

BUSISIWE MAVUSO – CEO OF BUSINESS LEADERSHIP SOUTH AFRICA

THE ROLE OF BUSINESS IN INTERGRATING THE POST COVID RECOVERY PROGRAM WITH THE SDG QUEST - 2ND ANNUAL JUSTICE SUMMIT

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Ladies and gentlemen good morning. Let me first and foremost start by thanking Prof Thuli Madonsela for the invitation for me to come and share my views at this Second Annual Social Justice Summit under the theme – ALL HANDS ON DECK TO LEAVE NO ONE BEHIND IN THE POST COVID 19 RECOVERY AGENDA

We are having this conversation during a critical time when we as the world are confronted with what we last saw in the late '30's during the Great Depression. We have been thrown one of the most wicked curveballs in the form of the COVID19 pandemic and what makes it more wicked in our case is that it found us at our weakest as a country. Most of you will remember that the economic outlook for 2020 was already bleak at the beginning of the year with a projected 0.3% growth. At the beginning of October we posted very bleak unemployment data where we recorded 2.2mil jobs lost in the 2nd quarter of the year, this after the shocking Q2 annualised 51% negative economic growth. So in approximately just 7 months, COVID19 has unraveled much of the progress made over the last 25 years and has exacerbated the weaknesses of the last 10 years.

So unfortunately what all of this means is that deprivation for the majority of South African citizens has just intensified. So if the plan is to have all hands on deck to leave no one behind in the post COVID recovery agenda, it means the interventions PAUSE we need to put in place ought to be those which will drive the inclusivity agenda that has been elusive for us as a country. Now from a business perspective what we need to answer is, what ought to be our role in integrating the post COVID recovery program with the SDG quest, which is the topic I have been asked to address this morning.

So if we are agree that the aim of the SDG's, in the main, is to end poverty, then we should certainly be concerned as business that we are sitting in a country with poverty levels of 55% and while our unemployment sits at 30% in terms of the narrow definition and 40% in terms of the expanded definition with more people unemployed than those that are employed in all the provinces except GP and WC, with youth unemployment at 57%, then as business we certainly have our work cut out for us in as far as the integration of the post COVID recovery program with the SDG quest is concerned.

Now here's my thinking, you see if our interventions aimed at post COVID recovery as business do not have as the ultimate goal, the changing of the structure of the SA economy, then we certainly need to go back to the drawing board! You see, countries that will quickly bounce back from the devastation of COVID19 are those with diamond structures, where you have 10% of the citizens who are opulent, 80% middle class and 10%

poor, because you see it is the middle class that carries economies not the rich. So our pyramid economic structure of 10% opulent, 40% middle class and the bottom 50% subjected to abject poverty is fundamentally flawed. Surely having only 1.7 million people paying 80% of the income tax does not help our case as a country, having overtaken Brazil as the most unequal society in the world undermines a POST COVID recovery program with the SDG quest, the current formula of having only 7 million people earning enough to pay PAYE, and 18 million people dependant on some form of social grant should certainly be unacceptable, WHY? Because such injustices are bad for business, they are bad for economics and they don't make moral sense. You see the biggest problem about such domestic inequality is that it undermines social stability and unfortunately when your neighbour is poor then your wall cannot be high enough.

COLLEAGUES I'm talking about the ROLE OF BUSINESS IN INTERGRATING THE POST COVID RECOVERY PROGRAM WITH THE SDG QUEST and I'm sponsoring the view that whatever our interventions are as business, they have to be geared towards changing our economic structure and I am saying if they are not, then we need to go back to the drawing board! Actually, if we work towards this and get it right, it will be self-serving for us as business because we would be investing in our future markets and in our sustainability because with a diamond shaped economy you have more people who have disposable income and can now afford to buy our goods and services and because they now have the ability to buy the demand increases, if the demand increases then we

need to produce more, if we need to produce more then we need to hire more people, if we hire more people then unemployment decreases but the other side of people being employed is that they earn salaries and because they earn salaries then pay PAYE and because there is more people paying taxes then tax revenues increase and because tax revenues increase then there's more available to the fiscus, I think you get the drift colleagues the point I'm making is ECONOMICS 101.

And just in case my business colleagues in the room are asking themselves that why this is our problem - the answer is simple - because ours is an incomplete transition, because the economic vulnerability of some segments of society increases the vulnerability for all of us, because only business can do something to change the income distribution in this country where we have the top 10% earning 58% of the income; the 40% middle class earning 35% of the income and the bottom 50% of the population earning less than 10% of the income and don't get me started about the wealth distribution! As South African business we have a special responsibility towards our socio-economic transformation agenda, and these things left unattended are a recipe for disaster, a recipe for anger and frustration. So the role we are being called upon to do is this notion we discussed at WEF in Jan 2020 of stakeholder capitalism vs. shareholder capitalism or rather conscious capitalism.

As I draw to a close, let me share with you this conversation that I had with a colleague some time last year when we were reflecting on where things are. He said you know I worry that we have way too many people who have nothing to lose. He said that's a dangerous space to be in as a

country. He said I remember when that was me many years ago in this country, he said we would go out against police and the SANDF with sticks and stones to face R1 rifles. We knew that 3 things would happen - you would get shot, you would die, be paralysed, but because we had nothing to lose we didn't care

So you don't want a country with so many people who have nothing to lose. When people have something to lose they think before they act, they become measured and they become moderated and that is what we should strive for.....and it is for this reason that I would like to submit that the Role of Business in integrating the Post COVID recovery program with the SDG quest ought to be through interventions which will drive the inclusivity agenda in order to change our economic structure as a country.