



# Friday@Noon

Signals from this week's news

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- The ANC closed ranks in the National Assembly to defend Mr Zuma in a rowdy no-confidence debate. Opposition leaders insisted that cracks were appearing in support for the president within the ANC caucus, but this was not on display as the governing party rebuffed attempts to get voting on the motion done in secret. The ANC also rejected the opposition's attempts to get all ministers and deputy ministers excluded from Tuesday's proceedings. With 99 votes for, 225 against and 22 abstentions, the motion was defeated.
- The political crisis gripping the government deepened this week as Finance Minister Pravin Gordhan failed to answer questions from the Hawks by the 4pm deadline. In a letter to Hawks head Lt Gen Mthandazo Ntlembeza on Wednesday, Mr Gordhan's attorneys said he had not had sufficient time to answer the questions. Meanwhile, Police Minister Nathi Nhleko and State Security Minister David Mahlobo came out publicly to justify the investigation by the law enforcement agency into SARS and the questioning of Mr Gordhan. The fight has split both the Cabinet and the ANC between those who back Mr Gordhan and those who back Mr Zuma.
- Eight million voters (32%) on the Electoral Commission of South Africa's roll do not have conventional addresses, presenting the authority with a headache that can be resolved only by the Constitutional Court. The commission is now seeking clarity on the court's order about the verification of addresses, said Chairman Glen Mashinini. The existential crisis stems from a Constitutional Court judgement, which declared in November last year that the 2013 Tlokwe by-elections were not free and fair. The court then ordered the commission to hold fresh elections and told the electoral authority to verify voters' addresses on its roll.
- Eskom warned that it would find it difficult to avoid load shedding, after the National Energy Regulator of SA (Nersa) refused to allow it to claw back most of what it spent on the diesel-powered turbines that kept the lights on during 2013-2014. Nersa this week granted Eskom a 9.4% tariff increase for 2016-2017 – far short of the 16% it had requested. The reaction from industry and trade unions was concern over the effects of higher electricity prices on the economy.
- Classes at the universities of the Free State and Pretoria re-opened this week. The poor pace of transformation, racial tension and labour-related issues have resulted in violence at many SA universities in the past month. Allegations of political party interference in student affairs have also been made. Minister of Higher Education and Training Blade Nzimande and his police counterpart Nathi Nhleko met student leaders and management on Monday. They agreed that the destruction of national assets on campuses must stop at once.
- Fifteen branches of the South African Post Office (Sapo) were closed last year because of nonpayment of rent, Telecommunications and Postal Services Minister Siyabonga Cwele said on Monday. The minister said that the outstanding amounts would be paid 'when there are cashflow improvements'. Sapo received a R650m allocation in last week's national budget to help it address its financial crisis. The company made a net loss of R1.5bn in 2014-2015 with a similar loss expected in the 2015-2016 financial year.
- Organisations in SA report a higher frequency of crime compared with global peers, exhibit significantly less confidence in law enforcement and experience financial losses in some areas twice those of their peers, PricewaterhouseCoopers (PwC) said this week. According to the 2016 edition of PwC's Global Economic Crime Survey, asset misappropriation was the most prevalent form of crime, followed by fraud and bribery.
- All indicators point to SA being on the cusp of a contraction. For the year, the economy grew 1.3%, from 1.5% in 2014, as agriculture buckled under pressure from the drought, StatsSA data showed on Tuesday. Fourth-quarter growth was 0.6% while third-quarter growth was 0.7%. The economy contracted 1.3% in the second quarter, while in the first quarter growth was 1.4%. According to economists the data made it less likely that the Reserve Bank would follow January's 50 basis point interest rate hike with another this month. Rating agencies have warned that anaemic growth heightened the risk of a downgrade to junk status.
- UK banking group Barclays announced its intention to reduce its 62% stake in Barclays Africa, mostly trading under the Absa brand. Barclays CE Jess Stanley is narrowing the group's focus to investment banking. Analysts say the move was prompted by losses and impairments and a dearth of capital to support Barclays' portfolio of businesses. Mr Staley reassured the markets that the group would execute the sell-down over two to three years. He said the exit was not a response to SA's political turmoil or a lack of confidence in SA.
- With the arrival of US frozen chicken portions in SA stores this week, Pretoria satisfied conditions to retain US trade privileges under the African Growth and Opportunity Act, US Trade Representative Michael Froman said. This puts an end to a dispute that came to a head in November when President Obama gave SA 90 days to open its market to US chicken, beef and pork or lose duty-free access to the US market for its own agricultural products. The resolution could be worth \$160m annually to US exporters.

**End**