# OPERATION VULINDLELA

Supporting
the Implementation
of Priority Structural Reforms

# PHASE 1 REVIEW

## PROGRESS IN DRIVING ECONOMIC REFORM

## 2020-2024

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

# OPERATION VULINDLELA

## PHASE 1 REVIEW

### REFLECTING ON PROGRESS IN DRIVING SOUTH AFRICA'S ECONOMIC REFORM PROGRAMME

# REPORT OUTLINE

# FOREWORD

In October 2020, in the midst of the COVID-19 pandemic and its devastating impact on lives and livelihoods, I addressed a joint sitting of Parliament to outline our plan to build a new economy. This plan was born from the recognition that the disruption caused by the pandemic presented an opportunity not just for recovery, but for renewal and reform – an opportunity to fundamentally shift South Africa's economic trajectory and improve the lives of its people.

At the centre of the plan was a bold agenda of economic reform, focused on addressing the long-standing constraints which have held back economic growth for more than a decade. This included reforms in the energy, logistics, water, and telecommunications sectors, as well as reforms to the visa system, which were identified for their impact on growth and job creation. Operation Vulindlela was established as a joint initiative of the Presidency and National Treasury to accelerate the implementation of these reforms, with a mandate to instil a new sense of urgency and a new way of working across government.

As this comprehensive report demonstrates, significant progress has been achieved since the launch of the economic reform programme in 2020. In the energy sector, regulatory reforms have opened the space for private investment in electricity generation for the first time, enabling a massive boom of investment mostly in renewable energy sources. The restructuring of Eskom and the introduction of the Electricity Regulation Amendment Bill will fundamentally transform the energy sector, introducing a competitive electricity market and creating a level playing field for multiple generators – ensuring that we never experience load shedding again.

In the logistics sector, rapid progress is being made to reform the rail system and allow private rail operators to access the freight rail network. Private sector participation is being introduced in container terminal operations, facilitating new investment in upgrading equipment, expanding terminal capacity, and improving operational performance. While there is still a long way to go, the performance of our ports and rail system is steadily improving and progress in restructuring Transnet is advanced.

Significant progress has also been made in other areas, from the reinstatement of the Blue, Green and No Drop water quality monitoring system and the turnaround of the water use license system to the reform of the work visa system to attract skills and investment. Together, these reforms lay a strong foundation for more rapid and inclusive economic growth, enabling greater levels of investment and job creation.

While there is more work to be done to reform our economy, we have come a long way since establishing Operation Vulindlela. We will not stop until we have removed the constraints on growth and built a dynamic, fast-growing and economy that works for all South Africans.

**HE MR MATAMELA CYRIL RAMAPHOSA**

**PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA**

# MESSAGE OF THANKS

**RUDI DICKS**
**HEAD: PMO**

**NOMVUYO GUMA**
**CD: MICROECONOMIC POLICY**

Operation Vulindlela – an experiment in policy implementation. Three and a half years ago, at the start of this journey, the vision for Operation Vulindlela was clear: a small, agile, non-bureaucratic team of dedicated officials supporting the Economic Cluster, Cabinet and President in accelerating the implementation of critical reforms.

From the start we took a government-wide approach, supporting Ministers, departments and entities in the implementation of structural reforms without taking away responsibility for implementation.

The role of Vulindlela was to identify objectives, track progress on priorities, investigate and intervene where reforms seemed to be off track and escalate matters for resolution where necessary. All of this was underpinned by rigorous analysis and information gathering.

Over time our role evolved into one primarily of coordination, as we realised that building effective partnerships for change was our best hope of achieving all that we set out to. By building partnerships inside and outside government, crowding in technical expertise and coordinating the various moving parts of a complex machinery, we are changing the way that government operates and delivers on its mandate.

We are proud that OV has been able to shift the conversation in government around our economic priorities and push the boundaries of our economic discourse.

As we reflect with pride on the strides we've made, our thanks are due firstly to the President of the Republic, HE Cyril Ramaphosa, for his leadership and guidance. Also, to the Hon. Khumbudzo Ntshaveni, the Minister in the Presidency, and the Hon. Enoch Godongwana, Minister of Finance, for their day-to-day oversight of Operation Vulindlela.

We also wish to thank the numerous Directors-General and officials with whom we've so fruitfully collaborated over the last few years. Special thanks are due to Dr Sean Phillips and Dr Duncan Pieterse who were instrumental in setting up OV. The success of OV is the result of a collaborative effort, and it has been a pleasure to partner with dedicated and skilled officials in rolling out these reforms.

Thanks, are also due to our many private sector partners – OV has been able to rely on the technical excellence of many experts seconded to government to support this critical work.

We look with excitement toward Phase II, a second wave of reform, where we can build on the relationships and solid foundation that has been laid in Phase I to tackle even bigger reforms.

We hope you'll join us.

# INTRODUCTION

As Phase I of Operation Vulindlela (OV) draws to a close, this report reflects on what has been achieved in accelerating the implementation of economic reform since its launch in October 2020. OV was initiated to drive economic growth and job creation through five main objectives:

- Stabilise the supply of electricity
- Create a competitive and efficient freight logistics system
- Reduce the cost and improve the quality of digital communication
- Ensure a stable, quality supply of water
- Reform the visa regime to facilitate skilled immigration and support tourism

These structural reforms were prioritised for their impact on growth, and formed a key pillar of the Economic Recovery and Reconstruction Plan (ERRP) announced in the aftermath of the COVID-19 pandemic. Modelling of the ERRP by the National Treasury showed that the successful implementation of key reforms could raise GDP growth to over 3% per annum, add an additional R600 billion to revenue, and create more than 1 million jobs over ten years.

As a joint initiative of the Presidency and National Treasury, OV has sought to enhance coordination and ensure accountability for delivery from the centre of government. Learning from the lessons of previous attempts to fast-track the implementation of government programmes, OV has deliberately focused on a few high-impact reforms, to avoid spreading effort and resources across too many objectives. It has put in place rigorous systems for data collection and close monitoring of progress, combined with technical support and high-level political accountability to ensure effective implementation of reforms.

Through this approach, our collaboration with a number of departments and entities as well as those outside of government has been able to drive the successful implementation of a far-reaching set of reforms. As Phase I comes to a close with the end of the Sixth Administration, nearly two thirds of these reforms have been completed, with more reforms progressing well and nearing completion. A minority of reform targets has not been achieved, and doing so will remain a key focus of government going forward.

| | |
|---|---|
| **89%** | Number of reforms completed or on track |
| **R500 billion** | New investment unlocked through reforms |
| **22 500 MW** | Pipeline of private investment in renewable energy projects |
| **51%** | Reduction in the cost of data for a 1.5 GB bundle |
| **90** | Number of days to obtain a water use license, down from 300 |

In the electricity sector, legislative and regulatory changes have been implemented to enable private investment in electricity generation and create a competitive energy market for the first time. In August 2021, Schedule 2 of the Electricity Regulation Act was amended to increase the licensing threshold for generation projects. The threshold was subsequently removed in December 2022, allowing for a significant increase in private investment in projects of any size selling power to multiple customers. The pipeline of confirmed projects is now over 130, amounting to approximately 22 500 MW with an estimated investment value of R390 billion. Several of these projects have already begun to connect to the grid, helping to alleviate load shedding. In addition, amendments to the Regulations on New Generation Capacity have allowed municipalities to procure electricity directly from independent power producers.

The landmark Electricity Regulation Amendment (ERA) Bill has been passed by the National Council of Provinces and will shortly be sent to the President for assent. This Bill represents the most fundamental reform of the energy system in more than a century, since Eskom was established, and will create a level playing field for competition in the sector among multiple generators. Alongside these legislative changes, the restructuring of Eskom has progressed significantly with the establishment of the National Transmission Company of South Africa (NTCSA), which will commence trading in July 2024.

***Through the National Energy Crisis Committee (NECOM), OV has also supported the implementation of the Energy Action Plan announced by President Ramaphosa in 2022.***

The plan, which aims to reduce the severity and frequency of load shedding in the short term and achieve energy security in the long term, includes measures to improve Eskom's plant performance and increase the availability of existing supply; enable private investment in generation capacity; accelerate the procurement of new capacity from renewables, gas and battery storage; and increase the installation of rooftop solar by businesses and households. Significant progress has been made in implementing these actions over the past 18 months, contributing to a marked reduction in load shedding in early 2024 as anticipated.

In the logistics system, the adoption of the National Rail Policy in March 2022 provided impetus to the modernisation and reform of the rail sector. The rail policy outlines wide-ranging reforms such as the introduction of open access to the freight rail network and the devolution of passenger rail to local or regional authorities. In December 2022, Cabinet approved the Freight Logistics Roadmap to translate this policy vision into practice, with a sequenced implementation plan coordinated through the National Logistics Crisis Committee (NLCC). The roadmap provides a clear path to resolving Transnet's immediate operational challenges reforming the logistics system as a whole to achieve a competitive and efficient rail network. Underpinning these reforms is the Economic Regulation of Transport (ERT) Bill, which was passed by the National Council of Provinces in March 2024 and will establish the Transport Economic Regulator.

Fundamental changes are also underway in our ports. The appointment of an independent board for the Transnet National Ports Authority (TNPA) is a crucial step in the process of establishing the TNPA as a subsidiary of Transnet, for which preparatory work is advanced. Private sector partnerships are also in progress to crowd in investment and management expertise, with an international terminal operator selected to partner with Transnet at the Durban Pier 2 container terminal and further transactions in development. This will enable the introduction of private sector participation in container terminal operations for the first time.

In the water sector, the Department of Water and Sanitation, supported by OV, has sought to improve water quality and to ensure water security in the long term through institutional reforms. As a first step, OV facilitated support to the Department of Water and Sanitation (DWS) to re-engineer the water use license application system and clear the backlog of applications. The backlog was cleared in July 2023, and the majority of new applications are now processed within 90 days. Based on the progress made over the past two years, it is estimated that the turnaround of the water use license system unlocked R24.4 billion of investment in 2022 and R32.1 billion in 2023.

Several regulatory and legislative changes in the sector have also been undertaken. The National Water Resources Infrastructure Agency Bill, which will establish an independent agency to design, plan, finance, and manage bulk water resources, is before the National Council of Provinces. The revised Raw Water Pricing Strategy, which provides a framework for the pricing of water from South Africa's water resources, is before the Minister of Finance for concurrence, the final step required for its finalisation. Finally, the reinstatement of the Blue, Green, and No Drop water quality monitoring system for the first time since 2014 has enabled greater transparency regarding water and wastewater treatment quality and effective intervention by national government where municipalities fail to meet minimum norms and standards.

In the telecommunications sector, our reforms were aimed at lowering the cost of data and improving network reach and quality. The auction of high demand spectrum was completed by ICASA in March 2022, ending a ten-year delay. This has allowed for the rollout of 5G networks, enhancing network quality and download speeds. 4G/LTE population coverage increased from 92.8% in 2020 to 98% in 2022, while 5G coverage increased from 0.7% in 2020 to 20% in 2022. In addition, revenue generated from the auction amounted to approximately R14.4 billion, directly contributing to the national fiscus. The switch-off of frequencies above 694 Megahertz (MHz) has now been completed, with the remaining analogue broadcasting services below 694 MHz due to be switched off by 31 December 2024.

