

THE DIRECTORS EVENT

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SANDTON CONVENTION CENTRE

THE CHAIRMAN'S REPORT BY MR BONANG MOHALE

Your Eminence
Your Excellencies
Most Distinguished Participants

I continue to be emboldened by the preamble of our Constitution when it declares that

“Success in life should depend on people’s choices, effort and talents, not their circumstances at birth. Not only is this a just society but one that THRIVES, because it draws upon the resources, skills, talents and assets of ALL South Africans.”

For me, the Constitution is the LINE that separates

our best from our worst; good from evil; right from wrong; hope from fear; prosperity from poverty; freedom from tyranny; freedom of speech from hate speech; a citizen from a slave.

It is the LINE that determines whether we will be a thriving nation or one that founders and flails from crisis to crisis.

But as I stand here before you, **our constitution is under attack**. Our constitution, our democratic values and even our sovereignty are at risk. Forces of state capture are eroding our Country and imperiling our future. As a result, our state has lost credibility and legitimacy in the eyes of ordinary people and experts alike.

In my view, and that of many others, we are at a tipping point: the next five years will either see corruption and patronage become ingrained as our country’s true operating system, with a strong possibility of creeping authoritarianism . . .

Or:

We will see a thriving South Africa, one that has reconfirmed our rule of law in a constitutional democracy that serves all our people.

The difference between the two outcomes is ordinary citizens.

This is a chairman’s report. I am reporting to you, the custodians of our vibrant, resilient, sophisticated economy.

My 2017 message to you is: For business, defending our constitution and eliminating the scourge of state capture is now **core business**.

Business must act now more than ever before:

Because we are patriotic South Africans and we all live here. We are heavily invested in the national project of freedom and a better life for all our citizens.

Because our pedestrian economy can only flourish WITHIN a sound and robust constitutional order with a capable state. Among others, a well-functioning justice system, National Treasury, SA Revenue Service, SA Reserve Bank, Auditor General – these are non-negotiable.

Because state capture can ultimately become corporate capture. Once predatory interests have penetrated state organs, business firms are uniquely vulnerable to theft, value transfer and destruction.

And **because** the beneficiaries of state capture and corruption prance around as businessmen. But they are not what we mean by business. They are common criminals and thieves, destroying, not building value. We as hard-working, honest, entrepreneurial, patriotic businesses have a reputation to protect with our fellow-citizens.

What should BUSINESS do? And how should we do it?

First, we need to be PRINCIPLED. We cannot sink to the levels of the forces that we oppose. Here are the principles that should guide business action:

Our interventions seek to protect and strengthen a constitutional order, not to support or oppose any faction or party.

Second, our goal is to strengthen institutions, not to advance our own interests.

Third, we embrace the principle of partnership. We are learning to work with those with whom we may otherwise disagree, for a common purpose.

Finally: Courage is a calling for us South Africans. It will be especially required of business.

Now what should be done?

At Business Leadership, the organisation that my Chairman, Jabu Mabuza and I lead, we have decided to use our voice loudly. What would an honourable government – any honourable government – do **right now** to reverse the self-perpetuating vicious cycle and downward trajectory of our state? To start to rebuild state integrity?

Let me immediately say, this is a work in progress and we are completely open to improvement. We call this package of reforms that will change our path as a nation, the **State Integrity Six Pack**.

Here are the parts of the six pack:

#1 The judicial enquiry into State Capture should be called without delay and be truly independent.

Also, the GuptaLeaks allegations should be immediately investigated without fear or favour and expeditiously taken to prosecution where warranted.

#2 The nuclear programme should be shelved

A moratorium on all activities related to procurement of nuclear energy should be called for at least two years. An objective, independent assessment of the country's energy needs and mix should be completed within the period.

#3 The public sector should be professionalised, regularised, and depoliticised

This means:

- Cadre deployment throughout the public sector should be halted. Appointments should be made through a transparent, expert and objective commission process in which politics plays no role.
- We believe in and support TRANSFORMATION that must lead to BUSINESS being broadly reflective of the country's demographics. The obsession of all of us must surely be how do we, together give effect to the South Africa of Rolihlahla N. Mandela's dreams – to be the greatest Nation in the world in order to meaningfully contribute to nation building by realising inclusive economic growth in our life time, for there to be sustainable social cohesion!

So it is not helping this agenda when business appoints a black chairman and for the first time ever, also a white deputy chairman thereby sending a message that we don't really trust this black chairman. It is too early to start replacing the very few black 'group CEOs' with white ones and when it is now the turn of a black CEO to be appointed, all of a sudden 'joint CEOs' are now appointed!

- The state-owned companies should not be feeding troughs and playthings of the politically connected, but instruments of our national growth and prosperity. They need to be URGENTLY cleaned up – starting with their implicated boards of directors and management.

We must also pay specific attention to where the money is being taken, so number 4 is:

Best practice procurement policies should be adopted throughout the state enabled by a seriously TRANSFORMED PPPFA on an accelerated basis

As herein lies much more economic activity, value and utility than just narrow OWNERSHIP, without which TRANSFORMATION will be hollow and meaningless indeed.

And we need to protect our courts:

#5 The independence, capacity and capability of the key institutions of justice need to be restored and respected – by ALL and at ALL times

- The National Prosecuting Authority, Police and the Hawks urgently need new leadership.
- Political influence in the Judicial Services Commission, the body that appoints our judges, needs to be removed.

And then, finally, to the root-cause of much of what manifests:

#6 ALL political party funding should be transparent

I ask for your energy and commitment to make the State Integrity Six Pack a reality and to move South Africa onto a much better path.

So, I am calling on ALL of business to support an **Integrity Fund** –a fund to support all activities to rebuild

integrity in the state and society. We will do the hard work of establishing the Integrity Fund, operating independently, transparently and responsibly. But ALL of us need to give it capital. Rebuilding our state – particularly against determined opposition -- is a massive task. This is the best investment WE can make together!

We cannot clean up the state if our own house is dirty, if we tolerate collusion or exploitation or corruption in our own ranks. Business must ALWAYS do the right thing and live by an **ethical code**, a code that we will URGENTLY make explicit.

This is not only about getting rid of the bad guys. People will easily trample our constitution, pretend to be populist champions of the people – as long as transformation and economic justice are jobs half done.

Make no mistake – to secure the safe, prosperous future we want, we need to prove that we can accelerate TRUE TRANSFORMATION, this notion of shared value and broad social progress *within* the Constitution, *within* the rule of law, and in a thriving, GROWING and prosperous economy.

This is URGENT. It is SERIOUS, It is both CREATIVE and innovative. Here too, Business Leadership will be building partnerships and putting forward ideas and initiatives. Here, too, we need your help.

One thing I can tell you. AS A NATION, WE KNOW HOW TO SUCCEED. During the first 15 years of democracy we grew faster than population growth, we witnessed 43 consecutive quarters of economic growth. We quadrupled the size of our economy. We brought an additional 400 000 people into the middle class every year. We can do this again! BUSINESS – our investment, our job creation, our profits, our tax revenues -- was a central driver of that success.

As business we have been INDISPENSIBLE to our nation's great successes since 1994. There is no way that a country can be pro-growth and pro-poor BUT anti-business. BUSINESS is the answer, NOT the enemy! Because when business does well, society does well.

God's mercy and our efforts willing, we 'shall overcome' - again.
I thank you!