

Elections countdown: Top parties' policies

South Africa

13 JUNE 2023

Policy issues will be important to some degree as coalition agreements must be negotiated after the elections – though the election shifts will only be on policy issues in a small part. In this note we zoom into the policies of the top five parties, in accordance with the 2019 national election results. We also touch briefly on ActionSA which has shown some growth potential. We do the same for some of the smaller and newer parties with potential to grow. Overall, the policy landscape still needs some refining as we move towards manifesto launches in January. Notwithstanding, parties demonstrate an increased focus on energy issues given the energy crisis the country currently faces. Apart from the EFF, parties are generally in favour of more private sector involvement in energy and other sectors of the economy. The ANC's message is complicated by the divergent views and voices that exist within the party, which are better understood by investors than the divergence in other parties. However, that the party is in government helps in ascertaining certain positions, even though these positions at times only exist on paper.

ANALYSTS

Nduduzo Langa
Politics Analyst

nlanga@intellidex.co.za

Peter Attard Montalto
Managing Director
peter@intellidex.co.uk
+44 (0) 796 0095 001
+27 (0) 11 083 5588

Summary

The top five placed parties in the country according to the outcomes of the 2019 national election are the African National Congress (ANC), the Democratic Alliance (DA), the Economic Freedom Fighters (EFF), the Inkatha Freedom Party (IFP) and the Freedom Front Plus (FF+). While we consider overall policy orientation, our focus is largely on fiscal, energy, and logistics reform-related policies.

The 2024 election-related party-political activity has already begun. Consider the ANC's sudden concern with the deterioration of service delivery and thereby decline in support for the party in KZN, the DA's Moonshot Pact, ActionSA's consultative process to solicit the public's views as the party prepares for its first policy conference in September, the official launch of Rise Mzansi, and various other events. What we expect next is the official launch of election campaigns. This is only likely to start happening frequently towards the end of the year, although unofficial campaigns are already being launched and will continue to be until official campaigns are introduced. One exception here will be the EFF which will be launching its official election campaign towards the end of July. This launch will coincide with celebrations of the party's formation in July 2013. This approach is similar to that of the African Transformation Movement (ATM) which launched its campaign during its anniversary celebrations in May. Worth noting is that some of the under resourced parties may not officially launch election campaigns. Instead, they will launch election manifestos, which we expect to start trickling in at the beginning of 2024, most likely from January/February until the elections.

TOPICS

Politics

INDEPENDENT, EXPERIENCED,
KNOWLEDGEABLE,
DEEPLY CONNECTED, RAPID ANALYSIS

Account queries
researchdistr@intellidex.co.uk

Please respect our business -
this report is intended for
subscribers to Intellidex Capital
Markets Research, selected
media and policy makers only.

**Do not forward to non-
subscribers without
permission.**

If you are not a subscriber,
please contact the author to
discuss the benefits of a
subscription.

Table 1: Summary table

Party	Policies
African National Congress	Double speak on policies due to multiple voices in the party; support for progressive policies in relation to energy and logistics. This support is undermined by poor implementation which is at times a result of the diverse views emanating from within the party.
Democratic Alliance	Great belief in solutions centred on increasing private sector involvement. Despite that, it still recognises the need to offer protection, in the form of social grants, to the most vulnerable in society.
Economic Freedom Fighters	Understands the challenges faced by the country but is wary of ceding substantial control of the reform process to the private sector. Believes strongly in capacitating government to play a central role in all reform and development-related activities.
Inkatha Freedom Party	Believes in decentralising power and getting more stakeholders involved in governance and control of important institutions and processes, including Amakhosi. Also very keen on liberalising all sectors of the economy including energy.
Freedom Front Plus	Market-friendly and therefore a proponent of privatising SOEs and reducing dependence on Eskom. The party also encourages community-based development.
ActionSA	Market-friendly. Policies appear as though they are a structural adjustment programme (SAP). The party believes in liberalising the energy and rail logistics sectors in order to increase competition and thus improve performance.

African National Congress

Analysing the ANC's policy offering will always be a difficult undertaking given the role that the party has carved for itself in society. The broad-church concept that the party has used to position itself as the home of different sections of society has rendered it highly polarised on policy issues. Much of this broad-church approach, while it has a long history, is a consequence of being a governing party in a highly diverse country. The resultant need to appeal to all sections of society has led to the party's policy proposition becoming fairly fragmented. Fortunately, the ANC's role as a governing party enables us to decipher its policies beyond just policy documents to include formulation and implementation at government level.