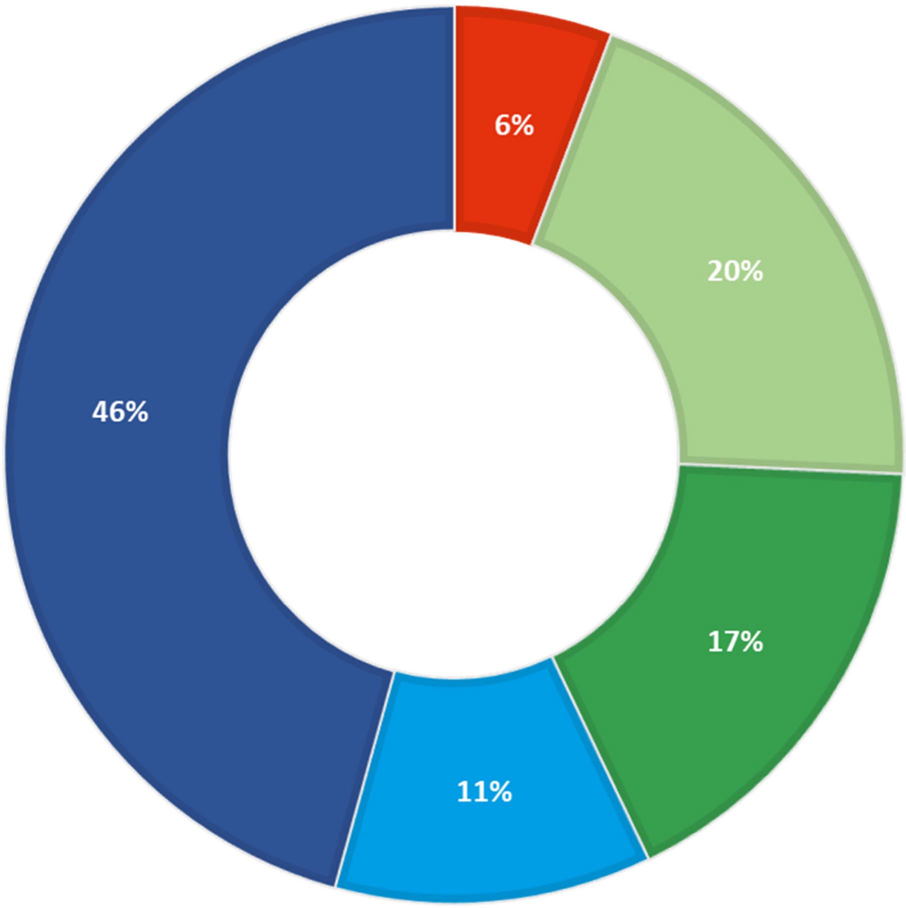
***These reforms represent significant progress in transforming South Africa's economy and addressing the binding constraints on growth***

This policy, together with the Standard Draft By-Law for the Deployment of Electronic Communications Facilities, will streamline regulatory processes and facilitate faster and more cost-effective deployment telecommunications infrastructure. In November 2023, Cabinet approved the Next Generation Radio Frequency Spectrum Policy to advance the availability of spectrum along with flexibility of its use, including through the establishment of a secondary market for spectrum.

A further key objective was to support the Department of Home Affairs in its efforts to reform the visa system to attract skills and investment and boost tourism. To this end, the Department of Home Affairs has rolled out an eVisa system to 34 countries in total, with visa waivers in place for the majority of remaining countries. Noting that the growth of many economic sectors is constrained by an insufficient supply of skills, and that South Africa's highly restrictive visa system has largely prevented the country from accessing these benefits, the department together with Operation Vulindlela also completed a comprehensive review of the work visa system. The recommendations from this review been put into effect through the launch of the Trusted Employer Scheme, the streamlining of visa application requirements, and the establishment of a points-based system and new visa categories through the forthcoming revised Immigration Regulations.

These reforms represent significant progress in transforming South Africa's economy and addressing the binding constraints on growth. By alleviating load shedding, improving the performance of the logistics system, reducing the cost of data, improving water supply, and enabling the country to attract the skills it needs, they will have a major impact in stimulating more rapid growth in the coming years. After more than a decade of poor economic performance, progress in implementing key reforms provides hope of an economic turnaround as the potential of South Africa's economy is unleashed.

## OV DASHBOARD




**0% — 0 ACTIVITIES**
No data/reform not yet started

**6% — 2 ACTIVITIES**
Reform facing critical challenges, likely not to be achieved

**17% — 6 ACTIVITIES**
Reform progress on track

**0% — 0 ACTIVITIES**
Reform facing significant challenges, intervention required

**20% — 7 ACTIVITIES**
Reform delayed/off track, but work underway

**46% — 16 ACTIVITIES**
Reform completed; no further work required

**11% — 4 ACTIVITIES**
Reform completed; further work required

# DETAILED PROGRESS UPDATE

| ACTIVITY STATUS | NO. OF REFORMS | REFORM |
|---|---|---|
| | 2 | • Address institutional inefficiencies in municipal electricity distribution<br>• Review and adjust the fuel price formula |
| | 7 | • Develop a fit-for-purpose procurement regime for state-owned entities<br>• Create an enabling legal and regulatory environment for hemp and cannabis<br>• Expedite the issuance of title deeds for subsidised housing<br>• Create a modern and efficient mining rights system<br>• Procure new generation capacity in terms of IRP 2019<br>• Address institutional inefficiencies in municipal water distribution<br>• Develop a strategy for the devolution of passenger rail to local authorities |
| | 6 | • Improve Energy Availability Factor (EAF) to over 70%<br>• Improve efficiency of ports<br>• Implement third-party access to freight rail network<br>• Complete restructuring of Eskom<br>• Strengthen regulation of price and service standards in the water sector<br>• Implement the Energy Action Plan |
| | 16 | • Amend the Electricity Regulation Act to provide for a competitive electricity market<br>• Publish revised Critical Skills List<br>• Finalise the White Paper on National Rail Policy<br>• Raise licensing threshold for embedded generation<br>• Complete spectrum auction<br>• Finalise Rapid Deployment Policy and Policy Direction<br>• Implement e-Visa system<br>• Enable municipalities to procure power from independent power producers<br>• Streamline process for wayleave approvals<br>• Review policy framework and processes for work visas<br>• Clear backlog of water use license applications<br>• Expand visa waivers and explore visa recognition system<br>• Finalise the revised raw water pricing strategy<br>• Enhance the role of private sector participation in the water sector Reinstate the Blue Drop, Green Drop and No Drop water quality monitoring system<br>• Streamline and improve water-use license application process |
| | 4 | • Establish a National Water Resource Infrastructure Agency<br>• Corporatise the Transnet National Ports Authority (TNPA)<br>• Complete migration from digital to analogue signal<br>• Establish Transport Economic Regulator |

# KEY ACHIEVEMENTS

## ENABLING PRIVATE INVESTMENT IN ELECTRICITY GENERATION

The amendment of Schedule 2 of the Electricity Regulation Act by the Department of Mineral Resources and Energy (DMRE) in August 2021 to raise the licensing threshold for generation facilities to 100 MW – effectively allowing private investment in utility-scale electricity generation for the first time – has unlocked a massive and growing pipeline of projects which will add much-needed new capacity to the grid.

## WHAT DOES THIS MEAN FOR SOUTH AFRICA?

*Private investment in energy projects will add more capacity to the grid, helping to close the energy supply shortfall and end load shedding while creating jobs and accelerating our transition to green energy sources. This reform has enabled close to R400 billion in new investment, with over 130 confirmed projects in development or construction, and is already having an impact through reduced load shedding.*

## COMPLETING THE AUCTION OF HIGH DEMAND SPECTRUM

The auction of new high demand spectrum had been delayed for more than ten years as a result of policy uncertainty, legal challenges, and the failure to migrate television broadcasting from analogue to digital transmission. As a key priority of the economic reform programme, the spectrum auction was successfully concluded by ICASA in March 2022, while analogue transmission was switched off in July 2023 for frequencies above 694 MHz.

## WHAT DOES THIS MEAN FOR SOUTH AFRICA?

*Mobile networks need spectrum to provide telecommunications services – and the more spectrum that they have access to at various frequencies, the faster and more cheaply they can provide data. The auction of spectrum in 2022 has contributed to lower data prices, faster network speeds, and expanded network reach over the past two years.*

## INTRODUCING PRIVATE SECTOR PARTICIPATION IN PORTS AND RAIL

The Freight Logistics Roadmap approved by Cabinet in December 2023 outlines a clear path to reform South Africa's logistics system, including by implementing open access to the freight rail network and introducing private sector participation in container terminals. Transnet has taken concrete steps to implement these reforms by establishing an Infrastructure Manager for the rail network, publishing a Network Statement to enable access by private rail operators, and appointing a preferred private sector partner for Durban Pier 2.

## WHAT DOES THIS MEAN FOR SOUTH AFRICA?

*The declining performance of our ports and rail network has affected South Africa's key exports and increased the cost of imported goods. By reforming the logistics system, we will enable new investment to upgrade and expand our infrastructure, increase management expertise, and ultimately improve operational performance and efficiency.*

## TURNING AROUND THE WATER USE LICENSE SYSTEM

The water use license application system had for many years constrained investment in key sectors, as applications routinely took more than a year to process and licenses were issued with onerous conditions. OV supported the Department of Water and Sanitation to turn around the system, reducing the processing time to just 90 days and clearing the backlog of license applications.

## WHAT DOES THIS MEAN FOR SOUTH AFRICA?

*An efficient and well-functioning water use license system is crucial to enable new investment in sectors like mining, forestry, agriculture, and manufacturing, while ensuring effective and sustainable management of our water resources.*

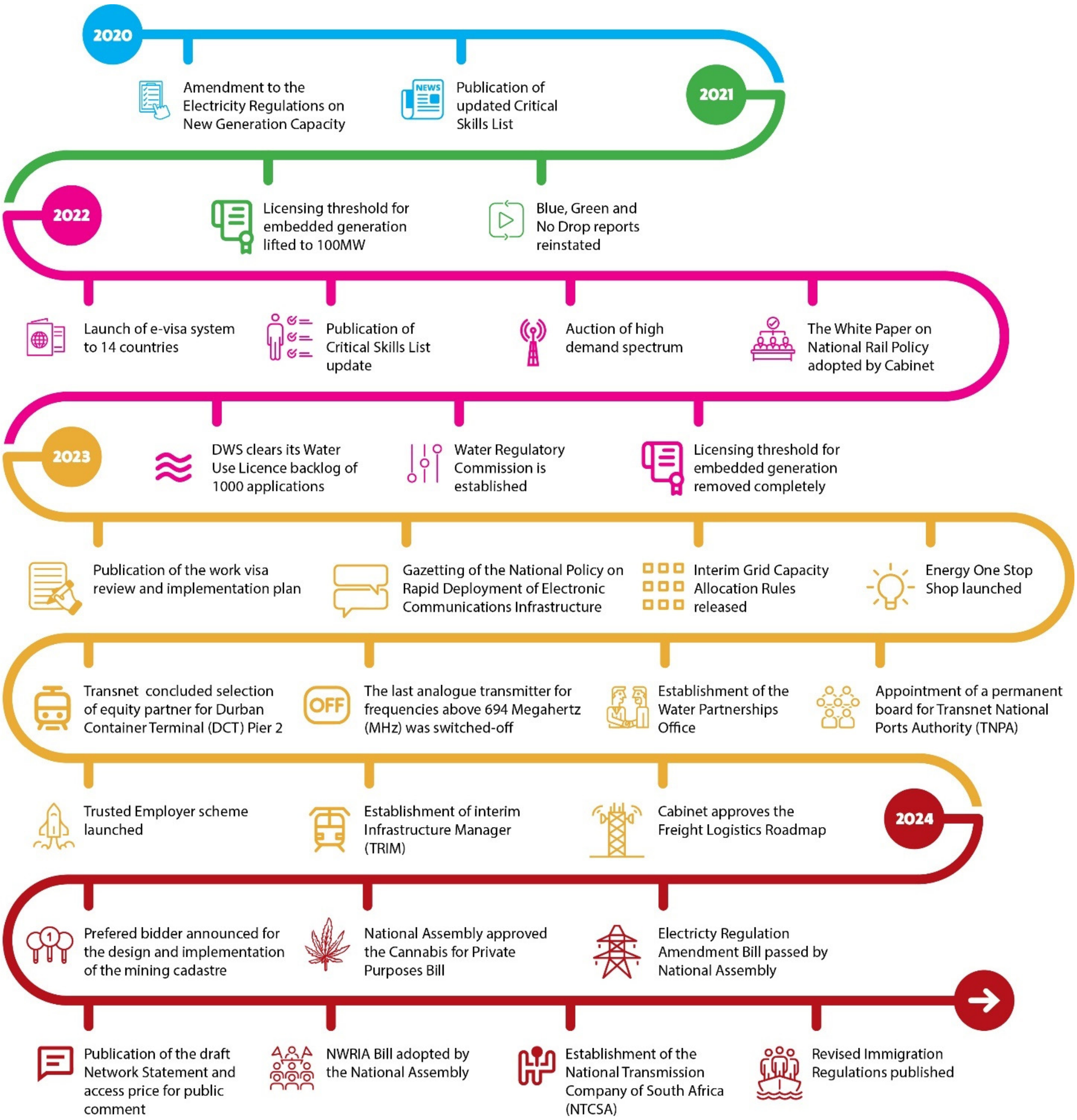
## REFORMING THE WORK VISA SYSTEM

The Department of Home Affairs and OV completed a comprehensive review of the work visa system, which was published in 2023 alongside a detailed implementation plan from the Department of Home Affairs. The review made wide-ranging recommendations to overhaul the system, such as the introduction of a Trusted Employer Scheme, a points-based system for skilled work visas, and new visa categories for start-ups and remote workers. These changes are now underway, with revised Immigration Regulations published for implementation in May 2024.

