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SA'S UNEMPLOYMENT RATE TO 23.3% WITH 2,2 MILLION JOB LOSSES

The South African economy shed 2,2 million jobs in the second quarter of 2020, according to the latest Quarterly Labour Force Survey Quarter 2: 2020 results, released by Statistics South Africa on 29 September 2020.

The results indicate that the number of employed persons decreased by 2,2 million to 14,1 million in the 2nd quarter of 2020 compared to the 1st quarter of 2020. This unprecedented change is the largest quarter 1 to quarter 2 decline since the survey began in 2008. Contrary to what one would expect in the face of such a large decline in employment, the number of unemployed persons declined substantially as well – by 2,8 million – to 4,3 million compared to Q1: 2020.

Despite this massive decline in employment, the number of discouraged work-seekers, like the number of unemployed, decreased by 447 000. The majority of those who moved out of these three categories moved into the category of not economically active for reasons other than discouragement, which increased by 5,6 million between the two quarters.

Business unity south africa (BUSA) said the latest unemployment numbers should be a wakeup call for government, labour, and business to work harder and more closely to find a solution to the crisis.

Stats SA recently reported that in terms of its expanded definition, which includes people who have stopped looking for work – unemployment increased by 2.3 percentage points to 42 percent in the second quarter compared to the first quarter of 2020. However, the official unemployment rate fell to 23.3 percent in the second quarter of 2020 from 30.1 percent in the previous period. The decline has been attributed to the strict lockdown that distorted labour force numbers.

BUSA CEO Cas Coovadia said, “we need to continue as a country to try reduce the unemployment rate, but we can only do that if we have economic growth and BUSA has for the last couple of years been engaging government and other social partners to indicate that the levers for the creation of an environment for investment both globally and locally lies with the state.”

📍BUSAsite: <https://org.busaza/>; Twitter, @BusinessUnitySA; and Facebook, @BusinessUnitySouthAfrica

THE 2020 ANNUAL MEETING OF BUSINESS UNITY SOUTH AFRICA.

Business Unity South Africa held an annual meeting on 18th September 2020. BUSA President Siphon Pityana said we meet at a crucial moment for our nation. Just this week, we passed two important milestones on the road to salvaging the battered economy: the COVID-19 lockdown has been scaled down to level 1, bringing with it the resumption of most of what we regard as “normal” business activity.

And a few hours before that announcement was made, a conclusive agreement was reached between government, labour community representatives and organised business on a new Economic Recovery Action Plan which will enable us to pick up the pieces, make best use of the space that exists under level 1, and really get down to business.

When BUSA established Business for South Africa (B4SA), we sought to appeal to the patriotic instincts of each one of our members and beyond. We invited you to put the country ahead of the narrow pursuit of profit and sustainability of our individual enterprises. You did not disappoint: an historic unity of purpose saw us lead the charge with the establishment of the Solidarity Fund, donations in cash and kind, including supplying essentials like water tanks, making available facilities to expand healthcare provision.

We commend, particularly those who deferred dividends, cut executive salaries, skipped bonus payments, kept directors’ fees unadjusted and introduced a range of creative ways including job sharing and short time in order to avoid putting employees and contract workers out of jobs through retrenchments.

I appeal for more of this empathetic approach as the uncertainty of more job losses is what many a household fears the most today. Our journey in solidarity with society is not yet over. The foundations of a meaningful social partnership are solidly laid in the difficult and testing times of the kind we are going through. As business, we dare not fail the nation, even as we must contend with the challenging economic environment.

You brought to bear your expertise, skill, and other resources to put forward a set of solid and well considered proposal for economic recovery. Our proposals are not about short-term fixes and profiteering, but an agenda for sustainable inclusive economic recovery strategy that addresses unemployment, poverty, and inequality. Through it, we have introduced a business voice that is not about winner takes all, but the one that says it is possible to win together.

