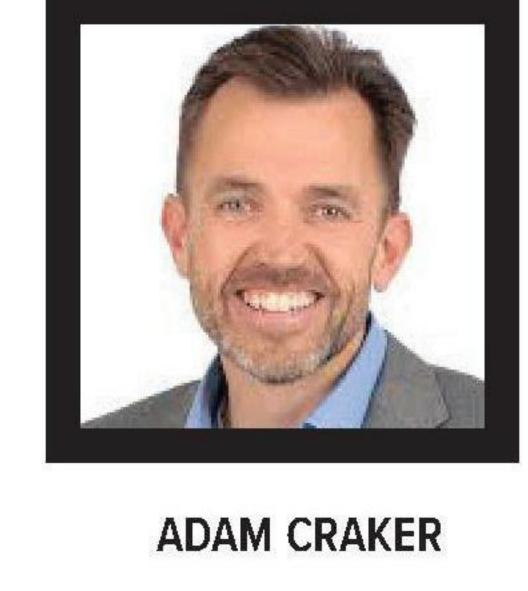
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COMMENTARY



Private sector's

R290bn kick-start

spurs investment NEWS THAT that the private sector has pledged to invest nearly R290 billion into the South African economy shows

It also reinforces the findings of a recent study into the private sector's wider contribution to the domestic economy. The real challenge is how best we put these investments to work. Historically, South Africa has a poor track record when it comes to convert-

ing investment into inclusive growth.

Even during the "good" years when

that the appetite to invest is slowly

returning.

the economy was experiencing growth in excess of 5 percent, unemployment and inequality remained stubbornly high. Despite relatively high levels of investment - and specifically investment into economic activities aimed at job creation – South Africa's unemployment rate remains unacceptably high. This has been exacerbated by a

failing public education system that

sees less than half of South Africans

pass matric by the age of 21 and only

6 percent of young people get some

form of tertiary qualification within six years of matriculating. The resurgence in investment confidence shows that there is a willingness in the private sector to step up to create jobs and stimulate economic growth but we need a drastic change of approach. At the heart of this lies the ability to identify and leverage those sectors where the multiplier effect is greatest and that generates the most positive externalities. At the moment, annual public

expenditure on employment pro-

grammes such as the Expanded Public

Works Programme and Community

Work Programme, and post-school

education and training facilities such

as TVET colleges and sector education

and training authorities (Setas), totals

in excess of R105bn. On top of this,

the private sector, through various BBBEE training and skills development programmes, spends an additional R100bn on job-creation initiatives. If we are serious about maximising the impact of these investments we need to ensure that we optimise where and how we spend them. To do this we need to identify those sectors of the economy that give the most bang for investment buck. The recently released 2018 Business Contribution Index (BCI) does this by tracking the direct and indirect contribution made to the economy by various sectors. The index found that the private

sector is collectively the most impor-

tant contributor to economic growth

and prosperity in South Africa as well

as being the biggest employer.

The index identified four categories of business that make the greatest contribution to growth and prosperity: finance, safety and security, employment and healthcare, and education. The BCI also identified six categories of business where the contribution to the broader well-being of the economy is minimal or even negative. But it is in these categories where business has a negative or only weakly positive

impact that there is the greatest poten-

tial for business to step up and drive

commitment to youth employment

by increasing our intern intake to 80

interns by 2020 and will increase our

In our business, we are showing our

support to key youth initiatives. We

growth from the inside.

are also committed to improving diversity and transformation by more than doubling the number of women in our executive leadership programme from 20 to 50 in 2019 as well as offering free places to public sector education staff on our Agile training programmes. On their own, these investments may seem relatively insignificant but it

is as a collective that their true impact will be felt. We are committed to using business as a force for good and hope that others will examine their own

contribution.

for resale or retransmission.