## WHAT DOES THIS MEAN FOR SOUTH AFRICA?

*South Africa needs to attract the best talent from around the world to enable investment, encourage multinational companies to establish regional offices in the country, improve the productivity and dynamism of the economy, and create more jobs for South Africans. The changes underway to the work visa system will provide greater flexibility while ensuring that only highly skilled candidates who will contribute to economic growth and job creation are able to obtain a visa.*

# ROADMAP


2020
Amendment to the Electricity Regulations on New Generation Capacity
Publication of updated Critical Skills List
2021
Licensing threshold for embedded generation lifted to 100MW
Blue, Green and No Drop reports reinstated
2022
Launch of e-visa system to 14 countries
Publication of Critical Skills List update
Auction of high demand spectrum
The White Paper on National Rail Policy adopted by Cabinet
2023
DWS clears its Water Use Licence backlog of 1000 applications
Water Regulatory Commission is established
Licensing threshold for embedded generation removed completely
Publication of the work visa review and implementation plan
Gazetting of the National Policy on Rapid Deployment of Electronic Communications Infrastructure
Interim Grid Capacity Allocation Rules released
Energy One Stop Shop launched
Transnet concluded selection of equity partner for Durban Container Terminal (DCT) Pier 2
OFF
The last analogue transmitter for frequencies above 694 Megahertz (MHz) was switched-off
Establishment of the Water Partnerships Office
Appointment of a permanent board for Transnet National Ports Authority (TNPA)
Trusted Employer scheme launched
Establishment of interim Infrastructure Manager (TRIM)
Cabinet approves the Freight Logistics Roadmap
2024
Prefered bidder announced for the design and implementation of the mining cadastre
National Assembly approved the Cannabis for Private Purposes Bill
Electricty Regulation Amendment Bill passed by National Assembly
Publication of the draft Network Statement and access price for public comment
NWRIA Bill adopted by the National Assembly
Establishment of the National Transmission Company of South Africa (NTCSA)
Revised Immigration Regulations published

# DETAILED PROGRESS UPDATE

# ELECTRICITY REFORMS

## BACKGROUND

South Africa has experienced an energy supply shortfall since 2007, which has been the single most important constraint on growth. Past failures to invest in new generation capacity, together with the deteriorating performance of Eskom's ageing coal-fired power stations, has led to frequent load shedding and imposed significant economic costs on the country. To address this challenge, OV has prioritised reforms in the electricity sector to stabilise our energy supply in the short term and ensure energy security in the long term. These reforms have focused on enabling private investment in new generation capacity, restructuring Eskom into separate entities for generation, transmission, and distribution, and establishing a competitive electricity market to ensure that energy supply meets demand into the future. Through the National Energy Crisis Committee (NECOM), the immediate focus has been to add capacity to the grid as quickly and efficiently as possible from multiple sources, including by improving the performance of Eskom's existing fleet, accelerating the procurement of new capacity from solar, wind, gas, and battery storage, and supporting households and businesses to invest in rooftop solar. Going forward, competition in the electricity sector will enable lower prices, more reliable electricity supply, and a reduced burden on fiscal resources to support Eskom.

## PROGRESS

NECOM, which is supported by the key departments, Eskom and OV, has been established to ensure full implementation of the Energy Action Plan (EAP) announced by President Ramaphosa in July 2022. NECOM brings together multiple stakeholders to drive the delivery of the EAP across ten workstreams. NECOM is led by the Minister in the Presidency responsible for Electricity, overseen at a technical level by the Director-General in the Presidency, and includes more than 100 high-level officials from across government and Eskom. NECOM also works closely with business and other social partners.

The EAP aims to reduce the severity and frequency of load shedding through five key actions:

- Fix Eskom and improve the availability of existing supply
- Enable and accelerate private investment in generation capacity
- Accelerate procurement of new capacity from renewables, gas and battery storage
- Unleash businesses and households to invest in rooftop solar
- Fundamentally transform the electricity sector to achieve long-term energy security

## KEY ACHIEVEMENTS TO DATE INCLUDE THE FOLLOWING:

- ✓ **Raising the licensing threshold for embedded generation to enable private sector investment in the energy sector.**

  Since the amendment of Schedule 2 of the Electricity Regulation Act to lift the licensing threshold for embedded generation in August 2021 and subsequently remove the threshold in December 2022, there has been a significant increase in private sector investment in renewable energy projects. The 2023 South African Renewable Energy Grid Survey revealed that approximately 66 GW of wind and solar energy projects are in development, of which 18 GW are advanced. By April 2024, more than 6 800 MW of projects had already formally registered with the National Energy Regulator of South Africa (NERSA).

- ✓ **Expediting required approvals for energy projects in the pipeline.**

  The Energy One Stop Shop (EOSS) was launched in July 2023 and coordinates regulatory processes and fast-tracks approvals for energy projects. The EOSS is now supporting over 130 projects amounting to 22 500 MW with an estimated investment value of R390 billion.

- ✓ **Improving Eskom's operational performance.**

  The Unplanned Capability Loss Factor (UCLF), a key measure of unplanned breakdowns, has declined from an average of 34% in Q1 2023 to less than 30% in Q1 2024. This improvement in performance was enabled by the return of three units of Kusile power station in 2023, months ahead of schedule, as well as increased maintenance over the summer period. Interventions are ongoing through the Generation Recovery Plan to improve the availability of the six worst-performing power stations. Kusile Unit 5 was synchronised to the grid by end-2023 and will add a further 800 MW at full capacity, followed by the return of Medupi Unit 4, Kusile Unit 6, and Koeberg Unit 2 later this year.

- ✓ **Introducing tax incentives to support small scale embedded generation.**

  Rooftop photovoltaic installations more than doubled from around 2 500 MW by December 2022 to just over 5 400 MW by February 2024. This was aided by new solar tax incentives introduced in March 2023 as well as the Energy Bounce Back Scheme backed by National Treasury.

- ✓ **Accelerating procurement of new generation capacity from renewables, gas and battery storage.**

  Three projects from the Risk Mitigation Independent Power Producer Procurement Programme totalling 150 MW have connected to the grid, while a further 626 MW reached close by the end of 2023. A total of 1 159 MW from Bid Window 5 of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) are in construction. Six preferred bidders have been announced for Bid Window 6, amounting to 1 000 MW of new capacity, in addition to 513 MW through the first round of the Battery Energy Storage Independent Power Producer Procurement Programme (BESIPPPP). Three further bid windows were released in December 2023 for over 7 600 MW of wind, solar PV, gas, and battery storage capacity, followed by the release of the third round of BESIPPPP for 616 MW of battery storage in March 2024. Altogether, this represents close to 12 000 MW of new generation capacity in procurement or construction, largely from renewable energy sources.

- ✓ **Implementing the Standard Offer Programme.**

  Eskom launched the Standard Offer Programme in September 2022, enabling Eskom to purchase power from any technology on a short-term basis from Independent Power Producers that are connected to the South African grid. The programme has approved a total of 1 136.5 MW in new capacity to date, exceeding the initial target of 1 000 MW. The Cross Border Standard Offer Programme was launched in October 2023 to purchase power on a similar basis from neighbouring countries, and is currently receiving applications.

- ✓ **Driving progress on the unbundling of Eskom into separate entities for generation, transmission, and distribution.**

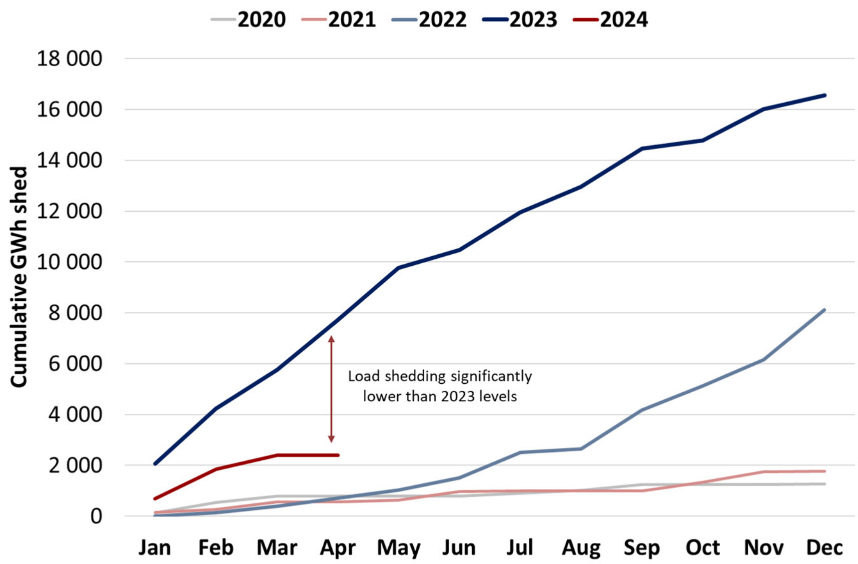
  Significant progress has been made in establishing the National Transmission Company of South Africa (NTCSA) as a subsidiary of Eskom. All conditions have been met for implementation of the separation, an independent board has been appointed, and the new entity is expected to be fully operational from July 2024. The NTCSA will act as an independent system and market operator, ensuring a level playing field for multiple generators to compete.

- ✓ **Amending the Electricity Regulation Act to provide for a competitive electricity market.**

  The Electricity Regulation Amendment Bill was passed by the National Council of Provinces on 16 May 2024. The ERA Bill aims to reform the energy sector by establishing a competitive electricity market, fostering fair competition among multiple electricity generators, promoting long-term energy security, and transforming the structure of the energy sector.

