

Zuma's new cabinet: Can the new executive lift South Africa's economic growth?

President Jacob Zuma announced at the weekend members of his new administration, who will have the task of transforming the economy and restoring the confidence of foreign investors in the economy. He has made some significant changes to his cabinet, including the new appointments to the important portfolios of finance, minerals and energy, signaling an intention to put the economy at the centre of his second term.

In his inauguration speech, President Zuma pledged to spend his new term pursuing "radical socio-economic transformation" through "inclusive" economic growth. It remains to be seen whether the shake-up in the executive will be able to deliver this much-needed growth for the ailing economy.

Although several ministries were reconfigured, the new executive team is still similar in size to its predecessor, which was considered bloated with 34 ministries. Some of the cabinet's more left-leaning members, seen as being unfriendly to business, including **Ebrahim Patel**, a former unionist and minister of economic development, retained their posts. Some critics have said that President Zuma has missed an opportunity to bring about greater co-ordination in economic policy and direction, especially amid concerns that four key departments – finance, trade and industry, planning and economic development – often competed over policy resulting in increased investor uncertainty.

However, many observers will be encouraged by the appointment of business tycoon **Cyril Ramaphosa** as deputy president, who is expected to bring his success as a businessman to bear on South Africa's troubled economy. He is seen as key to fostering a better relationship of trust between the government and the business sector. But there is no indication yet of whether he will have a broader economic mandate as widely expected. What his job will entail remains to be seen.

Analysts will be watching closely to see the strength of his mandate, with the hope that he will have the clout to drive economic policy and the implementation of the 20-year National Development Plan – a vision on which President Zuma has pinned his second term and legacy.

Another crucial appointment was that of **Jeff Radebe**, who has been moved from the then Justice & Constitutional Development Ministry to head up the National Planning Commission and the Performance, Monitoring and Evaluation Ministries in the Presidency. The two departments have been merged into one, an indication that President Zuma wants to centralise the planning and monitoring functions within the presidency.

A most notable change was the move of **Pravin Gordhan** from National Treasury, where he had kept a tight control on government spending and clamped down on wasteful spending, to become minister of Co-operative Governance & Traditional Affairs. He has been replaced by **Nhlanhla Nene**, a former deputy minister of finance since 2008. Nene was previously the chairperson of Parliament's portfolio committee on finance for a number of years. He is seen as an able and experienced politician and technocrat. His appointment has been pushed for by the ruling ANC's leftist partners in the tripartite alliance, union federation Cosatu and the South African Communist Party. However, Mr Nene's appointment is widely viewed as one of continuity of the ANC-led government's centrist policies and is not expected to signal any significant shift in SA's macroeconomic policy.

It seems President Zuma had economic policy continuity in mind when he left the rest of the economic cluster largely unchanged. **Rob Davies**, a member of South African Communist Party, will remain as Trade & Industry minister. **Ebrahim Patel**, another member of the South African Communist Party, will continue as minister of Economic

Development. Both ministers were opposed to Walmart's \$2.4-billion take over local retailer Massmart and are seen as generally being unfriendly to business.

Mr Gordhan remains in government, heading the department of Co-operative Governance & Traditional Affairs, which is meant to manage the relationship between the levels of government. Mr Gordhan's task will be to sort out the myriad financial problems caused at local and provincial level. It is expected that he will bring his trademark efficiency to the new, which has underperformed for several years. But the move is largely seen as a demotion. Mr Gordhan had been trying to reign in government spending, a move which wasn't very popular in some quarters.

Another notable change within the economic cluster is appointment of **Lynne Brown** as the new minister of Public Enterprises, replacing **Malusi Gigaba**, who has been moved to Home Affairs. Ms Brown is the former Premier of the Western Cape province when it was still controlled by the ANC. One of her most pressing tasks is that of ensuring that power utility Eskom completes its multi-billion rand expansion programme, which is running significantly behind schedule. President Zuma has previously said the government would spend over R800-billion on energy infrastructure in the coming years. Eskom, which is struggling with severe capacity constraints, has warned of the risk of power cuts this winter, while consumer demand is weakening and business confidence is at decade-long lows. In addition she will need to find ways of turning around some of the ailing state-owned enterprises, such as the national airline SAA.

An addition to the cluster is the newly created department of Small Business & Development to be headed by **Lindiwe Zulu**. President Zuma said the ministry was introduced because small business is "critical to economic development and transformation". The ministry will be expected to help develop the economy and reduce unemployment by looking at some of the issues the broader economic departments might neglect. Ms Zulu, considered a Zuma loyalist, has been an international

relations adviser to President Zuma and heads the ANC communications section.

Former minister of mineral resources, **Susan Shabangu**, whose performance to date has been disappointing despite a promising start, has been demoted to the women's ministry within the presidency. Ms Shabangu has been notably quiet during the hugely damaging ongoing 18-week strike in the platinum sector. She has been replaced by **Ngoako Ramatlhodi**, a lawyer and ANC veteran who was deputy minister of correctional services. His lack of experience, especially in overseeing a difficult sector such as mining, is cause for concern.

President Zuma also announced the establishment of a ministry of Telecommunications & Postal Services to tap into an industry believed to be worth R180-billion. This new department will ensure that the country derives more value from the booming information, communications and technology industry, and the postal services sector, said President Zuma. The new ministry will be headed by former state security minister **Siyabonga Cwele**, who presided over the collapse of the country's intelligence services.

A surprising announcement was that of **Tina Joemat-Pettersson** as the new head of the key energy portfolio. Ms Joemat-Pettersson performed very poorly as minister of agriculture, and there is a general sense that she does not deserve to serve in the executive. The Public Protector found Ms Joemat-Pettersson guilty of maladministration, improper and unethical conduct in the irregular awarding of an R800-million tender to the Sekunjalo consortium to manage the state's fishery vessels during her time as minister of Agriculture, Forestry and Fisheries.



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