Energy

The ANC's approach to energy is complicated by the urgent need for the party to respond to the loadshedding crisis that the country has faced for more than a decade. The party, especially in government, has demonstrated commitment to the shift from coal dependent electricity generation to renewable sources of energy. This commitment is exemplified by the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), which is now on bid window seven. The other notable example is the amendment of Schedule 2 of the Electricity Regulation Act to remove the licensing requirement for generation projects of any size, which was done to enable private investment of a larger scale. These commitments have their own flaws which are beyond the focus of this note.

While there has been progress on various fronts towards decarbonisation, the recent spike in loadshedding threatened this. This is because of the panic within the ANC about the possible devastating impact that loadshedding may have on the party's electoral fortunes as we head towards the 2024 elections. Stage six loadshedding fast became the norm earlier this year, although loadshedding is now less than expected given marked lower demand. With the minimal probability of a total blackout or grid collapse, there have been substantial reasons for panic on the part of the governing party. This panic is exemplified by the appointment of the electricity minister in March with the chief responsibility of urgently reducing the severity and frequency of loadshedding. One of the proposals made by the electricity minister to deal with the electricity crisis is delaying the decommissioning of coal-fired power stations.

A further challenge for the ANC is the multiplicity of views on energy within the party, which only serves to obfuscate the party's stance on energy issues. ANC national chairperson and minister of mineral resources & energy Gwede Mantashe recently stated that the Komati Power Station should not have been decommissioned. Mantashe has received substantial criticism for his apparently pro-coal views and reluctance to commit to an accelerated transition. Mantashe is however not an exception. There is an increasing reluctance to commit to the transition within the party, partly due to the ramp up in loadshedding. This stands in contrast to the country's decarbonisation commitments. The transition will therefore, under an ANC government, depend on whether the party views ending the energy crisis and the energy transition as mutually exclusive goals.

Logistics reform

Once again, the ANC's commitment to the reform of the logistics sector is more pronounced at government level. This commitment is exemplified by the 2022 White Paper on the National Rail Policy, and to some extent the plan to construct a railway line linking Gauteng and Limpopo which was announced by Gauteng Premier Panyaza Lesufi in his first State of the Province Address in February this year. The network would be used to transport both people and commodities destined for regional and domestic markets. The white paper recognises the need for investment in rail to reposition it as the backbone of the country's transport sector. This is both for freight and passenger purposes.

The white paper indicates national government's intention to devolve passenger rail to capable local governments, ie municipalities. According to the paper, the devolution strategy is to be implemented from 2023. However, in January, then minister of transport Fikile Mbalula indicated that the devolution strategy which will guide the devolution process is still being developed and will only be completed in 2024. Chairperson of the ANC's Economic Transformation Committee Mmamoloko Kubayi has strongly opposed devolution. Worth noting is that the ANC has asked government to improve the efficiency of rail and port infrastructure to handle the export volumes, especially from sectors that are export-intensive such as mining and agriculture.¹

Fiscal

Foremost, the governing party has remained unequivocal in its call for changes in the ownership and mandate of the South African Reserve Bank (SARB). The party considers the private ownership of the SARB a "historical

anomaly".¹ As such, it requests that the government finds mechanisms to restructure SARB ownership in a manner that minimises liabilities to the state. While reaffirming the constitutional independence of the SARB, the ANC holds that the central bank should implement monetary policy in a balanced manner that considers factors such as growth, employment, and the exchange rate.² The ANC also calls for the urgent establishment of a state bank. In line with its concerns about income and wealth inequality, the governing party remains firm on the need for the government to explore the introduction of a wealth tax.²

The ANC's interest in the fiscus largely emanates from its losing battle against poverty, inequality and unemployment. In responding to these challenges, the party has resorted to substantial social welfare provision and will continue on this path for as long as sustainable economic growth eludes the country. This is highlighted by the ongoing consideration of a basic income grant (BIG).

Democratic Alliance

The Democratic Alliance (DA) is a liberal party. As such its policies are in line with this ideology and easier to discern. Principally, the party believes in heightening private sector involvement in different spheres of economic life in order to generate competition and thereby efficiency. An increased muddle through normally appears before elections – though this time with a new head of policy and a greater sense of appealing only to its core might keep things less dramatic than in previous cycles. The party of course has many examples of active policy making in the Western Cape and in Cape Town across the issues below which add greater certainty. We however are cautious about not extending the view of this to national too directly, given increasingly widening capacity gaps between sub-national and national for the party. Put simply sub-national is isolated to some degree from the policy madneses that sometimes go on at national level in particular on things like race and BEE.

