

2024 Elections

26 February 2024

The election date has been announced for 29 May and the Budget speech delivered. Now it is off to the races!

The lie of the land

In the last national elections, in 2019, 14 political parties were elected to parliament. However, only 3 of them, the African National (ANC), the Democratic (DA), and the Economic Freedom Fighters (EFF), garnered 89% of the vote. The remaining 11 parties shared the remaining 11%.

In 2021, 2 and a half years later, we had local government elections. In comparing 2021's numbers to those of 2019, 2 points are striking. Firstly, the ANC took quite a beating. Their support went from 57,5% to 45,6%. Secondly, the ANC's former support did not go to the other 2 big parties, the DA and the EFF. It went to smaller parties. The Inkatha Freedom Party (IFP) increased their vote to 5,65% (from 3,3%) and newcomer ActionSA received 7,4%. (Yes, yes, I know ... one cannot really compare national and local elections, but they help us establish the lie of the land.)

How can all this change?

Just a cautionary word about polls: They don't predict election results. They are a measure of the opinion of voters on the day they were polled. Voters can and do change their minds by the time they cast their votes. But it is the best that we have, and we work with that which we have.

We averaged the 11 opinion polls conducted in South Africa (SA) over the last 2 years and then excluded the highest and lowest scores for each party. The results are as follows:

Party	Average	Average with lowest and highest scores excluded
ANC	45%	45%
DA	18%	23%
EFF	13%	13%
IFP	5,3%	5,1%
ActionSA	3,7%	4,6%

One recent opinion poll affords the uMkhonto weSizwe (MK) Party some 24% of the vote in KwaZulu-Natal. In recent by-elections in that province the party also performed well. It took votes from the 3 main parties (ANC, IFP and EFF), but seems to have taken most of its votes from the EFF.

The other parties do not really feature in the polls.

A whole host of new parties will also participate in the election. Top in the media headlines are RISE Mzansi (Songezo Zibi); Build One South Africa (Mmusi Maimane); Change Starts Now (Roger Jardine); Patriotic Alliance (Gayton Mckenzie); African Congress for Transformation (Ace Magashule); and of course, the MK Party (Jacob Zuma). This is by no means an exhaustive list. In addition, there will also be several independent candidates running.

Each voter is going to get 3 ballot papers – 1 for the national government, 1 for the provincial government, and 1 for independent candidates. Be strong as you wade through them all!

What can we take from these polls?

Firstly, the Multi-Party Charter (MPC) is unlikely to get 40% of the vote at national level. The narrative in some circles that we will see 'a new government' (ie a replacement of the ANC at national government level) is simply

misleading. The MPC may be more successful in Gauteng and KZN.

The idea that all the opposition parties can come together to form a government (DA, EFF, IFP, FF+, etc) does not strike me as *Realpolitik*. It will also be a frightfully unstable coalition.

Secondly, we will see more fragmentation of parties. The smaller parties are going to nibble at the bigger parties. I suspect that we will again end up with 3 bigger parties in the National Assembly, although not as big as they used to be (particularly the ANC) and a host of smaller parties.

Coalitions

If the ANC does not get to 50%, it will team up with a smaller party to form a government. South Africa will then have a coalition government at national level, but certainly not 'a new government'.

At provincial government level, the 2 provinces to watch are Gauteng and KZN. The ANC may very well lose its majority in those 2 provinces, and both are likely to end up with coalition governments.

As our politics stand now, I believe a national coalition between the EFF and the ANC is most unlikely, all the more so while Mr Ramaphosa is around. It may be different in Gauteng and KZN, as there are ANC leaders in both provinces who would be willing to deal with the EFF. But there is nothing as devastating for a politician as to not get the votes. So should the ANC lose those provinces, the local leadership will be cut down and they may not be able to conclude coalitions with the EFF.

Pre-condition for successful coalitions

After the 2021 local government elections, coalitions took the reins in several municipalities and metros. It did not work out well. Why not? Because the focus was on WHO, not on HOW. Who will get the job? Who will be the mayor? Who will be the speaker? The focus was definitely not on HOW the coalition was going to govern.

We can learn from examples in Europe, where coalitions are an accepted part of the political landscape. Coalition agreements form the basis of those governments. For example, the current German coalition government was elected in September, but only took power in December. For almost 3 months, the parties that would constitute the coalition negotiated how they would govern – not who, but how. The English translation of the German coalition agreement is 127 pages. In the Netherlands the agreement ran to 57 pages.

