the dtic
Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NO. 631

Structural Constraints on the Economy

Ms M Kennedy (Limpopo: EFF) to ask the Minister of Trade, Industry and Competition:

Given that several structural constraints on the supply side of the economy such as infrastructure bottlenecks, weak business environment and low productivity impeded economic growth in South Africa, (a) what specific areas within his department are currently identified as having bottlenecks, (b) what data is used to determine such bottlenecks, (c) what strategies are in place to solve this issue and (d) what monitoring strategies are in place to evaluate (i) progress and (ii) the effectiveness of implemented solutions? CW743E

REPLY:

Energy One Stop Shop (EOSS)

(a) Specific Areas Identified with Bottlenecks within the Department

The Energy One Stop Shop (EOSS), established under the National Energy Crisis Committee (NECOM), has identified the following key bottleneck areas impeding the rollout of energy infrastructure and independent power producer (IPP) projects:

1. **Permitting and Licensing Delays**:
   - Lengthy turnaround times in environmental authorisations, land use approvals, grid connection applications, and water use licenses.
   - Duplication of effort across government entities.

2. **Intergovernmental Coordination Challenges**:
   - Fragmented decision-making between national, provincial, and municipal spheres of government.

- Lack of alignment between departments (e.g., Energy, Environment, Defence, Transport, and Municipalities).

3. **Access to Land and Grid Infrastructure**:
- Delays in securing servitudes and resolving land ownership disputes.
- Capacity constraints in Eskom's transmission infrastructure in high-renewable-potential areas.

4. **Data and Process Inefficiencies**:
- Lack of a unified digital platform to track applications and reduce transaction costs for investors.

(b) Data Used to Determine Such Bottlenecks

EOSS relies on a range of qualitative and quantitative data to diagnose and prioritise bottlenecks:

1. **Developer Feedback and Case Studies**:
- Direct engagement with renewable energy developers and industry bodies like SAPVIA and SAWEA.
- Case tracking of project delays reported through EOSS and NECOM structures.

2. **Application Timelines and Approval Data**:
- Reviewing average processing times for permits from DFFE, DWS, SANRAL, DoD, and NERSA.
- Comparing timelines against global norms and investor expectations.

3. **Portal and Dashboard Analytics**:
- Data from the Energy One Stop Shop platform (linked to Power BI) which tracks applications, bottleneck types, and time to resolution.

4. **Cross-Sectoral Bottleneck Identification Reports**:
- Reports from the Embedded Generation Task Team (EGTT), Operation Vulindlela, and IFC-supported technical studies.

(c) Strategies in Place to Solve These Issues

1. **Fast-Tracking Mechanisms**:
- Development of priority processes and fast-track mechanisms for imminent energy projects.
- Coordination through the Technical Working Group to expedite regulatory approvals.

2. **Interdepartmental Technical Working Groups**:
- EOSS participates in task teams that bring together decision-makers from key departments to resolve delays in real-time (various NECOM Workstreams).

3. **Private Sector Partnership and Technical Support**:
- Support from IFC (World Bank), SECO (Swiss Secretariat for Economic Cooperation), and BUSA to institutionalise process improvement.

(d) Monitoring Strategies to Evaluate

(i) Progress

1. **Live Tracking via EOSS Dashboards**:
- Tracks each application's status and delay points across departments.
- Custom dashboards allow real-time monitoring of performance metrics.
2. **Quarterly Technical Working Group Meetings**:
- Convened by EOSS Technical Secretariat to discuss mechanisms and solutions to unblock stuck projects.
3. **Performance Reporting to NECOM**:
- EOSS submits regular updates on applications processed, turnaround times, and unresolved bottlenecks.

(ii) Effectiveness of Implemented Solutions

1. **Before-and-After Time Benchmarking**:
- Comparison of approval timeframes pre- and post-EOSS intervention or digitisation.
2. **Stakeholder Feedback Mechanisms**:
- Surveys and structured engagements with developers to assess satisfaction and process improvements.

3. **Policy Adjustment Based on Monitoring Outcomes**:
- Feedback loops are used to adjust policy levers and reform strategies under NECOM.