Energy

Given its challenges, the DA supports a complete unbundling of Eskom. Where it differs with the ANC government's approach to the unbundling of the utility is that the official opposition wants Eskom to be removed from power generation as far as possible. To facilitate this, the DA wants Eskom's commercially viable power stations to be sold to the private sector to be operated for the remainder of their lifespan.³ What the party envisages is a diversified generation sector comprising a number of independent generation companies, including former Eskom generators, new public-private partnership (PPP) generators, municipal generators, independent power producers (IPPs), and distributed generators embedded on customers' premises or wheeling power through the grid to end consumers.³ On distribution, the party is in favour of a rationalised distribution sector "built around former Eskom and municipal electricity distributors, comprising a significantly reduced number of financially viable and sustainable regional

¹ ANC. 2022. "6th National Policy Conference Report, 28–31 July 2022 NASREC, Gauteng". *African National Congress*. <https://www.anc1912.org.za/wp-content/uploads/2022/09/6th-ANC-National-Policy-Conference-Reports-2022.pdf>.

² ANC. 2022. 55th National Conference Resolutions: Economic Transformation. African National Congress. <https://www.anc1912.org.za/wp-content/uploads/2023/02/ANC-55th-Conference-Resolutions-Economic-Transformation.pdf>.

³ DA. n.d. "Powering growth and development: DA Energy & Electricity Policy Position. Democratic Alliance". *Democratic Alliance*. <https://cdn.da.org.za/wp-content/uploads/2022/08/02150146/DAs-policy-on-Energy-and-Electricity.pdf>.

electricity distributors (REDs) established as public companies listed on the Johannesburg Securities Exchange (JSE), with public and private sector shareholders, which can include the state, Independent Transmission system and Market Operator (ITSMO), municipalities, financial institutions, and private investors."³

The DA foresees Eskom's remaining transmission entity becoming a stand-alone ITSMO, with the duties of power planning, procurement, contracting, grid system and electricity market operation. The DA's energy policy seeks to get more private sector involvement in the energy sector, particularly on electricity provision. As part of dealing with the loadshedding challenge, the party believes in significantly curtailing red tape that hinders new generation, including renewable build limits and licensing thresholds for embedded generation, BEE, and local content requirements. The DA's approach can be summed up as "privatise all". While this approach is unlikely to receive support in some sections of society, it is understandable given the party's ideological posture. The approach also speaks to the fear that parties have developed for government operation and management of commercial entities, which has been ignited by the ANC's mismanagement of many entities.

Logistics reform

As far back as 2013, the DA made the call for all rail-related passenger and freight services, including Transnet and PRASA, to be moved to the Department of Transport to enable faster decision-making and better accountability and administration.⁴ Remaining true to its liberal underpinnings, the DA also called for the privatisation of some rail operations and state-owned rail assets through concessions, with the state only retaining ownership of rail infrastructure.⁴ The party has also remained consistent on its advocacy of the devolution of passenger rail to competent municipalities under concessions. The DA-governed City of Cape Town has shown great interest in the devolution of rail that is mentioned in the White Paper on the National Rail Policy and has been at the forefront of demanding answers from the transport ministry relating in relation to this. The city's focus is however mainly on passenger services.

Recently, the DA has also demanded answers on the progress of Transnet Freight Rail's 2022 invite for bids from parties interested in operating sections of its freight network, which is currently operating in suboptimal fashion, partly due to deteriorating infrastructure. The party's central concern is the impact that Transnet's poor performance will have on the country's already strained economy.

Fiscal

Foremost is the party's Responsible Spending Bill which is aimed at addressing the country's unsustainable debt levels which the party views as straining the budget for service delivery.⁵ To protect the fiscus, the DA also calls for a reduction in the public sector wage bill. In line with this, the party envisages a South Africa with just 15 ministries. During its April national congress, the DA passed a resolution aimed at protecting the SARB. This is in direct contrast to the EFF's SARB nationalisation agenda. This resolution also affirms that the

⁴ DA. 2013. "On the Move: DA Policy on Transport". *Democratic Alliance*.

<https://cdn.da.org.za/wp-content/uploads/2018/02/14234237/Transport1.pdf>.

⁵ DA. 2023. "The DA's Responsible Spending Bill will set South Africa on a sustainable fiscal path". *Democratic Alliance*. <https://www.da.org.za/2023/04/the-das-responsible-spending-bill-will-set-south-africa-on-a-sustainable-fiscal-path>

bank's mandate is monetary policy. This is in contrast to the calls, particularly from within the ANC, to expand the mandate of the SARB. The DA is thus in favour of prudent fiscal management with the goal of reducing pressure on the fiscus.

