



Weekly Political and Economic Review 30 August 2019



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

1. Priority Bills

1.1. Draft Banks Act Regulations

- National Treasury published proposed amendments to regulations applicable to banks;
- The public has been encouraged to submit their comments by no later than the 6th of September;
- The amendments include changes in the measurement of counterparty credit risk exposures;
- They will also allow for separate regulations to deal with matters related to the exposure of banks to central counterparties;
- Under the amendments, the Basel Committee will be able to incorporate requirements for the reporting of risks;
- Requirements relating to banks' equity investments in funds will also be incorporated;
- These and other regulations affect the Banks Act of 1990 (Act No. 94 of 1990);
- Comments and enquiries regarding the regulations are to be forwarded to National Treasury.



2. Treasury Releases Economic Strategy Paper

- On the 27th of August, National Treasury released an economic strategy paper titled: *Economic transformation, inclusive growth, and: Towards an Economic Strategy for South Africa*;
- Finance Minister Tito Mboweni has asked the public to submit comments on the paper by no later than September 15;
- If strictly adhered to, Treasury expects the strategy to stimulate the GDP growth rate by up to 3% per year and create one million jobs;
- Treasury has highlighted that the country's current economic path is unsustainable, leading to the triple threat of stagnating economic growth, rising unemployment and high inequality;
- According to Treasury, the strategy is aimed at ensuring that South Africa can achieve economic transformation, inclusive growth, and competitiveness;
- Drawing on the National Development Plan (NDP), the paper outlines five main themes to contribute towards the three overarching goals;
- Amongst other interventions, the paper makes proposals on prioritising regional growth opportunities, reviewing trade policies, and ensuring labour-intensive growth;
- The African National Congress (ANC) has welcomed the paper, stating that it was a necessary move to reconsider the country's economy;



- The Democratic Alliance (DA) has also warmly welcomed the strategy, encouraging Minister Mboweni to forge ahead even in the face of possible criticism;
- Trade Federation COSATU, on the other hand, rejected the document and has called for Treasury to withdraw it;
- The trade union stated that the plan makes the government appear incoherent, confused, and unreliable;
- The Economic Freedom Fighters (EFF) has expressed concern over the strategy being a departure from the NDP;
- The party also believes the plan will do very little in contributing towards job creation;
- Minister Mboweni has encouraged leaders to engage robustly with the document, emphasising that it is not cast in stone.



3. Rules Committee to Establish Process for Removal of Public Protector

- Parliament's Rules Committee has been tasked with establishing procedures for the removal of the Public Protector;
- This follows a Portfolio Committee on Justice and Correctional meeting to discuss Democratic Alliance (DA) Chief Whip John Steenhuisen's request for Parliament to establish procedures for Advocate Busisiwe Mkhwebane's removal;



- The Committee made a unanimous decision to pass on the matter to National Assembly Speaker Thandi Modise who will refer it to the Rules Committee;
- Apart from the removal of the Public Protector, the Committee has also moved the Rules Committee to draft rules for the removal of other heads of Chapter 9 institutions;
- In terms of section 194 (1) of the Constitution, Parliament can remove the head of a Chapter 9 institution, although no specific mechanisms are in place to affect the removal;
- The ANC's Xola Nqola, a member of the Justice Committee, has hailed the decision as an important step towards avoiding any legal comebacks from Advocate Mkhwebane;
- In the past, Advocate Mkhwebane had threatened legal action over the Committee's plans to establish an inquiry into her fitness to hold office, on the request of the DA;
- The DA has welcomed the decision and has asked for the Rules Committee to establish removal proceedings without delay.



4. State Capture Inquiry

4.1 Brent Adrian Simons

- Former Chief Director in the Office of the Minister in The Presidency, Brent Adrian Simons, appeared before the Commission on Monday the 26th of August;



- Simons accused former President Jacob Zuma of lying to the Commission during his testimony;
- According to Simons, Zuma was not being honest in stating he did not instruct former Minister Collins Chabane to fire Themba Maseko as Government Communication and Information Systems (GCIS) head in 2011;
- Maseko, testifying before the Commission last year, revealed that he was fired from the GCIS after refusing to allow the Gupta family to make use of the GCIS's entire media advertising budget for their The New Age newspaper;
- He further informed the Commission that Chabane told him he was acting on the instruction of the former President;
- Simons alleges to have had a close relationship with Chabane who revealed the details of the incident and Zuma's instructions;
- "I thought the former president was not truthful when he, in front of the commission and in front of citizens, said the minister was name-dropping."

