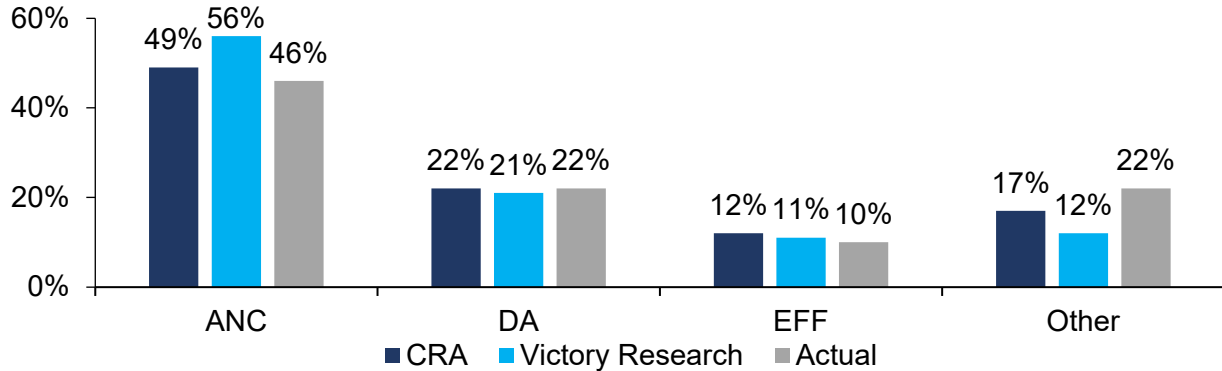




Election update: the coalitions the ANC forms could be key for its policies, with the electorate showing a strong declining appetite for left wing politics

Friday 5 November 2021

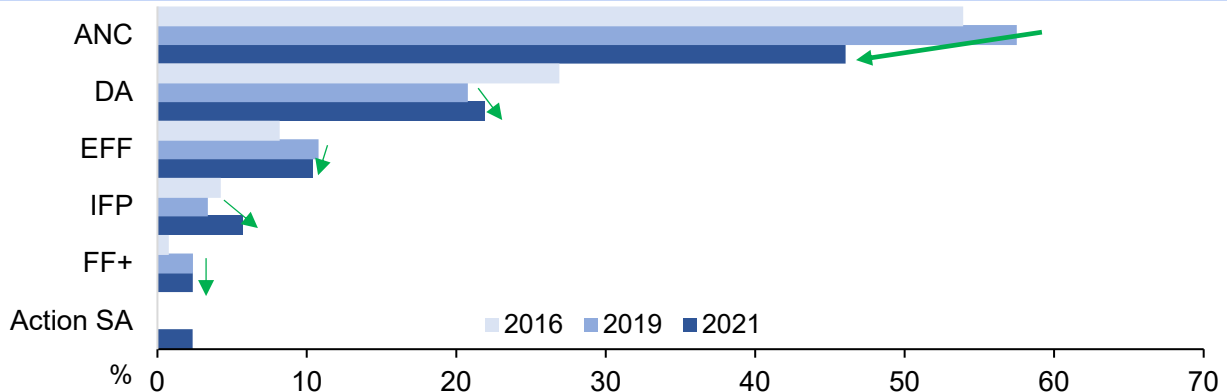
Figure 1: 2021 local elections (actual and polled before the election)



Source: Media24 Victory Research survey, CRA 2021 polling

- The 1st of November 2021’s municipal elections outcome was similar to survey polls for the DA and EFF, but quite divergent for the ANC, with a very low voter turnout. Of the 26 million registered voters only 12million voted (46%). Small, localised parties did well at the municipal level, as voters turned to those they trusted in their councils, resulting in a 22% vote for other parties, on over 300 parties/individual candidates.
- The growth of ActionSA was rapid, and is seen to provide non radicals an alternative to the EFF, for those who chose to vote. Potentially providing a cross over party, ActionSA could see further rapid growth in 2024’s general election. In this year’s (municipal) elections it gained a cross racial support base. Much will depend however on the ability of the party to gain traction ahead of 2024.
- High voter apathy (46% turnout) shows the ANC was particularly afflicted, with survey polls expecting it to get around 56% on a 45% turnout of eligible voters instead of its actual 46%. The vote has been split amongst small parties more than expected and shows the high ability of voters now to identify with a small party’s interests, but with these gaining less than 1% nationally. However, the fall in voter numbers also signifies growing belief that voting does not matter as the vast disillusionment the Zuma Presidency’s years of state capture and corruption has hit deeper than may have been anticipated.
- This does not mean Ramaphosa is not trusted overall but instead that individuals are voting for their metros and councils, and not Ramaphosa himself, and this showed in the results. With a massive decline in ANC popularity overall, the party needs to take care not to lose him in its party election next year as likely only he can boost the ANC vote overall in 2024’s general election, which is essentially a presidential election.

