

Cabinet reshuffle

Overall impressions:

- Ever since President Cyril Ramaphosa's announcement at the State of the Nation Address that an electricity minister would be appointed in the Presidency to oversee the implementation of the Energy Action Plan, South African (SA) households, businesses and investors have been eagerly awaiting the outcome of a reconfiguration of the national executive.
 - The president admitted that given that we are in the final year of the sixth administration, this was not meant to be a complete overhaul. The announced changes are, however, focused on addressing urgent vacancies (Deputy President, Minister of Electricity, Minister of Transport and Minister of Public Services and Administration) as well as to focus on the performance of government.
 - While the formation of Cabinet is instrumental in shaping government's commitment to furthering economic and political reforms to drive higher levels of growth and socio-economic development, a few institutional and structural hindrances will prevent a faster acceleration in SA's growth path, in our view. A constrained fiscus, endemic corruption and a lack of skills in key areas of government to effectively execute its reform agenda will continue to cap potential growth. Moreover, internal resistance in the ruling party is preventing more effective delivery of public services, higher economic growth and better job outcomes.
 - The latest Cabinet reconfiguration is likely to have disappointed markets with a number of underperforming ministers left unchanged in their portfolios. Some of these ministers have not displayed a clear willingness to support the president's reform agenda in the past and have been seen as significant stumbling blocks to achieving a higher level of inclusive growth in SA.
 - It is unlikely that Cabinet, in its reshuffled form, will meaningfully alter the course for the economy before the 2024 national elections. As such, we still attach a high probability to a scenario in which electoral support for the ANC slips below 50% at next year's elections, raising risks for political coalitions at a provincial and national level.
 - The changes in the Cabinet should have very limited immediate impact on financial markets. Only when members of the new Cabinet implement concrete policy adjustments to rectify the current major deficiencies in the SA economy should the markets react positively to indications that the country's growth potential could be lifted from current low levels. Until then, markets are unlikely to give government the benefit of the doubt, after too many previous announced policy plans failed to come to fruition.
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The Cabinet reshuffle in numbers:

The number
of ministries
increases to

30

A Ministry of Electricity has been set up to coordinate a response to the increased severity of loadshedding, while a ministry to monitor and evaluate government has been set up, temporarily. Government still aims to rationalise government departments over the next years.

3

ministers lost their positions
(excluding those who
did not resign)

These included:

Nathi Mthethwa (Sport, Arts and Culture),

Lindiwe Sisulu (Tourism) and

Maite Nkoana-Mashabane (Women, Youth and Persons
with Disabilities)

19

ministers

retained their positions

3

promotions from deputy
ministers to ministers

Transport, Cooperative Governance, Traditional Affairs
and Public Service and Administration

4

ministers and

4

deputy ministers in the Presidency

1

returning minister from the Zuma administration

Dipuo Peters

Reconfiguration of ministries and key roles:



Deputy president:

Paul Mashatile replaces David Mabuza, who stepped down from the role.



Electricity:

Newly appointed minister Kgosisentsho Ramokgopa will have authority and control over the Energy Action Plan, which will reduce the fragmentation of responsibility across different departments and ministries. The minister is expected to work with Eskom leadership and will also accelerate the procurement of new generation capacity. This ministry is envisioned to be transitory until the energy crisis is seen to be resolved.



Planning, monitoring and evaluation:

Incoming Minister Maropene Ramokgopa will monitor the performance of government. Over time, government is still expected to rationalise departments and entities to ensure lower costs and higher levels of efficiency.



Public service and administration:

Noxolo Kiviet takes the baton from acting minister Thulas Nxesi and faces a tough road ahead with threats of strike activity should government not cede to workers' demands for a 10% wage increase. Unions representing more than 1.3 million public sector workers are refusing to participate in wage talks for 2023/2024, until a wage dispute arising from the previous fiscal year is addressed. Government has tabled an offer of 4.7% for 2023/2024, with inflation-related increases for 2024/2025 and 2025/2026.



Transport:

The previous deputy minister of this portfolio Sindisiwe Chikunga has been appointed as the new minister after Fikile Mbalula was elected to the ANC's Secretary General position (a full-time role).

Markets will question the decision to leave some underperforming ministries untouched:



Pravin Gordhan (Public Enterprises)

Eskom has not yet been stabilised, governance issues remain at large at key state-owned entities and the restructuring of key state companies has not yet been finalised.



Gwede Mantashe (Minerals and Energy)

Failure to support a more sustainable energy mix, including the just energy transition.



