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2018 SA REIT Conference Address



BUSINESS SHOULD DO MORE, MORE EFFECTIVELY

LAYING THE FOUNDATIONS

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Are we doing enough?

A **lack of co-operation, co-ordination and consolidation.**

In **2017**, about **R8.5 billion** was spent by corporate South Africa on **CSI**.

What have we got to show for it?

It's the **drip system**, rather than the **deluge**.

LAYING THE FOUNDATIONS

New mood of confidence and optimism in the country, but...

Our challenges are enormous.

Unemployment stats range from **27% (official)** to **36% (expanded)**.

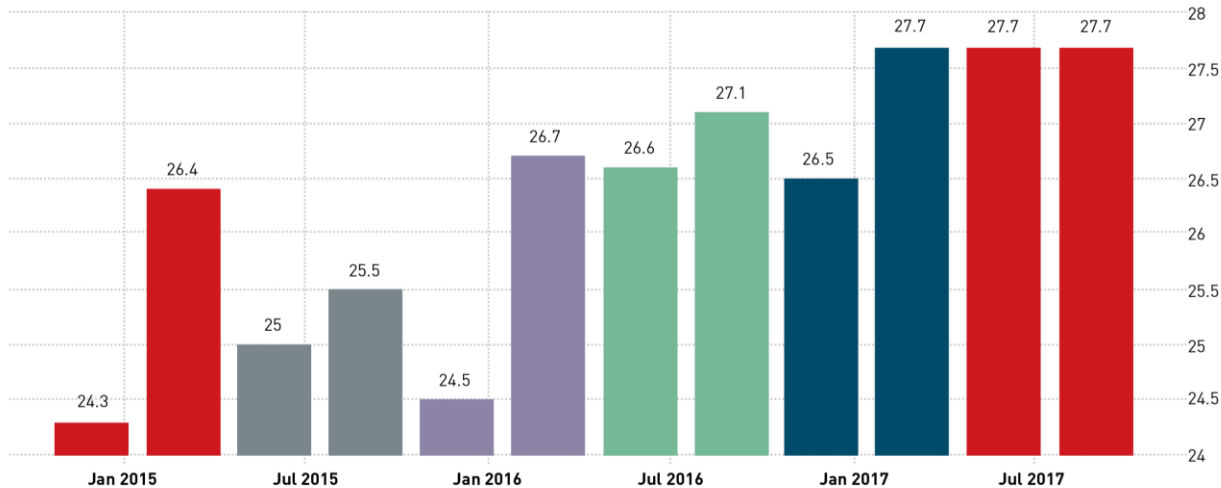
55% are **under the age of 30**.

FACE THE STATS

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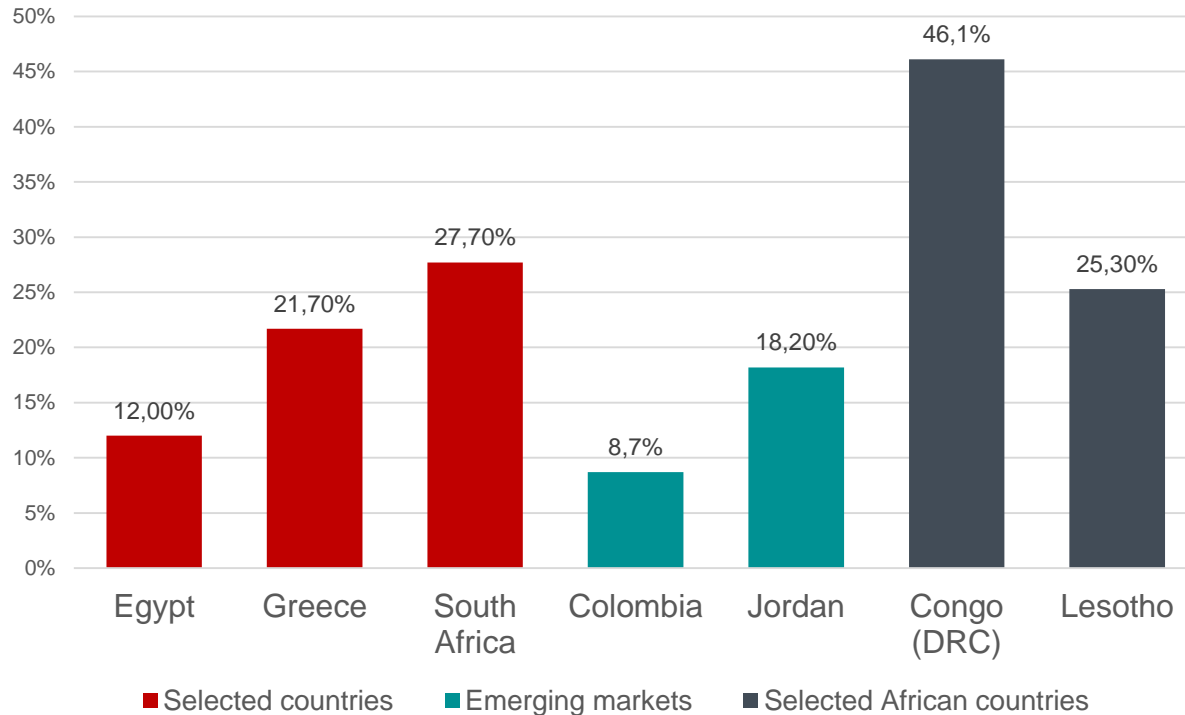
South Africa Unemployment Rate 2000-2018

South Africa's unemployment rate came in at **27.7% in the third quarter of 2017** – the same as in the previous two quarters and remaining the **highest rate in 13 years**. The **number of unemployed rose by 33 thousand to 6.21 million**.