Figure 2: Municipal election results – National comparison 2016, 2019 and 2021



Source: IEC South Africa



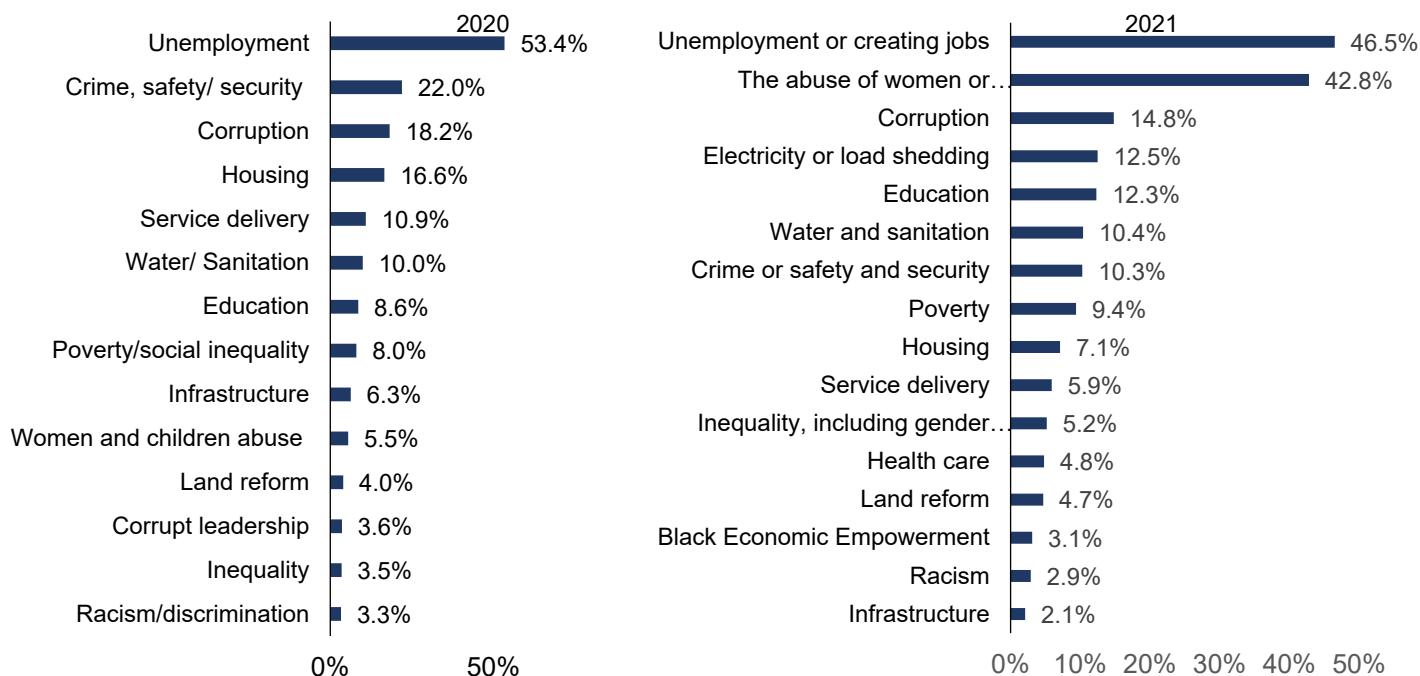
Figure 3: Registered voters and voter turnout, 2000-2021

	Eligible voters	Registered Voters	Voter turnout	Voter turnout (% of registered voters)	Voter turnout (% over - 18s)
2000	28 139 437	18 477 932	8 882 734	48.1%	31.6%
2006	29 161 600	21 054 954	10 190 598	48.4%	34.9%
2011	33 668 384	23 709 002	13 664 914	57.6%	40.6%
2016	36 177 300	26 389 063	15 290 820	57.9%	42.3%
2021	40 153 738	26 212 149	11 850 000	45.2%	29.5%

Source: CRA

- Investors are likely happy with the poll results themselves, but not with a coalition prospect of the ANC and EFF as this would herald a swing towards the extreme left, with the EFF already stating it requires the ANC to join on it on its extreme total land confiscation aims.
- Left to extreme left politics are typically anti-business either in a mild form through a high government command of the economy, high degree of regulation (of the private sector) and extreme state intervention in the economy and so of the private sector, or in more extreme destructive forms for economic growth and private sector job creation on the extreme left. Voters have shown they would strongly prefer the opposite.
- The ANC should take note of the voter swing away from left-wing, old style heavily socialist dogma, with most preferring social democracy, as shown by the strong rise in ActionSA and many smaller parties. Delving deeper instead into control, micro-management and regulation of the economy, such as many policies from the DTI department, will slow economic growth and job creation and will most likely just see further vote slippage for the ANC, as support dwindles nationally towards 40% and below.

