GOVERNMENT-BUSINESS PARTNERSHIP
2024

GOVERNMENT-BUSINESS PARTNERSHIP

About

The Government, led by the President, and Business leadership, represented by Business Unity South Africa (BUSA) have formed a partnership to collaborate on delivering improved outcomes in three focal areas: energy, transport and logistics, and crime and corruption.

Over 130 companies and CEOs through BUSA, Business for South Africa (B4SA) and Business Leadership South Africa (BLSA) have committed to supporting this partnership.

Objectives and envisioned impact

- To increase societal and investor confidence in the country's economic trajectory through jointly implementing a limited number of key interventions to end loadshedding, implement the President's Energy Action Plan, increase freight volumes and improve performance of our logistics system, and address crime and corruption
- The aim is to create an enabling environment for inclusive growth, job creation, increased public confidence, and enhanced state implementation capacity

Key challenge

To improve the economic trajectory, investmentenvironment and societal confidence in the country's future potential

Key strategic priorities

01. ENERGY

Implementation of the Energy Action Plan (EAP) priority interventions through the Government's National Energy Crisis Committee (NECOM), these interventions include:

- Fix Eskom to improve availability of existing electricity supply
- Add new energy generation to the grid by increasing public procurement, private procurement, rooftop solar installations, andStandard Offer & Cross-Border power procurement
- Reform Energy sector -expand and stabilise the transmission grid; promulgate the Energy Regulation Amendment Bill; and completethe restructuring of Eskom into separate Generation, Transmission and Distribution entities

02. TRANSPORT AND LOGISTICS

Established by Cabinet, the National Logistics Crisis Committee (NLCC) is a Government structure, with private sector involvement, tasked with:

- Implementing structural reforms to modernise the freight transport system to restore its efficiency and competitiveness
- Increasing volumes (Mt) being transported by the freight logistics system
- Enhancing Transnet's capacity and capability to ensure long-term operational and financial sustainability

03. CRIME AND CORRUPTION

Led by Government, with targeted support from business, the National Priority Crime Operational Committee (NAPCOC) is coordinating the following interventions:

- Combatting infrastructure crime by securing electricity and logistics infrastructure.
- Building capacity in the NPA and Directorate Priority Crimes Investigation (DPCI) to enable the successful prosecution of criminals and individuals involved in corruption
- Strengthening the criminal justice system to ensure increased safety for citizens, including modernising the 10111 facility to improve emergency responses

Business' support for these initiatives is provided on an arms' length basis, respecting the independence of the justice system,especially the autonomy and independence of the prosecuting authority

04. EMPLOYMENT STRATEGIES

As part of the partnership, Government and Business are exploring accelerating existing collaboration on employment initiatives focused on the youth such as the Presidential Youth Employment Initiative (PYEI) and the Youth Employment Service (YES)

Successes to date

Through the deployment of technical experts, Kusile Unit 1 and Kusile Unit 3 have returned to operation two months ahead of schedule, translating into 1520MW being returned to the grid

Partnerships with the private sector have been established at Durban Pier 2, allowing for improved efficiency in the ports system

Removal of licensing requirements for generation projects has resulted in 18GW of renewable energy development in an advanced stage of development

The Resource Mobalisation Fund has been established and is in the process of widening its scope beyond its existing support to NECOM to look at raising funds from business and philanthropies to support Government in interventions in Transport and Logistics, and Crime and Corruption

The Freight Logistics Roadmap has been shared with social partners and will align all stakeholders around fixing and reforming transport and logistics

The Communications and Narrative workstream has been constituted to ensure transparency and regular updates on the progress of the partnership to all stakeholders domestically and internationally, including society more broadly

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ENERGY

About

Energy is one of three focus areas of the partnership between the South African Government and organised business, working together to remove obstacles to inclusive economic growth and job creation.

This workstream aims to enable and deliver the Energy Action Plan to end load shedding and transform the energy sector. Government leads the programme, with the support of business.

