



REPORT TO MEMBERS

The South African Chamber of Commerce and Industry (SACCI) attended the Business Unity South Africa (BUSA) Committee on Economic Policy (EconPol) on 6 February 2013.

The following main topics were discussed during the meeting:

1. Accords

Throughout 2012 a number of accords have been reached between BUSA and other social partners. These include a youth employment accord and income inequality accord amongst others. The membership of BUSA has largely viewed these accords unfavourably since the individual members felt that no proper consultation on the substance of the accords, particularly the commitments made by business, was done. A further issue is that there seems to be a miscommunication between BUSA and government with regards to the status of the youth employment accord, as the BUSA office denies signing it while government and the labour unions assumes that the accord has been entered into. As an aside, a particularly problematic aspect of the youth employment accord is so-called “set asides” for labour market entrants in the private sector workforce (i.e. quotas for youth employees).

BUSA confirmed that the relevant representative at NEDLAC will communicate to the social partners that business has not agreed to the youth employment accord.

The members raised the point that there is a disconnect between the activities and decisions made at committee-level and the actions of the senior management of BUSA. The chair also noted that there is no guarantee that the work done by EconPol is taken by BUSA senior management in their engagement with social partners.

As a way forward, the membership agreed that business needs to offer a substantive position on the youth accord and the research should be coordinated with the Social Policy Committee in BUSA. An example of the type of engagement with social partners on the substance of the youth employment accord that EconPol envisages is as follows: the set asides may remain, but contingent on incentives to businesses to employ labour market entrants. The exact nature and extent of those incentives would have to be identified by the research.

2. Infrastructure

The members voiced the opinion that the work on formulating policy on infrastructure development, especially in light of the national policy priority placed on the issue, is not proceeding at all. In this regard SACCI raised the point that BUSA did host an Infrastructure Task Team in 2012 that set out to accomplish just that, but that the activities of the task team summarily stopped when the BUSA official responsible for administering the work of the task team resigned. SACCI also noted that the task team had done some work in preparing a document on cross-cutting issues that would affect infrastructure development that could serve as a basis for further work, even though the document was incomplete.

BUSA noted that due to the high priority placed on infrastructure development and the political capital invested in the project, the need for urgency from business to influence the process is great. BUSA proposed that a workshop with the relevant senior government officials be held in order to discuss these cross-cutting issues, and that a meeting of business representatives a week before this workshop will serve to align the views of business.

SACCI suggested that such an approach is workable but that the initial internal meeting between business representatives would require a document listing the cross-cutting issues to ensure that the relevant issues are identified and to provide structure and efficiency to this meeting.

3. Economic outlook

Prof Raymond Parsons provided an update on South African economic environment. The outlook mostly focussed on the events of the latter part of 2012, especially the labour unrest and the widespread industrial action. Prof Parsons laid significant emphasis on the forthcoming national elections in 2014 and how the South African business community must ready themselves for populist remarks that may be detrimental to investor confidence.

SACCI regularly provides economic outlooks to its members. In the latest monthly report SACCI outlined the risk of a weakening exchange rate and rising global oil prices, together with the high wage increase concluded last year. These factors will place significant pressure on the inflation rate and will subsequently have an immediate effect on economic policy. While it is important to consider the political dimension to economic policy, the real world conditions and especially the hardships faced by many households due to the steadily increasing inflation rate is more important in assessing policy outcomes than speculating on political actions as these conditions will feed into the political debate, and not vice versa.

4. Business Bilateral meeting with the President

BUSA senior management and a selection of business representatives attended a much publicised bilateral meeting with President Jacob Zuma and some cabinet members on Sunday 3 February 2013.

The BUSA office reported that the President organised the meeting as there was an apparent appreciation that business is being side-lined in the public debate. The President talked mostly to the substance of the National Development Plan (NDP) and its implementation. In this regard there was seriousness about the NDP not seen before, but the meeting mostly had more of a general nature to set the tone for future engagements. There was also an acknowledgement that business had to play a larger role in the infrastructure development plans. The attending cabinet members emphasised the importance of genuine cooperation and the role of business to defuse social tensions. There was also mention of possible exceptions for SMEs from the Basic Conditions of Employment Act (BCEA).

A representative from business who attended the meeting noted that the business delegation entered the meeting with low expectations, but was pleasantly surprised by the commitment of the President to further structured interactions with business. This suggests that there needs to be research into the issues in order to provide credible input for these meetings.

The next meeting will be held in 2 months' time and business has agreed internally to identify the five biggest constraints to economic growth in order to place these items on the next agenda. In this regard, a member suggested that the high cost of electricity and the need to refrain from statements harmful to investor confidence be included in this list.

A member of the EconPol noted that there was no general invitation sent out to participate in the bilateral and that the delegation seems to have been picked at random.

The next meeting will take place on 3 April 2013