instruments shielded South Africa from a financial battering.

Social partners were able to come together at Nedlac because there is no longer the mistrust that pervaded institutional frameworks. The current political environment is conducive to dialogue. Our discourse is no longer dominated nor coloured by scandal. Substance has returned to public rhetoric as the political noise has died down. The paradigm has shifted from public scandals to social partners collaborating on the Jobs Summit.

We have come a long way and the Jobs Summit is not the complete answer but is rather one of the answers to the call of Thuma Mina. This process is the short-term curtain-raiser, if you will; the stage-setter for what we expect to be long-term and ongoing engagements about how best to grow the economic pie and ensure we address inequalities.

We have made thoughtful and well-considered inputs to enrich the process in collaboration with the other three social partners.

As Business, we assure you of our commitment to the outcomes of the Jobs Summit.

Thank you.

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