Figure 4: Most serious problems in the country, 2020 and 2021



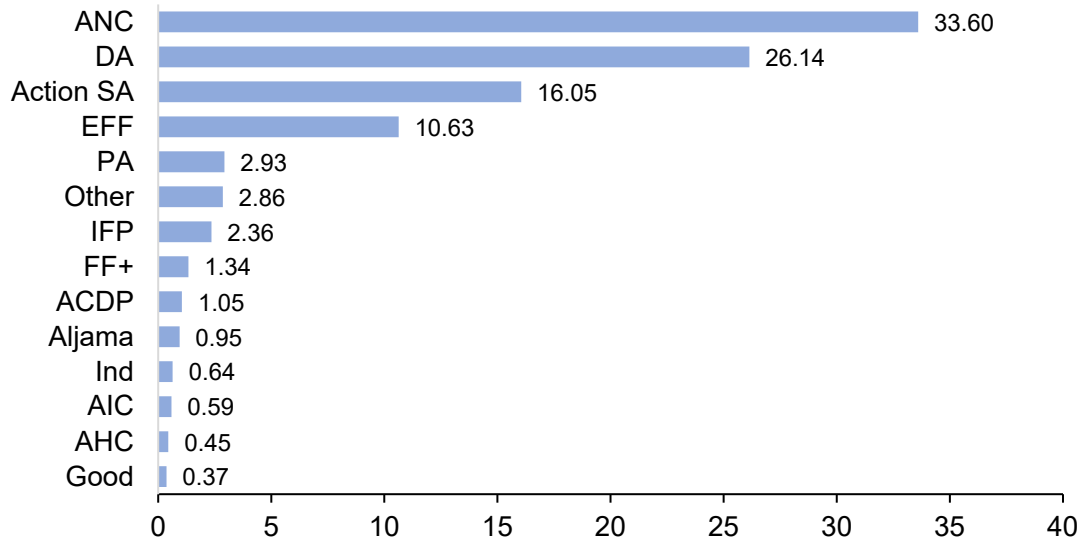
Source: CRA 2021 polling



Election update: the coalitions the ANC forms could be key for its policies, with the electorate showing a strong declining appetite for left wing politics

Friday 5 November 2021

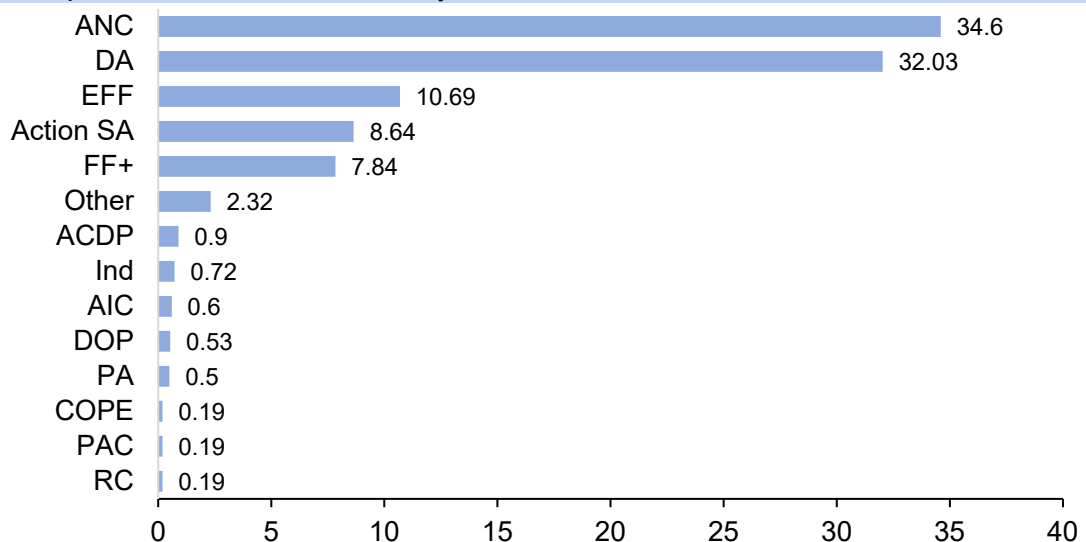
Figure 5: Municipal election results 2021 - City of Johannesburg



Source: IEC South Africa

- The election results show the ANC is still the biggest party in SA, retaining the largest share of the votes in most metros, but has been unable to obtain a majority in the City of Johannesburg, Tshwane, eThekweni, Ekurhuleni, and Nelson Mandela Bay metros.
- The ANC losses did not translate into EFF or DA gains however versus the last election of 2019, and instead either into smaller parties, or into a no vote decision. ActionSA saw a strong showing, but has ruled out a coalition with the ANC, as the DA has done with any coalition with the EFF.
- The DA has seen some small, national growth in support since the 2019 election, while the EFF shows some small, national decline in support since the 2019 election (see figure 1).

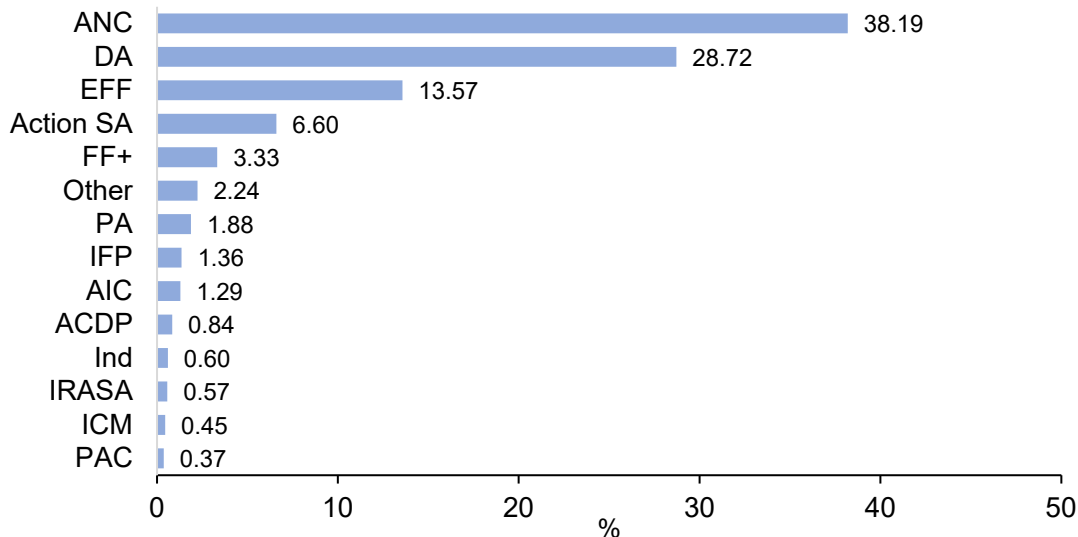
Figure 6: Municipal election results 2021- City of Tshwane