Joseph Phaahla (Health)

Slow progress on the National Health Insurance plan, failure to achieve the country's vaccination targets.



Bheki Cele (Police)

Unsuccessful in reducing reported contact crimes (although some progress made in crime intelligence with the appointment of a permanent head).



Aaron Motsoaledi (Home Affairs)

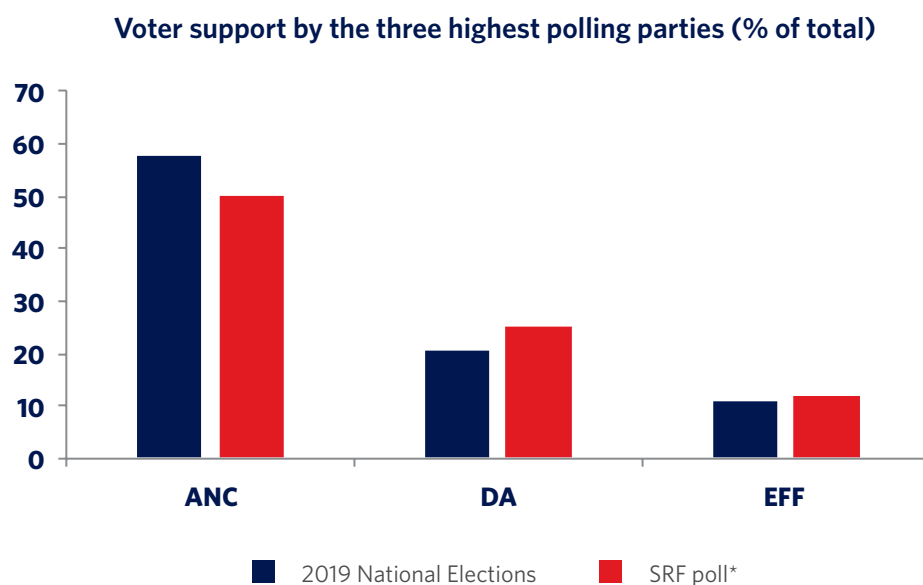
Issues with maladministration and limited resources, no definitive plans to completely overhaul the immigration system.



Naledi Pandor (Foreign Affairs)

In defense of the country's participation in joint navy drills with Russia and China against the backdrop of the Ukrainian war.

The ruling party faces declining support from the electorate as the country continues to grapple with severe loadshedding and endemic corruption:



Source: Social Research Foundation, Independent Electoral Commission

CABINET RESHUFFLE:

DEPUTY PRESIDENT

OUT

DAVID
MABUZA



IN

PAUL
MASHATILE



NEW MINISTER

MINISTER IN THE PRESIDENCY RESPONSIBLE FOR ELECTRICITY



KGOSIENTSHO
RAMOKGOPA

NEW MINISTER

MINISTER IN THE PRESIDENCY RESPONSIBLE FOR PLANNING, MONITORING AND EVALUATION



MAROPENE
RAMOKGOPA

MINISTERS

OUT

IN

MONDLI
GUNGUBELE



MINISTER
IN THE PRESIDENCY



KHUMBUDZO
NTSHAVHENI

KHUMBUDZO
NTSHAVHENI



MINISTER OF
COMMUNICATIONS AND
DIGITAL TECHNOLOGIES



MONDLI
GUNGUBELE

NKOSAZANA
DLAMINI ZUMA



MINISTER OF COOPERATIVE
GOVERNANCE AND
TRADITIONAL AFFAIRS



THEMBI
NKADIMENG

MAITE NKOANA-
MASHABANE



MINISTER OF WOMEN,
YOUTH AND PERSONS WITH
DISABILITIES

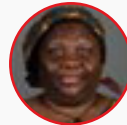


NKOSAZANA
DLAMINI ZUMA

AYANDA
DLODLO



MINISTER OF PUBLIC SERVICE
AND ADMINISTRATION



NOXOLO
KIVIET

PATRICIA
DE LILLE



MINISTER OF PUBLIC WORKS
AND INFRASTRUCTURE



SIHLE
ZIKALALA

LINDIWE
SISULU



MINISTER OF TOURISM



PATRICIA
DE LILLE

NATHI
MTHETHWA



MINISTER OF SPORTS, ARTS
AND CULTURE

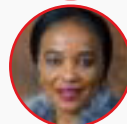


ZIZI
KODWA

FIKILE
MBALULA



MINISTER OF TRANSPORT



SINDISIWE
CHIKUNGA

Source: EWN

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