

## **Address by President of BUSA to AGM on 30<sup>th</sup> August 2021**

Honorable Enoch Godongwana congratulations on your appointment as the Minister of Finance and thank you for agreeing to be our guest speaker today. I also welcome the Treasury DG Dondo Mogajane. BUSA Vice President Martin Kingston and Board Members, CEO Cas Coovadia, member organisations, distinguished guests, ladies, and gentlemen.

Three years ago, you entrusted me with the stewardship of leading the business community, electing me BUSA President at a very critical time in a free SA. I succeeded the larger-than-life Jabu Mabuza who recommended me to the role. It fills me with deep pain and remorse that he is no more.

Let us observe a minute of silence in his memory and that of other colleagues who in the last 18 months passed on due to the Covid-19 pandemic.

My tenure at BUSA coincided with a time when our country was experiencing deepening economic and governance challenges. Some of the events that marked my tenure included:

- The world economy was characterised by low growth, geopolitical tensions, trade wars -- particularly between the US and China --Brexit, and continued marginalisation of Africa
- President Cyril Ramaphosa took over as SA President following Jacob Zuma's resignation in February 2018. There was an air of anticipation (Ramaphosa) for a different and better course for the country
- The Zondo Commission which was appointed in January of that year started its work on my birthday 21<sup>st</sup> August 2018. Its detailed exposure of the devastating and crippling impact of state capture on both the capacity of the state and the economy has been laid bare.
- The country was in a technical recession, the fiscal position of the state continued to weaken as the debt continued to balloon, unemployment continued its upward trend, state owned entities were reeling under the debilitating legacy of state capture with looting and mismanagement continuing unabated.
- The security of a reliable and affordable electricity supply became the single most important issue considering the repeated load shedding and its devastating effects on the economy.
- Public policy uncertainty, particularly regarding the direction of the economy has continued.
- When the start of Covid-19 pandemic SA in March 2020 and President Ramaphosa announced a 21-day lockdown measures. An already desperate economy was destined for even more severe shocks and disruption. Its devastation has been well documented
- With President Ramaphosa having narrowly won his election to the ANC Presidency in 2017, the Party's 57,5% victory at the National and Provincial polls in May 2019, the nation gave him a clear mandate, albeit with a reduced majority to affect the urgent and promised reforms.

- Widespread unrest started in KZN and Gauteng on 9<sup>th</sup> July 2021, following former President Zuma's sentencing by the Constitutional Court and the start of his jail term. The nation was awoken to the vulnerability of our democratic order because of many years of erosion of the capacity of our security agencies and the desperately high levels of poverty. This has left investors shocked and concerned.

These developments, colleagues, clearly demonstrate the impact that the political environment has on the economy and business. Our tenure was premised on promoting urgent structural economic reforms that would sustainably address the doggedly stubborn challenges of subdued economic growth, persistently rising unemployment, avert the sovereign rating downgrade, fix Eskom, and ensure security and reliability of energy supply, restructuring of SOEs, attract Investments and drive the agenda for the 4IR. We also emphasised the urgency for social compacts that undergird societal consensus as we make painful choices.

We also appreciated the need to consider short term mitigative measures to cushion the most vulnerable from the vagaries of the looming crises. These conditions were exacerbated by the outbreak of COVID-19. The scorecard is mixed, the economy has deteriorated highlighting the need for greater urgency and resolve: Let me therefore say this about where we find ourselves today:

