

STRUGGLING ECONOMY

# Ramaphoria all but over as business leaders start losing patience

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**S**A business leaders are becoming frustrated with the pace of reform under President Cyril Ramaphosa, and his cabinet choices and spending pledges have not helped.

His ascension to national leader in February 2018 was greeted with so-called “Ramaphoria”, as the rand and government bonds surged on expectations he would reform the struggling economy, crack down on corruption and replace nonperforming cabinet members. Much of that rally was due to relief at seeing the end of Jacob Zuma’s nine-year tenure, which was marked by corruption and few policy decisions.

Patience for change in the business community is running out. Some key corporate figures say the cabinet Ramaphosa named after his May election victory has not brought in

enough fresh ideas, while his state of the nation address in June was seen as full of feel-good spending pledges and no detail on funding.

“Very tough decisions have to be taken. We have not yet seen any willingness to take those decisions. Time lines are short and pressures intense,” said Martin Kingston, executive chair of Rothschild’s SA unit and vice president of SA’s main business lobby. “As a country we want to have our cake and eat it, and everyone else’s cake.”

While Ramaphosa vowed to save the struggling state power

**SOME CORPORATE FIGURES SAY CABINET RAMAPHOSA NAMED AFTER HIS MAY ELECTION VICTORY HAS NOT BROUGHT IN ENOUGH FRESH IDEAS**

utility, he also promised bullet trains and a new city. This in a nation where most municipalities struggle to provide basic services such as housing and sanitation, and after SA’s economy posted its biggest quarterly contraction in a decade.

The last remaining investment-grade rating at Moody’s Investors Service is under threat.

Kingston’s sentiments were echoed by three CEOs of large companies and a senior business association leader, all of whom declined to be identified as their organisations have not publicly commented. They all said Ramaphosa had been forced to compromise because of his narrow victory in a 2017 party election and the opposition he faces from a faction within the governing ANC that is still loyal to Zuma.

Presidency spokesperson Khusela Diko did not answer a call to her mobile phone.



**Change needed:** The pace of President Cyril Ramaphosa’s reform is too slow, some business leaders say. /Brian Witbooi/Weekend Post

Chief among the business leaders’ concerns were the appointments to head the education and labour ministries. Both posts are seen as key in a nation with one of the world’s worst-performing educational

systems, a gaping skills shortage despite a 27% unemployment rate, and rigid labour laws that make it difficult to hire and fire workers and have boosted the power of labour unions.

Angie Motshekga, who has

run the education portfolio since 2009, was reappointed to the post, while Thulas Nxesi, a former leader of the main teachers’ union, was moved to the labour and employment ministry.

Nxesi had been criticised for defending irregular government spending on Zuma’s private home, while he was public works minister.

A union leader was unlikely to ease labour laws to make it easier to do business, the business leaders said.

Ebrahim Patel, whose economic development role was expanded to include trade and industry, has been criticised by some corporate leaders for intervening in the takeover of local retailer Massmart by US giant Wal-Mart to demand concessions.

Even two appointments that have been welcomed by business – bringing back Tito Mboweni as finance minister and Pravin Gordhan to public

enterprises – are seen as short-term postings.

Mboweni has said he does not want to stay in the position for too long and Gordhan, 70, has been attacked by the EFF and the public protector for decisions while heading the SA Revenue Service a decade ago. Even though they are regarded as sound economic choices, few major reforms have been made since they were first appointed in 2018.

Concern over the cabinet among the business leaders was compounded by Ramaphosa’s spending pledges in his June 20

**THE PRESIDENT WAS FORCED TO COMPROMISE BECAUSE OF HIS NARROW VICTORY IN THE 2017 PARTY ELECTION**

speech. While he pledged to accelerate R230bn in support for Eskom, he did not mention the job cuts and efficiency improvements the utility’s management says are needed.

Chris Schutte, the CEO of SA’s biggest poultry producer, Astral Foods, was “flabbergasted” by talk of bullet trains and new cities when municipalities cannot provide basic services.

In May, Astral said the inability of a municipality to supply one of its plants with water would cut profit by R85m.

Of the 28 ministers Ramaphosa appointed, only six had not served in cabinet before.

“We have many of the same economic players in similar or expanded portfolios,” Kingston said. “However, we don’t necessarily want the same policies.”

“We have high hopes for meaningful change and urgent decision-making and action,” he said. /Bloomberg