What is perhaps surprising is the party's launching of a Social Development Policy Campaign aimed at protecting social grants from "ANC corruption". The party argues that the ANC has devastated the fiscus and as a result the country's most vulnerable citizens are at risk of losing their social grants, which protect this group from extreme levels of poverty.⁶ Key takeaways from the DA's Social Development Policy include plans to increase the child support grant, empower the unemployed with cash transfers for basic services, and to reduce the taxes on essential food items.⁶ These interventions highlight the role social welfare plays in the country and indicate how difficult it would be for any government to do away with the social protection that the country currently provides.

Economic Freedom Fighters

That the EFF is a socialist organisation is evident in its policy orientation. Its policies tend to lean towards heavy involvement of the state in all spheres of life and socioeconomic activity. Policy is perhaps often seen by many as a veneer for the party to base rent extraction instincts and raw power plays – though this misses the point that the EFF has very well delineated policies, and different objectives and motivations run parallel in the party.

Energy

The EFF is in support of the exploration of alternative energy sources and thereby calls for the pursuit of green energy sources and investment by the state in green energy corporations.⁷ However, testament to its socialist underpinnings, the party is wary of ceding much of the electricity supply value chain to private hands. The party spoke strongly against Ramaphosa's 2020 announcement indicating that financially viable municipalities could procure electricity from IPPs, tagging this "allow[ing] municipalities to enter into exploitative contracts with IPPs."⁸ This was followed by the statement "we have long said that the privatization of energy generation and distribution will come with an increase in the costs of electricity, because the private sector's sole obligation is to accumulate profit for itself" in reaction to the National Energy Regulator of South Africa (Nersa)'s approval of a 9.61% electricity tariff hike in 2022.

The party has also come out strongly against the decommissioning of some power stations. Recently, its leader stated that "the EFF was vindicated because it is now accepted that it was a premature decision to rush to close coal power stations, or talks of abandoning coal as central to the generation of electricity in South Africa. The loans to abandon coal [in reference to the USD8.5 billion from the EU, UK, USA, France and Germany] were opportunistic and driven by interference by imperialist forces who want to micromanage South Africa's energy policy, driven by greed and profit at the expense of the

⁶ DA. 2023. "DA to launch policy to protect social grants from ANC corruption". Democratic Alliance. <https://www.da.org.za/2023/06/da-to-launch-policy-to-protect-social-grants-from-anc-corruption>.

⁷ EFF 2013. "Economic Freedom Fighters Founding Manifesto: Radical Movement Towards Economic Freedom in Our Lifetime". *Economic Freedom Fighters*. <https://effonline.org/wp-content/uploads/2019/07/Founding-Manifesto.pdf>.

⁸ EFF. 2020. "EFF criticises municipalities obtaining power independently". *Economic Freedom Fighters*. <https://www.sabcnews.com/sabcnews/eff-criticises-municipalities-obtaining-power-independently/>

lives of our people, our children's education and efforts to fight crime that continues to spiral out of control."⁹ Therefore, while the EFF recognises the need to transition, it is adamant that the energy transition should not result in the displacement of the state from the energy sector. Instead, it implores the government to utilise its BRICS relationships to get help from China and Russia to deal with the energy crisis. Moreover, the party sees the inability of the state to provide energy as more of an ANC failure and not a reflection of the state's capabilities.

Logistics reform

Here, the EFF has been firm in its opposition to the private sector playing much of a role. This firmness is exemplified by the party's rejection of Transnet's plans to lease its container corridor between Johannesburg and Durban to the private sector in an effort to improve its functionality. The party views the corridor as an asset of the taxpayer constructed to improve industrialisation and thereby the economy. It thus characterised its leasing as "greed and senseless profiteering".¹⁰ The party wants the state to build capacity to construct and maintain infrastructure, including rail. Other than calls for the improvement of rail in order to reduce pressure on roads, the EFF does not have well-developed plans relating to logistics.

Fiscal

The EFF holds that monetary policies should be aligned to the objectives of building a labour absorptive industrial economy, while the strength of the rand and inflation rates should be aligned to the party's seven cardinal pillars of "economic freedom in our lifetime". These are the: expropriation of South Africa's land without compensation for equal redistribution; nationalisation of mines, banks, and other strategic sectors of the economy, without compensation; building state and government capacity, which will lead to abolishment of tenders; free quality education, healthcare, houses, and sanitation; massive protected industrial development to create millions of sustainable jobs including Introduction of minimum wages in order to close the wage gap between the rich and the poor; massive development of the African economy and advocating for a move from reconciliation to justice on the entire continent; and open, accountable, corrupt-free government and society without fear of victimisation by state agencies.