I would like to thank all those who responded well to our B4SA efforts and encourage you to continue to embrace the agenda we progressed through it in your own business formation and corporates. Our journey is not yet over. We salute all the social partners in Nedlac for this tremendous achievement.

I would like to acknowledge the sterling work that has been done by you, our members, as well as our other partners in business in not only providing a framework for our economic recovery, but in doing so through a process of inclusive consultation.

Building on the imperative for social compacts, our delegates — and many others — have helped to shape the guts of what now forms the Economic Recovery Action Plan that was adopted this week. Of course, it has taken much more than our own work to ensure the development of joint solutions.

Here, we must all pay tribute to the President of the Republic, Cyril Ramaphosa, for his leadership. Yes, there have been times when we felt leadership was lacking. But we cannot deny that, as the pressure of the COVID-19 pandemic began to recede in recent weeks, the President has stepped up — as he did at the beginning of the pandemic — and the necessary action has, by and large, been taken.

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Econpol & Subcommittees

BUSASTANDING COMMITTEE ON ECONOMIC POLICY virtual meeting scheduled to take place on **1 September 2020** took place chaired by Martin Kingston he opened the meeting and welcomed those present at the end of the meeting he indicated that the next sub-committee is scheduled to take place **03 December 2020**.

1. BUSINESS FOR SOUTH AFRICA (B4SA) UPDATE

1.1. The Chair reported that following the Econpol meeting on 18 June 2020, B4SA had done a lot of work on re-opening the economy as rapidly as was safely possible despite the prevalence of the global pandemic (Covid-19).

1.2. The Chair indicated that the impact of B4SA had benefited both the economy and business in terms of clear decision making with regards to policy implementation (including the implementation of the Economic Recovery strategy) and review and had been vocal on crime and PPE corruption.

1.3. The Chair further reported that B4SA had completed and presented the Economic Recovery Strategy to BUSA members, Nedlac and the Presidency.

1.4. The Chair requested that sectors / BUSA members that would like to be engaged on the B4SA Economic Recovery Strategy contact BUSA for meeting arrangements.

1.5. The Chair thanked everyone participating in B4SA and indicated that the work of B4SA and its various committees was expected to cease to exist by the end of the year.

2. NEDLAC JOBS SUMMIT OUTCOMES AND PROCESSES

2.1. Olivier Serrão reported that the Nedlac Jobs Summit Technical Committee had embarked on a process of reviewing the entire Jobs Summit commitments considering the impact of Covid-19 and agreed to use the Economic Recovery Strategy recommendations at the Jobs Summit Technical Committee as the 2018 Jobs Summit Outcomes were nearly impossible to achieve due to the prevalence of Covid-19.

2.2. Martin Kingston added that a key consideration of all social partners in the Jobs Summit process was the avoidance of any form of duplication.

3. TRADE & INDUSTRY CHAMBER

3.1. The report of the Nedlac Trade and Industry Chamber (TIC) (Annexures 2A-2B), presented by John Purchase, was noted.

3.2. John Purchase indicated that the next Trade and Industry Chamber was currently working on the 2020 Nedlac Trade and Industry Chamber Strategic Session with the Minister of Trade, Industry and Competition (DTIC).

3.3. John Purchase further indicated that the Climate Change Bill was expected to be re-tabled at Nedlac for engagement by the end of August 2020.

BUSA Standing Committee on Economic Policy continues

3.4. Olivier Serrão reported BUSA had partnered with Proudly SA, SABMiller, BLSA and NBI to work on the benefits of Localisation and indicated that the initiative was still in its early stages and that reports would be shared once available.

Action

BUSA members were requested to submit topics to be discussed at the 2020 TIC Strategic Session with the Minister of Trade, Industry and Competition focusing mainly on trade related issues, and energy supply and security.

Action

BUSA to request Nedlac to follow-up with the Department of Environment, Forestry and Fisheries (DEFF) on the process of re-tabling the Climate Change Bill.

4. PUBLIC FINANCE & MONETARY POLICY CHAMBER

11.1. The report of the Nedlac Public Finance and Monetary Policy Chamber (Annexures 3), presented by Paul Bondi, was noted.

