



South African Political Outlook 2020

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SA Politics in 2020 – a balancing act

In providing structural economic steer, President Ramaphosa will need to carefully balance competing and often conflicting interests from the various stakeholders that he has since his election as party leader in December 2017 sought so routinely to placate

The year ahead may be a defining one politically. A relatively rare election-free calendar (Table 1) may allow a more assertive stance from government in resolving some of the country's pressing structural challenges. Yet, in providing such steer, President Ramaphosa will need to carefully balance competing, and often conflicting, interests from the various stakeholders – in the ANC, government, business, civil society, and the labour movement, amongst others – that he has since his election as party leader in December 2017 sought so routinely to placate.

Table 1: Key elections

2019	2020	2021	2022	2023	2024
National and provincial elections	Nothing scheduled	Local Government Elections (likely Aug/Sep)	ANC elective conference (Dec)	Nothing scheduled	National and provincial elections

Source: Standard Bank Research

It is likely that the president will continue to err on the side of caution in this regard, offering incremental – though still meaningful – progress on matters related to economic policy and SOE restructuring. Critical trade-offs will likely become more apparent in 2020: though government is unwilling to consider meaningful job cuts at, or direct privatisation of, Eskom, it is nonetheless pushing forward with the utility's unbundling and is evidently intent on supporting the deregulation of the energy sector, thus enabling far stronger private sector participation in electricity generation in order to alleviate the damaging effects of load-shedding on growth and confidence. From a managerial perspective, some progress this year can also be expected at key SOEs such as Eskom (which has a new CEO and chairperson); SAA (which was placed into business rescue late last year); and Prasa (which has been placed under administration).

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The effects on the public mood of another lacklustre year economically will be somewhat softened by the ongoing and important institutional rebuilding of critical Anti-Corruption Task Team (ACTT) institutions this year. Focus in this regard will fall on the National Prosecuting Authority's Investigative Directorate, which in December last year arrested a group of former Eskom executives related to an allegedly improper contract at the Kusile power station. The Directorate has also announced that it has concluded its forensic investigation into the Gupta-linked Estina Dairy Farm project and that it will soon formalise charges in relation to this investigation. It is plausible that the Special Investigative Unit (SIU) will conclude its interrogation of various potentially irregular (and state capture related) contracts signed by Eskom and Transnet executives this year, too. Here, public interest will perhaps rest most squarely on Eskom's facilitation of the Gupta family's purchase of Glencore's Optimum coal mine in 2016. These developments will bolster the, already visible, signs of institutional regrouping that emerged in 2019 from ACTT institutions. Here, the president's thorough 'due process' approach towards governance reform is having an unambiguously positive effect in shoring up institutional credibility and closing the avenues for reprisal for those most directly threatened by the state's ethical recalibration.

Within the ANC, a dense calendar of potentially shaping party elections and events this year presents the opportunity for President Ramaphosa's currently firm grip on power within the party to be either further shored up or diminished. The president enters the year in a position of political strength, based on the support he holds within the majority of ANC provinces and across its alliance partners, and as a function of the systematic manner in which former president Zuma's party power base has been dismantled – and its access to patronage diminished – over the past two years. Nonetheless, the factional sway of influence in the ANC is never static, and it could be reshaped this year should the president's adversaries secure a new institutional foothold

around which they can frame their battle against his reform initiatives and so potentially weaken his 2022 re-election aspirations. Here, the focus will rest on the National General Council (NGC) in June, during which ANC members will discuss the leadership's progress in implementing its 2017 resolutions; as well as on seven potentially vital party elections scheduled for 2020. These are for new leadership of the ANC Youth League; the ANC Women's League; the ANC's provincial leadership in Mpumalanga, the North West and the Western Cape; and for new regional leadership in eThekweni (which in large part shapes the balance of power in KZN), and OR Tambo in the Eastern Cape.

Table 2: ANC provincial election schedule

Province	Current chairperson	Current premier	Share of ANC m/ship (2017)	Next provincial election
Eastern Cape	Oscar Mabuyane	Oscar Mabuyane	13.7%	2022
Free State	Sam Mashinini	Sisi Ntombela	8.6%	2023
Gauteng	David Makhura	David Makhura	10.7%	2023
KZN	Sihle Zikalala	Sihle Zikalala	18.4%	2023
Limpopo	Stan Mathabatha	Stan Mathabatha	13.6%	2023
Mpumalanga	Mandla Ndlovu (acting)	Refilwe Mtsweni-Tsipane	15.6%	2020 (scheduled for March)
Northern Cape	Zamani Saul	Zamani Saul	4.2%	2022
North West	Vacant (led by task team)	Job Mokgoro	11.4%	2020
Western Cape	Vacant (led by task team)	Alan Winde (DA)	3.8%	2020

Source: Standard Bank Research; ANC

Elsewhere, focus will undoubtedly rest on several key legal and constitutional battles this year. Most prominently, the year may see the first amendment to the Constitution's Bill of Rights, provided the ANC is successful in nudging through its proposed amendments to Section 25 to more "explicitly" enable the expropriation of land without compensation. Various opposition political and civil society groupings are already gearing up to challenge the constitutionality of the ANC's approach in this regard, as well as with other recent legislative amendments by government, such as the Traditional and Khoi San Leadership Act and the recently gazetted amendments to the Refugee Amendment Act. These challenges – particularly to the amendment of Section 25 – will very likely delay the process of change.