To grow the fiscus, the party is in favour of fighting tax avoidance to enable greater tax collection. In its 2019 election pledges, the party promised to maximally collect taxes with the intention to increase annual tax collections by 20%. This would partly be achieved through increasing capital gains tax and inheritance tax to ease the tax burden on the poor and transfer it to the rich.¹¹ The EFF has been at the forefront of calls for the nationalisation of the SARB. In 2018, the party submitted the South African Reserve Bank Amendment Bill which has not been able to move due to lack of support. The bill intends to, among other things, make the state the sole shareholder in the SARB. The party has also been very critical of the central bank's recent interest rates hikes.

⁹ EFF. 2023. "EFF wants Electricity Minister Ramokgopa to remain powerless". <https://www.iol.co.za/capetimes/news/eff-wants-electricity-minister-ramokgopa-to-remain-powerless-108ebe0c-70d3-45a3-af88-e143a8f9c184>.

¹⁰ Nompilo Zulu. 2023. "EFF rejects Transnet's plan to outsource container corridor". *Sunday World*. <https://sundayworld.co.za/news/politics/eff-rejects-transnets-plan-to-outsource-container-corridor/>

¹¹ EFF. 2019. EFF 2019 Election Manifesto. Economic Freedom Fighters. <https://www.dailymaverick.co.za/wp-content/uploads/2019-EFF-MANIFESTO-FINAL.pdf>

Overall, the overarching theme of the EFF's policy orientation is building state capacity and minimising the role of the private sector in strategic sectors and institutions. Ideological and theoretical views aside, due to its mismanagement of state assets, the ANC has made state-centric development models questionable.

Inkatha Freedom Party

It is sometimes difficult to reconcile the IFP's market friendly policies with its foundations and concentration in predominantly rural parts of KwaZulu-Natal (KZN), which depend greatly on government services. It is also difficult to talk about the IFP, without some special focus on KZN. One particular focus on the province and some parts of the country with traditional leaders, is the concern with the protection and promotion of the traditional leadership and leaders. The party is a proponent of availing resources to traditional leaders to enable them to play a greater role in the communities they lead. An example is the party's call for Amakhosi (chiefs), alongside municipalities and irrigation committees, to take charge of the day-to-day control of water resources. The party has also been at the forefront of appeals for the protection of Amakhosi who have become victims of gruesome killings in KZN.

Policies in the IFP are typically formulated by the National Council and/or the Annual General Conferences. The president of the party is central to overall policy direction. The party's deputy president and spokesperson on Finance, Inkosi Mzamo Buthelezi is an important figure in economic affairs. The other central figure in the party's policy formulation is its national spokesperson Mkhuleko Hlengwa. Hlengwa has become the face of the party, after Mangosuthu Buthelezi, due to his role as a parliamentarian and most importantly the chairperson of the Standing Committee on Public Accounts (SCOPA). These roles have made Hlengwa a more recognisable voice and face over the party president Velenkosini Hlabisa who is a member of the KZN provincial legislature which restricts his reach. The leadership of the IFP is made up of mainly traditionalists with an emphasis on discipline. As such it sits on the centre right of the political spectrum and has become a proponent of the free market system

Energy

The IFP is opposed to a socialist and state-centric approach to energy affairs and holds that government's energy policy requires revision. The party bluntly calls for the privatisation of Eskom and for the price of electricity to be market-related should privatisation take place. It also calls for Eskom to become an electricity retailer, and for the promotion of pre-paid electricity. On the renewables front, the IFP specifically calls for the availing of hydroelectric power generated from the water resources of KZN to local communities, and for local companies to be contracted to perform engineering and other related tasks in the development of hydroelectric power. While calling for the use of renewable sources of energy, the party does not altogether dismiss the consideration of nuclear power as an alternative to coal.

The IFP recently urged government to utilise IPPs as a short-term solution to loadshedding while continuing to search for a long-term solution.¹² In 2022,

¹² Alpha Ramushwan. 2022. "IFP URGES GOVT TO USE IPPS AS SHORT-TERM SOLUTION TO ENERGY CRISIS". EWN. <https://ewn.co.za/2022/12/15/ifp-urges-govt-to-use-ipps-as-short-term-solution-to-energy-crisis>

the party formed an Energy Task Team to assist IFP-led municipalities to become independent of Eskom.¹³ Should this approach work, which we are sceptical of, it could provide a blueprint that the party could use at national level should it be elected to power.