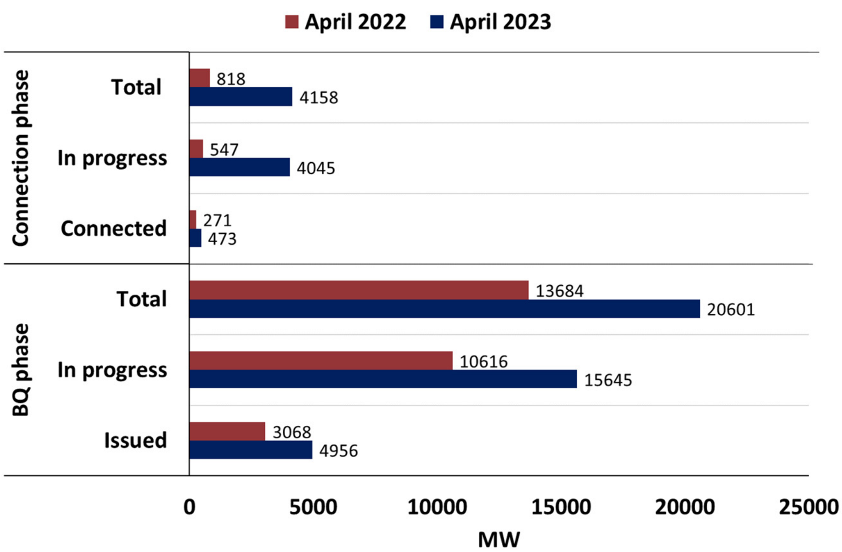
These interventions are already showing an impact in reducing the severity of load shedding, the core objective of the EAP. As figure 1 below shows, load shedding has been significantly lower in the first four months of 2024 than in the same period last year, and is expected to reduce further by the end of this year. This will support economic growth in the coming years as load shedding is brought to an end.

**Figure 1: Cumulative load shedding (GWh), 2020 to present**




*Source: Eskom*

**Figure 2: Confirmed pipeline of private sector projects in the grid connection process, 2024**




# FUTURE FOCUS AREAS

Following the passage of the Electricity Regulation Amendment Bill, the next phase of the electricity sector reform will focus on completing the restructuring of Eskom, establishing a competitive wholesale electricity market, and taking forward the reform of the electricity distribution industry. A particular focus will be on accelerating the expansion of the transmission network to accommodate the scale-up of renewable energy sources in areas where grid capacity is constrained, including through enabling Independent Transmission Projects (ITPs). Several key actions are already underway in this regard, and are expected to continue as part of Phase II of Operation Vulindlela:

- Establishing the Market Operator within the NTCSA and finalising the market code to govern the competitive wholesale electricity market
- Completing the establishment of separate entities for generation and distribution, as part of a restructured Eskom Holdings
- Developing a policy framework and institutional arrangements for ITPs to accelerate transmission network expansion
- Developing options for reform of the electricity distribution industry to ensure financial sustainability, upgrade distribution infrastructure, and enable economies of scale
- Securing adoption of the National Wheeling Framework and Net Billing Framework to create an enabling environment for investment
- Streamlining and enhancing the grid connection process to reduce timeframes for Cost Estimate Letters and Budget Quotations
- Developing special legislation to reduce or remove red tape for energy projects, including measures to accelerate solar, wind, and battery storage projects as well as transmission infrastructure
- Implementing the national energy-saving campaign

# TRANSPORT REFORMS

## BACKGROUND

The performance of South Africa's ports and rail network has declined sharply in recent years, and is now a binding constraint on growth. Long-standing systemic challenges at Transnet, which were compounded by the impact of state capture and corruption, the COVID-19 pandemic, escalating levels of criminal activity targeting rail infrastructure, and natural disasters, have seen the company's financial and operational performance deteriorate over time. The impact on the economy has been far-reaching, with some key industrial supply chains confronting security of supply risks as well as declining competitiveness. OV reforms have sought to achieve a competitive and efficient freight transport sector, by creating an enabling policy and regulatory environment while facilitating greater involvement of the private sector to increase investment and improve operational performance.

## PROGRESS

### FREIGHT LOGISTICS

In the 2023 State of the Nation Address, President Ramaphosa announced that government would develop a roadmap for the freight logistics system that would translate policy commitments into reality, including the restructuring of Transnet Freight Rail to create a separate infrastructure manager and the implementation of an open access regime for the freight rail network. The Freight Logistics Roadmap was subsequently adopted by Cabinet on 8 December 2023, and is now guiding the logistics sector's actions towards recovery and structural reform. Implementation of these reforms is key to reversing the current trend in performance which will have a positive impact on output, exports, and ultimately economic growth. The National Treasury has estimated that resolving Transnet's immediate operational challenges would increase GDP by 0.9 per cent above the baseline by 2031. Implementation of the comprehensive reforms outlined in the Freight Logistics Roadmap would further increase capital stock and thereby support long-term growth.

#### KEY ACHIEVEMENTS TO DATE INCLUDE THE FOLLOWING:

✓ **Stabilising and improving Transnet's operational performance.**

The National Logistics Crisis Committee (NLCC) was established in 2023 to ensure a coordinated response to the logistics crisis. Since its establishment, the NLCC has overseen the establishment of five Corridor Recovery Teams (CRTs) focused on turning around the performance of strategic corridors. The implementation of the Transnet Recovery Plan, overseen by a new board and management team, has seen a recovery of 10 million tonnes (Mt) on the rail network against the pre-recovery trend. Interventions at key port terminals have seen a 73% reduction in vessels at anchorage since November 2023, with the upgrading of equipment and operational improvements. In addition, security incidents on the Northern Corridor have reduced by over 60% through close collaboration between Transnet, law enforcement agencies, and the private sector.

- ✓ **Approval of the White Paper on National Rail Policy by Cabinet in March 2022.**

  The policy outlines government's plans to make rail a competitive mode of freight and commuter transport by opening up the rail system to private sector investment and effective economic regulation.

- ✓ **Introducing private sector participation in container terminal operations.**

  In July 2023, Transnet announced that it had concluded the process of selecting an equity partner for the Durban Container Terminal (DCT) Pier 2. Transnet has completed due diligence and is in the process of finalising contractual arrangements and obtaining regulatory approvals for the transaction with the successful bidder, International Container Terminal Services Inc (ICTSI).

- ✓ **Establishing an independent economic regulator for the transport sector.**

  The Economic Regulation Bill was passed by both houses of Parliament on 29 February 2024. The Bill establishes the Transport Economic Regulator as an independent regulator for the transport sector, which will, among other key functions, oversee access to the freight rail network by private rail operators and ensure that tariffs and access charges are fair and reasonable. The passage of the Bill is a critical step in the reform of the logistics system.

- ✓ **Implementing open access to the freight rail network.**

  The adoption by Cabinet of the Freight Logistics Roadmap has set in motion a series of reforms aimed at introducing open access to the freight rail network by private rail operators, with the implementation of the roadmap overseen by the NLCC and included as a condition of guarantee funding extended to Transnet by National Treasury. A draft Network Statement was published in March 2024 outlining the procedure for access requests and capacity allocation on the network, as well as the tariffs that would apply, and is undergoing a public consultation process.

- ✓ **Restructuring Transnet to separate rail infrastructure ownership from operations.**

  Transnet has completed accounting separation of its operations and rail infrastructure units, and an interim Infrastructure Manager (IM) has been established to separate the management of rail infrastructure within Transnet. The Freight Logistics Roadmap calls for the establishment of the Infrastructure Manager as an operating division by April 2025 and as a subsidiary with its own board by September 2025.

- ✓ **Establishing the National Ports Authority as a subsidiary of Transnet.**

  The Minister of Public Enterprises announced the appointment of a permanent board for Transnet National Ports Authority (TNPA). The new board is overseeing the process of corporatizing the TNPA and will play a critical role in providing oversight and direction as the logistics system undergoes reform.

## DEVOLUTION OF PASSENGER RAIL

The Department of Transport is developing a National Devolution Strategy to outline a way forward for the devolution of passenger rail to local or regional authorities, as set out in the White Paper on National Rail Policy. The target date for completion of the final Devolution Strategy is December 2024. The department has established a steering committee comprising representatives from national, provincial, and local government, SALGA, PRASA and the Gautrain Management Agency (GMA). Operation Vulindlela will continue to support the department in its devolution strategy for passenger rail in South Africa, including the optimal financing mechanisms and operational delivery models in the South African context, to inform the final strategy.

# FUTURE FOCUS AREAS

Over the past three years, the foundations have been laid for a fundamental overhaul of the freight logistics system. The next phase will build on these foundations and see full implementation of key reforms such as open access to the freight rail network and the restructuring of Transnet. The following actions will be prioritised going forward:

- Establishing and Infrastructure Manager and the National Ports Authority as subsidiaries of Transnet
- Finalising the Network Statement for the rail network and commencing open access following public consultation and recommendations from the interim regulator
- Concluding the establishment of a strategic equity partnership for Durban Pier 2 and introducing private sector participation in the Ngqura Container Terminal
- Establishing the Transport Economic Regulator, following the enactment of the Economic Regulation of Transport Bill
- Finalising and securing approval of the devolution strategy for passenger rail
- Developing the Rail Bill to provide a clear and robust legislative framework for the rail sector and guide its reform

# WATER REFORMS

## BACKGROUND

Operation Vulindlela identified reforms in the water sector as a priority due to the severe economic impact of water supply interruptions and the need for systemic solutions to ensure water security. Since 2021, OV has supported the Department of Water and Sanitation (DWS) to develop and implement an ambitious reform strategy aimed at ensuring a sustainable supply of quality water which meets demand.

## PROGRESS

Significant progress has been made in reforming the water sector over the past three years. This includes far-reaching institutional reforms in the water sector to improve governance and financial sustainability as well as targeted interventions to streamline the water use licensing system and improve the quality of water service provision. While significant challenges remain at municipal level, these reforms will enable stronger and more effective intervention where service delivery failures occur.

### KEY ACHIEVEMENTS TO DATE INCLUDE THE FOLLOWING:

✓ **Reducing the processing time for water use license applications.**

72% of applications are now processed within the 90-day target, down from a baseline of over 300 days, while the backlog of license applications has been cleared. This was achieved by re-engineering the WULA business process, implementing standardised templates for WULA conditions, developing a performance monitoring and escalation system, and enhancing the electronic water use license application system. In addition, the department focused on capacity development by creating and filling positions. This improvement has contributed to an estimated R30.1 billion increase in GDP annually, as longstanding license applications are processed and investment is unlocked in sectors such as mining, forestry, and manufacturing.

✓ **Reinstating the Green, Blue, and No Drop water quality monitoring system.**

The water quality monitoring system, which had been suspended since 2014, provides crucial information regarding the performance of water and wastewater treatment systems in municipalities across the country. The release of updated reports since 2021 has enabled the Department of Water and Sanitation to take action where municipalities fail to meet minimum norms and standards for water service provision, including through the issuing of letters of non-compliance and laying criminal charges against municipal managers for contravention of the National Water Act where they fail to submit corrective action plans.

✓ **Addressing municipal inefficiencies in water service delivery.**

DWS, together with the Cities Support Programme (CSP) in the National Treasury, has supported the implementation of various interventions to address the deterioration of water and sanitation service delivery at municipal level. The CSP concluded an in-depth assessment of the performance of major metros such as Tshwane, Johannesburg, Ekurhuleni, eThekwini and the City of Cape Town has been assisting these metros to halt the decline in water service provision. This assessment demonstrated the unsustainable operational and financial trends in metro water businesses and informed intervention strategies to improve their management.

✓ **Establishing an independent agency for bulk water resources.**

The National Water Resources Infrastructure Agency Bill aims to establish an independent agency to design, plan, finance, and manage bulk water resources, which will act as a "SANRAL for water." This will enable better management of bulk water infrastructure and greater levels of investment, including through private sector participation, to ensure future water security. The new agency will be formed through the merger of the Trans Caledon Tunnel Authority (TCTA) with the Infrastructure Management Branch and Water Trading Entity (WTE) within the department.

✓ **Updating the Raw Water Pricing Strategy (RWPS) to ensure efficient pricing of water.**

The RWPS sets prices for the use of South Africa's raw water resources and for discharging water into them. Periodically, the Minister of Water and Sanitation may update this strategy, as outlined in the National Water Act. DWS and OV have worked together to update the strategy for the first time since 2007, taking into account socioeconomic and environmental considerations, to support sustainable water use and ensure the financial sustainability of the water system. Key revisions include the introduction of multi-year tariffs, additional water use categories, differential categories of water charges, removal of price caps, a resource-poor farmer and forestry subsidy, raw water pricing for schemes, funding for the new scheme and subsidisation of water for the poor. After detailed discussions with the National Treasury, the revised RWPS was submitted to the Minister of Finance for concurrence as required.