Several politically shaping court processes are likely to play out in the year ahead, too. Of central focus will be the separate reviews by President Ramaphosa and Minister of Public Enterprises Pravin Gordhan into the adverse findings against them by Public Protector Busisiwe Mkhwebane. Adv. Mkhwebane's tenure will also be formally tested by the parliamentary proposal to remove her that was initiated by the Democratic Alliance (DA) last year, and which will be debated in the National Assembly in 2020. Both Economic Freedom Fighters (EFF) President Julius Malema and his deputy Floyd Shivambu will face separate charges in court this year, too, the outcomes of which may imperil their ability to remain members of parliament.

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From a labour relations perspective, focus in terms of the scheduled collective bargaining processes in 2020 will fall on negotiations in the coal sector (where the NUM is the dominant union) and in the metals and engineering industry (where NUMSA is dominant) given the expiry of both deals at the end of June. Aside from this, tense public sector wage talks will likely begin towards the end of the year, with unions likely battling to secure above-inflation gains given the profound fiscal constraints that government faces. More broadly, organised labour will attempt to regroup in the years ahead after a bruising previous decade. While COSATU will continue to seek influence through the tripartite alliance and based on its relationship with President Ramaphosa, other unions and federations (such as AMCU, NUMSA and SAFTU) may look to build new political affiliations – potentially with the EFF – in order to elevate their national voice.

Table 3: Collective wage negotiations

Sector	Main union(s) + federation	Most recent wage deal struck	Expiry of current agreement
Automotive (manufacturing)	NUMSA (SAFTU)	2019	30 June 2022
Automotive (retail)	NUMSA (SAFTU)	2016	Still in negotiations for a new three-year deal
Chemicals	CEPPWAWU (COSATU)	2019	30 June 2021
Gold	NUM (COSATU); AMCU (NAFTU)	2018	30 June 2021
Platinum	AMCU (NAFTU)	2019	30 June 2022
Coal	NUM (COSATU)	2017	30 June 2020
Public sector	Various, mostly COSATU or FEDUSA affiliated	2018	30 March 2021
SALGA (local government)	SAMWU (COSATU)	2018	30 June 2021
Metal and Engineering	NUMSA (SAFTU)	2017	30 June 2020
Eskom	NUM (COSATU); NUMSA (SAFTU); Solidarity	2018	30 June 2021

Source: Various media reports and union/employer statements; Andrew Levy Employment; Standard Bank Research

Within the opposition, in 2020 the DA will look to regroup after a disastrous

2019. The focus for the party will be in shoring up its conservative minority core through the election of new leadership in May, and the tabling of firmer resistance to ANC and government policies such as land expropriation and National Health Insurance. For its part, the EFF will focus in 2020 on defending its president and deputy president from prosecutorial action; sowing and then benefiting from factional rifts in the ANC; and securing new 'leftist' alliances within the trade union movement to elevate its national appeal. Both the EFF and DA (as well as other opposition parties) will also seek to renegotiate the alliances that were disrupted last year in metros such as Nelson Mandela Bay and Tshwane.

Concluding remarks. We expect mixed political economy progress in 2020: reform at Eskom and across other troubled SOEs will be incremental rather than decisive and contentious, with the associated risk that socio-economic tensions compound over the medium term and complicate the policy environment in the 2021 local government elections, the 2022 ANC leadership elections, and the 2024 national and provincial elections. However, the president's cautious demeanour is being far more positively reflected in both the prospects for ongoing anti-corruption momentum from institutions such as the SIU, the Hawks and the NPA, and in the rebalancing of power in his favour (and/or in the favour of institutional 'unity') in the ANC. In these two areas we expect that the year will end with firmer confidence on the state's governance reboot and on President Ramaphosa's capacity to secure re-election as party president in 2022. Similarly, it can be expected that the courts to again hold the line in the year ahead on matters of primary political and/or constitutional importance, in so doing emphasising the profound role the judiciary – as well as the civil society organisations that represent groups affronted by potentially unlawful and unconstitutional government action – plays in defining South Africa's

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