In SA we do not have such a culture (of negotiating agreements), but that may well be changing. The DA and the IFP have negotiated and signed a 9-page agreement on cooperation in local government in KZN. Currently they run 13 councils, and it looks as if it's going reasonably well. Those 9 pages are very, very important. It sets out the common values of the parties, their ideals, and objectives, what they want to achieve in the current term, and the practical steps they will implement. For example, one of the stipulations is that municipalities run by the DA and the IFP will spend 8% of their budget on maintenance. The agreement is an important breakthrough in our politics.

The problem we have in SA, however, is that our Constitution does not allow much time for negotiating coalition agreements. The Constitution stipulates that within 14 days after the election result has been certified, parliament must meet to elect a new president. Fourteen days is not a long time. (Of course, if a single party gets 50% the point is moot.)

The normal practice in a coalition is that the parties share positions in the executive in proportion to their votes ie. Ministers are appointed in proportion to party's votes. That cabinet must then govern in line with the coalition agreement, and not according to the individual parties' policies.

An interesting arrangement regarding coalitions that we may see is where 1 party takes the executive, ie appoints the cabinet, and another party takes the legislature, ie chooses the speaker, the chairpersons of committees and so on.

Policy uncertainty

With every election it is the same story. The chattering classes go into overdrive about 'policy uncertainty'. This year it was fuelled more than usual by the possibility of coalitions. Another hardy perennial is that the Budget in an election year is 'populist' and a 'splurge in spending' will occur. Look back and we see that policy shifts and spending splurges happened BETWEEN elections, and not when they were looming.

This week's Budget for 2024 knocked on the head the narratives of 'policy uncertainty' and 'populist splurges'.

For the first time since 2008/9, in this current financial year (which ends on 31 March) a primary surplus will be recorded. A primary surplus is income minus expenditure before interest. Government still runs a deficit after interest, but the primary surplus is essential to start reducing the deficit and stabilise finances. It is an important tipping point. The minister budgeted for it last February, he repeated the promise in November and now it is in sight at the end of March – 2 months before the election. (The primary surplus did not occur on the back of a transfer from the reserves – that is an erroneous statement.)

Secondly, the Budget reiterated what the President said in the State of the Nation Address (SONA): Structural reform will continue in electricity, railways, ports and water provision. Structural reform simply means that these 'network industries' allow private sector operators and capital into the networks to improve performance and infrastructure. The minister showed some teeth in this regard. Eskom is losing R2 billion a year in bailout from the Treasury for every year the utility has not yet sold off a non-core business; and Transnet was told that they can draw on a R47 billion guarantee only if they allow third parties into the railway network.

He expects private operators to enter the railways on 1 May 2024 and that by end July 2024 a tender will be released for private capital to invest in electricity transmission lines.

The genie of private sector involvement in electricity and logistics is out of the bottle. It is not going back in. Over the next year we will see similar developments with water. The political decisions have been taken. Even if we see a coalition government, it is unlikely to scupper them.

It will take time for these changes to work through to the growth numbers, but the trend is clear. The Budget is prudent to assume 3 years. Over the years that I have tracked government policies, implementation has been consistently slow. It never happens as fast as government itself wants it. (They miss self-imposed deadlines all the time.) Even so, eventually it does happen.

Since the NHI got a lot of airtime recently, it is noteworthy that only R1,4 billion is budgeted over 3 years to implement it. Compare that to the health budget of R272 billion for one year. The minister outlined a number of preliminary steps that must first be taken. It is safe to say that NHI will be established over a long period and at a moderate pace as the country can afford it.

So what?

- A host of new and smaller parties will eat away at the support of the existing big parties. All 3 of them are vulnerable.
- There is likely to be more fragmentation, with 3 bigger parties and a host of smaller parties returning to parliament.
- Expectations that we will have 'a new national government' are unrealistic. The ANC will still be the largest party and will invite other parties to join them (if a coalition government needs to be formed).
- We won't see much change in economic policies. The issue is speed of implementation, rather than policy uncertainty.
- For the last 30 years, SA has been a 1-party-dominant state. That started to change in the 2021 local government elections. Will we see more change, ie. coalition governments that may need to be formed at provincial and perhaps national level? That is the major question this election poses.

I wish you all happy voting.