✓ **Developing models for private sector participation in the water sector.**

DWS has outlined two key objectives: investing in and sustaining better quality infrastructure and services, and attracting private sector investment into the water and wastewater sectors. To support the second objective, the Water Partnerships Office (WPO) has been established by DWS through an agreement with the DBSA, with the aim of facilitating private investment in water infrastructure. To date, the WPO has been able to secure funding in excess of R4 billion for the preparation, design and implementation of various projects. Work is underway to build a project pipeline in areas such as water re-use, non-revenue water, wastewater treatment, and desalination.

## FUTURE FOCUS AREAS

Given the need for substantial investment in upgrading and expanding water infrastructure at national and local government levels, it is crucial to complete the institutional reforms which have been initiated.

Key priorities going forward include:

- Establishing the NWRIA, including the appointment of a board and management and the transfer of existing assets and personnel
- Finalising the Water Services Amendment Bill to enforce a distinction between water service authorities and water service providers, and establish an effective regulatory regime for these functions
- Creating an Independent Water Regulator to oversee economic regulation in the water sector, including the licensing of water service providers
- Expanding the pipeline of private sector projects through the Water Partnerships Office

# DIGITAL COMMUNICATIONS REFORMS

## BACKGROUND

South Africa's telecommunications sector has in the past operated with an insufficient allocation of spectrum, due to delays in switching off analogue transmission and auctioning new spectrum frequencies. This in turn required capital-intensive network deployment, resulting in increased costs of communication, a low-quality network compared to competitor countries, and a connectivity divide that excluded many South Africans from access to the internet. In addition to spectrum scarcity, operators faced lengthy processes to obtain rights of way to deploy infrastructure, which varied widely across municipalities and public entities. To address these challenges, OV prioritised reforms in the telecommunications sector aimed at reducing the cost and improving the quality of digital communication. These reforms, including the release of additional spectrum and downstream reforms to accelerate the rollout of infrastructure, have already contributed to a meaningful reduction in the cost and improvement in the quality of mobile networks, increased investment in infrastructure and facilitated the adoption of new technologies – all of which will contribute to more rapid and inclusive growth.

## PROGRESS

All of the priority reforms identified by the Department of Communications and Technologies for the telecommunications sector in its first phase have been completed, and today South Africa enjoys cheaper data and faster internet than three years ago.

### KEY ACHIEVEMENTS TO DATE INCLUDE THE FOLLOWING:

✓ **Completing the auction of high demand spectrum.**

In March 2022, ICASA successfully concluded the auction of high demand spectrum, through which six mobile operators were awarded spectrum with a value of over R14 billion. The auctioned spectrum has enabled the rollout of more advanced 5G networks, a reduction in data costs, and improved network quality.

✓ **Switching off analogue transmission to enable the release of spectrum.**

Analogue transmission was switched off on 31 July 2023 for frequencies above 694 Megahertz (MHz). This marked a significant milestone, as auctioned spectrum that remained in use by television broadcasters was released to mobile network licensees. Work is now underway to end dual illumination and switch off the remaining analogue broadcasting services below 694 MHz by 31 December 2024. This will officially mark the conclusion of the digital migration process.

- ✓ **Streamlining the regulatory framework for the deployment of telecommunications infrastructure.**

  A key milestone was reached with the finalisation of the Standard Draft By-Law for the Deployment of Electronic Communications Facilities as well as the National Policy on Rapid Deployment of Electronic Communications Infrastructure. Together, these will facilitate more rapid and cost-effective deployment of telecommunications infrastructure, including at a municipal level.

- ✓ **Securing approval of the Next Generation Radio Frequency Spectrum Policy.**

  The policy, which was gazetted for public comment in September 2022, has now been approved by Cabinet. It aims to advance the availability of spectrum along with flexibility of its use, including through the establishment of a secondary market for spectrum, promote competition in the assignment of spectrum, and achieve optimum spectrum pricing.

# VISA REFORMS

## BACKGROUND

The Economic Reconstruction and Recovery Plan (ERRP) noted that the growth of many economic sectors is constrained by an insufficient supply of skills. South Africa's labour market is characterised by an acute demand for skilled labour that exists alongside high levels of unemployment among the low-skilled and unskilled. A large and growing body of literature shows that skilled immigration is an important driver of economic growth, and that highly skilled workers create jobs by starting or growing businesses, enhancing productivity and innovation, and improving the competitiveness of the firms they work for. In addition, skilled workers make a significant contribution to tax revenues and spend in a variety of sectors, supporting economic growth. South Africa's highly restrictive visa system has largely prevented the country from accessing these benefits, as a result of onerous requirements for skilled immigration and inefficient visa adjudication processes. A key objective of Operation Vulindlela was to identify key reforms in the work visa system to attract skills and investment, ensuring that the economy can obtain the skills that it needs in an increasingly competitive global landscape.

## PROGRESS

Significant progress has been made in reforming the work visa system to enable skilled immigration that supports economic growth and job creation, alongside a broader set of policy measures to improve immigration controls and strengthen border enforcement. These reforms will streamline the visa application process and introduce new visa categories to attract highly skilled personnel and enable foreign investment.

### KEY ACHIEVEMENTS TO DATE INCLUDE:

✓ **Updating the Critical Skills List for the first time since 2014.**

The Department of Home Affairs, the Department of Higher Education, Science and Innovation and Operation Vulindlela worked collaboratively to update the critical skills list. The updated list, which was published in 2021, was informed by a thorough, evidence-based process and extensive industry consultations to identify the skills that the economy needs. The list has since been updated on an ongoing basis to ensure flexibility and responsiveness to changing economic demands.

✓ **Implementing the eVisa system to facilitate growth in tourism.**

The eVisa system was fully implemented in 2022 for an initial 14 countries, including China, India, Kenya and Nigeria, and has since been expanded to 34 countries in total. This means that almost all countries have been granted a visa waiver or have access to the eVisa system, contributing to the growth of tourism and expansion into new source markets. The eVisa allows applicants to apply for a tourist visa, submit their documents and receive their visa online, without having to visit an embassy or consulate.

- ✓ **Completing the review of the work visa system.**

  A key milestone in the first phase of Operation Vulindlela was the publication of the work visa review, following a year-long process to assess the effectiveness of the current work visa system and benchmark it against global best practice. The review, which was led by Mr Mavuso Msimang, a former Director-General of Home Affairs, outlined six core recommendations to improve the policy framework and processes for work visas, including the Critical Skills Visa, the General Work Visa, and the Intra-Company Transfer Visa. In April 2023, the Department of Home Affairs published a detailed implementation plan to take forward these recommendations, which together signal a fundamental shift in the work visa system.

- ✓ **Establishing the Trusted Employer Scheme to streamline the visa application process for major investors.**

  The Trusted Employer Scheme was launched in October 2023, and provides a streamlined, efficient process for major investors to recruit foreign talent, including reduced application requirements and faster processing times. The scheme has been operational since March 2023, with 68 companies meeting the criteria for participation in the first intake. Applications for a second intake will be opened shortly, as the scheme expands.

- ✓ **Developing revised Immigration Regulations to give effect to the recommendations in the work visa review.**

  The revised regulations were published on 20 May 2024, following consideration of public comments. The regulations will introduce a points-based system for work visas, which will provide more flexible pathways for skilled applicants to obtain a visa. Under the new system, points will be allocated to various criteria such as qualifications, income level, and work experience, with applicants required to reach a threshold number of points to qualify. A new visa category is introduced for remote workers, which will attract new visitors to the country for a six or twelve month stay and provide a significant boost to the labour-intensive tourism industry.

- ✓ **Streamlining visa application requirements.**

  The new regulations streamline the application process by removing the requirement for a radiological report and updating the requirement for a police clearance certificate to apply to five years prior to application. Going forward, skilled visa applicants will be able to provide proof of application for registration with a professional body where required, and will be allowed twelve months to obtain the registration itself.

- ✓ **Taking steps to reduce visa processing times and to clear the backlog of applications.**

  The visa backlog has grown substantially since the COVID-19 pandemic. Additional staff have now been allocated to visa adjudication and a new system of delegations implemented to reduce bottlenecks while maintaining adequate security controls. The department is working with the CSIR to modernise its IT systems, including the expansion of the eVisa system to cover work visas. In 2024/25, the department has been allocated an additional R400 million above its baseline for compensation of employees in order to increase the capacity of its Immigration Services branch.

# FUTURE FOCUS AREAS

- **Achieving full implementation of the points-based system for skilled work visas.** As provided for in the revised Immigration Regulations, the Minister of Home Affairs will outline the criteria and points allocation through a notice in the Gazette. Thereafter, skilled work visa applications will be made and processed in terms of the new system, marking a new era for South Africa's work visa regime.
- **Improving and expanding the eVisa system.** Work is underway to improve the eVisa system, including to move towards greater automation and reduced processing times, and to expand the system to cover new visa categories such as work visas. This will enable the introduction of a fully-fledged electronic visa with rapid issuance in future.
- **Clearing the backlog of existing visa applications.** The Department of Home Affairs has put in place a dedicated backlog clearance team, with additional resources allocated to reduce the size of the backlog for visa categories such as spousal visas and permanent residence.

# CREATING AN ENABLING LEGAL AND REGULATORY ENVIRONMENT FOR HEMP AND CANNABIS

## BACKGROUND

In July 2019, Cabinet took a decision to implement a hemp and cannabis sector development plan to commercialise the sector, noting its potential to increase economic growth, create jobs, and alleviate poverty. The President reaffirmed government's intention to create an enabling regime for hemp and cannabis in the 2022 State of the Nation Address. In his speech, the President announced the potential for hemp and cannabis production to generate 130 000 new jobs and made explicit the need to ensure that traditional growers are included. With its long history of cannabis production, it is estimated that South Africa has more than 900 000 small-scale farmers growing cannabis, in the Eastern Cape, KwaZulu-Natal and other provinces.

The hemp and cannabis sector offers huge potential for the development of SMMEs, attracting domestic and foreign investment and adding economic value through the production of goods for domestic and export markets. In addition to the positive economic effects, liberalising the sector will result in reduced expenditure on prohibition enforcement costs and increased tax revenue from legal sales. An inter-ministerial committee was established in 2019 to secure intra-government and inter-institutional policy coherence and programme alignment and implementation. Subsequently, in 2020, the Department of Agriculture, Land Reform and Rural Development was tasked as the lead department to develop a Masterplan, a key component of government's industrial strategy. Operation Vulindlela was tasked with supporting the lead department and others in accelerating the reforms required to realise government's objective of enabling economic activity in the hemp and cannabis sector.

## PROGRESS

The institutional arrangements proposed at the Phakisa Action Lab have been implemented, including the convening of a secretariat led by DALRRD. The Steering Committee is representative of labour, community, and business. Notwithstanding the fact that more work needs to be undertaken to secure policy coherence and programme implementation alignment across government departments, in a complex legislative and regulatory environment and in the context of the significant challenges associated with new, 'sunrise' sector development, significant progress has been achieved.

With respect to legislative and regulatory reform, the Cannabis for Private Purposes Bill has been passed by both houses of Parliament and sent to the President for assent. Following its enactment, subsequent reform will include amendments to the Drugs and Drugs Trafficking Act; amendments to the Schedules of the Medicines Act (which have been gazetted by the Department of Health for public comment) and amendments to the Plant Improvement Act. Once these reforms are secured, the existing impediments to investment in the high potential industrial hemp sector will have been removed, placing SA at the global frontier of hemp regulatory reform. Trade in cannabis will remain unlawful except for SAPHRA approved cannabis cultivation and manufacturing licences holders, pending longer term enabling legislation.