- **GOVERNMENT GOVERNANCE STRUCTURE:** National Energy Crisis Committee (NECOM)
- **GOVERNMENT CHAIR(S):** Director General Phindile Baleni
- **GOVERNMENT LEAD(S):** Rudi Dicks
- **CEO SPONSORS:** Adrian Enthoven, Nolitha Fakude, Fleetwood Grobler
- **SENIOR EXECUTIVE:** James Mackay (CEO: Energy Council SA)

Objectives

- **Enhance** Eskom's operational and financial capacity in the long term
- **Enable and support** a robust delivery partnership between business and government to end load shedding and transform our energy sector in line with national commitments
- Continue focus on Eskom power station performance recovery to **deliver the identified 8,4GW of generation recovery** by end 2024 and which will largely end load shedding
- Secure the policy and market confidence to unlock the significant private sector Baleen investment required to enable large scale Renewables, Gas to Power and Battery Storage
- Deliver critical sector reforms, including the ERA amendment Bill, operationalisation of the NTCSA, establishing a multi-market for generation and streamlining of regulations to support efficient permitting and approvals of energy projects.
- Address energy equality and social justness by ensuring growth in local manufacturing and job creation and fair distribution of value though the robust reform of municipalities to thrive through the energy transition
- Support South Africa's global competitiveness and reputation through a managed and optimised decarbonisation

Key challenge

Load shedding is causing deep economic and social harm and contributing to our slow energy sector reform which is critical to delivering a thriving energy sector, investment and a decarbonised economy

Successes to date

Removal of licensing requirements for generation projects has resulted in a 66GW renewable energy development pipeline in the long-term, with 18GW in advanced stage of development

Assisted on the launch of Energy One Stop Shop resulting in streamlined application process. Ongoing business support to build capacity in OSS, identify gaps and optimise the OSS.

Business technical experts were mobilised and deployed at Kusile power station to review the repair of the temporal duct, identify risks and opportunities to optimise the repair plans. Kusile Unit 1 and Kusile Unit 3 have returned to operation a full two months ahead of schedule, translating into 1520MW being returned to the grid and the reduction of almost two stages of loadshedding.

Deployment of technical experts, through the support of the RMF, to optimise the OCGT diesel supply chain efficiency at Ankerlig and Gourikwa power stations.

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ENERGY

3 Key strategic priorities

01. Fix Eskom to improve existing supply

- Improve power station performance through:delivery of 8,4GW of targeted technical interventions across priority power stations, ongoing maintenance and operating discipline continuous improvement programmes, and de-risking further system failures and strengthening people capacity
- Complete return to service units on schedule, specifically Koeberg mid-life intervention to be closed out end 2024

02. Add new energy generation to the grid

- Deliver expedited public procurement for bid window 7 and 8, Gas-to-Power and extended BESS.
- Shorten the procurement and regulatory timelines to increase new generation onto the grid.
- Increase private investment (inc. corporate Power Purchase Agreement market) by simplifying regulatory approvals, ensuring seamless national wheeling and clear policy.
- Increase rooftop solar installations, ensuring fair participation across income groups as well as public and private sector.
- Incentivise generation under the tariff reforms of Standard Offer and Emergency Gen Offer
- Expedite procurement from Cross-Border as well as open regional trading for private sector.

03. Reform energy sector

- Urgently secure NERSA codified rules for grid allocation, grid capacity modelling and grid curtailment.
- Expedite approval of delivery models for the Transmission Development Plan, with clear pipeline and commercial details required to secure maximum local content
- Operationalise NTCSA with independent Board and Executive by April 2024
- Promulgate the Energy Regulation Amendment Bill within the 6th sitting of Parliament

NECOM workstreams

1. **Improve Eskom Plant Performance**[a] (Support Eskom recovery of plant availability and Power Station performance): Technical teams to be deployed in six priority power stations, through the support of business and the Resource Mobilisation Fund (RMF)
2. **Regulatory and Legal**[a] (Energy Transition Policy scenario planning and regulatory streamlining): Led by Government, with support provided by business including on the development of the one stop shop and expediting the ERA bill
3. **New Generation Capacity**[a] (Accelerating and stimulating utility scale private generation capacity investment through market mechanisms): Collaboration between Government and business on Tariff unbundling, private wind and solar PPA market development programme and Private dispatchable generation and ancillary services
4. **Procurement and Financing** (Enable emergency procurement of electricity, and deployment of financial resources in implementing EAP). Government only workstream
5. **Demand Side Management** (Improve demand management and ensure implementation of energy efficiency and customer response measures)
6. **Safety and Security** (Address sabotage, theft and fraud at Eskom as well as cable theft and illegal connections). Government only workstream
7. **Data Analytics and Research** (Ongoing data & research support to inform decision making e.g., impact of measures to address the energy shortfall)
8. **Communication** (Communicating the strategy to the public in a coherent and effective manner, including regular progress updates)
9. **Distribution and wheeling**[a] (Enable national wheeling, market aggregation and municipal reform) –Collaboration between Government and Business focused assisting with scoping Intermediate market pilot, support cost of supply work, and stakeholder webinar on wheeling
10. **Expanding/strengthening transmission**[a] (Expanding the national grid capacity and capability) –Collaboration between Government and Business focused on scoping grid capacity allocation, building transmission supply chain joint

