



## WEEKLY POLITICAL AND ECONOMIC REVIEW

### Legislative Updates

#### **ACTIONSA UNVEILS TWO BILLS**

- On 03 March, ActionSA announced Cabinet Reform Package and the Zero-Tolerance Corruption Bill as two bold legislative actions for 2025;
- The Cabinet Reform Package aims to cut spending by reducing an oversized Executive, saving taxpayers R1.5 billion each year;
- Whereas the Zero-Tolerance Corruption Bill seeks to overcome the significant shortcomings of the Prevention and Combating of Corrupt Activities Act (PRECCA), particularly in its definition of corruption and accountability;
- By expanding the definition, the Bill strengthens anti-corruption laws to include political power abuse, procurement fraud, and gross negligence;
- It further closes loopholes by criminalising failure to report corruption, holding those who ignore misconduct accountable, and addressing private sector corruption to enhance corporate responsibility;
- Nonetheless, as the decisive step in the Cabinet Reform Package to curb Executive waste, the party will introduce a Constitutional Amendment to eliminate Deputy Ministers from the Cabinet structure. This will be achieved by amending Section 91 (Cabinet) and repealing Section 93 (Deputy Ministers) of the Constitution;
- ActionSA also aim to table the Cut Cabinet Perks Bill, previously introduced by Democratic Alliance (DA), formally known as the Remuneration of Public Office Bearers Amendment Bill;
- This legislation was originally presented to Parliament in April 2023 by Leon Schreiber, then a DA MP and now the Minister of Home Affairs. However, the bill lapsed with the conclusion of the Sixth Parliament's term and has not been reintroduced in the current Parliament;
- ActionSA asserts that the set of legislative actions will reinforce Parliament's vital role in constitutional democracy, where the best interests of South Africans are always put first.



#### **Commentary**

- ActionSA's legislative proposals signal an intent to challenge the Government of National Unity (GNU) with a governance-focused agenda;
- The party argues that the GNU has become a supporter of the African National Congress's (ANC) economic failures, enabling it to persist with the same outdated policies that are hindering growth;
- Additionally, the proposed Bills aim to fix key weaknesses in the PRECCA and reduce government spending by downsizing the large Executive. However, given the GNU, support for this proposal may be uncertain;
- While some parties such as DA may back the idea of cost-cutting and efficiency, others within the GNU might resist changes that affect their position or influence within the Executive;
- The decision to revive the Remuneration of Public Office Bearers Amendment Bill indicates a strong push for fiscal responsibility and political accountability, especially in the context of ongoing economic strain;
- The Bill's potential reintroduction may further strain the political relationship between ruling parties, specifically the ANC and DA who introduced the Bill;
- Although, these Bills could lead to a more transparent and accountable system, both in the public and private sectors. Their support depends on the willingness of GNU members to prioritise long-term governance improvements.



#### **PARLIAMENTARY LEGAL SERVICES ON THE RICA BILL**

- On 05 March, the Constitutional and Legal Services Office (CLSO) presented its opinion to the Portfolio Committee on Justice and Constitutional Development regarding the section 79(1) referral of the Regulation of Interception of Communications and Provision of Communication-Related Information Amendment (RICA) Bill [B28-2023];
- The Bill focuses on enhancing the legal framework surrounding the interception of communications by law enforcement agencies, while also incorporating safeguards to protect individual privacy rights by regulating how and when such interceptions can occur;
- It aims to amend the existing RICA Act, 2002, which do not provide adequate safeguards where the subject of surveillance is a practicing lawyer or journalist, as there is a need for them to protect their client and source confidentiality, and post-surveillance notification;



## WEEKLY POLITICAL AND ECONOMIC REVIEW

- The opinion is intended to provide legal guidance with regards to the processing of the Bill, pursuant to a referral by the President in terms of section 79 of the Constitution (which empowers the President to sign a Bill or refer it back to the National Assembly for reconsideration);
- Based on legal advice, the committee was informed of developments between the President's section 79(1) referral and the pending Constitutional Court application;
- The committee was advised to seek clarification from President Ramaphosa on the scope of constitutional concerns under Joint Rule 235(2)(b)(i) before proceeding with the Bill;
- The CLSO stated that the surveillance in terms of the Bill violates more than just the right to privacy. It further negatively impacts on the right to dignity;
- Moreover, the CLSO emphasised that the Court had issued a warning that, without a post-surveillance notification, individuals subjected to surveillance would remain unaware of it, thus, this would deprive them an opportunity to challenge the violation of their right to privacy and seek legal redress for the infringement;
- It was therefore concluded that the Committee must speed up the Bill's processing, as South Africa cannot afford a legal gap that would jeopardize national security.

