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Some disappointments in the latest cabinet reconfiguration, but broadly positive overall

Highlights

- The number of ministries was reduced from 36 to 28 through merging some of the departments, but the number of members in cabinet remains high at 64.
- Some appointments were disappointing, but many of the former president's allies are no longer in government.
- The latest cabinet reconfiguration signals a positive balance of power for the incumbent president and should be viewed as market positive if a clear willingness to support the president's reform agenda is observed.
- The implementation and delivery of key economic, regulatory and political reforms are of the utmost importance to sustainably place the country on a higher growth trajectory in the medium to longer term.

Key facts about the new cabinet

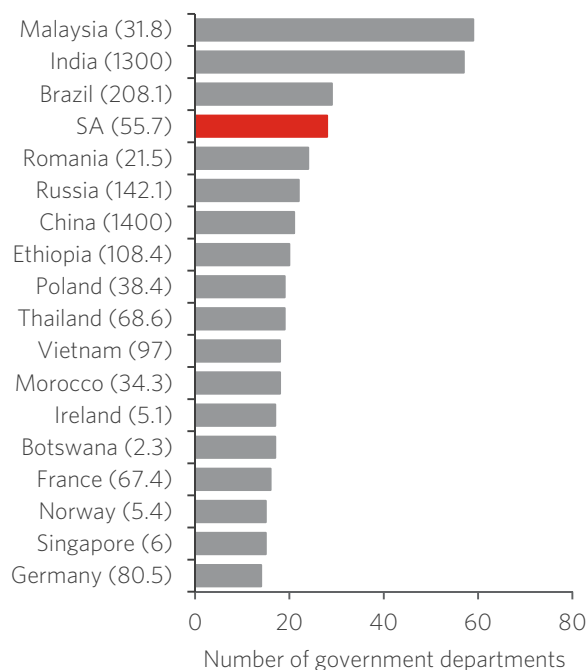
- The number of ministries was reduced from 35 (previously 36 under the Jacob Zuma administration) to 28
- Seven government departments were collapsed or merged into larger departments
- Cabinet will be made up of 64 members (from 72 members previously)
- The 64 members include the president, the deputy president, 28 ministers and 34 deputies
- According to BusinessTech, each deputy minister will earn a salary of R1 977 795 in the financial year 2018/2019
- BusinessTech notes each new minister will earn a salary of R2 401 633 in the same period
- BusinessTech calculates the reduced cabinet will save taxpayers around R19.2 million
- Six of the ministries have two deputy ministers each
- There are seven new appointments to cabinet
- Eight ministers retained their positions
- There is one returning member to cabinet
- There are 14 people who did not return to cabinet
- Women constitute half of the executive

South Africa's (SA) 2019 cabinet

In President Cyril Ramaphosa's address, he noted the reduction in the number of ministries to 28 in an effort to promote greater coherence and improve efficiencies within government.

The number of government departments remains high on a global comparison (see chart 1).

Chart 1: Number of government departments by country



Source: Daily Maverick, Momentum Investments, numbers in brackets indicate the population size, SA population taken from the Statistics SA census for 2016

The following ministries were merged into single portfolios:

- Trade and Industry and Economic Development
- Higher Education and Training and Science and Technology
- Environmental Affairs and Forestry and Fisheries
- Agriculture and Land Reform and Rural Development
- Mineral Resources and Energy
- Human Settlements and Water and Sanitation
- Sports and Recreation and Arts and Culture

In a previous iteration, the portfolios of Communications and Telecommunications and Postal Services were merged.

Government took the decision to add the responsibility for infrastructure to the Public Works ministry, while the responsibility for employment was added to the Labour portfolio.

A number of new faces joined the Cabinet.

These include:

- Patricia de Lille
- Thoko Didiza
- Ronald Lamola
- Barbara Creecy
- Khumbodzo Ntshaveni
- Jackson Mthembu
- Senzo Mchunu

Meanwhile, a number of people did not return.

