

SO MUCH TO DO, SO LITTLE TIME

The DA finally has its hands on the levers of power in six portfolios, but can it overcome the resistance it's bound to face?

Claire Bissek

Hopes are high for the new government of national unity (GNU) cabinet, but South Africa mustn't get carried away by the significance of the moment. The key question is whether the 32-person cabinet is fit for purpose and, especially, whether the business-friendly DA can shift South Africa's growth dial with just the six ministries it has been granted.

Judging from the positive response of both the bond and the equity markets early in the week, the business and investor community is cheered by the finalisation of a cabinet heavily dominated by the ANC and the DA.

The DA did not gain control over the economically important portfolios of finance, trade, industry & competition or electricity & energy, which went to competent, senior ANC leaders, but it did get deputy minister positions in all three departments.

What it means: The DA has 17% of cabinet minister posts to the ANC's 71% but it could still make a meaningful contribution to the economy

The DA has outright leadership of six ministries – public works & infrastructure, agriculture, home affairs, communications & digital technology, basic education, and forestry, fisheries & the environment.

A relative cabinet representation model by Citi shows that the DA makes

up about 17% of cabinet posts against the ANC's 71% (see graph).

Only time will tell if these ministries will be sufficient to allow the DA to help to make a decisive difference to growth and employment over the next three to five years.

Of course, this assumes the GNU lasts that long and that DA ministers manage to overcome the potential resistance of recalcitrant bureaucracies and deployed ANC cadres within their departments.

"Now the hard work and heavy lifting starts," says Business Leadership South Africa CEO Busisiwe Mavuso, who urges that existing pro-growth initiatives be fast-tracked and that the new ministers appoint competent senior public servants to execute policy and strengthen governance.

Citi economist Gina Schoeman believes that the DA's cabinet posts will



Russell Roberts

Gina Schoeman

allow it to make a meaningful contribution to the economy and should improve investor sentiment and market optimism in the near term.

However, she warns that it will take time for the new appointees to familiarise themselves with their portfolios and the workings of the national executive, even as they push hard to make a difference.

"The bottom line is that the near-term outlook is likely to be positive," she says, "while the medium term will likely [come with] more complexities and uncertainties as individual parties try to further their policy agendas, especially as we near the next election cycle and parties begin to compete for votes."

Krutham MD Peter Attard Montalto makes a similar point, noting that the new cabinet will not be able to jump magically to a pro-growth stance.

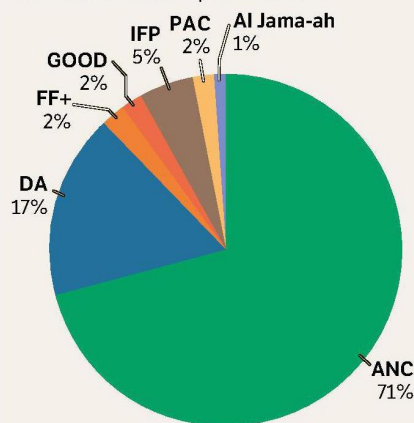
"It will take time for it to bed in and new ministers to audit and undertake remedial action in departments before they can start to shift the dial [on growth]," he says.

"Equally, many ministers will find themselves hemmed in by ANC deputy 'spies'," he adds. "We should also remember there are many fights to come over the formation and then policing the implementation of the GNU policy agreement."

Ann Bernstein, who heads the Centre for Development & Enterprise, is unimpressed by the size of the cabinet, which she fears is so bloated it will be difficult

PARTY SPLITS

Relative cabinet representation



Note: Citi assigns 2 points for a minister position, 1 point for deputy minister and half a point for a shared deputy minister position

Source: Citi research, The Presidency