Logistics reform

Apart from periodic statements on the state of rail infrastructure, the IFP is not engaged with logistics issues. However, as elections approach, we expect to see more on this from the party. The IFP is not alone in neglecting logistics issues as this is a trend observable from several parties.

Fiscal

The little that is available on the IFP's approach to fiscal management focuses on two issues relating to improving revenue collection. First is eradicating the illicit trade of tobacco. Apart from the revenue that the state loses through the illegal tobacco trade, the IFP notes that tobacco poses numerous health risks which then place a burden on government healthcare facilities. The second issue for the party is regularising the informal, rural and township economies through the provision of "security" and eradicating the trade of illicit goods and manufactured products, which harm the local industry and evade taxation.¹⁴ The IFP also speaks strongly in favour of the privatisation of state-owned entities (SOEs) partly to reduce the burden of bailing them out as many of them fail to achieve profitability.

Fiscal policy is an area that the IFP needs to significantly improve on. However, given its size, the lack of a comprehensive fiscal policy contribution is understandable.

Freedom Front Plus

Since 2019, the FF+ has somehow remarkably managed to transform itself from a tiny organisation associated with Afrikaner nationalism into a significant player in South African politics. The party now forms part of a grouping of parties with evidently pro-market policies.

Energy

The FF+ propagates the reforms aimed at enabling communities to manage their own electricity, and thereby to jettison Eskom. This is in addition to its advocacy for the privatisation of SOEs, presumably including the power utility. The party also holds that municipalities should initiate affordable and sustainable alternative electricity projects and encourage private ownership of electricity. The FF+ states that municipalities should create an enabling environment for the switch to renewable energy by residents. Measures to effect this would include tax rebates for residents who switch to renewable energy.

The FF+'s current policy offering could do with some improvement. At present, the party's policies indicate an extensive focus on topical issues. While this indicates cognisance of prevailing conditions, the lack of focus on other important but not so topical policy areas signals poor foresight. However, we expect that as we move closer to the 2024 elections, parties including the FF+, will improve their policy offering.

¹³ IFP. 2022. "IFP NEC Statement on New Eskom Board". *Inkatha Freedom Party*.

<https://www.ifp.org.za/newsroom/ifp-nec-statement-on-new-eskom-board/>

¹⁴ IFP. 2020. "#BUDGET2020: Three key interventions to achieve economic justice" *Inkatha Freedom Party*. <https://www.ifp.org.za/newsroom/budget2020-three-key-interventions-to-achieve-economic-justice/>.

ActionSA

ActionSA is not one of the top five parties in the country. The party is yet to contest national and provincial elections, as it was only established in 2020. However, its inclusion in this list of parties is as a result of its impressive showing in the 2021 local government elections. We must mention that while ActionSA has demonstrated its policy direction, the party will be holding its inaugural policy conference from 12 to 14 September 2023. As such, its policy offering may change. We however do not expect the party to make wholesale adjustments. The party's current market friendly policy posture is summed up fittingly by its intention to "decrease government's regulatory role in the economy by reforming labour legislation, reducing trade restriction, rejecting protectionary measures and providing the regulatory environment necessary for the private sector to thrive."¹⁵

Energy

To reduce the country's dependence on coal-generated electricity, ActionSA proposes that the market be open to independent renewable energy producers. In addition to this, the party proposes that local governments and individual consumers be allowed to procure electricity generated from renewable sources directly from IPPs.¹⁶ In 2021, one of ActionSA's promises to voters was ensuring that in municipalities where the party would govern, residents' reliance on Eskom for electricity would ultimately be eliminated.¹⁷ ActionSA's present approach to energy issues centres on enabling greater private sector participation and curtailing the state's monopoly (through Eskom), to a point where the state becomes just one of the players in a competitive market.