- We welcome the President's often repeated emphasis on the urgency for economic structural reforms. We are encouraged by some of the steps including the formal adoption of Vulindlela as the programme of government and it being driven from the Presidency. This nonetheless still falls short: we need a clear fiscal consolidation plan, a proper roll out plan for Vulindlela with agreed time frames for delivery
- The SOEs remain a drain on the fiscus and, despite the establishment of an SOE Council, the restructuring agenda of these remains unclear. Consequently, we see the disorderly collapse of these one after another with great destruction of public value and avoidable job losses and sometimes, as in the case of Denel, loss of Intellectual Property (IP)
- It is now common cause that we were unsuccessful in averting the sovereign rating downgrade and there is now broad consensus among the various rating agencies about our economy. It is left to the new BUSA leadership to persuade our government of the need for deliberate steps to be followed to get back to where we once were. This is going to take several years.
- We are encouraged that we were able to agree on an Integrated Resource Plan (IRP). We welcome the progress that has been made on the various aspect of this but believe that the pace is not commensurate with the urgency of resolving the energy security crisis. Government has taken visible steps that have improved the situation at Eskom from where we were three years ago. Undoubtedly, the damage of the state capture years and its legacy continue to bedevil that strategic SOE. It's reform -- which has been about twenty years in the making -- is even more urgent. The recent gazetting by the Minister of Mineral Resources of regulations regarding private generation of electricity and the measures to procure additional supply of electricity in the immediate term highlights some of the successes registered. We must nurture and build on this encouraging progress.

- We are working with NBI and others to develop a Just Transition roadmap to move from fossil-fuel based energy to cleaner energy and we continue to lead engagements on various matters in the energy environment. A critical aspect of this was the signing of an Eskom Framework Agreement at Nedlac.
- During my term, we also held the Business Economic Indaba (BEI) for two successive years, with the theme of “Sustained Economic Growth and private/public collaboration.” We successfully placed on the agenda issues related to this theme. These were graced by the presence of the President who delivered the keynote address, and several cabinet Ministers. Through these the President challenged us to focus on proposals rather than criticism and lamentations.
- He could never have bargained for how ready we were for that. We developed a comprehensive, evidence based Economic Recovery Strategy, which we presented to the President on 2<sup>nd</sup> July 2020. It is a set of proposals on where and how to secure resources for its delivery in a fiscally constrained environment. Our social partners including government are aware, not only of the confidence we have in our economy, but also what needs to be done to sustainably lift it out of its current morass.
- The enthusiastic pledges by business at the two Presidential Investment Conferences underscores how well positioned we are as an investment destination considering our great potential as a country. We must reflect very deeply on why many of these have not come to see the light of day. Similarly, we gave great support to the conclusion of the Africa Continental Free Trade Area (ACFTA) which we consider an important catalyst in opening up our regional markets. Progress in this regard remains critical to our growth trajectory.
- The deteriorating unemployment levels remain one of the biggest challenges we face as a country. We are pleased that a Presidential Employment Council was established following the Jobs Summit of 2019 which met monthly under the auspices of NEDLAC until the outbreak of COVID-19. We were under no illusion that the summit’s agreements only constituted mitigative measures which were no substitute for addressing public policies that limited the economy’s capacity to create sustainable jobs. It is urgent that this effort receives renewed focus.
- Together with the Black Business Council, we convened Business for SA (B4SA), in order to coordinate business support to government response to a pandemic that challenges beyond the experience of any of our generation; and to assist with the roll out the vaccines. I commend business for rolling up their sleeves, often availing resources to ensure that our national effort succeeds. We are not out of the woods yet and these efforts must be sustained. I must thank Martin Kingston, Stavros Nicolau and Cas Coovadia for their incredible leadership of these interventions together with many other colleagues.
- We activated ourselves with speed in the immediate aftermath of the insurrectionary unrest of a month or so ago. We engaged immediately with President and the various Cluster Ministers, started interacting daily with the National Joint Operations Centre, developed a comprehensive document on the impact and worked with PWC, BLSA, NBI and Business Against Crime to track

social media traffic during that period, which we passed onto SAPS daily. The threat to the country's stability remains and we must work closely with government to find lasting solutions

