

Example of a SACCI convention Motion

ECONOMIC GROWTH AND JOB CREATION: RED TAPE – THE IMPEDIMENT?

Proposer: XYZ Chamber

Seconder: ABC

“Believing that all South Africans share the common objective of establishing peace, eliminating poverty and raising living standards, this Convention calls on the respective political, business and labour interests to seek ways that will assist in the creation of those conditions necessary to positively promote economic growth conditions and the creation of jobs, such as:

- An improved climate for encouraging investment, both domestic and foreign;
- An understanding that labour and business together must face the challenges of productivity and international competitiveness;
- A deep respect for the key role of education, training and continuous learning in developing skills required for competing in a global economy;
- Being sensitive to the needs and requirements of emerging entrepreneurs in the establishment and advancement of their own businesses.”

BACKGROUND

There can be no argument that real positive and sustainable economic growth must be South Africa’s number one priority.

The country’s growth record in the post war period has been well documented. According to Stats SA, GDP in South Africa averaged 3,09% from 1993 to 2014. From 2002 to 2008 GDP grew at an average of 4,5% year on year. However in recent years, successive governments have failed to address structural problems such as the widening gap between rich and poor, low skilled labour force, high unemployment rate, deteriorating infrastructure, high corruption and crime rates. As a result, since the recession in 2008, South African growth has been sluggish and below African average.

According to the World Competitiveness Report 2015, released at the World Economic Forum on Africa in June, labour market inefficiencies and a weak education system have pulled SA down in global competitiveness rankings.

South Africa has also lost its position as leader on the continent, making way last year for Mauritius, whose economy now leads the African pack in terms of competitiveness.

The report, compiled by the WEF in conjunction with the International Bank for Reconstruction and Development, the African Development Bank and the Organisation for Economic Co-operation and Development, highlighted the wide divergences in the competitiveness of different countries on the continent.

The compilers concluded that investment in institutions, infrastructure and education was vital if the trend of stagnating competitiveness were to be reversed and Africa's economic growth were to be sustainable in the long term.

But investors require a level of certainty and consistency and predictability regarding Government's fiscal, monetary and trade policies and a legislative framework to encourage investment – be it domestic or foreign.

Recently the African Development Bank vice-president and chief economist Mthuli Ncube urged South Africa to cut red tape. He said that South Africa needs to cut red tape South Africa's economic growth has been limited by strikes and a slow pick-up in global demand, although regulation has often been identified as a stumbling block to the development of small businesses.

"Allowing more entrepreneurs to come in, reducing regulation (and) cutting red tape ... will make it easy for companies to establish themselves and create those jobs and therefore grow the economy," Prof Ncube said.

It is globally recognised that small businesses are the real creators of employment. While this is espoused in South Africa, little has been done to accommodate their needs, despite the establishment of a small business ministry.

Big business is also encumbered with red tape – proposed legislation and current impediments coupled with an uncertain policy and legislative environment such as a difficult labour regime, threats to intellectual property rights, new visa requirements and onerous compliance requirements in many areas inhibit growth, development and investment.

It is up to us as the business, together with concerted actions of policy makers, labour and communities to ensure that sustained economic development takes place – specifically the identification and elimination of red tape that prevents the red carpet from being followed.