11.2. Paul Bondi indicated that the Chamber had a constructive engagement with the National Treasury's Budget Office on 26 August 2020 in preparation for the Medium-Term Budget Policy Statement (MTBPS).

11.3. Paul Bondi further reported that the presentation focused mainly on fiscal consolidation, tax increases and indicated that BUSA also presented its views.

5. NEDLAC COVID-19 RAPID RESPONSE TEAM AND SUB-COMMITTEES

5.1 The report of the Nedlac Covid-19 Rapid Response Team and Sub-Committees (Annexure 4), presented by the Olivier Serrão, was noted.

5.2. Olivier Serrão reported that the Nedlac Covid-19 Rapid Response Team meet weekly and thanked everyone involved for their contribution.

5.3. Olivier Serrão further reported that the Liquor Industry at BUSA's initiative had established a Nedlac task team to deal with the unbanning of the sale of alcohol and propose ways to reduce liquor related incidents.

5.4. Olivier Serrão indicated that the work of the Labour Market Working Group was ongoing.

5.5. Stephen Smith reported that the discussions on the retrenchment savings and Unemployment Insurance Fund (UIF) were underway, and that several stakeholders were calling for the permanent introduction of a Basic Income Grant, notwithstanding significant challenges with respect to funding. A meeting would be convened with Robert Legh, head of B4SA's Labour Market working group and, thereafter, with Cas Coovadia and Martin Kingston with a view towards possible escalation to the Presidential Working Committee (PWC).

BUSA Standing Committee on Economic Policy continues

5.6. Olivier Serrão further indicated that the discussions under the Retail Sector Task Team to find ways to reduce long queues and congestions in stores while maintaining social distancing and observing lockdown restrictions were ongoing.

5.7. Olivier Serrão stated that there had been an ongoing process and discussions on the local production and procurement of PPE and the corruption thereof had been publicly condemned.

5.8. Olivier Serrão further stated that the Public Transport Task Team had been working tirelessly on possible ways to minimise the number of people on public transport infected with Covid-19 during the peak hours or times of travel.

6. SUB-COMMITTEE ON ENERGY

6.1. The report of the BUSA Energy Sub-Committee (Annexure 6), presented by Jarredine Morris, was noted.

6.2. Jarredine Morris reported that the current issues of load shedding, energy supply and security were currently on top of the BUSA Subcommittee on Energy's agenda.

6.3. Jarredine Morris stated that the Subcommittee on Energy had established a task team to deal with the private sector power generation.

6.4. Jarredine Morris indicated that the Subcommittee on Energy further established a task team on electricity pricing whereby its report or recommendations are expected to be sent to B4SA.

7. SUB-COMMITTEE ON TAX

7.1. The report of the BUSA Tax Sub-Committee (Annexures 7A – 7B), presented by Paul Bondi, was noted.

7.2. Olivier Serrão reported that BUSA had sent a letter to the Minister of Finance together with SARS Commissioner on several proposals to be considered in the development of the 2020 Medium Term Budget Policy Statement (MTBPS).

7.3. Olivier Serrão indicated that BUSA had sent its inputs on the Draft Taxation Laws Amendment Bill that was published for public comment.

7.4. Olivier Serrão stated that the BUSA / SARS MoU had expired, and SARS had indicated that it would like to sign an open-ended MoU which would not be time bound.

7.5. Olivier Serrão further stated that BUSA had an engagement with SARS on Corporative Compliance and further engaged on the impact of Covid-19 on both businesses, the broader economy and SARS revenue collection.

8. SUB-COMMITTEE ON TRADE, TRANSPORT & LOGISTICS

8.1. Olivier Serrão reported that on a weekly basis there is a Cargo Report focusing on Port, Air, Road and Rail that is being shared with members.

■ The End!

■ CONTACTS

For queries, contact Nomaza Spelman on
Nomaza.Spelman@busa.org.za / 011 784 8000