Conclusion

The EOSS is playing a central role in attempting to alleviate supply-side constraints in the energy sector through digital transformation (SWAP), interdepartmental coordination, and ongoing performance monitoring. These efforts directly support improved infrastructure delivery, investor confidence, and productivity growth in the South African economy. What the EOSS is striving to develop is –

1. **Single Window Application Portal (SWAP)**:
- A digital platform to streamline the application process for IPPs across departments.
- Aims to centralise documentation, increase transparency, and improve approval times.
2. **Change Management and Capacity Building**:
- Deployment of responsive technical champions within departments.
- Capacity support to under-resourced municipalities to process applications more efficiently.

Specific Bottlenecks

(a) Identified Bottlenecks

Key areas within **the dtic** currently identified as having bottlenecks include:

- **Industrial infrastructure**, particularly energy and freight logistics, which affect industrial zones and manufacturing competitiveness.
- **Regulatory inefficiencies**, such as delayed licensing, permitting, and compliance procedures, which constrain business operations.
- **Enterprise and supplier development**, especially for small and medium enterprises (SMEs), where limited access to finance, technology, and markets inhibits productivity.

(b) Data Used to Identify Bottlenecks

To determine these constraints, **the dtic** relies on multiple data sources, including:

- **Sector-specific industrial performance reports**, which track investment, output, and productivity trends.
- **Surveys from industry stakeholders** (e.g., BUSA, Manufacturing Circle), highlighting regulatory burdens and operational inefficiencies.
- **Logistics and energy performance indices** (such as Eskom load-shedding data and Transnet freight volumes), which illustrate infrastructure gaps.
- **Global benchmarks**, including the World Bank's *Ease of Doing Business Index* and WEF's *Global Competitiveness Report*.

(c) Strategies to Solve the Issues

The Department is pursuing several targeted strategies:

- **Industrial policy reforms**, including sector-specific masterplans (e.g., for steel, automotive, agro-processing), to enhance local production and supply chains.
- **Infrastructure partnerships**, such as the collaboration with the Infrastructure Fund and Operation Vulindlela, to fast-track logistics and energy upgrades.
- **Regulatory reform programmes**, including the Red Tape Reduction initiative and streamlining processes via digital platforms.
- **Incentives for localisation and technology adoption**, which aim to improve productivity and competitiveness among local firms.

Additionally, we **actively liaise with industry and industry associations** to validate identified constraints and **communicate reforms**. This collaboration allows us to **test the user experience** of solutions provided, ensuring that implemented measures are practical, effective, and responsive to real business needs.

(d) Monitoring Strategies

(i) **Progress Monitoring** is conducted via quarterly reporting frameworks

(ii) **Effectiveness Evaluation** is done through impact assessments, third-party evaluations, and feedback loops with industry stakeholders.

These mechanisms support evidence-based decision-making and continuous improvement in policy implementation

1. Key structural reforms to address bottlenecks have been implemented under Operation Vulindlela, which aims to modernise and transform network industries, including electricity, water, transport and digital communications. These reforms are critical enablers to allow industries to produce and export manufacturing products efficiently.

   The following are some of the binding constraints on the economy:

   - High cost of production in the South African economy in the form of administered prices,
   - Security of supply of electricity and the cost of electricity tariffs,
   - Measures to avoid the gas cliff, finding alternative gas supplies and investments required in gas infrastructure,
   - Reliability, cost and efficiency of railway services,
   - Access to telecommunications and affordability of telecoms data,
   - Reliability, costs and access of water supply,
   - Reliability, cost, and access to infrastructure and logistics, and
   - Illicit trade and customs fraud.

2. Other National departments have the legislative mandate and policy levers to address these binding constraints. Therefore, **the dtic** does not have up-to-date data in respect of these bottlenecks.

3. **the dtic** is engaging those departments and industry on a regular basis in order to try and find solutions to the identified bottlenecks.

These constraints need to be addressed by the various departments mandated to develop and provide efficient functioning ports, roads, rail, infrastructure supply of electricity and utilities- essentially all the inputs required by a business to successfully operate.

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