Source: IEC South Africa



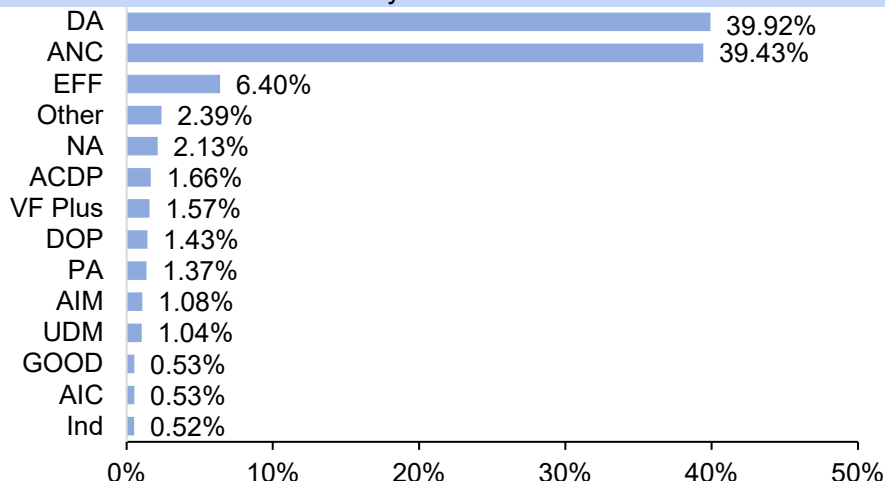
Figure 7: Municipal election results 2021 - City of Ekurhuleni



Source: IEC South Africa

- However, KZN may see an ANC EFF coalition, as well as in Ekurhuleni, while there could be minority coalitions as well in some areas.
- The ANC obtaining below 50% is a clear indication of high dissatisfaction from the electorate on the way it has been perceived to conduct itself over the past decade, as voter support has declined over the 2010s decade compared to when the ANC obtained 70% of the vote in 2004. The 2004 outcome was an endorsement of the good policies, strengthening economic growth and declining unemployment engineered under the Mbeki Presidency, from 1999 to 2008 as the private business sector expanded rapidly.
- The 2009 general election saw the ANC lose ground on the ousting of Mbeki and incoming President Zuma, with support dropping to 66%, and then to 62% by 2014, and in 2016's municipal election seeing national support for the ANC decline to 54%, rescued by new President Ramaphosa in 2019 with a rise to 58%.

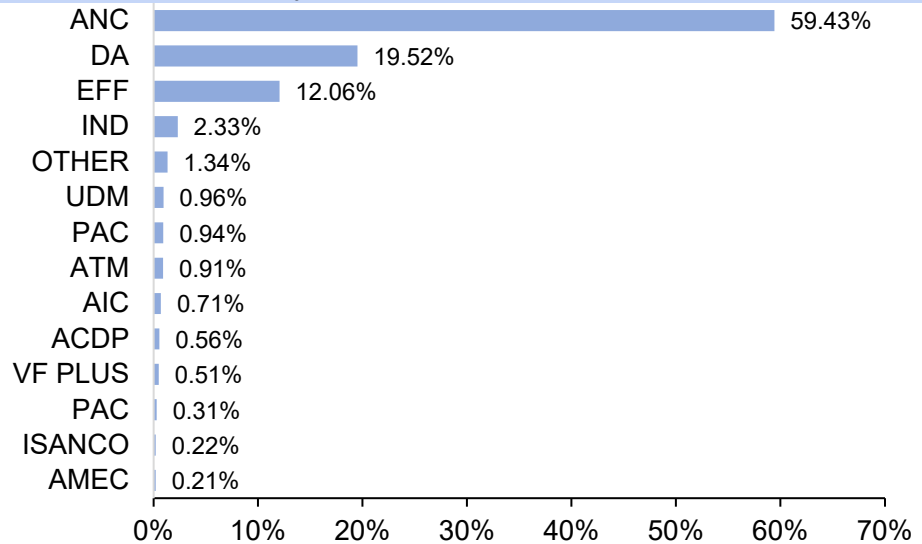
Figure 8: Municipal election results - Nelson Mandela Bay



Source: IEC South Africa



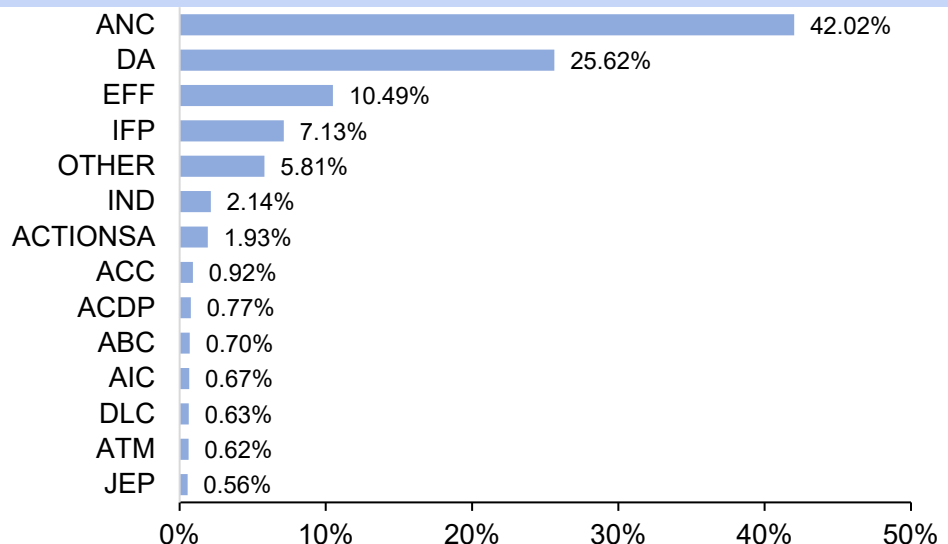
Figure 9: Municipal election results - Buffalo City