### Commentary

- The Committee resolved to request President Cyril Ramaphosa to provide clarity on several matters regarding the RICA and the impact of the related Constitutional Court application for extension and interim measures;
- This step could contribute to a more robust and efficient legislative process by addressing potential constitutional concerns early on, ensuring that the Bill aligns with the legal framework and avoids future challenges;
- The National Assembly may need to reconsider and amend the Bill to address CLSO's concerns, particularly regarding privacy, dignity, and post-surveillance notifications;
- The CLSO's concerns align with those of the State Security Agency (SSA), which warns that notifying individuals after they have been surveyed could undermine future investigations by exposing law enforcement strategies to suspects;
- The Bill might also be revised to include explicit safeguards for journalists, lawyers and national security to ensure confidentiality is upheld, aligning with constitutional rights;
- The CLSO's findings highlight the need for more transparency and oversight in surveillance, which could result in stricter court and government monitoring of intelligence operations;
- However, strengthened privacy protections could impose additional procedural requirements on law enforcement agencies, potentially complicating the process of obtaining interception orders;
- Therefore, if the issues highlighted by the CLSO are not thoroughly examined and properly addressed within the Bill, this risks the Bill to face complications.

## Economic Updates

### GROSS DOMESTIC PRODUCT REPORT

- On 04 March, Statistics South Africa (Stats SA) released the final gross domestic product (GDP) data for 2024;
- The report shows that in the fourth quarter of 2024, South Africa's economy experienced a modest recovery, with real GDP increasing by 0.6% following a slight contraction of 0.1% in the previous quarter;
- This growth was primarily driven by a significant rebound in the agriculture sector, which expanded by 17.2%, contributing 0.4 percentage points to the overall GDP growth;
- The finance and trade industries also recorded positive performances, growing by 1.1% and 1.4%, respectively, and collectively adding 0.5 percentage points to GDP growth;
- Furthermore, household spending was stronger in the fourth quarter, buoyed by two-pot retirement payouts and the impact of lower interest rates;
- After inflation, households spent 2.3% more in the fourth quarter of 2024 compared to the fourth quarter of 2023, which helped the trading sector;
- Six of the 10 manufacturing divisions shrunk in the fourth quarter of 2024, with weaker production levels being in the metals and machinery and automotive divisions;
- Despite these positive developments, the overall growth fell short of the 0.9% anticipated by economists, as only three out of ten industries tracked by Statistics South Africa showed expansion during this period.





## WEEKLY POLITICAL AND ECONOMIC REVIEW

### Commentary

- The substantial growth in the agriculture sector during Q4 2024 can be attributed to increased activities in field crops and animal products. However, this sector remains susceptible to erratic and extreme weather events, which can lead to significant fluctuations in output;
- The contractions in manufacturing, mining, and construction sectors highlight persistent challenges including infrastructure deficits, policy uncertainties, and subdued investment levels, which continue to hinder robust economic growth;
- External factors, including fluctuating commodity prices and global economic slowdowns, have impacted demand for South African exports, particularly in the mining sector;
- The modest growth in Q4 2024 suggests a cautious optimism. While certain sectors like agriculture have shown resilience, the overall economy's dependence on a few industries for growth indicates vulnerability to sector-specific shocks;
- Keeping in mind that government aims to achieve 3% GDP growth in 2025, achieving this could prove to be challenging due to domestic challenges and global geopolitical dynamics;
- For instance, the global economic slowdown and tensions between major economies (e.g., U.S.-China relations, Russia-Ukraine conflict, instability in the Middle East) could disrupt supply chains and impact South Africa's export markets;
- Fluctuations in commodity prices (especially for gold, platinum, and coal) due to sanctions or trade barriers could reduce mining revenues, a key contributor to GDP;
- While South Africa has opportunities to boost growth, through stronger agricultural output, infrastructure development, and trade diversification—achieving 3% GDP growth in 2025 remains highly ambitious. Geopolitical risks, power supply issues, and sluggish structural reforms may limit growth potential.

### Government Updates



### ZULU KING ADDRESS AND THE PREMIER'S SOPA

- On 27-28 February 2025, the Seventh KwaZulu-Natal (KZN) Legislature was officially opened through an official address by His Majesty, King Misuzulu KaZwelithini and on the second day through the tabling of the State of the Province Address by KZN Premier Thamsanqa Ntuli;
- King Misuzulu opened the KZN Legislature by emphasising the salience of collaboration and support between the government of KZN and the Zulu monarchy, at a time where the two leadership authorities in KZN have suffered great clashes over issues such as the Ingonyama Trust Board, iThala Bank and political party clashes as KZN experiences political transition;
- Ntuli focussed his address on eight main priorities important to building the economy, and safeguarding residents, including: rebuilding the economy, strengthening local government and governance, sustainable development, improving healthcare and education, delivering better human settlement and infrastructure, improving community safety, mitigating climate change and building a capable, ethical and developmental state;
- To this end, Ntuli announced a target of securing R4 billion worth of investment for the 2025/2026 financial year – expected to generate 5 000 potential jobs;
- Whilst also citing major developments in the province's two industrial hubs of Dube Trade Port and Richard's Bay Industrial Zone as proof that the Government of Provincial Unity (GPU)'s job creation and economic development initiatives were bearing fruit;
- The two initiatives are expected to yield a combined job creation of 4250 and an investment yield of approximately R616 million;
- Whilst GPU political parties, including the IFP, ANC and DA welcomed Ntuli's SOPA – the MK Party and EFF rejected the address, with the EFF stating that it was out of sync with residents' expectations.