a= Business involved workstreams (5 of the 10)

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TRANSPORT AND LOGISTICS

About

Transport and Logistics is one of three focus areas of the partnership between the South African Government and organised business, working together to remove obstacles to inclusive economic growth and job creation.
Government leads the programme, with the support of business.

- **GOVERNMENT GOVERNANCE STRUCTURE:** National Logistics Crisis Committee (NLCC)
- **GOVERNMENT CHAIR(S):** Director General Phindile Baleni
- **GOVERNMENT LEAD(S):** Anthony Costa, Irvindra Naidoo
- **CEO SPONSORS:** Andrew Kirby, Mxolisi Mgojo, Mpumi Zikalala
- **SENIOR EXECUTIVE:** Ian Bird

Objectives

- Implement structural reforms to modernise the freight transport system to **restore its efficiency and competitiveness**
- **Increase volumes** (Mt) being transported by the freight logistics system
- Enhance Transnet's capacity and capability to ensure **long-term operational** and **financial sustainability**

Key challenge

Improve operational performance, increase infrastructure capacity shortages in freight rail and ports, and reduce incidents of infrastructure theft and sabotage

Successes to date

Draft Freight Logistics Roadmap, to be shared with cabinet by end November, developed through several rounds of engagement with social partners, including business and labour

N4 border processing time reduced by moving customs to canopy, immigration currently being moved

Incident database created to conduct threat and risk assessment on corridors to reduce threats

Partnerships with the private sector have been established at Durban Pier 2, allowing for improved efficiency in the ports system

Approval received to depart from some National Treasury instructions to enable more rapid and efficient procurement

Aerial surveillance on North and Central Corridors and Majuba line

Establishment of Joint Operational Centres on the North Corridor

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TRANSPORT AND LOGISTICS

3 Key strategic priorities

01. Fix operational challenges in the freight logistics system

- Obtain Shareholder Minister approval for the Transnet Turnaround Plan by 31 October 2023
- Support implementation of the Transnet Turnaround Plan through the NLCC Workstream 1 from 01 November 2023
- Reduce congestion at the Lebombo border crossing by 30 November
- Enable delivery of remaining locomotives and return to service of long-standing locomotives
- Undertake independent technical assessments of strategic corridors and identify interventions required by 30 April 2024
- Establish a dedicated multidisciplinary team to protect railway infrastructure

02. Add additional freight rail and ports capacity

- Establish a rolling stock leasing company through a joint venture with Transnet Engineering (TE) by 30 April 2024
- Allocate capacity on the freight rail network to 3rd party rail operators and publish timetable by 31 July 2024

03. Reform logistics sector

- Establish Infrastructure Manager as an operating division within Transnet by 31 October 2023
- Establish National Ports Authority as a subsidiary with a majority independent non-executive directors Board by 31 October 2023
- Establish the Transport Economic Regulator (TER) following passage of the Economic Regulation of Transport Bill by 30 April 2024

Key economic and societal impacts

High costs, poor services, and sector losses:

- c.R50 Bn lost in the minerals sector alone in 2022.
- Additional cost to the economy of cR450 Bn, equivalent to c.6% of GDP.
- Reduced tax revenue, increasing sovereign credit risk.
- Higher transport costs for commuters, as much as 40% of monthly income for the poorest South Africans.
- Higher emissions, derailing progress on our Nationally Determined Contributions (NDCs)