Source: IEC South Africa

- The support for the ANC and EFF combined now sits at 56% nationally, with the ANC at risk of further decline in the 2024 general election if it does not see a turnaround in its policies and delivery to voters that actually appeal to them. It appears to have become increasingly out of touch, appealing to fewer, with often out of touch policies or ruinously slow to implement pro-growth reforms.
- A massive freeing up of the onerous regulatory burden and elimination of most red tape, as well as a sharp reduction in its command and control of the economy would prove positive for it, if coupled with a notable rise in service delivery. Instead, the ANC is seen to support low productivity in civil servants in order to garner their votes instead of pushing high civil service productivity to drive service delivery and so gain mass votes.

Figure 10: Municipal election results - eThekweni



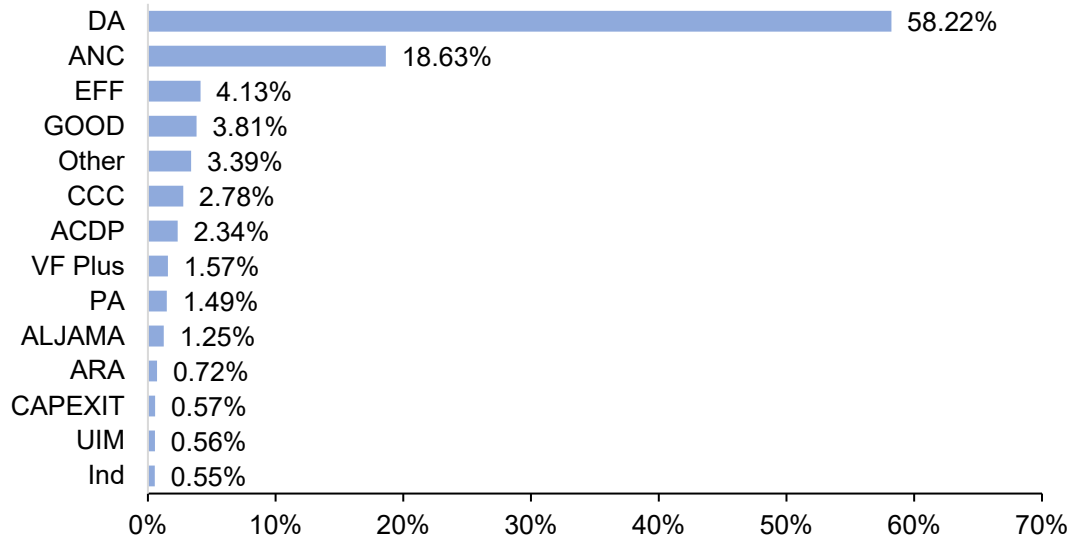
Source: IEC South Africa



Election update: the coalitions the ANC forms could be key for its policies, with the electorate showing a strong declining appetite for left wing politics

Friday 5 November 2021

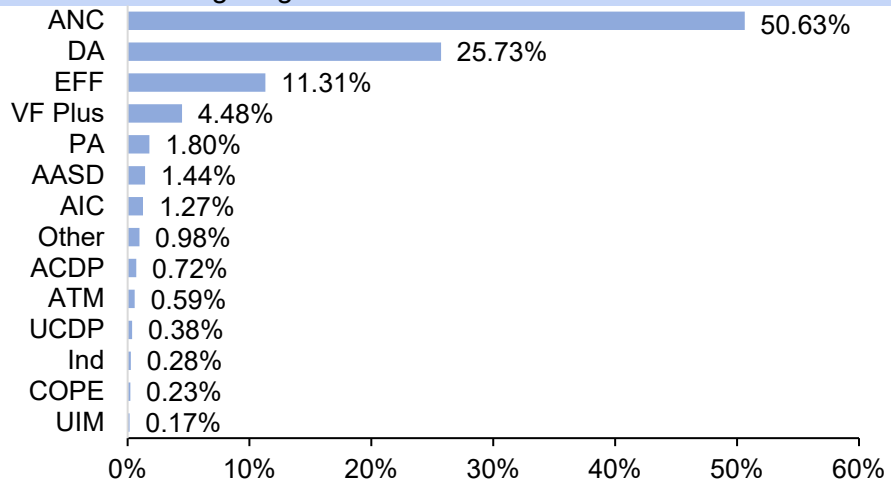
Figure 11: Municipal election results - City of Cape Town



Source: IEC South Africa

- Essentially, the ANC needs a strong turnaround strategy and change to reinvent itself, even as deep as its party manifesto, which is probably unlikely given the hard adherence many older members in the party have to 1950s style extreme socialism.
- This is not to say the ANC does not have a lot to offer (it does) and has not achieved a lot (it certainly has made many major achievements). It will always be the liberation party and have many adherents, with particular support in rural areas. But many of its supporters are aging, while voters increasingly are looking to the present and future when they decide on what a party has to offer them, and state capture, high levels of corruption, cadre deployment and falling service delivery is not what voters are looking for.
- What SA's key political party needs to do is update itself and modernise to increase its relevancy and attract more voter support. This will actually be crucial to its survival, both in the medium and long-term.