HOW DO WE COMPARE

Unemployment rates, international comparisons, 2017



UNPACKING THE STATS

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“ Official unemployment rate is currently 27.7% (3Q2017). This equates to **6.21 million unemployed people**.

Vast majority of unemployed people have simply given up searching for work – two-thirds of the unemployed have been unemployed for more than one year.

The expanded definition reveals that, in total, **36.8% of the working-age population are unemployed**, which equates to **9.422 million unemployed people**. ”

[Source: Jasson Urbach, Director, Free Market Foundation]

BEATING THE NEET

(NEET: Not in Education, Employment or Training)

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In South Africa, with a **university** degree... **75%** chance of getting a job.

With a **matric**... **50%** chance of getting a job.

With **no matric**... **little chance** of gainful employment.

1.2 million children enrol annually into **Grade 1**.

Only **500 000** will make it to **Grade 8**.

300 000 may make it to **matric**.

200 000 will make it to **university**.

50 000 will be **employable**.

Out of **1.2 million** children, only **50 000** will be employable immediately.

Half a million teens only!

A pass rate **lower than 40%**.

Will these school-leavers **really** be employable?

AGE IS JUST A NUMBER

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62.8% of unemployed people are **between the ages of 15 and 34.**

85% are **between the ages of 15 and 44.**

[Source: Free Market Foundation]

The drivers of our economy make up two-thirds of the unemployed.

Disruptive technologies bring increased automation and an exponential increase in unemployment.

So, *quo vadis?*

TWO PATHS WE CAN TAKE

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Reactive, crisis-driven imposition by government...

Or, we do it ourselves.

I'm all for **doing it ourselves.**

We need **proactive** thinking...

TWO PATHS WE CAN TAKE

Potential scenario:

Business employs **approximately 10 million people**.

If we **increase our workforce by 5%**, we're creating half a million jobs, at an annual salary of **R100 000 - R120 000**.

If government decides to offer us a **20% subsidy**, we'll have **created half a million jobs**.

We would control this process, rather than have government impose it on us.

Would it **hurt** our business to do this?

Yes, our profit margins would be affected...

TWO PATHS WE CAN TAKE

But what of it?

We'll have created...

Opportunities

Dignity

Work confers dignity.

Where is **our sense of responsibility**?

We've ticked some boxes, but we haven't really taken responsibility.

A SENSE OF RESPONSIBILITY

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The Mentorship Challenge:

People have carved themselves **a path out of poverty**, and are now **paying it forward** to the communities around them:

Lira, Nella Qata, Zuki Mzozoyana, Papama Mtwisha, Dr Pearl Kupe, Anda Maqanda, Ntando Kubheka, Vuyiswa Mutshekwane, and many others. |

Every single one of them is **giving back**, and this seems inbuilt in their DNA.

It's part of their cultural inheritance.

THE
MENTORSHIP
CHALLENGE
WITH MARC WAINER

Wednesdays
20:30



CNBC AFRICA
DStv Channel 410

PROUDLY OWNED BY

REDEFINE
PROPERTIES

We're not landlords. We're people.

A SENSE OF RESPONSIBILITY

The Mentorship Challenge:

Theirs is a true burden of responsibility, yet they take on this considerable burden without complaint or resistance.

Shouldn't we be doing the same?

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DON'T REPEAT PAST MISTAKES

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The **deterioration of the old Johannesburg CBD in the 1980s.**
Businesses were **migrating to Sandton.**

“Let us property owners create a fund and bring in more security and cleaners to upgrade and secure the precinct.”

Business said, **“No, we pay our rates and taxes. That’s enough.”**

Money we wrote off because we believed it wasn’t our problem.

The current situation *is* our problem.

We have to invest in **our future**, even though it might be painful.

DON'T REPEAT PAST MISTAKES

Oppressive regimes don't survive – countries survive.

Global recessions don't survive – countries survive.

The point is, people are infinitely resilient.

We have to tap into and **embrace this resilience...**

And discover it in ourselves.

IT ALL COMES BACK TO US

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We have to sit down, in partnership with **government and labour**, to find practical, concrete ways to **reduce unemployment**, easing the burden on the **social grant system**.

It comes back to us.

We can hold ourselves to **ethical standards**.

Fund more projects to employ the unemployed and the unemployable.

Come together as business and government to **find solutions**.

Find **solutions** in order to address **job creation, skills development** and **education**.

IT ALL COMES BACK TO US

Stress the **centrality of education**.

It's the key to **unlocking potential** in South Africa.

Create a **privately-administered education fund**.

Revisit our **educational model**.

Start insisting on **skills-based learning**.

Make our children employable on the day they matriculate.

“For excellence, the presence of others is always required.”

– *Hanna Arendt*

IT ALL COMES BACK TO US

Embrace the tagline under which global leaders met at Davos:

*“Creating a **Shared Future** in a Fractured World.”*

An apt catch-phrase for **the current South African zeitgeist**.

Focus on that **shared future...**
and **make an investment** in our collective future.

An investment that **we choose to make.**

As Milton Berle once said, **“If opportunity doesn’t knock, build a door.”**

THANK YOU