A minimum programme of action, which includes specific time-bound actions and responsibilities assigned to key government departments, has been adopted and is being implemented. The key priority areas of work include investment promotion; project preparation support, especially with respect to the technology intensive ‘midstream’ sub-sector of the key industrial demand pathways; matchmaking and market development support and work to resolve the hemp seed eco-system.

Development of the Phase One research evidence base has been completed and enables further refinement of the country competitive strategy and the 2021 Cannabis Masterplan. The research evidence base is the subject of further ‘build out’ to include the business case for investment, technology support and market development in selected key value chains.

## FUTURE FOCUS AREAS

The following key actions will be prioritised in the next phase of the economic reform programme:

- Taking forward legislative and regulatory reforms to further unlock the economic potential of the hemp and cannabis sector
- Developing stronger project management capacity to work with and support the lead department (DALRRD) and the other responsible departments and ensure implementation of the programme of action
- Strengthening project preparation for the inclusion of Black owned companies as well as Black small-scale farmers in potential demand aggregation pilot/catalytic projects
- Utilisation of the research evidence base to refine and strengthen the 2021 Cannabis Masterplan, in keeping with the commercial and investment opportunities identified in the research and enabled by the ongoing legislative and regulatory reform process

# EXPEDITING THE ISSUANCE OF TITLE DEEDS FOR SUBSIDISED HOUSING

## BACKGROUND

Since 1994, the government has built almost 4.8 million residential properties, RDP and BNG houses, which it has awarded to qualifying beneficiaries across the country. The economic value of these properties has not been realized as a result of two factors: the title deeds backlog in subsidised properties, and an expensive, inaccessible system to maintain title deeds. The current backlog in processing title deeds is over 1 million houses. As each RDP house is valued at R220 000, there is an estimated R242 billion in "dead capital" that would otherwise be in the hands of South Africa's poorest households.

The title deeds reform seeks to address challenges of titling in South Africa in three parts, by tackling the primary transfer backlog (regularisation); bringing back properties that have transacted off-register into the formal system (formalisation); and creating an affordable, accessible system that makes it as easy as possible to preserve title going forward (preservation).

While proceeding with these three areas of focus, the overall programme seeks to leverage the significant investment in housing made by the state since 1994. The potential impact of the OV Titling Reform Programme is thus significant for economic growth, for cities, and particularly for low-income earners.

## PROGRESS

In March 2023 OV supported the Department of Human Settlements to convene an inter-departmental steering committee to oversee this reform, comprising National Treasury, the Department of Human Settlements, the Office of the Chief Registrar of Deeds, the Department of Agriculture, Land Reform and Rural Development, the Department of Justice and Constitutional Development and the Department of Planning, Monitoring and Evaluation. The steering committee meets monthly to guide the work of the technical team and to coordinate the various efforts presently underway to address the titling backlog and the overall framework for residential property. Following these engagements, extensive consultations, case study investigations, data analysis and Metro Titling Restoration Support (MTRS) in selected metros, the technical team has developed a set of policy recommendations emerging from the work. This will inform the proposal that this work be prioritised in the seventh administration.

## FUTURE FOCUS AREAS

While the reform of the titling system is at an early stage, the preparatory work undertaken in the first phase of the economic reform programme will enable further actions to be taken in the next phase:

- Develop prioritised cross-cutting operational plan to address the root causes of the challenges in the titling system
- Clear the backlog of title deeds for subsidised housing

# CREATING A MODERN AND EFFICIENT MINING RIGHTS SYSTEM

## BACKGROUND

South Africa currently manages the allocation of mining rights through the online South African Mineral Resources Administration System (SAMRAD). However, since its introduction in 2011, the system has been criticised as dysfunctional, ineffective, and lacking in transparency. The backlog of mining rights applications causes regulatory uncertainty and deters investment in the mining sector. To address this challenge, the DMRE has embarked on a process to put in place a new, modern mining cadastre. While there have been several delays in this regard, a consortium has now been appointed to implement the modernisation. There is an urgent need for a new online mining cadastral system that is functional, transparent, and reliable while also clearing the backlog of existing applications.

## PROGRESS

In January 2024, the Department of Mineral Resources and Energy (DMRE) announced PMG Consortium as the preferred bidder to design, implement, maintain, and support the mining licensing system. The selected bidder will be responsible for developing a system customised to South Africa's needs, incorporating features that include reducing turnaround times for applications, reducing the number of appeals due to false rejections, and automating services to improve user experience across the ecosystem.

The DMRE is in parallel working to attend to a significant backlog of applications for mining and prospecting rights. The Minerals Council estimates that this represents a pent-up investment value of more than R30 billion which could be unlocked once the backlog is cleared. It is therefore critical that the development and implementation of the new cadastre should proceed swiftly, with proper oversight and monitoring mechanisms in place, and that the backlog of applications should be cleared.

## FUTURE FOCUS AREAS

- During the next phase of the economic reform programme, the priority will be to complete the modernisation of the mining cadastre and clear the remaining backlog to support renewed exploration and mining activity.

# ASSESSING IMPACT

# DIGITAL COMMUNICATIONS

## IMPACT OF SPECTRUM AUCTION

Revenue generated from the auction amounted to an estimated R14.4 billion, directly contributing to the national fiscus. R5.8 billion had been outstanding by 2023, mainly due to remaining spectrum being held up in analogue transmission and outstanding operator settlements – which ICASA has requested be settled by the end of 2023.

Operators signaled early on that the spectrum would yield positive results from the availability of additional coverage and capacity spectrum and enhanced ability to achieve coverage obligations, as seen below.

*Once the auction process is fully concluded, Vodacom's immediate focus will be on the deployment of valuable spectrum to extend both 4G and 5G network coverage to more parts of the country and improve quality of service while we continue to address the cost to communicate.*
*Vodacom CEO, 2022*

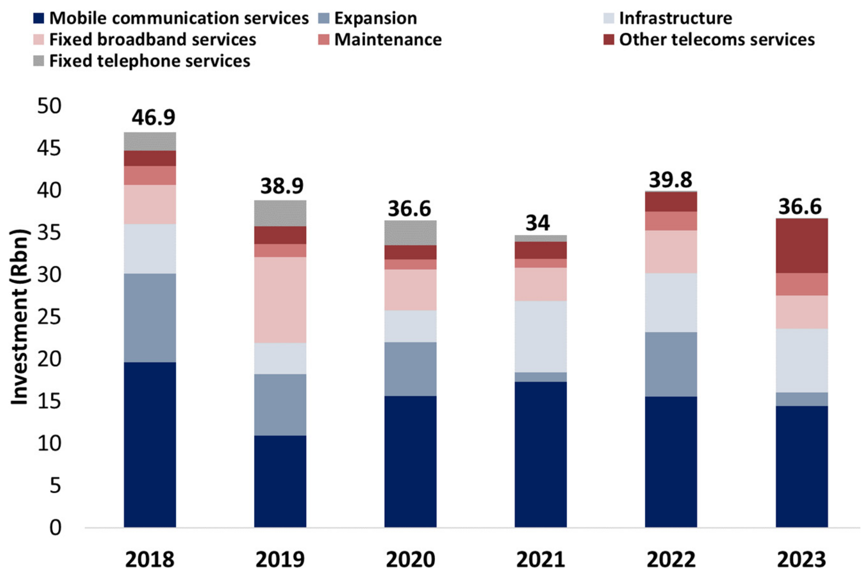
*MTN participated in the auction and acquired 100MHz of spectrum for a purchase consideration of R5.2 billion. This will enable MTN to achieve broader spectrum deployment across South Africa.*
*MTN, 2023*

*The 20MHz of 800MHz, once available, will enable more efficient network deployment, increased coverage and capacity on the mobility layer (FDD) resulting in improved user throughput and experience particularly in rural areas.*
*Telkom CEO, 2022*

*In 2022, Liquid Telecom announced that it will use its acquired spectrum to build a 5G network aimed at enabling automation in industries such as manufacturing and mining.*
*Liquid Telecom, 2022*

The acquisition of spectrum was a critical first step in unlocking further investments within the sector to facilitate the use of this spectrum. ICASA's State of ICT Report revealed that the total telecommunications investment had fallen by 4% over since 2018. An increase of 17% from R33.9 billion in 2021 to R39.7 billion in 2022 was, however, reported. This was driven by expansions and maintenance efforts (Figure 3) and is in line with new investments from the availability of some of the licensed spectrum, which has enabled operators to support 4G services and critically expand 5G operations. In 2023, telecommunications investment declined by 8%, falling to R36.6 billion, with expansions showing a marked decline (-79%). Investments in the expansion of new infrastructure are expected grow given the release of the remaining spectrum that was in use for broadcasting services, following the decision by DCDT to switch off frequencies above 694MHz. From previous trends since the release of the temporary spectrum during the COVID-19 pandemic, investments in expansions coincide with availability of new spectrum.

**Figure 3: Telecommunication investment breakdown**




*Source: ICASA Electronic Communications Questionnaire*
*Note: For the 12 months ending 30th September each year*

During the 2022/23 fiscal year, Vodacom allocated approximately R11 billion in capital expenditure for its South African operations to improve capacity and resilience of the network and increase 5G roll-out. Vodacom's 4G population coverage reached 98.5% by March 2023 and its 5G network was further expanded to encompass more than 1,500 sites. Similarly, MTN South Africa made notable capital investments, surpassing R8 billion in 2022, and actively intensified its 5G infrastructure, now boasting a network spanning over 1,500 sites, following the broadband auction conducted by the regulatory authority. Telkom also continued to extend its network footprint, launching 5G services and effectively utilising the newly procured spectrum, with a particular emphasis on the low-frequency band (800 MHz), to enhance coverage of LTE services. This was enabled by capital expenditure of over R2 billion for the 2023/24 financial year and the deployment of 318 active 5G sites.

In September 2023, Rain's valuation was increased by African Rainbow Capital (ARC) Investments by 24.2% in just 12 months, to a valuation of just over R22 billion. ARC noted this decision was due to the business progressing beyond a period of significant net cash outflow as well as the recent acquisition of additional spectrum. The additional spectrum enabled the launch of its 4G mobile voice offering together with its new 5G home product, rainOne. By the end of 2023, ARC reported that it will be increasing its interest in rainOne, due to this performance. On the other hand, Liquid Telecom will use its spectrum to build a 5G network aimed at enabling automation in industries such as manufacturing and mining. The spectrum acquisition will complement its significant fixed line and fibre assets.

### Improvements in prices

In addition to the investments made, the increased availability of spectrum improves the cost of network deployment, along with the pace of rollout. These factors in turn influence prices and the quality of services that can be provided. Table 1 presents price reductions across various 30-day prepaid data bundles between 2021 and 2023. This is evidence of a reduction in the lowest reported price category – signalling continued price improvements.

