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'WHATEVER THE POLITICAL DYNAMICS OF SUCH DECISIONS, FREQUENT CABINET RESHUFFLES COME AT A HIGH COST TO THE ECONOMY', SAYS NWU SCHOOL OF BUSINESS AND GOVERNANCE ECONOMIST PROF RAYMOND PARSONS

'Whatever the political dynamics behind the decision, from an economic point of view the news of yet another Cabinet reshuffle again emphasizes the extent to which constant changes at the top of government and the public sector contribute to policy uncertainty. It was already clear that the prospect of a further Cabinet reshuffle was a contributory factor which pushed the NWU School of Business and Governance's recent Policy Uncertainty Index for 3Q 2017 further into negative territory over that period. Policy uncertainty has proved corrosive of investor sentiment.

And if it is true that new Energy Minister Mahlobo has been selected to expedite the controversial nuclear deal, it clashes with the definitive statement made by Finance Minister Gigaba at the IMF meeting last week that SA could simply not afford the nuclear project at present. This adds another key question that will now need to be clarified by Gigaba in the Medium Term Budget Policy Statement (MTBPS) on October 25. How to finance nuclear power therefore remains a potentially 'big ticket item' in the MTBPS, together with the challenges at state-owned enterprises like SAA and ESKOM.

Recent research has shown that the combination of a high turnover in Cabinet Ministers as well as Directors-General in SA over the past few years has meant that Ministers have spent less than a year with their Director-General. This is not only bad for policy consistency and decision-making, but also seriously aggravates the weak implementation of policy and projects. It contributes to the poor service delivery which the country has experienced. Leaving aside their political motivation, these frequent changes at the top have come at a high cost to the economy.'

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