NLCC workstreams

1. **Operational Performance**[a,b]: Improving performance of the freight rail network, port systems and siding operations. Five Corridor Recovery Teams (CRTs) have been established to drive interventions on priority rail corridors, with the participation of technical experts from business and government, and Transnet staff and management.
2. **Road Transport**[a,b]: Improving road transport operations and border transit. Ensuring security and addressing congestion on strategic road transport trade corridors and land borders. Includes the active involvement of business, through technical experts.
3. **Passenger Rail**: Return of passenger rail lines which remain out of service, including the rehabilitation of track, stations and equipment. Includes involvement. Business is not actively involved; however, there is the involvement of a private passenger rail operator.
4. **Structural Reform**: Coordinate the implementation of structural reforms outlined in the Freight Logistics Roadmap. Government only workstream, no participation of business.
5. **Procurement**: Coordinate the implementation of structural reforms outlined in the Freight Logistics Roadmap. Addressing challenges in the procurement system including local content requirements and legislative changes and exemptions. Government only workstream, no participation of business.
6. **Financing**: Ensuring adequate funding of the network through appropriate mechanisms to support the implementation of the Freight Logistics Roadmap. Government only workstream, no participation of business.
7. **Security**[a]: Ensuring adequate funding of the network through appropriate mechanisms to support the implementation of the Freight Logistics Roadmap. Business has active participation and business has committed to supplementing activities.
8. **Communication**[a]: Ensuring adequate funding of the network through appropriate mechanisms to support the implementation of the Freight Logistics Roadmap. Business is actively involved.

a= Business involved workstreams (4 of the 8), b = Business is a co-chair of the workstream (2 of the 8)

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CRIME AND CORRUPTION

About

Crime and Corruption is one of three focus areas of the partnership between the South African Government and organised business. Business' support for these initiatives will be provided on an arms' length basis, **respecting the independence of the criminal justice system**, especially the autonomy and independence of the prosecuting authority, and the DPCI

- **GOVERNMENT GOVERNANCE STRUCTURE:** National Priority Crime Operational Committee (NPCOC)
- **GOVERNMENT CHAIR(S):** Director General Phindile Baleni
- **GOVERNMENT LEAD(S):** Lieutenant General Lebeya
- **CEO SPONSORS:** Jannie Durand, Neal Froneman
- **SENIOR EXECUTIVE:** Graham Wright (CEO: Business Against Crime South Africa)

Objectives

Contribute to a **safer societal environment**, by bolstering the capacity and capability of the State to **deal with crime and corruption**

Key challenge

Improve law enforcement capabilities and judicial system effectiveness

Successes to date

Agreement between Government and Business for JICC to be governed and operationalized under the National Priority Crime Operational Committee (NAPCOC)

Workstream 7 (Security) of the NLCC established, with a focus on securing critical freight logistics and rail infrastructure from theft and sabotage.

Transitioned BACSA to an independent entity to facilitate consolidated business support to government efforts

An initial pilot to modernize the 10111 emergencycenter agreed

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CRIME AND CORRUPTION

3 Key strategic priorities

01. Enhance

Enhance current law enforcement and operational response initiatives: led by Government, business to provide niche support to existing initiatives focused on increasing state capacity for prosecutions; increasing state capacity for high-level investigations; and incorporating business' efforts to disrupt criminal value chains into a coordinated response

02. Capacitate

Capacitate investigative and judicial capabilities: Partnering to enable support to Government efforts through the development of specialist skill sets and the provision of necessary forensic capabilities to enable investigations, arrests and prosecutions

03. Reform

Reform the judicial system: Ensuring timeous passage of the NPA Amendment Bill to reduce backlog for specialised units, increasing capacity for investigations

Key economic and societal impacts

- High commercial crime rates (commercial crime rose by 19.9% yoy in Q2 2022)
- Low societal and investor confidence (Business Confidence Index score of 38/100)
- Lower levels of social cohesion, trust, and delivery of quality services to citizens.
- Poor prosecution and conviction rates of complex cases
- Organised violent criminal syndicates undermining business operations in key economic sectors

Interventions

1. Modernising the criminal justice system to ensure increased safety for citizens, with an initial focus on modernising the 1011 facility to improve emergency handling and response
2. Building capacity in the NPA and Directorate Priority Crimes Investigation (DPCI) and providing specialist business expertise to enable the successful prosecution of organized criminal syndicates
3. Addressing theft and sabotage of critical national infrastructure in transport, logistics and energy

NOTE: Business to provide targeted support to all interventions