



6 March 2024

JOINT MEDIA STATEMENT

PROGRESS ON GOVERNMENT AND BUSINESS COLLABORATION

Key updates since November 2023:

- *Energy:* Load shedding is roughly 61% less than the same period last year (80% less for stages 4 and above), and is starting to decouple from Eskom's Energy Availability Factor (EAF), demonstrating the positive impact of alternative energy sources including rooftop solar.
- *Transport and logistics:* A 45% reduction in vessels anchored outside the Port of Durban and a 36% reduction in the waiting time to anchor for container vessels has been achieved. Capable executive leadership has been appointed in Transnet to ensure stability and focused delivery.
- *Crime and corruption:* Collaboration between Transnet and business, including the provision of security on the rail network, has resulted in a 65% reduction in criminal incidents on the Northern Corridor which is key to reducing the cancellation of trains.

Johannesburg, 6 March 2024 – President Cyril Ramaphosa has convened a meeting with members of Cabinet and senior business leaders on the partnership between government and business to address key challenges in energy, transport and logistics, and crime and corruption.

The objective of the partnership is to achieve more rapid economic growth and generate a significant increase in sustainable employment by urgently delivering on priority interventions in each of the three focal areas.

President Ramaphosa said: "We are beginning to see the tangible results of this collaboration in reduced load shedding, improved performance of our rail network and ports, and a reduction in security incidents targeting energy and logistics infrastructure. We are confident that we are turning the corner on our most urgent challenges, and are absolutely committed to building on this partnership as we work to grow the economy."

Adrian Gore, co-convenor of the business delegation, commented: "We have achieved real progress over the last nine months, and the partnership is gaining excellent traction. The private sector has contributed more than R170 million of support directly into this partnership, and has mobilised over 350 technical experts. We need to capitalize on the momentum and urgently implement the necessary reforms. This will help to improve societal and investor confidence in South Africa's potential, and mobilize much needed investment to grow the economy inclusively."

As part of the support provided by business, the Resource Mobilisation Fund (RMF) was established to procure and donate resources to support the implementation of the Energy Action Plan. To date, the fund has raised approximately R100m, with R25m already having been drawn down to fund expertise to support the National Energy Crisis Committee (NECOM). Business is looking to scale this model to support the National Logistics Crisis Committee (NLCC) and the Joint Initiative on Crime and Corruption (JICC).

The meeting discussed the progress made over the last three months, as well as key priorities to accelerate progress in the next period. These are summarized for each focal area below.

Energy

The work underway within the National Energy Crisis Committee (NECOM) and the implementation of the Energy Action Plan is starting to bear fruit. Load shedding is down by 61% compared to the same period last year, with the return of units at Kusile power station as well as new generation capacity from rooftop solar and private sector investment having a positive impact. Reform of the energy sector is progressing, with an independent board appointed for the National Transmission Company of South Africa (NTCSA) and preparations underway for the new entity to commence trading.

However, Eskom plant performance remains unreliable with an unacceptably high level of unplanned outages. Under the leadership of its new Group Chief Executive, Mr Dan Marokane, Eskom is working to ensure full delivery on its recovery plan. Eskom and business are finalising a Mutual Cooperation Agreement to establish a sustainable framework through which to deploy additional independent skilled experts to support Eskom in this regard.

The aim for 2024 is to increase generation capacity from multiple sources by 6.2 GW, which will enable a significant reduction in the severity of load shedding by the end of the year. This includes improved plant performance as a result of Eskom's Generation Recovery Plan, additional private investment in rooftop solar and utility-scale projects as a result of policy and regulatory reforms, and projects from previous bid windows connecting to the grid. Initiatives underway to unlock increased grid capacity, successfully conclude Bid Window 7 and open further bid windows for gas-to-power and battery storage will contribute to additional generation capacity in the medium term.

Finally, government is working to accelerate reforms in the energy sector, including the promulgation of the ERA Bill, the establishment of the NTCSA, the finalisation of a national wheeling framework, and the development of financing mechanisms for transmission infrastructure.

Transport and Logistics

Challenges in the logistics system are receiving urgent attention, with the National Logistics Crisis Committee (NLCC) focused on stabilising and improving rail, port and road operations. Business is supporting a number of the NLCC workstreams with technical, security and operational expertise.

Green shoots include a 45% reduction in vessels anchored outside the Port of Durban and a 36% reduction in the waiting time to anchor for container vessels. A major success has been the provision of security by business on the rail network on an interim basis, which has resulted in a 65% reduction in criminal incidents on the Northern Corridor, reducing the number of trains cancelled. Work is currently underway to ramp up the deployment of SAPS resources to secure network infrastructure in the longer term.

Progress was achieved with the approval of the Freight Logistics Roadmap (FLRM) and the Private Sector Participation Framework, which together outline clear actions and timeframes to ensure a more efficient logistics network that encourages private investment and competition in operations. Implementation of the roadmap is now underway, with key milestones included in conditions attached to the R47 billion guarantee recently extended to Transnet.

Despite this progress, continued poor operational performance and inefficiency costs the economy R1bn per day, with recent announcements of retrenchments in the mining industry illustrating the urgency of reform in the logistics sector. Transnet is focused on improving performance through clearly defined and agreed measures such as rebuilding internal capacity, implementing operational excellence centres for strategic corridors, and drawing on private sector technical resources. The recent appointment of permanent executive leadership at Transnet will assist with the necessary focus and delivery mindset, and the urgent implementation of the Transnet Recovery Plan.

Crime and Corruption

Steady progress has been made in the crime and corruption focal area, including the establishment of the Joint Initiative on Crime & Corruption (JICC).

The private sector is continuing its support to strengthen law enforcement through providing business information and resources to assist with the fight against infrastructure crime. Support has also been provided to modernise the 10111 helpline, with a pilot project initiated at the main call centre in Midrand.

Passing the NPA Amendment Bill within the current Parliament will strengthen the independence and investigating capacity of the NPA and will enable the establishment of additional infrastructure to support the Investigating Directorate as a permanent entity, including a dedicated Forensics Laboratory.

A key focus is to secure South Africa's removal from the Financial Action Task Force (FATF) grey list, with the aim of achieving this by June 2025.

Next steps

The next meeting will be held in May to assess progress on the three focal areas. Government and business remain committed to communicating regularly on progress, and identifying areas where further work is required.

As Martin Kingston, Chair of the B4SA Steering Committee, commented: "We are finalizing our targets for the end of 2024, and aligning on the critical paths to achieve these. These plans will be communicated publicly, and reported on regularly. This will build confidence in the process, and will enforce accountability. As partners, we are absolutely focused on delivery."

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Note to editors:

About Business Unity South Africa (BUSA): BUSA is a leading business organisation that represents the interests of South African business, covering major sectors and industrial groupings. BUSA aims to create an enabling environment for business success and economic growth in the country by engaging with government, labour unions, and civil society.

About Business for South Africa (B4SA): B4SA is a BUSA platform, bringing together key South African business leaders to address urgent national challenges and drive economic recovery. B4SA focuses on key priority areas and works in close collaboration with government counterparts to find innovative solutions and create a positive impact for all South Africans.