### Commentary

- The province of KwaZulu-Natal finds itself at a critical point in its history, where former opposing parties now find themselves leading the province together in a climate of increased socio-economic and political challenges;
- As such, Ntuli delivered his speech at a time when both nationally and provincially there is a call for the establishment of a "cooperation nation" as per the Indlulamithi Scenarios, where there is a coming together of political parties, the state, private sector and civil society to jointly identify priorities and leverage the strength of each other;
- When comparing his 2024 announcements to the announcements made in his 2025 speech, it is evident that the KZN provincial government have chosen to shoot at progression rather than on embarking on new strategies to solve the issues embedded in the province;
- Whilst this can be considered a safe approach by the government – in terms of focussing on "one thing at a time", for KZN residents and businesses looking for a new direction on economic growth and safety from climate disasters it does little to stir broadscale hope and security;





## WEEKLY POLITICAL AND ECONOMIC REVIEW

- Many of KZN's citizens live below the food poverty line, and wealth inequality remains stark with a Gini co-efficient of 0.62. Furthermore, 10% of the province's population spends nearly six times more than the bottom 40%;
- As such, although the affirmations of progress are good to ease tensions, many residents are looking to government to provide more robust and tangible initiatives to quell the high cost of living and provide more structural solutions to combating poverty;
- Small-scale initiatives with tangible influence on the ground occur at the behest of local government, as advised by provincial government. As such, through more robust, individual-focussed initiatives, the KZN government would aid in the easing of anxieties of the local resident confronted with the everyday challenges of the triple challenge of unemployment, inequality and poverty;
- Nonetheless, King Misuzulu's focus on collaboration indicates a desire to improve relations and stabilise the province by fostering unity between these two influential authorities;
- A successful partnership could help address key issues related to land, resources, and development, ultimately promoting peace and growth.

### CABINET SECOND SPECIAL MEETING

- On 03 March 2025, Cabinet held a special meeting in an effort to reach a consensus on the country's budget, placing a forward a roadmap to strategise how the government could settle the disputes surrounding the 2025/2026 financial year;
- In February, South Africa's democracy witnessed a historical event. South Africa's Finance Minister Enoch Godongwana was led to delaying the delivery of the 2025/2026 National Budget from 19 February to 12 March after Cabinet failed to agree on the measures he had proposed, particularly on a two percentage point increase in VAT;
- As such, Monday's special Cabinet meeting saw the leaders of government gathering to consider inputs to fund the Budget of the 2025/2026 financial year and the medium term;
- President Cyril Ramaphosa tasked Deputy President Paul Mashatile to lead a ministerial delegation to work with Godongwana and the team at National Treasury to consolidate Cabinet inputs and establish several options to fund the budget in a manner that would take into account the country's fiscal constraints, the effect on the poor and that would support economic growth;
- The Cabinet meeting concluded with a resolution amongst members, as well as the handover of a proposed budget mandate leading to the Finance Minister and National Treasury being at a place of readiness to finalise the budget and table it before parliament on 12 March 2025.



#### Commentary

- The deliberation amongst the plethora of political parties to adopt South Africa's budget showcases democracy at a play, and an inkling of what lies ahead for the Government of National Unity's (GNU) deliberation on continuous national matters;
- Through the resistance of the Democratic Alliance (DA) and other members of Cabinet, the African National Congress (ANC) was compelled to reassess its positioning on key budgetary matters that would have a grave impact on South Africa's budget;
- According to reporters at the Sunday Times, there are suggestions to contain the VAT increase to 0.75 percentage points instead of two percentage points. However, this suggestion continues to face resistance, particularly from the DA which rejects any VAT hike;
- Other suggestions that have been reported by the media to be on the table to solving South Africa's budget challenge include increasing the fuel levy in line with inflation, various expenditure cuts or implementing the DA's proposed temporary suspension of employer contributions to the Government Employees Pension Fund;
- As the 12th of March emerges, South Africa continues to wait in anticipation for what the financial year could look like, but also to witness the unfolding of democratic participation in the construction of national decisions.

