Government Business Partnership

Update report to BUSA and BLSA

Thursday, 15 August 2024

BUSINESS FOR SA

Agenda

Item	Leads
1 **Opening**	Busi Mavuso
2 **Progress overview**	Martin Kingston
3 **Update on focal area priorities**	
• Energy	• Adi Enthoven
• Transport and Logistics	• Mpumi Zikalala
• Crime and Corruption	• Jannie Durand
4 **Employment update**	Adi Enthoven
5 **Communications and narrative**	Lisa Klein
6 **Way forward and Q&A**	Martin Kingston

Three focus areas were mobilised to tackle priorities through the Partnership

Approach	Fix	Build	Reform
Energy	Reduce loadshedding	Accelerate new generation, especially rooftop solar	ERA, NTCSA and related reforms to improve competitive environment[1]
Transport & Logistics	Reverse decline in operational performance	Address maintenance backlog and expand capacity	Increase private sector participation
Crime & Corruption	Investigate and prosecute complex criminal and corruption cases	Enhance specialised skills to support investigators and prosecutors	Modernisation of LEAs

Communications: Deliver a unified voice to build societal and business confidence

1. Fact sheet on the electricity regulation amendment (era) bill, Nov 2023

Significant progress since inception

Energy

76% Reduction in loadshedding[1]

136 days Without loadshedding in 2024[2]

>6 GW
Of new energy generation added

2x
New generation investment pipeline

>8 GW
Of initiatives to expand energy sources, including 5.8 GW rooftop solar

NTCSA established and board in place

Debt relief package for Eskom

New Eskom CEO appointed

Transport and Logistics

36% Less waiting time to anchor vessels[3]

45% Fewer vessels anchored outside Durban[3]

+R700M
Investments on key corridors[4]

R47BN
Government guarantee for Transnet

New Transnet CEO,CFO, COO and TFR CEO appointed

Private sector expertise mobilised

Rail PSP framework approved

Freight Logistics Roadmap published

Crime and Corruption

~50% Reduction in security incidents on coal line[5]

R57M
Forensic analysis centre set up through the collaboration

Expertise mobilised to support 10111 modernisation

JICC in place and operational

Alignment on interventions and projects

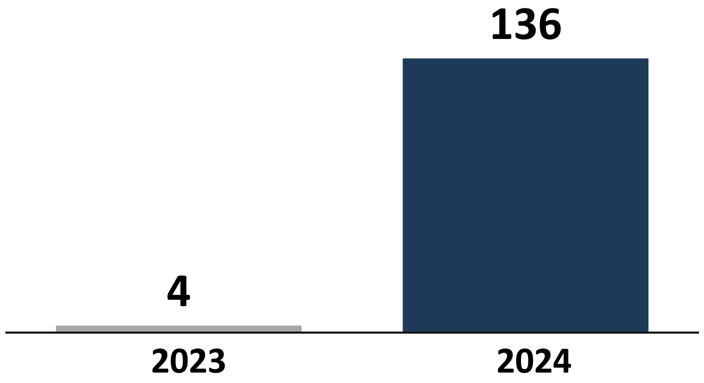
BACSA 2.0 established

1. Reduction in cumulative load shedding hours realized year to date; 2. As of 11 August 2024; 3. As of March 2024; 4. Total investment including Business, Government and donors; 5. As of 17 July 2024

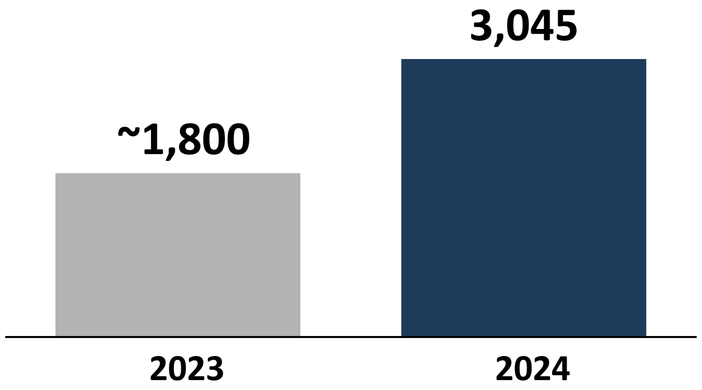
Energy: Loadshedding recovery and Partnership success

Eskom performance has exceeded all forecasts, starting to restore confidence in business and society

Days with no loadshedding



Overall capacity recovered (MW)



Business and the Partnership have mobilised significant expertise and resources, contributing to success