Figure 12: Municipal election results – Mangaung



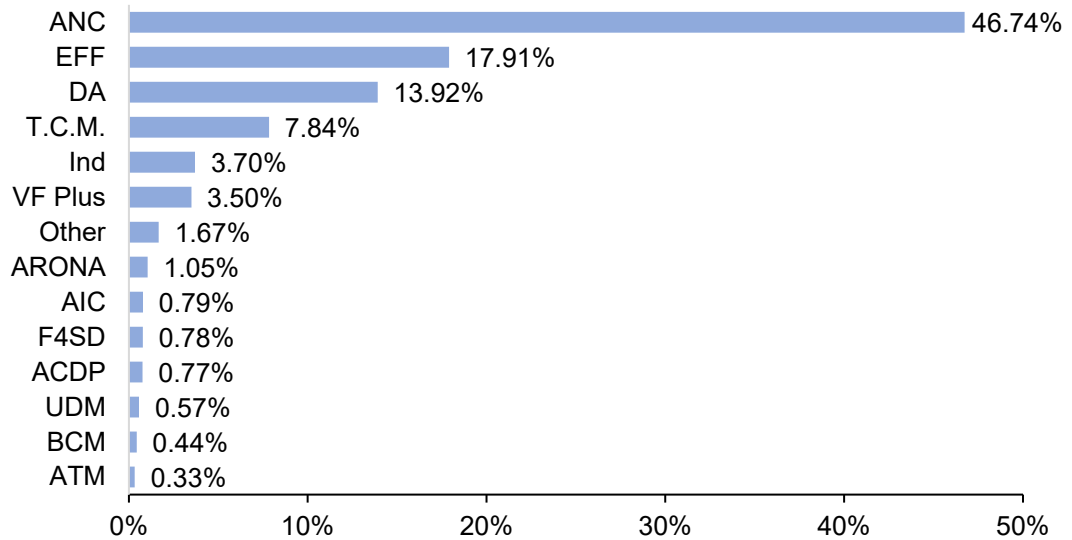
Source: IEC South Africa



Election update: the coalitions the ANC forms could be key for its policies, with the electorate showing a strong declining appetite for left wing politics

Friday 5 November 2021

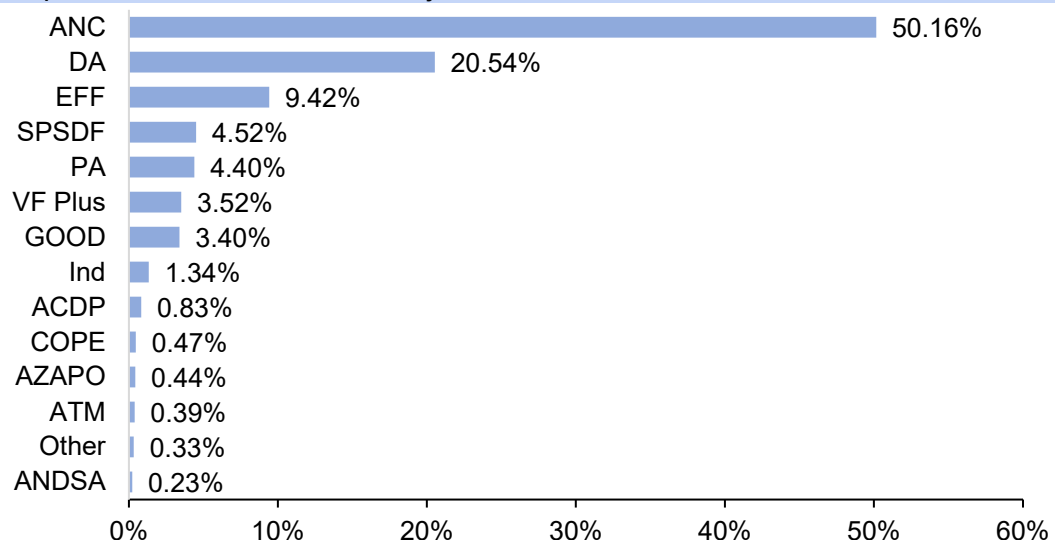
Figure 13: Municipal election results – Rustenburg



Source: IEC South Africa

- That is, shifting towards the extreme left is highly unlikely to serve politics well in SA, good governance of the Mbeki style era is instead what voters really want, when unemployment in the 2000s fell to an actual low of 21% from above 30% as strong inclusive economic growth saw the employment rate rise rapidly, with a large expansion of private business sector activity supported by increase ease of doing business.
- The denudation of government finances under state capture, rapid increase of taxes under the same period of the past decade and excesses (in lifestyles) of those benefitting from corruption has appealed to few, as the voting results show, benefiting the politically connected but they are few in relation to the majority of South Africans, and so have few actual votes versus those of the majority of South Africans.