Logistics reform

Condemning the decay of infrastructure, particularly in the rail sector, ActionSA outlined its plan aimed at restoring the rail network to stabilise the economy. The plan includes:

- Decentralising the management of South Africa's passenger rail services in order to allow qualifying provinces and metros to operate rail services
- Granting the private sector more rights to operate private rail services on the state's rail network
- Improving security in and around train stations and the rail network to prevent looting, vandalism and cable theft
- Directing investment towards restoring the functionality of train stations to ensure that rail services provide reliable transport and freight services

Fiscal

To engender fiscal prudence, ActionSA believes that the tax base needs to be expanded through increasing the number of people active in the formal economy. This would be complemented by curtailing government spending through reducing the public sector wage bill, privatising unprofitable and non-essential SOEs, and improving the performance of SOEs that are essential to the provision of services to the populace.¹⁵ Additionally, the party would seek to improve South Africa's sovereign credit risk ratings in order to attract

¹⁵ ActionSA. n.d. "Economic Prosperity" ActionSA. <https://www.actionsa.org.za/economicprosperity/>

¹⁶ ActionSA. n.d. Climate Change and the Environment. ActionSA. <https://www.actionsa.org.za/climate-change/>

¹⁷ ActionSA. 2021. "Local government manifesto". ActionSA. <https://www.actionsa.org.za/wp-content/uploads/2021/09/ActionSA-LGE-Manifesto-2021.pdf>

investment for economic infrastructure projects. The party would also seek to increase the country's gross savings and investment rate towards the 30% level in the long term. ActionSA envisions a reduction of debt-to-GDP to below 70% in the long-term, debt interest payments to under 6% of expenditure and the deficit to below 3% in the medium-term.¹⁵

ActionSA's fiscal policy objectives would rely heavily on its interventions aimed at inducing economic growth. These include relaxing labour laws, including conditions for an employees' dismissal based on poor performance; cutting bureaucratic red tape; revoking Broad-Based Black Economic Empowerment (B-BBEE) and reforming affirmative action policies; and quite contrary to the narrative that the party propagates in the media, relaxing immigration regulations and implementing programmes to attract skilled labour to South Africa.¹⁵ Some of these policy propositions are extremely unpopular with sections of society. It will therefore be interesting to witness the extent to which ActionSA will adjust these policies during its policy conference, especially since the policy conference will be preceded by the ongoing public consulting process aimed at soliciting society's views on numerous central policy issues.

Like the DA, ActionSA is a proponent of protecting the independence of the SARB and permitting it to ensure stable monetary policy.

The views of small parties

The Patriotic Alliance (PA) is primarily concerned with widening economic inclusion in order to correct the legacy of apartheid. This focus was evident when the party's leader, Gayton McKenzie, was the mayor of the Central Karoo District Municipality. Given the PA's floor crossing activities at local government level, it has been even more difficult to locate it on the political spectrum. McKenzie has however located himself on the far right. He has thus spoken out against expropriation of land without compensation, instead advocating compensated expropriation to protect property rights.

Rise Mzansi's thinking transcends the need to implement economic reforms such as resolving the energy crisis and logistics shortcomings which the party tags as "obvious".¹⁸ The party's focus is on achieving economic growth levels beyond 5%. To achieve this, the party identifies a need for the private sector and government to work together to ensure that sectors such as services, manufacturing, mining and tourism realise their potential. Further details of the party's policies will be revealed in its manifesto, the "People's Manifesto" which the party is drafting with input from society, sourced through its town hall sessions.

Build One South Africa (BOSA) advocates the creation of Township Special Economic Zones (TSEZs), to be funded from the sale of listed shares held by the Industrial Development Corporation.¹⁹ The party also wants to introduce a temporary tax holiday for first time employees who are TVET or university graduates, and a basic income grant for young South Africans. A key interest for the party and its leader is education. As such, the party advocates the introduction of a Student Performance Grant for students performing well in

¹⁸ Rise Mzansi. 2023. "RISE MZANSI KEY REFORM PRIORITIES".

<https://assets.website->

[files.com/6364e0ceeb26140e70e89eb5/643f99b75ecc6b36ac511a7f_RISE%20Mzansi%20Key%20Reform%20Priorities%20.pdf](https://assets.website-files.com/6364e0ceeb26140e70e89eb5/643f99b75ecc6b36ac511a7f_RISE%20Mzansi%20Key%20Reform%20Priorities%20.pdf)

¹⁹ BOSA. 2023. "BOSA unveils provincial leaders and 10 ideas to

fix SA". Build One South Africa. <https://bosa.co.za/wp-content/uploads/2023/02/Statement-Policy-Launch-16-Feb-2023.pdf>

Science, Technology, Economics, Accounting and Mathematics. This is in addition to a School Voucher Programme that empowers parents to decide which school their child attends, rather than the placement method that is prevalent in the Gauteng province. Should it be elected, the party also intends to improve payment packages for teachers who excel and curtail the power of teacher unions. On energy, BOSA would build five 4,000 to 5,000MW nuclear power stations over the next 10+ years.¹⁹

To alleviate pressure on the fiscus, GOOD proposes devolving the funding and responsibilities of some national and provincial functions to the appropriate levels of government to cut costly duplication; reducing government operational costs; ensuring the financial independence of SOEs; reducing the size of the cabinet; and linking salary increases of government executives and members of parliament to GDP growth. On energy, GOOD would allow large metropolitan areas to procure or generate their own power, split Eskom into generator and distributor, and increase renewable energy onto the grid.