### Table 1: Summary of price changes by data bundle

| | Lowest price (Rands) | | | | Highest price (Rands) | | | |
|---|---|---|---|---|---|---|---|---|
| Data bundle (MB) | 2021 | 2022 | 2023 | % Change (2021 v 2023) | 2021 | 2022 | 2023 | % Change (2021 v 2023) |
| 100 | 20 | 15 | N/A | N/A | 20 | 20 | 20 | 0% |
| 250 | 35 | 35 | N/A | N/A | 35 | 35 | N/A | N/A |
| 500 | 69 | 65 | 65 | -6% | 79 | 69 | 69 | -13% |
| 1024 | 95 | 79 | 79 | -17% | 99 | 99 | 85 | -14% |
| 1536 | 149 | 89 | 89 | -40% | 149 | 99 | 99 | -34% |
| 2048 | 139 | 139 | 146 | 5% | 199 | 149 | 149 | -25% |
| 3072 | 199 | 199 | 179 | -10% | 279 | 229 | 209 | -25% |
| 5120 | 299 | 299 | 279 | -7% | 349 | 299 | 314 | -10% |
| 6144 | 299 | 299 | 299 | 0% | 399 | 349 | 349 | -13% |
| 10240 | 469 | 469 | 469 | 0% | 499 | 469 | 493 | -1% |
| 20480 | 699 | 599 | 599 | -14% | 899 | 699 | 734 | -18% |

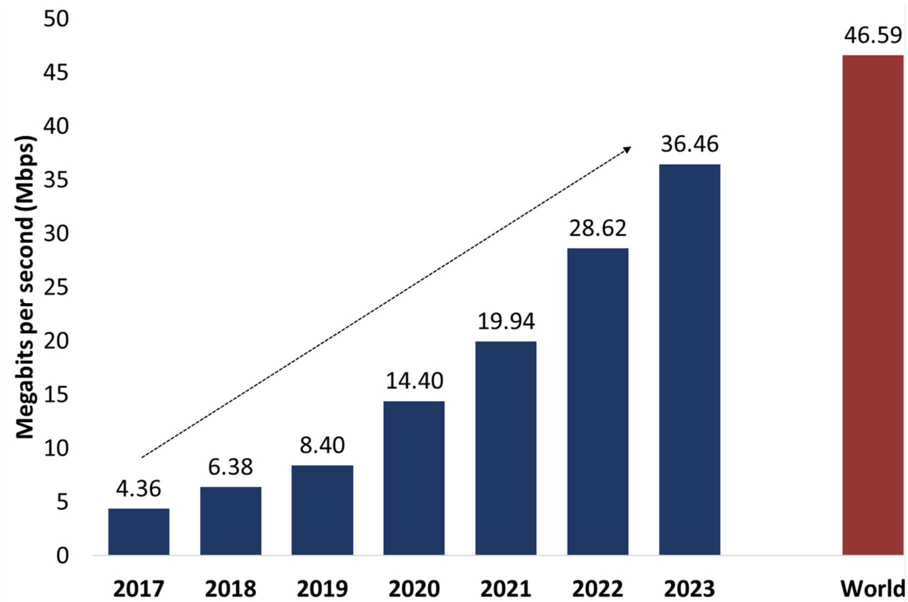
*Note: 100MB and 250MB now only provided by a single operator*
*Source: ICASA State of ICT Report 2022 and 2023*

### Improvements in coverage and speed

South Africa has also advanced in terms of national population coverage, with 4G/LTE population coverage increasing from 92.8% in 2019 to 98.8% in 2023, while 5G coverage increased from 0.7% in 2020 to 20% in 2022 and is now at 38.3% in 2023. The substantial increase in 5G coverage was facilitated by the acquisition of spectrum in the 3.5GHz band auctioned in March 2022.

Cable.co.uk, which undertakes annual tracking studies for over 200 countries, compared the average speed of the network in over 200 countries and found that 47 Sub-Saharan Africa countries had an average download speed of about12.1 Mbps or above in 2023. South Africa ranked third among the SSA countries with an average of 36.5 Mbps, up 28% from 2022. However, this is still lower than the global average of 46.6 Mbps. Notably, South Africa has consistently registered improved download speeds as seen in Figure 4, with the most significant improvements recorded in 2022 and 2023 – where operators had access to significantly more spectrum.

### Figure 4: South Africa's average download speed




*Source: Cable.co.uk*
*Note: The lowest measured average download speed is 1.17 and the highest is 264.52*

ICASA further reports that South Africa witnessed notable advancements in its broadband speed rankings in 2023. According to Ookla's Global Speedtest® Index[1], South Africa's mobile broadband speed saw an improvement, climbing to the 58th position out of 178 countries (up from 61st in 2022). Likewise, the fixed broadband speed ranking for South Africa improved to 95th out of 180 countries (up from 100th in 2022). It is worth noting that South Africa outperformed its neighbouring nations in both categories. The momentum of progress in South Africa's broadband speeds extended into 2024.

## LOOKING AHEAD

The sector continues its growth trajectory, and the availability of additional spectrum has resulted in positive gains for the sector. These gains are expected to be further enhanced by the recent conclusion of analogue switch-off for frequencies above 694 Megahertz (MHz), which will allow access to the spectrum by mobile operators. To sustain this momentum and support the sector's continued growth, several key considerations remain relevant, including:

- Auctioning additional spectrum including in higher frequencies and establishment of a secondary market for spectrum – which the now Cabinet-approved Next Generation Radio Frequency Spectrum Policy will facilitate;
- Clearing dependencies for the policies aimed at rolling out infrastructure; and
- Addressing the impact of load shedding and threats to infrastructure.

# PRIVATE INVESTMENT IN ELECTRICITY GENERATION

The lifting of the licensing threshold for embedded generation projects from 1 MW to 100 MW in August 2021, and the subsequent removal of the licensing threshold as a key intervention of the Energy Action Plan in December 2022, has resulted in a massive surge of private investment in electricity generation which continues to outstrip expectations. The uptick in projects registered with Nersa following the raising of the threshold was, however, initially slow, indicating that further support was required. Operation Vulindlela established the Embedded Generation Task Team (EGTT) in collaboration with the Minerals Council and the Energy Intensive User Group in March 2022 to accelerate embedded generation projects. The EGTT met with multiple project developers during the weekly meetings throughout 2022. The Task Team, which involves all relevant departments and state entities, had three aims:

- Improving knowledge sharing and streamlining the regulatory process overall
- Enabling departments and state entities to directly assist project developers with unblocking regulatory challenges
- Tracking applications and providing ad hoc support to expedite authorisations

In July 2023, the Energy One Stop Shop (EOSS) was established to formalise the processes of the Embedded Generation Task Team. The EOSS serves as a dedicated resource to address regulatory challenges, streamline energy project approvals, and contribute to the government's goals of increasing the supply of energy, particularly from renewable sources.

## IMPROVEMENTS TO THE REGULATORY PROCESS

In the 2Q2022 quarterly OV report, an initial process flow for embedded generation projects was presented. This illustrated that the energy regulatory process was cumbersome due to lengthy timeframes exacerbated by the sequential nature of the process. Much progress has since been made to rationalize and streamline the process and work is underway to enable further improvement. Timeframes for various authorisations have since been shortened and departments are transforming their internal processes to be able to meet these timeframes. To reduce regulatory red tape, the requirement for a signed Power Purchasing Agreement for NERSA registrations was removed. This was a significant hurdle for project developers and necessitated a lengthier regulatory process that could not be sequenced with other approvals. Timelines for approvals have also been shortened and departments are gradually transforming their internal processes to be able to meet these timelines.

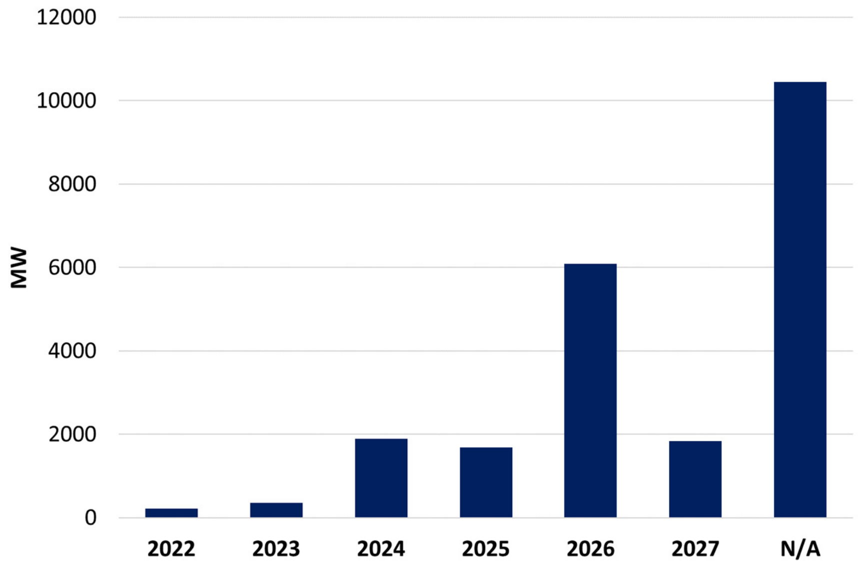
Timelines for a Scoping and Environmental Impact Assessment (EIA) and a Basic Assessment (BA) as such, have been reduced from 150 days and 107 days respectively, to 57 days if the project is classified as Strategic Integrated Projects (SIPS). Solar PV and battery storage projects in areas of low and medium sensitivity have also been exempted from obtaining an EIA. General Authorisations (GA) and Water Use License (WUL) timeframes have been reduced from over 300 days to 90 days. Similarly, the timeframes for an Eskom Cost Estimate Letter and Budget Quotation have been reduced from 90 days and 6 months respectively, to 50 days and 4 months. The NERSA Registration process has also been reduced from 3 months to 19 days. The Energy Security Bill (“Omnibus Bill’’) will provide further measures to accelerate the expansion of renewable energy sources by further facilitating the removal of regulatory impediments to energy projects.

## REGULATORY REFORM IMPACT ON THE EMBEDDED GENERATION MARKET

The combination of removing the licensing threshold for embedded generation projects and streamlining project approvals means that projects can add capacity to the grid more quickly. The pipeline of projects tracked by the Embedded Generation Task Team increased from 4000 MW in March 2022 to 22 500 MW now tracked by the Energy One Stop Shop two years later, some of which have already started construction. The pipeline of 136 projects with a combined capacity of approximately 22 500 MW has an expected investment requirement of around R390 billion.

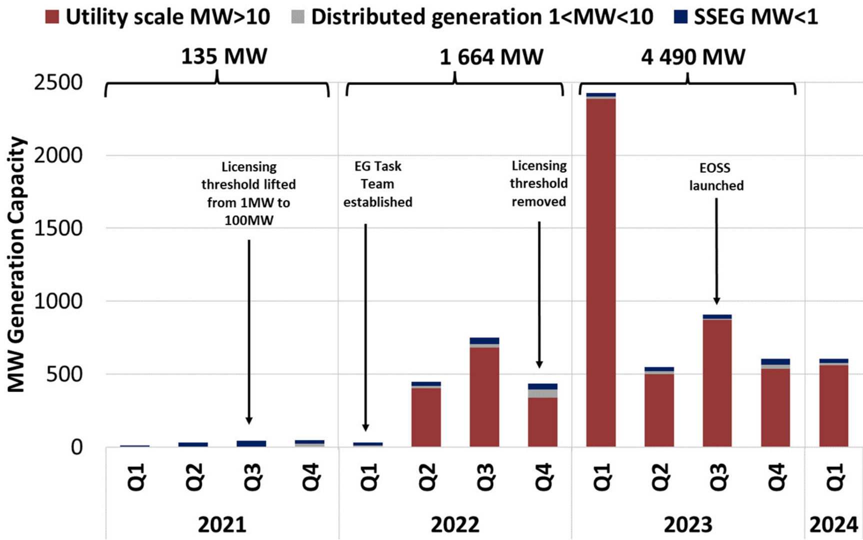
Figures 5 and 6 below depict the notable increase in the pipeline of projects tracked by the EOSS and those registered with NERSA. While some of the projects in the EOSS pipeline have been registered with NERSA some projects have not been registered with NERSA or initiated the Eskom process yet as they are early in their project development phase. Furthermore, the EOSS list contains project commitments made through the Minerals Council of South Africa, Energy Intensive User Group (EIUG), and self-reported data and is therefore not an exhaustive list as not all project developers register their projects with the EOSS.

**Figure 5: EOSS project pipeline by commercial operation date**




*Source: EOSS*

**Figure 6: Projects registered with NERSA**




*Source: NERSA*

## HIGHLIGHTS FROM PROJECT DEVELOPERS

One of the first project developers who presented their projects to the Embedded Generation Task Team began construction in September 2022. SOLA Group, a 100 per cent South African-owned independent power producer, developed the first large-scale utility projects for private consumers for Tronox Mineral Sands totalling 200 MWs. These are the first projects of this scale to reach Financial Close in South Africa that are based on pure private bilateral trade.