9000+
Hours of experts **engaging** with Eskom

57
Companies contributing to **interventions** at power stations

5
Eskom power stations in scope for NECOM interventions

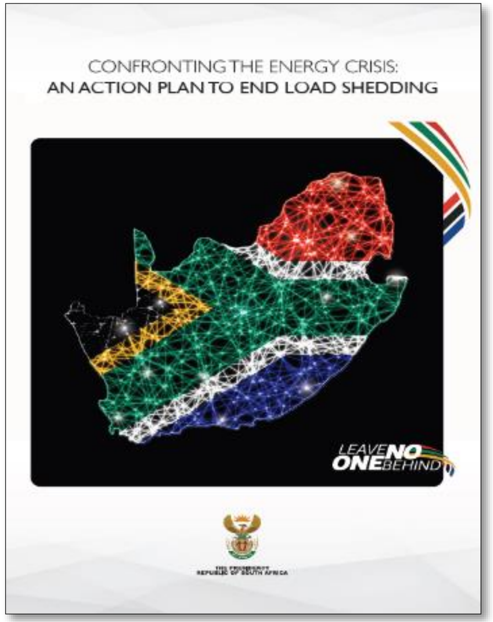
Kusile stack recovery
Expedited project plans

Kriel water chemistry improvement
Deployed engineers and scientists

Matla ash handling enhancements
Project management support

Energy: We are facing an escalating affordability crisis and slowing investment

Energy Action Plan
remains central to our collaboration



Urgent action required to ensure a stable transition and address looming challenges

Energy security
Risk: Delayed investment in new generation (RE; Gas; BESS)
Delayed grid expansion and access
Impact: Constrained economy; stalled investment

Affordable access
Risk: Rising system costs due to inefficiency
Municipal utility service failures and increasing debt
Impact: Unaffordable services to communities and businesses

Sustainability
Risk: Complex market reform & lack of industry readiness
Higher emissions impacting climate legislation
Impact: Declining global competitiveness and export revenues

2022 2023 2024 2025

Energy: We must now accelerate energy transition reforms

Status

NECOM will work towards building momentum from the 6th administration

Priorities include:

- Rapid transmission expansion
- Market reforms implemented
- Electricity distribution industry reform
- Continued expansion of new generation capacity

Mobilisation of skills and capacity required to accelerate reforms. Clear roles and governance required

Priorities to drive change

NECOM
NATIONAL
ENERGY CRISIS
COMMITTEE

NECOM will continue to ensure

- Technical and milestone development
- Robust reporting
- Capacitation through Partnership

NECOM to:

- **Implement critical path** that considers the changing landscape
- Clarify rules for parties to confidently invest in and fund the transition plan

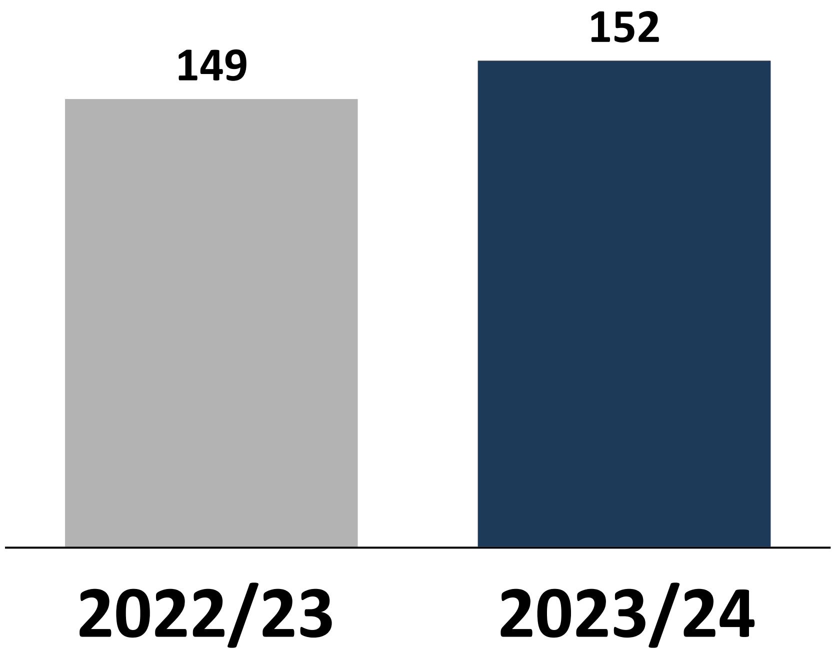
President to assent to the ERA Bill

T&L: Our Partnership drove progress

Progress to date on Transnet Recovery Plan

Deep dive to follow

Rail volumes (Mtpa)