Conclusion

Given the loadshedding crisis, parties demonstrate a general bias towards energy-related policies. As such, there is considerable work that many parties still need to do before they can be deemed ready for next year's elections. Moreover, instead of concrete policy offerings, parties tend to be driven by news cycles. This results in them reacting to events by issuing statements, rather than tracing root causes of problems and offering a well-considered policy proposition. Many of the parties mentioned here are fairly small. The gap between the biggest party and the fifth biggest party underscores this point. As such, they may not have the capacity to always develop up-to-date policies. With the elections approaching, we expect parties to significantly improve their policy offering. While the 2024 elections may not be decided on policy offerings, subsequent elections may very well take that route as coalitions at national level are bound to ignite policy contestation and differences. One notable deduction from the policies of all the parties is the intention to retain the provision of social grants, and to different degrees, other forms of social security. This highlights parties' awareness of the dire ramifications that a move to halt the provision of social grants may have on the general wellbeing of the country. Parties also appear not to be focusing on the reform that the country's logistics sector requires. This is bewildering considering that many of the economic growth strategies that parties propose would be extensively dependent on the performance of the logistics sector.

DISCLAIMER

This research report was issued by Intellidex UK Ltd.

Intellidex aims to deliver impartial and objective assessments of securities, companies or other subjects. This document is issued for information purposes only and is not an offer to purchase or sell investments or related financial instruments. Individuals should undertake their own analysis and/or seek professional advice based on their specific needs before purchasing or selling investments.

The information contained in this report is based on sources that Intellidex believes to be reliable, but Intellidex makes no representations or warranties regarding the completeness, accuracy or reliability of any information, facts, estimates, forecasts or opinions contained in this document. The information and opinions could change at any time without prior notice. Intellidex is under no obligation to inform any recipient of this document of any such changes.

No part of this report should be considered as a credit rating or ratings product, nor as ratings advice. Intellidex does not provide ratings on any sovereign or corporate entity for any client.

Intellidex, its directors, officers, staff, agents or associates shall have no liability for any loss or damage of any nature arising from the use of this document.

Disclosure

The opinions or recommendations contained in this report represent the true views of the analyst(s) responsible for preparing the report. The analyst's remuneration is not affected by the opinions or recommendations contained in this report, although his/her remuneration may be affected by the overall quality of their research, feedback from clients and the financial performance of Intellidex group entities.

Intellidex staff may hold positions in financial instruments or derivatives thereof which are discussed in this document. Trades by staff are subject to Intellidex's code of conduct which can be obtained by emailing mail@intellidex.co.za.

Intellidex may have, or be seeking to have, a consulting or other professional relationship with the companies, sovereigns or individuals mentioned in this report. A copy of Intellidex's conflicts of interest policy is available on request by emailing mail@intellidex.co.za. Relevant specific conflicts of interest will be listed here if they exist.

- Intellidex is providing independent advice and independent research to a wide range of investors and financial institutions on Eskom, Land Bank and SAA. Intellidex's interactions with all clients on Eskom, Land Bank and SAA may include business confidential information but does not include MNPI and so does not provide a conflict. Intellidex does not 'act' or 'advocate' for or 'represent' any of these clients. Intellidex has regular interactions with government, Eskom, Land Bank, SAA and other related entities connected with the SOE situation but does not provide paid consulting services or paid advice to any of these entities. These interactions are governed by Intellidex's own conflicts of interest policy as well as secrecy rules of the respective institutions or state-owned companies.
- Intellidex provides a range of services into 'organised business' groupings in South Africa, which includes independent bespoke research and advice. Intellidex is compensated for these services. Intellidex does not 'act for' or 'advocate' for or 'represent' any of these clients.

Copyright

© 2023. All rights reserved. This document is copyrighted to Intellidex UK Ltd.

This report is only intended for the direct recipient of this report from an Intellidex group company employee and may not be distributed in any form without prior permission. Prior written permission must be obtained before using the content of this report in other forms including for media, commercial or non-commercial benefit.

Please respect our business – this report is intended for subscribers to Intellidex Capital Markets Research, selected media and policy makers only.

Do not forward to non-subscribers without our permission.

If you are not a subscriber, please contact the author to discuss the benefits of a subscription.
