

Business says SA needs to rethink economic growth strategy

By: Luyolo Mkentane

SA's ailing economy needs to grow and rethinking its growth strategy could enable the country to become a high-income economy, Business Unity SA (Busa) CEO Cas Coovadia says.

"Achieving this necessitates a rethink of the macroeconomic growth policy and strategy, along with a more concerted focus on strengthening the capacity of the state to implement economic growth policy," Coovadia said in his address to the annual National Economic Development and Labour Council (Nedlac) meeting in Johannesburg on Friday.

"We must continue with the focus on economic recovery and structural reforms to unlock potential growth, resolve immediate constraints to growth and review institutional mandates that hamper growth and employment."

In October 2020, President Cyril Ramaphosa announced his ambitious economic recovery and reconstruction plan, which was aimed at embarking on a mass employment programme, reindustrialising the economy and securing a reliable energy supply within two years, among other targets, in the short to medium term.

In July, however, trade union Solidarity said it had identified five priorities on which the government should focus for economic growth. These were construction and maintenance of infrastructure, a stable currency, a trained workforce, a predictable tax burden and the upholding of law and order.

While SA seems to have turned the corner on load-shedding, it is still grappling with high unemployment, low economic growth, crumbling infrastructure, widening inequality, systemic corruption and poverty.

Coovadia said there was a need to reconfigure government to enhance delivery and accelerate implementation of the single public service policy and integrated delivery across government.

"As we have reiterated in bilateral meetings with the ministers of the new administration, business requires harmonisation within departments, both within and outside the Nedlac social dialogue space.

"For business to operate optimally, the environment must be sustainable and important stakeholders must commit to move in tandem, with urgency, in areas we agree, and manage differences in a constructive way."

Coovadia said there was a need to create enabling conditions for businesses to grow and do away with onerous red tape and "over bureaucratic processes with restrictive conditions which deter hiring and ease of doing business".

“Discussions on this have been held at Nedlac for years. We now look forward to government implementing the outcomes of the discussions.”

He noted that the world of work had changed and the global conversation dictated that “we recognise diverse forms of employment or provision of work, and consider flexibility in social protection models. An essential element of this is to ensure the skills architecture is interrogated to ensure that it is responsive to current labour market needs.”

Nedlac executive director Lisa Seftel said that in the 2022/23 financial year the council achieved a clean audit, met 92% of its key performance targets and “significantly more bills considered at Nedlac [were] passed by parliament”.

She said social partnership priority areas included partnering for inclusive growth, public employment schemes, addressing hunger and poverty, supporting labour market transitions and creating a responsive and capacitated government.

“SA continues to face poly crises with fiscal constraints and the impact of climate change, both physically and economically, being the most prominent,” Seftel said.

The government of national unity provided for a narrow path of change, balancing reform for inclusive growth with cushioning workers, businesses and communities, she said.

“Lessons from 30 years of democracy show us that where social partners share similar concerns on critical areas there is a solid basis for partnership.”

Employment & labour minister Nomakhosazana Meth described Nedlac as the cornerstone of SA’s social dialogue, bringing together government, business, labour and community sectors together to “shape the policies that drive our economic and social progress”.

“Nedlac stands as a beacon of collaboration, embodying the spirit of social dialogue and consensus. As we journey through the 21st century, Nedlac’s role becomes increasingly vital in fostering sustainable economic growth, ensuring equitable labour practices, and promoting social justice,” Meth said.

“We must strengthen state capacity, especially at local government level, to ensure effective implementation of policies and delivery of services. State capacity is not only a government project, workers in the public service can play a crucial role in ensuring a more responsive government.”

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