Examples of technical support offered by Business and the Partnership

Transnet Freight Rail

Provided procurement & operations expertise

Transnet Freight Rail

Deployed 500+ security personnel

Transnet Port Terminals

Support for maintenance at ports

Delivery of key economic reform

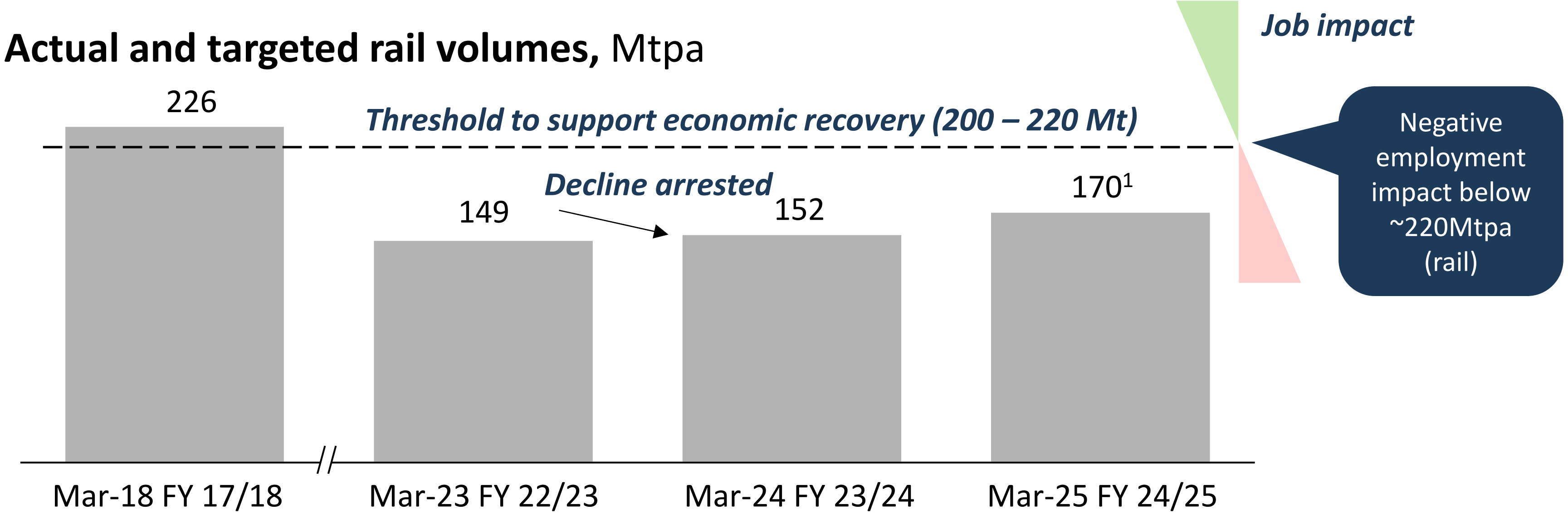
Economic Regulation of Transport Act approved

Rail PSP framework approved

Freight Logistics Roadmap published

T&L: Transnet is performing below its recovery plan and well below volumes required to support economic recovery

Actual and targeted rail volumes, Mtpa



Key challenges limiting progress

1. **Inconsistent collaboration**

   Effectively use existing structures e.g. NLCC

2. **Clarity on forward looking volumes at the commodity level**

   Require granular and consistent reporting and forecasting

3. **Decision making and planning bottlenecks** within Transnet

   Require more intensive shareholder oversight and direction

4. **Maintenance backlog on infrastructure and equipment**

   Require partnerships to crowd in investment

Impact of lagging recovery

- **Business confidence** in Transnet's ability **to meet turnaround targets is low**
- **TFR target, while higher than last year, is below contracted volumes** and still **inadequate for economic growth**
- **Retrenchments in key economic sectors will continue** if performance doesn't improve
- **Partnerships in priority corridors and terminals** should be **prioritised**

1. Target per Transnet Recovery Plan

T&L: Key priorities to drive change

	Key priorities	Responsible	Timeline
Overarching	**Confirmation of shareholder ministerial reporting line**	Presidency	Aug 2024
Transnet & logistics performance	Commence new **Joint Breakthrough initiatives** with clear accountability	Presidency, Business, Transnet	Aug 2024
	Support **Transnet Board and senior management** with **additional expert skills** and resources	DoT, Transnet, Presidency	Sept 2024
	Finalise **Revised Shareholder's Compact**	Presidency, DoT	Sept 2024
	Support state security structures through CARA Funding	SAPS, Presidency	Sept 2024
Structural reform	Issue **updated Network Statement**	Transnet	Aug 2024
	Appoint Transport Economic Regulator Board[1]	DoT	Nov 2024 (E)
	Capacitate **PSP**[2] **Unit** (to accelerate rail and port co-investment)	DoT, NT	Nov 2024
	Commence open access on the rail network by third party operators	DoT, Transnet	Oct 2024

1. Dependent on several steps, including market inquiry, business case finalisation, approval as schedule 3A entity – to be discussed at JSOC; 2. Private Sector Participation

