

Living With Ambiguity

The overwhelming observation from the ANC Policy Conference in Midrand is that there is more clarity on some vital issues, but simultaneously more questions about others. Investors will not like the ambiguity that brings.

More clarity

Land reform will continue, even be accelerated, without changing the Constitution. It means that sec 25 of the Constitution, the so-called property clause, will remain as is. This clause states that where land is expropriated "just and equitable" compensation must be paid. The notion of paying for land taken for redistribution was also clearly articulated by a number of leaders, including Mr Zuma himself. No ambiguity there.

The already mooted office of a Land Valuer to help establish land values will presumably play a role here helping the state as purchaser to determine a just and equitable price for land. Disagreements between the Land Valuer and sellers on price will have to be adjudicated by the High Court.

So much for pre-Conference calls for the property clause to be changed; for Youth League calls that land should be taken without paying for it; and for SACP Youth League calls for an "act of war" to grab land.

The **media tribunal**, which was so prominent as an ANC proposal since the 2007 Conference in Polokwane, is now off the table. Delegates accepted as sufficient the proposals of the Press Commission, appointed by the print media owners and editors and chaired by ex-Chief Justice Pius Langa, on press regulation. Essentially the system of self-regulation currently in place will be replaced by independent regulation. Libertarians do not like it, but most people are comfortable with it.

A long standing attack on the media has been seen off and an important consensus has been formed on media freedom in the country. It is a remarkable example of a private sector initiative that shaped important public policy.

Less clear – Nationalisation and the Mining industry

On the critical issue of nationalisation in the mining industry there was no clear YES or NO.

Reports suggest there was support for "strategic nationalisation on the balance of evidence". That seems to suggest holus bolus or blanket nationalisation is out, but public ownership under certain (unknown) conditions is supported. In the final press conference the issue was fudged, which is probably an indication of which way the leadership wanted it to go (NO).

Conference has also decided that there should be "state intervention in the minerals and mining sector". Precisely what that means is unclear, but the following can be pieced together.

- The existing state mining company should be "strengthened" by "consolidating all state mining assets into (this) single institution".
- This company should form partnerships with private sector companies in mining "strategic minerals" (not defined).

- Beneficiation plans (up- and downstream) should be considered when allocating mining rights.
- There is agreement “in principle that tax instruments may be utilized to capture the mineral rent”. Which instruments, how much and what money we are talking about is uncertain.
- There was consensus that the “country should have access to enough coal before it is exported” and that “import parity prices will not be paid for coal”. This is an attempt to lower the production costs of Eskom and reduce pressure on electricity tariffs. It is unclear whether this will be achieved through an export tax or by declaring coal a strategic asset. The potential downside for coal producers is clear.
- Similar sentiments were expressed in respect of iron ore used in steel making and import parity pricing of steel. The opinion was that the Competition authorities must be mandated to find ways to counter import parity pricing.

Although not as clear as the Land reform stance, this position is again not what the Youth League and others have called for in their nationalisation campaign. But it is also not as clear and unambiguous as investors would have liked it.

Wage subsidy

There are conflicting reports on whether the Youth Wage subsidy is off the table. The subsidy as well as a job seekers’ grant will be discussed further with organised labour and youth movements. The difference between a subsidy and grant is that the wage subsidy would go to employers, whilst the grant will go to job seekers. How this is done practically is unclear but it can involve the job recruitment and placement industry.

More radical, but HOW?

From the rhetoric of the Conference, particularly pres Zuma’s opening and closing addresses, one gets a sense of urgency and strong intent. There is, however, a distinct lack of clarity on detail and practical action steps.

Thus, giving Black people a bigger say in the economy and lambasting “white males” for still controlling the economy was a constant theme, but we have no idea which of the seven pillars of BEE will be changed or strengthened to enhance Black ownership.

The show is not over till the Fat Lady sings

Compounding the lack of 100% clarity is the fact that all of these positions and decisions must still be ratified by the Mangaung Conference in December. Mangaung is the fat Lady and till she sings expect ongoing contestation and debate. It will add to the ambiguity.

Second transition

The main party political story from Midrand was Conference’s refusal to back pres Zuma’s “second transition”. The concept first surfaced in policy papers prepared for Conference. Mr Zuma then punted it in Uptington and Parys at provincial conferences of the ANC, again during his opening address at Conference and yet again at a press conference after his address. There was no doubt where he was standing.

But delegates rejected the term. Instead, the “second phase of the transition” became the preferred term.

Dep-pres Motlanthe was sceptical of the concept “Second transition” and said as much on 14 June at a Conference at Liliesleaf Farm. Many observers read the Liliesleaf speech as Motlanthe throwing down the gauntlet to Zuma. Clearly Motlanthe’s view prevailed at Midrand.

Does that mean he will challenge pres Zuma in Mangaung in December? Some news reports suggested that, but we will only get a real indication by October when ANC branches countrywide have to submit their nominations for the leadership of the party.

History will not necessarily repeat itself, but in 2007 60% of branches nominated Mr Zuma and about 40% Mr Mbeki. That was also the way the Conference in Polokwane eventually voted. (By the way, Cyril Ramaphosa, who was emphatically NOT a candidate then, was nominated by more branches than the third official candidate Tokyo Sexwale.)

So What?

Clearly the agricultural sector and property rights are better off after Conference than before.

The print media is, likewise, also better off.

The mining sector is not better off – uncertainty remains. A golden opportunity to get in behind the findings of the ANC’s own SIMS report (Strategic Intervention in the Minerals Sector) has been missed.

Perhaps the best comment on the ANC policy conference is that in the same week Treasury auctioned R500 million in bonds that will only mature in 2048 – 36 years from now. That is a very long time to give your money to somebody. Well, the auction was 3 times over-subscribed! Clearly investors are not too intimidated by anything coming out of Midrand.