- NEDLAC is in a much better place, but with a lot more to be done to improve its role still. This is in no small measure due to the unprecedented attention that the President has afforded this forum including the important gesture of personally attending and leading many of its efforts. Similarly, our social partners have shown how much they value the institution. The appointment of Lisa Seftel as an Executive Director provided capacity that was desperately lacking. We are indebted to the dedicated work of its staff. There is a great deal of consolidation of these gains that is required if we are to strengthen this strategic platform of social compacting
- As everyone will attest, social partnership works best when all critical stakeholders are in the tent. When we assumed office, the BBC was excluded as part of business delegation to NEDLAC because of irreconcilable differences between the business organisations. We are pleased to have resolved many of those differences enough to have had BBC forming part of the business delegation in almost every engagement with our social partners. We trust that other NEDLAC constituencies will invest in similar efforts.
- My dream of a BBC, which is the founder of BUSA, returning to the fold without losing its separate identity, may very well come true in not-too-distant future. After all, a united business voice is the central mission of our organisation.
- We are grateful for how well we've worked with President Ramaphosa and his government. This is even though we were often unhappy with a lack of urgency to take hard decisions, implement them, attract investment, and grow an inclusive economy.
- We welcome the recent cabinet reshuffle which we hope stands to strengthen the economic cluster and policy cohesion across government. However, we are concerned about the potentially disruptive impact resulting from the frequent changes to the Ministries of Communication and that of Small Business. We consider these critical to the acceleration of economic recovery. We remain concerned that some Ministers that have clearly not performed well have been retained, albeit in different portfolios in the cabinet reshuffle.
- Our efforts at positioning the country on the international stage through BUSA have met with limited success because of a lack of a cohesive strategy and capacity in government. Such strides as we have made suggest that this an area requires a lot more focus and attention. We have worked well together with government in positioning ourselves at the World Economic Forum (WEF) where I was elected the co-Chair of the Africa Regional Stewardship Board.
- Cas Coovadia has been appointed to the Board of the International Employers Organisation (IEO) and Kaizer Moyane a member Governors Council of the ILO. We wish Mthunzi Mdwaba success in his candidature as Director General of the ILO which would be an historic development as the first African to take up such a role in that over a century old agency of the United Nations. We have a co-operation agreement with our counterpart in China. We must assess what these appointments mean for our organisation and how best we leverage off them.

I could think of no better suited leader to pass on the baton than Professor Bonang Mohale. He is the doyen of the business movement and comes with unimpeachable credentials. Similarly, Martin Kingston will be succeeded by Adrian Gore, the founder, and CEO of Discovery. We are hugely indebted to Martin, who has served two full terms in his role, during which he has given so generously of his time and commitment.

Being the only ones nominated for these roles, Bonang and Adrian stand to be elected uncontested and we would like to thank them both for agreeing to serve. We similarly thank our members for the confidence and trust they've shown in them.

Although we leave them with several ongoing challenges and critical issues to address, as already alluded to above, we also believe that we entrust them with an organisation better positioned to continue to play an even more meaningful part at this juncture in our country where business must step up to the plate even more so than at any time hitherto.

As we do so, I am happy to assure you that with the appointment of Cas Coovadia as the CEO, we have been able to enhance BUSA's capacity to sustainably advance its agenda. BUSA is in the best financial position it has been since inception, but this must be sustained. BUSA needs to be better capacitated from a human resource point of view and the new leadership, along with the CEO, should address this with urgency.

In conclusion, let me reiterate that BUSA is, and will for the foreseeable future, continue to work in a complex and difficult socioeconomic and political environment. It is such an environment that makes us even more relevant and critical. It is thus incumbent upon the incoming President and Vice President to support the CEO in taking the organisation to new heights.

Let me end by expressing my gratitude to the members of BUSA, who honoured me with the privilege of leading this critical organisation. I thank the current board of directors, as well as previous directors for their unstinting support. Thanks once again to Martin Kingston who, as the Vice President, supported me beyond the call of his position.

Finally, I thank Cas Coovadia for his role in positioning BUSA since he took over as CEO in April 2020. I must also thank every one of the BUSA staff for the sterling work they have been doing with extremely limited resources. You are STARS!

Thank you!

ENDS

**Sipho Mila Pityana**  
**Business Unity SA Outgoing President**

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For more information, please contact:

Sizwe Maswanganye Tel: 011 784 8000 Email: [sizwe.maswanganye@busa.org.za](mailto:sizwe.maswanganye@busa.org.za)