According to SBG Securities, many of Zuma's core cabinet allies were shifted out of government.

Those who did not return to cabinet include:

- Jeff Radebe
- Nomvula Mokonyane
- Bathabile Dlamini
- Gugile Nkwinti
- Derek Hanekom
- Dipuo Letsatsi-Duba
- Rob Davies
- Siyabonga Cwele
- Susan Shabangu
- Michael Masutha
- Senzeni Zokwana
- Mildred Oliphant
- Nomaindia Mfeketo
- Thokozile Xasa

Ramaphosa suggested other responsibilities would be tasked to the outgoing members of the executive, to allow them to use their experience in continuing to service the country. The new cabinet is outlined in the table below.

Table 1: Composition of SA's 2019 cabinet

Position	Minister	Deputy Minister(s)
Deputy President	David Mabuza	-
Minister in the Presidency	Jackson Mthembu	Thembi Siweya
Minister in the Presidency: Women and Youth	Maite Nkoana-Mashabane	Hlengiwe Mkhize
Agriculture, Rural Development and Land Reform	Thoko Didiza	Sdumo Dlamini Mcebisi Skwatsha
Basic Education	Angie Motshekga	Regina Mhaule
Communication and Telecommunications	Stella Ndabeni-Abrahams	Pinky Kekan
Cooperative Governance and Traditional Affairs	Nkosazana Dlamini-Zuma	Parks Tau Obed Bapela
Defence and Military Veterans	Nosiviwe Mapisa-Nqakula	Thabang Makwetla
Employment and Labour	Thulas Nxesi	Boitumelo Moloi
Finance	Tito Mboweni	David Masondo
Forestry and Fisheries and Environmental Affairs	Barbara Creecy	Maggie Sotyu
Health	Zwelini Mkhize	Joe Phaahla
Higher Education, Science and Technology	Blade Nzimande	Buti Manamela
Home Affairs	Aaron Motsoaledi	Njabulo Nzuzo
Human Settlements, Water and Sanitation	Lindiwe Sisulu	Pam Tshwete David Mahlobo.
International Relations and Cooperation	Naledi Pandor	Alvin Botes Candith Mashego-Dlamini
Justice and Correctional Services	Ronald Lamola	John Jeffery Inkosi Phathekile Holomisa
Mineral Resources and Energy	Gwede Mantashe	Bavelile Hlongwa
Police	Bheki Cele	Cassel Mathale
Public Enterprises	Pravin Gordhan	Phumulo Masualle
Public Service and Administration	Senzo Mchunu	Sindy Chikunga
Public Works	Patricia de Lille	Noxolo Kiviet
Small Business Development	Khumbudzo Ntshavheni	Rosemary Capa
Social Development	Lindiwe Zulu	Henrietta Bogopane-Zulu
Sports and Recreation, Arts and Culture	Nathi Mthethw	Nocawe Mafu
State Security	Ayanda Dlodlo	Zizi Kodwa
Tourism	Nkhensani Kubayi-Ngubane	Fish Mahlalela
Trade and Industry and Economic Development	Ebrahim Patel	Fikile Majola Nomalungelo Gina
Transport	Fikile Mbalula	Dikeledi Magadzi

Source: The Presidency, Momentum Investment

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Economic implications

According to SBG Securities, 19 out of the 25 ministers appointed are closely aligned to the president and many of his strongest supporters were placed in key economic and governance portfolios.

The continuity in the economic, finance and public enterprises portfolios should be broadly positive for growth and economic stability, but the implementation of key structural reforms will be crucial in establishing higher and more inclusive growth for SA.

Citi has noted a number of labour appointments. While this may improve the social compact between labour and government, Citi is concerned this may make labour more influential, which could affect a pro-growth stance. The handling of government's bloated wage bill and the unbundling of energy utility, Eskom, may be challenges in this regard.