Figure 14: Municipal election results –Sol Plaatje



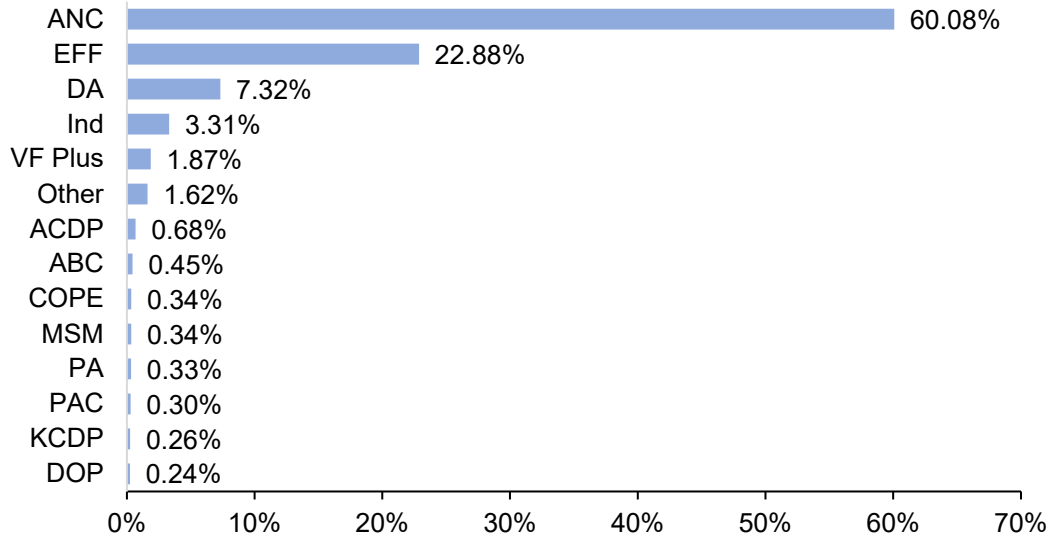
Source: IEC South Africa



Election update: the coalitions the ANC forms could be key for its policies, with the electorate showing a strong declining appetite for left wing politics

Friday 5 November 2021

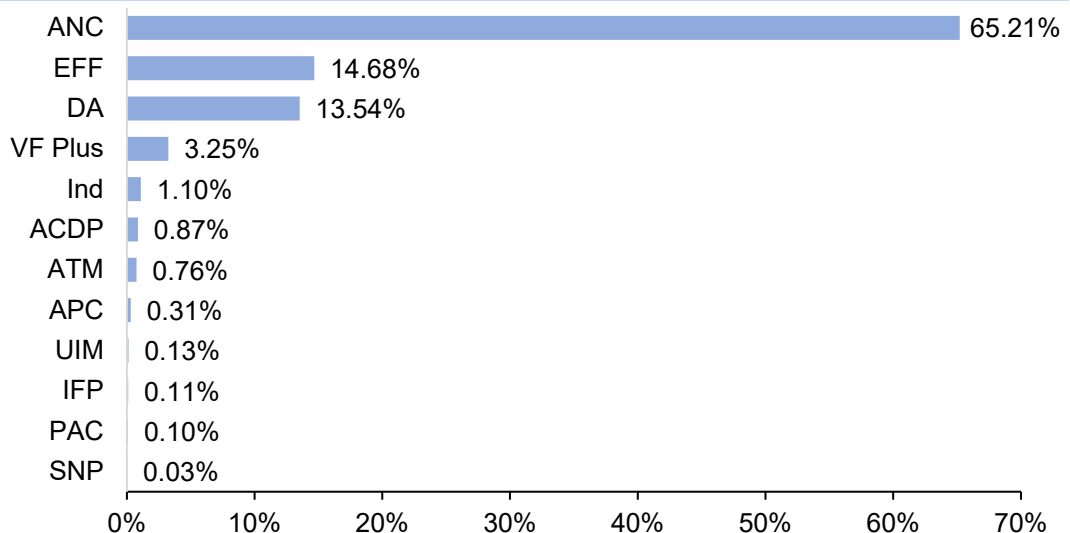
Figure 15: Municipal election results - Polokwane



Source: IEC South Africa

- Continuing to appease the politically connected and allowing corruption to flourish is what Ramaphosa is seen to stand against, but there have been many instances of corruption under his tenure too, not least the PPE frauds, reported corruption in the health department, and in other departments which are not seen to have been successfully dealt with.
- Voters are savvy, typically do not take comfort from race orientated and/or radical, extremist politics and instead prefer to get along with each other, and most importantly have actual freedom to conduct their business affairs (regardless of race or creed) efficiently and profitably to support their family and often their community. It is quite possible that future ANC coalitions with the EFF in a number of municipalities, if they occur, may result in even lower election outcomes for the ANC as voters turn further away from it.

Figure 16: Municipal election results – City of Mbombela



Source: IEC South Africa

Election update: the coalitions the ANC forms could be key for its policies, with the electorate showing a strong declining appetite for left wing politics

Friday 5 November 2021



Disclaimer

For the purposes of this disclaimer, Investec shall include Investec Bank Limited, its ultimate holding company, a subsidiary (or a subsidiary of a subsidiary) of that entity, a holding company of that entity or any other subsidiary of that holding company, and any affiliated entity of any such entities. "Investec Affiliates" shall mean any directors, officers, representatives, employees, advisers or agents of any part of Investec.

The information and materials presented in this report are provided to you solely for general information and should not be considered as an offer or solicitation of an offer to sell, buy or subscribe to any securities or any derivative instrument or any other rights pertaining thereto.

The information in this report has been compiled from sources believed to be reliable, but neither Investec nor any Investec Affiliates accept liability for any loss arising from the use hereof or makes any representations as to its accuracy and completeness. Any opinions, forecasts or estimates herein constitute a judgement as at the date of this report. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied is made regarding future performance. The information in this report and the report itself is subject to change without notice. This report as well as any other related documents or information may be incomplete, condensed and/or may not contain all material information concerning the subject of the report; its accuracy cannot be guaranteed. There is no obligation of any kind on Investec or any Investec Affiliates to update this report or any of the information, opinions, forecasts or estimates contained herein.