### Africa Watch

### NGUEMA DECLARES HIS CANDIDACY FOR PRESIDENTIAL ELECTION

- On 03 March, Gabon's military leader Brice Oligui Nguema announced that he will run as a candidate in the country's presidential election scheduled for 12 April, ending months of speculation;
- Addressing a rally in the capital Libreville, Nguema said he made the "decision to serve his compatriots after careful consideration" after he was touched by the "holy spirit" to offer his candidature;
- Nguema led a group of senior Gabonese army officers who deposed President Ali Bongo in August 2023;
- Following the coup, Nguema, a former commander of the Republican Guard, was sworn in as the country's transitional president, ending 56 years of the so-called Bongo dynasty;



## WEEKLY POLITICAL AND ECONOMIC REVIEW

- Candidates for the presidential election have until 08 March to officially apply to the National Commission for the Organisation and Coordination of Elections and Referendums;
- The electoral campaign will be launched on 29 March and end on 11 April, according to the electoral body.

### Commentary

- Looking closely, the upcoming presidential election is little more than a carefully staged maneuver to legitimise Nguema's rule;
- Since seizing power in the 2023 coup, Nguema has methodically dismantled institutional checks, consolidating control through a tightly scripted transition;
- He handpicked loyalists for key positions, rewrote the constitution to remove obstacles to his candidacy, and orchestrated a national dialogue that excluded real opposition;
- Furthermore, his playbook closely mirrors that of Chad's Mahamat Déby, who manipulated a so-called transition to entrench himself in power. While Nguema presents himself as a reformer breaking from the Bongo dynasty, his deep personal and financial ties to the regime expose this as a façade;
- With opposition parties sidelined, election oversight transferred to the Interior Ministry, and the removal of a two-round electoral system lowering the threshold for victory, the outcome is all but predetermined in favour of Nguema;
- Ultimately, the election is not about democracy but rather about cementing military rule under a new face. The real question is whether any credible opposition can mount a challenge.



### THE SADC SUSTAINABLE ENERGY WEEK 2025

- From 24 – 28 February, the Republic of Botswana held the Southern African Development Community (SADC) Sustainable Energy Week 2025 under the theme: "Accelerating Sustainable Energy Solutions for an Energy Secure SADC Region". The event is a premier regional platform dedicated to fostering collaboration, innovation, and sustainable energy solutions across Southern Africa;
- It brings together regional leaders, policymakers, and international partners to discuss strategies for improving energy access and transitioning to renewable energy;
- In an opening address, Botswana President Duma Boko called on countries of the SADC to ramp up the region's energy production and pursue a sustainable energy future, adding that collective efforts were needed to implement energy supply strategies;
- During the event culminated with the following resolutions:
  - The expansion of renewable energy adoption, leveraging solar, wind, hydro, and geothermal sources;
  - The acceleration of project implementation with political commitment;
  - Strengthening infrastructure investment and regional collaboration to facilitate the energy transition; and
  - Enhanced regional cooperation in impact planning, resource mobilisation, and implementation.

### Commentary

- With millions of people in Southern Africa lacking reliable access to electricity, this annual event serves as a crucial platform for policymakers, regional leaders, and international partners to discuss innovative solutions;
- Botswana's President Duma Boko emphasised the importance of regional cooperation, urging SADC nations to ramp up energy production and adopt policies that ensure long-term sustainability;
- However, while the event promotes collaboration, energy policies in the region often remain fragmented, with individual countries prioritising national interests over collective development goals. The challenge, therefore, lies in translating discussions into actionable policies that foster integration and infrastructure development across borders;
- For sustainable energy solutions to be effective, regional governments must work together to create a harmonised framework that encourages investment, improves infrastructure, and ensures equitable access to electricity for all citizens;
- The energy crisis in Southern Africa is not just a development issue but also a matter of economic security and social stability. Without reliable electricity, essential services such as healthcare, education, and industrial production suffer, exacerbating poverty and limiting economic opportunities;
- The backdrop of this year's SADC Energy Sustainability Week is particularly significant due to the recent policy shift by the United States. The Trump administration's decision to dismantle Power Africa – a major initiative launched in 2013 by President Barack Obama – threatens to disrupt progress in expanding electricity access across the continent;



07 March 2025

## WEEKLY POLITICAL AND ECONOMIC REVIEW

- The programme played a crucial role in facilitating investments, providing technical expertise, and fostering private-sector collaborations to drive energy infrastructure projects. With its termination, African nations may struggle to secure the necessary funding and support to sustain their energy ambitions;
- While some projects may be transferred to other U.S. agencies, the overall withdrawal of American engagement in Africa's energy sector leaves a gap that could be filled by other global powers, such as China and the European Union, who have been increasing their influence in Africa's energy markets.

End