4.2 Abednigo Hlungwani

- Former Chief of Staff at the Ministry in the Presidency and Public Service and Administration, Abednigo Hlungwani, gave his testimony before the Commission on the 26th of August;
- Hlungwani revealed that he received a private phone call and a message instructing him not to discuss the removal of former Government Communication and Information Systems (GCIS) head Themba Maseko;
- This, according to him, took place on the 16th of July when former President Jacob Zuma was testifying before the Commission about Maseko's removal;
- Hlungwani also confirmed receiving a call in 2011 in which one of the former President's private secretaries indicated that Zuma wanted to speak to Chabane;



- Within the same day of receiving the call, Chabane allegedly informed Hlungwani that he wished to speak to Maseko;
- Not long after this, Maseko was removed as GCIS head.

4.3 Mxolisi Dukwana

- Former Free State MEC of Economic Development, Mxolisi Dukwana, presented his testimony before the Commission on the 27th of August;
- According to Dukwana, former Free State Premier and current ANC Secretary-General Ace Magashule abused his power during his tenure as provincial head;
- It was revealed that Magashule asked service providers to settle the debts of people who asked him for money;
- The Province, during Magashule's reign, awarded a R255 million tender to businessman Ignatius Mpambani to audit houses constructed with asbestos,
- An email correspondence, referred to by Dukwana, was brought forward as proof of Magashule forwarding requests for funds to Mpambane to settle;
- On the controversial asbestos deal, Dukwana revealed that to date, the work scope of the deal has not been fulfilled;
- In addition to this, the deal was finalised without following proper measures and procedures;
- Appearing before the Commission earlier this year in April, Dukwana accused Magashule of being corrupt;
- He has now stated that Magashule's tenure birthed a system of patronage and fear;
- In response to the allegations, Magashule accused Dukwana of evading taxes;



- According to the former Premier, Dukwana also played in key role in the concluding of shoddy government deals.



5. SABC's Financial Position Weakens

- Briefing the Public Enterprises and Communication Committee on its financial sustainability, the South African Broadcasting Corporation (SABC) has revealed that it currently owns creditors R1.8 billion;
- SABC management also stated that the company is technically insolvent and struggles to honour its payments;
- CEO Madoda Mxakwe informed Members of Parliament (MPs) that it would take around 18 to 24 months for SABC's turnaround strategy to be fully functional;
- SABC Board chairperson Bongumusa Makhathini stated that the broadcaster eagerly awaits its R3.2 billion cash injection from National Treasury and will use it to settle its debt;
- Earlier this year, National Treasury issued a set of preconditions SABC would have to meet before securing financial assistance;
- According to the Communications Department, Treasury will halt its release of the funds until the public broadcaster has fully complied with the set of preconditions.



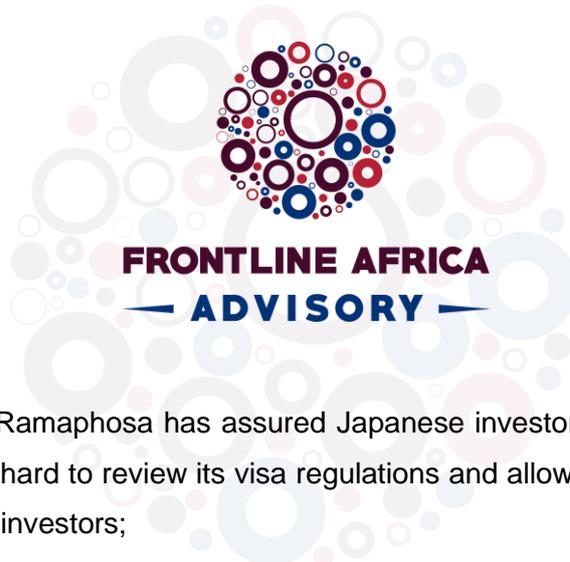
6. South Africa Represented at G7 Summit

- President Cyril Ramaphosa honoured an invitation to the G7 Summit held in Biarritz, France on the 25th of August;
- The 2019 Summit focussed on the elimination of inequalities of varying kinds globally;
- President Ramaphosa urged the world's most advanced global economies to partner with South Africa and the continent in exploring opportunities around free trade and the digital economy;
- He has hailed the Africa Continental Free Trade Area Agreement as an opportunity for increased trade and collaboration between African states and major global economies;
- The Summit zoomed into opportunities for collaboration around strengthening digitisation and boosting Africa's the continent's growth potential in the digital economy;
- A Digital Transformation Strategy for Africa is being formulated by the African Union Commission;
- President Ramaphosa believes the strategy will positively aid towards the development of infrastructure and institutions initiated by the fourth industrial revolution.