> *"The Project has extensive engagement with the Embedded Generation Task Team under Operation Vulindlela, without which this project would have taken significantly longer. The involvement of the Task team assisted in focusing government stakeholders to engage constructively on addressing permitting and regulatory as efficiently as possible, enabling an accelerated process to reach Financial Close and get more Megawatts on the grid."* -SOLA Group, 2023

Sturdee Energy, an African independent power producer, was also one of the first project developers to present to the Embedded Generation Task Team. Sturdee Energy presented three projects totalling 27MWs that they are developing for PPC Cement SA.

> *" With the assistance of the Embedded Generation Task Team, the project's permitting status has practically reached completion. The Task Team has assisted Sturdee Energy to secure long-lead and critical path permits in expedited timeline, meaning before either confirmed statutory or expected industry practice timelines. A good example is the projects' section 53 permits which the Task Team push behind the scenes. In addition, the engagement with the Task Team acting as capacity building sessions with the renewable energy industry to better*

*understand what is currently going on within regulatory framework and what the driving factors are. The networks built during the working sessions have actively assisted the Sturdee Energy team during the development of its other renewable energy projects- therefore the process has had a positive knock-on effect not just on the aforementioned projects, but future projects, by leading the way on navigating the renewable energy regulatory field."* – Sturdee Energy, 2023

**Table 2: Streamlining regulatory processes**

| Department | Regulatory approval | Previous timeframe | Revised timeframe |
|---|---|---|---|
| Environmental consent | | | |
| DFFE | Scoping and Environmental Impact Assessment (EIA)<br>Basic Assessment (BA)<br>Atmospheric Emissions Licence (AEL) | 150 days and 90 days appeal period<br>107 days and 90 days appeal period | Solar PV and battery storage are exempt in areas of low and medium sensitivity.<br><br>Timeframe reduced to 57 days if classified as Strategic Integrated Projects (SIPS) |
| DWS | General Authorisations (GA)<br>Water Use License (WUL) | Over 300 days for WUL and GA | Notice gazetted to require only a GA for wind, solar PV and battery storage projects with 90 days timeframe |
| Grid connection | | | |
| Eskom | Cost Estimate Letter | 90 days | 50 days |
| Eskom | Budget Quotation | 6 months | 4 months |
| Nersa | Registration | 3 months | 19 days |
| Land access | | | |
| DALRRD | Subdivision of Agricultural Land Act consent of land use authorisation | 90 days | 30 days |
| DMRE | Section 53 approval | No specific timeframes | 60 days through revised Standard Operating Procedures |
| DPWI | Any servitudes or options registered or to be registered in favour of the Project Company and/or Eskom over the project sites | No specific timeframes | 94 days |

*Source: NECOM*

# ERADICATING THE BACKLOG OF WATER USE LICENSE APPLICATIONS (WULAs)

When OV was initiated in October 2020, the water use licence application (WULA) backlog was unacceptably high and the application processing time excessively long. DWS set to remove the WULA backlog and cut the processing time from the legislated 300 days to 90 days. The WULA intervention included revising the WULA business process, revising and implementing the WULA conditions templates, developing a performance monitoring and escalation system, publishing the water use authorisation information requirements in Electronic Water Use Licence Application and Authorisation System (E-WULAAS). Additionally, the Department focused on capacity development within the DWS by creating and filling positions.

Since these interventions, the Department has cleared the licensing backlog and improved the processing time of WULAs. Not only has percentage of applications processed increased, but also the number of applications made, indicating that the overall performance and efficiency of processing has improved significantly. In comparison to the first quarter of 2022, where only 35% of the 127 applications made were processed, the final quarter of 2023 saw over 70% of the 586 applications made, processed.

## THE WULA TURN-AROUND IN ACTION

The allocation of water use licenses is often a requirement for projects to be initiated and investments to be made in key sectors such as agriculture and mining. Following engagements with organised business, which raised not only issues with the long application turnaround time, but also issues with inappropriate licenses, impractical licensing conditions and licenses which didn't respond to what was being applied for, OV was requested to provide support to the initiatives already underway at the Department of Water and Sanitation (DWS) to improve the WULA process. The processing of WULAs is conducted by Catchment Management Agencies (CMAs) or Proto-CMSs, and the issuance of licenses is done by the DWS. Preceding OV's involvement, the WULAs processing period was 300 days and could take as long as five years. The DWS set a target to improve the turnaround time for the processing of WULAs to 90 days between 2020 and 2022, which was announced in the 2020 State of the Nation Address (SONA).

OV's involvement sought to address the problem statement; *"how can the current WULA process be improved in order to reduce turnaround times for issuing water licences and therefore meet the new 90-day target, while at the same time improving the quality of licences being issued?"* OV facilitated the appointment of business process reengineering experts to assist DWS to carry out a review of its water-use license processes, which was completed in June 2021. The first step in the project was to identify the root causes and key factors which had delayed the WULA process, causing inefficiencies and making the process ineffective. A review of the process identified several key areas of concern, namely:

- **Inadequate human resources:** at the time there were no dedicated staff processing applications and high turnover rates which meant that very little institutional knowledge retention.
- **Ineffective business processes:** the licensing evaluation process was not clearly defined and the responsibilities for each task were not adequately explained or delegated. Furthermore, there was insufficient focus and attention to the detail required for the WULA process to be carried out effectively.

- **Standardisation:** the interpretation of water use differed across regions, resulting in different requirements for the same license being imposed, different utilisation of tools for water application assessments and different standards for the execution of water use licences.
- **Lack of performance monitoring:** while there was a standard operating procedure in place which defined the roles and timeframes for officials involved in the WULA value chain, there was no monitoring system in place to ensure that timeframes were adhered to.
- **Ineffective system:** at the time of the project implementation, the applications were done manually and the Electronic Water Use Licence Application and Authorisation System (e-WULAAS), which had been developed, was not being utilised. The manual system also made it difficult to access for those in remote or rural areas.

The second step in the project was to provide technical support to DWS to implement the recommendations which stemmed from the review. This was carried out by DWS with the ongoing support of the experts. The project was carried forward with a three-pronged approach:

1. **Improve the business process:** the application process was streamlined and standardized. The pre-application process was also improved, and applicants were encouraged to use the e-WULAAS system, which was made operational. The process improvement also included the separation of the general authorization process from the licensing process.

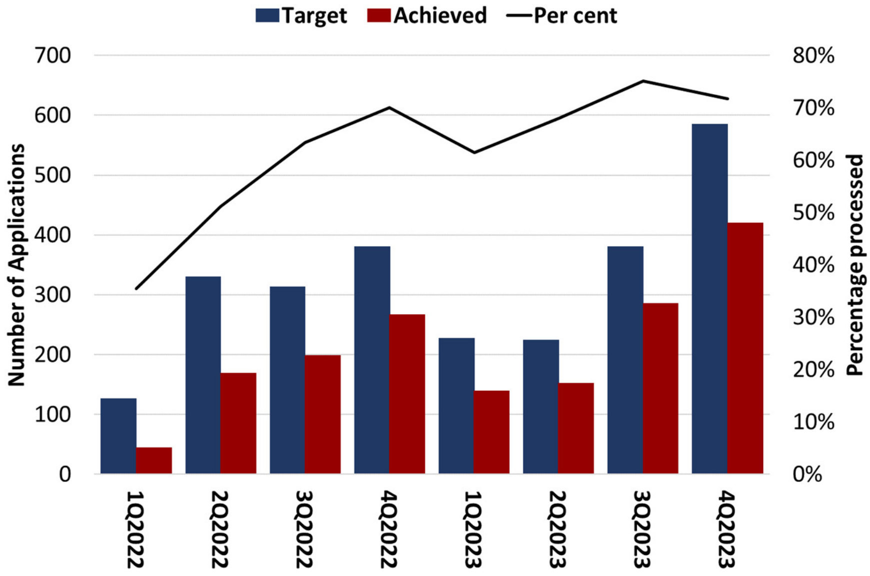
2. **Improve the System:** the e-WULAAS system was developed as an Open-Source platform, which allows DWS to have full ownership of the system. The e-WULAAS was re-designed based on the new 90-day licensing business process and to cover all the steps in the process, linking each step to a responsible official and turn-around time.

3. **Improve the Organisational Structure:** the strategy sought to improve the change management process. In order to ensure the sustainability of these improvements, a new structure that has dedicated sub-directorates with assessors and specialists at the regional level was developed and approved.

   During the implementation of the turnaround strategy, a directive was sent out to identify existing employees who would focus solely on processing WULAs. These individuals were also supported by contract personnel that were involved in alleviating the backlog of applications. Additionally, induction and training of licensing officers was prioritised to be implemented on a quarterly basis. The DWS has finalized drafting and is due to publish a regulation for the 90-day process to replace the 2017 timeframe of 300 days.

   Following the implementation of the WULA turnaround strategy, the WULA backlog was eradicated during the 2022/23 financial year, and the average turn-around time was greatly improved. Additionally, by 4Q2023, more than 70% of all applications were approved within 90 days.

**Figure 7: The progress made in processing Water Use License Applications (WULAs)**




*Source: Department of Water and Sanitation*

## ECONOMIC IMPACT OF IMPROVING THE WULA PROCESS

According to a study conducted by the DWS, it is estimated that, at full implementation of the turn-around strategy, the WULA strategy unlocks R43 billion to GDP and 1958 additional jobs per year for 5 years. During 2022, the Department was able to process 680, or 59%, of the 1152 applications submitted. This improved to 999, or 70.4%, of the 1420 applications submitted in 2023. Based on the performance rates for the past two years, it is estimated that the WULA reform unlocked R24.4 billion in 2022 and R32.1 billion in 2023. Furthermore, it is estimated that 1175 additional jobs were created in 2022 and 1371 jobs were created in 2023. To date, it is estimated that the WULA intervention has added a total of R56 480 942 807 to GDP and 2546 jobs to the economy.

## THE BENEFITS TO COMPANIES LIKE ISUZU

On 13 July 2023 the DWS granted Isuzu Motors SA (Pty) Ltd a water use licence for its Struandale Industrial Plant in the City of Gqeberha, Eastern Cape Province. This license was for water abstraction which would be critical in its strategy to avert drought impacts on its business. The Water Use Licence was granted slightly beyond the targeted 90 days; however, the licence brings much relief to the company as it will ensure that its plant is sustainable regarding the provisioning of its water needs in the context of water shortages. In the event of Day Zero, with no water supply, the Isuzu Motors SA Struandale Plant would need to close, as vehicles cannot be built without a water supply. This risks the jobs and security of the employees and contractors, as well as their families. Continued water supply brought by the authorized groundwater abstraction will ensure continued manufacturing and assembly, enabling Isuzu Motors SA (Pty) Ltd to also sustain its socio-economic footprint through not only employment, but its numerous corporate social investment programmes. The Isuzu Motors SA Assembly Plant in Gqeberha directly employs 996 plus 783 indirectly employed individuals, with a larger number being HDIs.

## WULA REFORM REMAINS A WORK IN PROGRESS

The trajectory of the WULA progress on a year-on-year basis indicates a significant improvement in addition to the clearing of the backlog of applications. Recently, DWS has invited applications for hydropower generation and floating solar panel projects using national water resources. Submissions from formal applications were expected in February 2024 and are currently being processed, in line with the 90-day processing time target. Licenses are expected to be issued from May 2024.

The implementation of the revised business process and other interventions by DWS has resulted in significant progress in reducing the backlog of WULAs and improving the processing time. It is expected that, as more positions are filled and capacity in the department improves, so too will the Department's ability to maintain and further improve its performance.