

BUSA RESPONSE TO NEDLAC PERFORMANCE REPORT

Delivered by Cas Coovadia, CEO of BUSA at Nedlac Summit on 8th September 2023, Gallagher Estate, Johannesburg.

Deputy-President Paul Mashatile

Minister Thulas Nxesi

Other Ministers present

Nedlac Executive Director

The Leadership of Nedlac Constituencies

Distinguished Guests

Ladies and gentlemen

We commend the continued performance of Nedlac under the leadership of the ED, Ms. Lisa Seftel, and her team! It is evidence of what can be achieved if an institution has committed leadership, as well as skilled and motivated staff.

The report highlights the crises we face in SA across a very broad front. This includes a negative trend in critical economic and social indicators, ranging from decreasing GDP to increasing inflation, increasing unemployment (especially among the youth), and increasing public debt and debt servicing costs. All of this is exacerbated by ongoing load-shedding, deteriorating security conditions (law and order), the impact of climate change, and ongoing constraints to growth. This toxic mix has led to SA no longer being an attractive investment destination.

The geopolitical dynamics globally are also very volatile, and critical developments like the Russia-Ukraine war, our positioning on foreign policy, and some of the rhetoric around an otherwise valid move towards building a “south” bloc are all impacting negatively on our country.

We note some critical progress in NEDLAC’s performance, particularly the following:

- The decision by the PCC to join Nedlac (albeit on a temporary basis).
- The work of the Governance Task Team to review Nedlac’s founding documents to make the institution future-fit and ensure proper representation, mandates, and positioning.

- The stakeholder satisfaction survey shows that 73% of stakeholders are happy with the performance.
- The achievement of an unqualified audit opinion for the third year in a row with reduced findings. This is important in an environment of growing fiscal constraints.

Notwithstanding the good performance in the last period, we must ask the following questions: What does the future hold for NEDLAC, and what are the critical considerations that will shape it?

South Africa has not seen decent levels of GDP growth since 2007, the year just before the Global Financial Crisis (GFC), where 5.4% growth was achieved. Since then, we have had several crises:

- The load-shedding crisis that continues today and is expected (according to Reserve Bank projections) to deduct as much as 2% from GDP growth in 2023.
- The state capture crisis which took place over a period of more than a decade and all the damage it caused.
- The Marikana disaster which claimed 44 lives and marked the lowest point in our industrial relations in the country.
- The logistics and transport crisis that is destroying growth and jobs.
- The debilitatingly high levels of crime and corruption.
- Infrastructure failures across the board, leading to the outbreak of cholera in Hammanskraal earlier this year, and
- More recently the death of 77 people in one building in Johannesburg.

All of this must challenge us to reflect deeply on our model of engagement as social partners. These things should not be happening in a normal society. How can we continue with the same mode of engagement when things are falling apart? Although Nedlac may not have all the answers, it is the perfect platform for all social partners to raise and address these tough questions.

Business considers the following matters to be critical:

- NEDLAC must ensure it is “fit-for-purpose” to be relevant in the current context and the challenges of the next decade.

- It must be a forum for social dialogue and focus on programs on which there is the greatest scope for collaboration across stakeholders, instead of being a conflictual platform. The ED, in her report, talks about “social compacting.” We agree with this, instead of trying to reach grand social compacts. Our success during COVID-19 was a sterling example of social compacting.
- On public policy matters, Nedlac must facilitate as much agreement as possible amongst stakeholders but must not try to reach consensus at all costs.
- Where appropriate, Nedlac must recognise and appreciate progress on matters through bilateral engagements and seek to add value to those.

In conclusion, let me refer again to the report presented by the ED. She talks about NEDLAC facing an existential risk. We agree with this. It is thus critical for NEDLAC to grapple with its role, positioning, mandate, and value-add. We have mentioned above some of the critical issues to be addressed if NEDLAC is to avoid an existential crisis.

Finally, the ED talks about the world being in a “poly-crisis” and this requires a “poly-response. SA also faces a “poly-crisis” of sorts and NEDLAC must respond accordingly. In an environment of dwindling budgets, we appreciate that Nedlac will need to actively prioritise to maximise its response and impact. As Business, we will continue to play our part to ensure Nedlac’s continued success.

ENDS.