C&C: Key levers prioritised to enhance law enforcement and CJ response to complex crime and corruption

Situation

1/3 Of GDP reported[1] lost through corruption during State Capture years

FATF Grey listing Impacting on SA economic and development prospect

Objectives

Demonstrate ability to prosecute corruption and recover assets

Enhance the State's response to FATF grey listing

Leverage the comparative specialised skills of the private sector to support Government-led priorities to:

Enhance law enforcement	Prosecute high-profile criminal and corruption cases	Improve state capacity and capability	Modernise and streamline criminal justice system

1. Daily Maverick, March 2019

C&C: Our Partnership is supporting Government's efforts to build centres of excellence

Progress and support provided to date

8 out of 22
FATF recommendations addressed. Business support to DPCI in place to provide specialist support on selected, complex money laundering cases

Eyes and ears initiative
>1900 arrests; 1950 vehicles impounded, 300 illegal firearms seized, etc

NPA/IDAC Digital Evidence Unit development has progressed:

- **Independent, standalone,** non-profit - bespoke digital forensic services
- **Support IDAC with digital evidence collection and encryption** – could be expanded to support broader CJS later
- **Independent steering committee established**
- **First case support by end of 2024**
- **IDAC to manage processes** and expectations
- **IDAC to vet potential donors** for possible conflicts

Initial resourcing estimates

R270m estimated for select DPCI cases[1]

~R1bn over 5 years for Digital Evidence Unit[2]

Reallocation of budgets and successful fundraising key to implementation

Promulgation of NPA Amendment Act is a priority

1. Funded by public sector with potential pro-bono support from Business, and dependent on case onboarding rate.
2. Contingent on C&C focal area's international fundraising success. 10 donors being approached. Standalone entity providing support to IDAC upon request

Employment: Partnership is focused on delivering progress across four key areas

Situation

Economic growth is a prerequisite for large scale **job creation**

For now, **short-term interventions could** accelerate existing efforts

4 initiatives are considered for progress

Key areas		Example initiatives
1	New work opportunities	**Implement visa reform** (to grow tourism from China and India)
2	Skilling that unlocks jobs	**Double number of youth trained** in digital skills via Collective X
3	SMMEs / township economy	Increase **access to finance** and support for informal economy and township businesses
4	Youth employment	Institutionalise **SA Youth National Pathway Manager**

By unlocking bottlenecks, we could jointly create **significant work opportunities** for youth in the next three years

Communication: Our reach to date

Partnership has drawn strong media attention

news24
Transnet turnaround: Here's what has been done to address ports and rail crisis in the past year

BUSINESSTECH
Government's big plan to fix the 'Eskom-sized' problems in transport

news24
Logistics crisis: Govt, biz partnership bears fruit as N4 truck queue cut from 26km to 3km

FINANCIAL TIMES
South Africa's blackouts crisis is 'fixed', says Eskom

Bloomberg
Transnet chaos threatens R242 billion exports

Sunday Times
Is it time to redefine public-private participation.

Urgent delivery needed to sustain momentum and realise GNU ambitions

TimesLIVE
Business wants, and expects, more collaboration from unity government
Business leaders discuss future of public-private partnerships at Sunday Times's 10th annual Directors' Event

BusinessDay
No excuses; the GNU must get going, says Busa's Khulekani Mathe

news24
OPINION | Great start, Mr President - and now the work begins

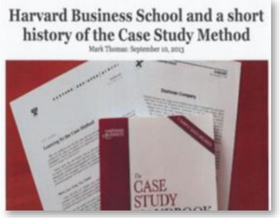
BusinessDay
Creecy plans on more private sector involvement in rail
Transport minister wants to establish a dedicated private sector participation unit to pursue this goal

Bloomberg
South Africa Business Optimism on the Rise, BLSA CEO Says

Sunday Times
Focus on infrastructure to boost growth prospects
Turning the country into a building site will boost the economy and ensure a brighter future for all

Communication: Showcasing the Government Business Partnership and our proven model for a new era

The 7th administration is an inflection point to recommit to the Partnership and deliver meaningful progress

13 Aug	14 Aug	Early Aug-Sept	Sept	Oct-Dec	Oct-Jan '25
Today: First meeting of the Partnership with the 7th administration	**Joint press briefing**	**Formal launch of Phase 2 with Presidency, Ministers and CEOs**	**Breakfast panel event and Editors' dinners or SANEF**	**Case study**	**Investor-focused events**
Start of new phase of Partnership			Discuss the partnership, its achievements and focus for future impact	 Top-tier university case study, global reach	Key flagship events: Opportunities to present partnership progress and model

Maintaining momentum through frequent and transparent media and stakeholder updates will build trust and credibility

Q&A

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