Investec (or its directors, officers or employees) may, to the extent permitted by law, own or have a position or interest in the financial instruments or services referred to herein, and may add to or dispose of any such position or may make a market or act as a principal in any transaction in such financial instruments. Investec (or its directors, officers or employees) may, to the extent permitted by law, act upon or use the information or opinions presented herein, or research or analysis on which they are based prior to the material being published. Investec may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them. The value of any securities or financial instruments mentioned in this report can fall as well as rise. Foreign currency denominated securities and financial instruments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such securities or financial instruments. Certain transactions, including those involving futures, options and other derivative instruments, can give rise to substantial risk and are not suitable for all investors.

This report does not contain advice, except as defined by the Corporations Act 2001 (Australia). Specifically, it does not take into account the objectives, financial situation or needs of any particular person. Investors should not do anything or forebear to do anything on the basis of this report. Before entering into any arrangement or transaction, investors must consider whether it is appropriate to do so based on their personal objectives, financial situation and needs and seek financial advice where needed.

No representation or warranty, express or implied, is or will be made in relation to, and no responsibility or liability is or will be accepted by Investec or any Investec Affiliates as to, or in relation to, the accuracy, reliability, or completeness of the contents of this report and each entity within Investec (for itself and on behalf of all Investec Affiliates) hereby expressly disclaims any and all responsibility or liability for the accuracy, reliability and completeness of such information or this research report generally.

The securities or financial instruments described herein may not have been registered under the US Securities Act of 1933, and may not be offered or sold in the United States of America or to US persons unless they have been registered under such Act, or except in compliance with an exemption from the registration requirements of such Act. US entities that are interested in trading securities listed in this report should contact a US registered broker dealer.

For readers of this report in South Africa: this report is produced by Investec Bank Limited, an authorised financial services provider and a member of the JSE Limited.

For readers of this report in United Kingdom and Europe: this report is produced by Investec Bank Plc ("IBP") and was prepared by the analyst named in this report. IBP is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is not intended for retail clients and may only be issued to professional clients and eligible counterparties, and investment professionals as described in S19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005.

Election update: the coalitions the ANC forms could be key for its policies, with the electorate showing a strong declining appetite for left wing politics

Friday 5 November 2021



For readers of this report in Ireland: this report is produced by Investec Bank plc (Irish Branch) and was prepared by the analyst named in this report. Investec Bank plc (Irish Branch) is authorised by the Prudential Regulation Authority in the United Kingdom and is regulated by the Central Bank of Ireland for conduct of business rules.

For readers of this report in Australia: this report is issued by Investec Australia Limited, holder of Australian Financial Services License No. 342737 only to 'Wholesale Clients' as defined by S761G of the Corporations Act 2001.

For readers of this report in Hong Kong: this report is distributed in Hong Kong by Investec Capital Asia Limited, a Securities and Futures Commission licensed corporation (Central Entity Number AFT069) and is intended for distribution to professional investors (as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) only. This report is personal to the recipient and any unauthorised use, redistribution, retransmission or reprinting of this report (whether by digital, mechanical or other means) is strictly prohibited.

For readers of this report in India: this report is issued by Investec Capital Services (India) Private Limited which is registered with the Securities and Exchange Board of India.

For readers of this report in Singapore: this report is produced by IBP and issued and distributed in Singapore through Investec Singapore Pte. Ltd. ("ISPL"), an exempt financial adviser which is regulated by the Monetary Authority of Singapore as a capital markets services licence holder. This material is intended only for, and may be issued and distributed in Singapore only to, accredited investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 ("SFA"). This material is not intended to be issued or distributed to any retail or other investors. ISPL may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Singapore recipients of this document should contact ISPL at the above address in respect of any matters arising from, or in connection with, this report.

For readers of this report in Canada: this report is issued by IBP, and may only be issued to persons in Canada who are able to be categorised as a "permitted client" under National Instrument 31-103 Registration Requirements and Exemptions or to any other person to whom this report may be lawfully directed. This report may not be relied upon by any person other than the intended recipient.

The distribution of this document in other jurisdictions may be prohibited by rules, regulations and/or laws of such jurisdiction. Any failure to comply with such restrictions may constitute a violation of United States securities laws or the laws of any such other jurisdiction.

This report may have been issued to you by one entity within Investec in the fulfilment of another Investec entity's agreement to do so. In doing so, the entity providing the research is in no way acting as agent of the entity with whom you have any such agreement and in no way is standing as principal or a party to that arrangement.

This publication is confidential for the information of the addressee only and may not be reproduced in whole or in part, copies circulated, or disclosed to another party, without the prior written consent of an entity within Investec. Securities referred to in this report may not be eligible for sale in those jurisdictions where an entity within Investec is not authorised or permitted by local law to do so. In the event that you contact any representative of Investec in connection with receipt of this report, including any analyst, you should be advised that this disclaimer applies to any conversation or correspondence that occurs as a result, which is also engaged in by Investec and any relevant Investec Affiliate solely for the purposes of providing general information only. Any subsequent business you choose to transact shall be subject to the relevant terms thereof. We may monitor e-mail traffic data and the content of email. Calls may be monitored and recorded. Investec does not allow the redistribution of this report to non-professional investors or persons outside the jurisdictions referred to above and Investec cannot be held responsible in any way for third parties who effect such redistribution or recipients thereof. © 2019.