7. Tokyo International Conference on African Development

- The seventh meeting of the Tokyo International Conference on African Development (TICAD) was held in the city of Yokohama from the 28th to the 30th of August, bringing together top African and Japanese business leaders;
- President Cyril Ramaphosa attended the meeting, along with State heads from across the continent;
- This year’s Summit was held under the theme of “Advancing Africa’s Development through Technology, Innovation and People”,
- Its main aim is expanding partnerships between Japan and African states;
- It prioritised accelerating economic transformation and improving the business environment through innovation and private sector engagement; deepening sustainable and resilient society, and strengthening peace and stability;
- Japanese Prime Minister Shinzo Abe has expressed the country’s commitment to stepping up its engagement with the continent;
- “We will do whatever it takes to assist the advancement of Japanese companies into Africa”;
- The Japanese government committed to investments of over \$20 billion to the continent over a three-year period;



- President Ramaphosa has assured Japanese investors that South Africa is working hard to review its visa regulations and allow for smooth access for foreign investors;
- He has also hailed the African Continental Free Trade Area as an opportunity for investors.

AFRICA WATCH

1. Democratic Republic of Congo

New Government Announced

- The Democratic Republic of the Congo (DRC) announced its new government on the 26th of August;
- This announcement comes seven months after the inauguration of President Felix Tshisekedi;
- The new coalition government combines 23 members from Tshisekedi's Direction for Change party;
- The remaining 42 members come from former long-time president Joseph Kabila's Common Front for Congo (FCC) coalition;
- Tshisekedi emerged victorious following the country's December 2018 polls, marked as the country's first peaceful transition since the gaining of its independence;
- Following his rise power, Tshisekedi issued a joint statement with Kabila expressing the common goal of a coalition government;
- According to Prime Minister Sylvestre Ilunga, the delay in reaching an agreement took time as both sides ensured that their differences were thoroughly addressed;
- The majority of the cabinet consists of individuals with little to no experience in government, which Ilunga has noted as being an important innovation.

2. Sudan

State of Emergency in Port Sudan



- Sudan’s newly formed sovereign council has declared a state of emergency in the city of Port Sudan, capital of the Red Sea state;
- This comes after days of deadly tribal violence which authorities confirmed to have led to the deaths of close to 20 people;
- Clashes between members of the Beni Amer and Nuba tribes have occurred in the past, although observers have noted the use of firearms in the conflict for the first time;
- The sovereign council has also resolved to relieve the governor of the Red Sea as well as the head of the security apparatus from their duties;
- An investigation into the deadly clashes has also been ordered.

3. Tanzania

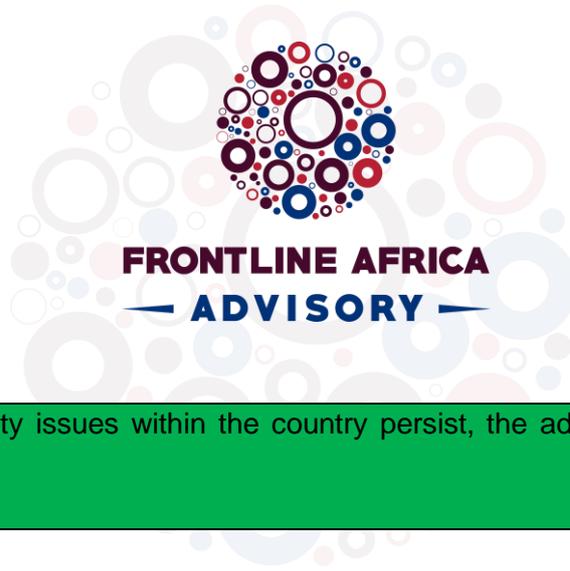
Country Urges Banks to Establish Data Centres

- Tanzania’s central bank has given the country’s banks and financial institutions three months to set up data centres or face hefty fines;
- After this period has passed, any institution found to not be in compliance will be fined 500 million shillings (close to \$220 000 per month) until it complies;
- The bank revealed that it had issued three circulars in the past, since 2014, urging banks and financial institutions to locate data centres locally instead of servers abroad;
- Lenders, however, are yet to comply with this requirement.

4. Ethiopia

New Electoral Bill Passed

- Ethiopia’s House of People’s Representatives (HPR) has approved the draft bill of the Ethiopian Electoral and Political Parties Proclamation;
- The bill paves the way for the country’s national elections expected to be held in May 2020;
- One of the provisions of the bill states that, in order to contest elections, national parties are required to have a minimum of 10 000 members while regional members are required to have 4 000;



- While security issues within the country persist, the adoption of the bill has been widely received.