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

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO.: 1520

Mr A G Bateman (DA) to ask the Minister of Trade, Industry and Competition: With reference to a recent International Monetary Fund study where South Africa was ranked last among 49 countries and as the most difficult place to conduct business in, what steps will he take to improve the attractiveness of doing business in the Republic? NW1678E

REPLY:

The Minister of Trade, Industry and Competition has noted the findings of the recent International Monetary Fund (IMF) study, ranking South Africa unfavourably among 49 countries in terms of ease of doing business. Government acknowledges the challenges highlighted and is implementing a comprehensive and targeted reform agenda to improve South Africa's business environment, competitiveness, and investment attractiveness.

Alignment with IMF and OV Recommendations

The IMF identifies three primary reform areas where South Africa underperforms compared to its peers: governance deficiencies (particularly in state capacity and anti-corruption efforts), regulatory complexity in doing business, and labour market rigidities that hinder employment growth. These themes are echoed in the Operation Vulindlela Phase 1 Review, which highlights administrative delays, fragmentation of authority, and capacity gaps as major impediments to reform implementation. The government's response directly addresses these challenges through a focused, cross-cutting reform agenda.

Operation Vulindlela: Governance & Regulatory Reforms

Operation Vulindlela has embarked on substantial governance and regulatory improvements. The digital migration of key services, including water use licenses and mining rights is underway. For instance, Department of Mineral & Petroleum Resources (DMPR), has launched a project to modernise the online cadastre for mining rights, including reducing turnaround times and automating processes. The reform of the Central Supplier Database (CSD) has enhanced procurement transparency, while State-Owned Enterprise restructuring; specifically, the legal separation of Eskom's transmission unit and operational reforms at Transnet - has contributed to improved institutional efficiency. These reforms are significant in reversing the negative productivity trends noted by the IMF, which indicated that institutional weaknesses led to a 1.3 percentage point drag on total factor productivity growth between 2008 and 2023.

Under the auspices of Operation Vulindlela, the Energy One Stop Shop is an undertaking by **the dtic**, investSA, in support of the Presidency's drive to support Independent Power Producers. Inherently related in the end to end value chain of the renewable energy permit system and its stakeholders several reforms will be undertaken that will have cross-sectoral implications. These include, improvement of the water-use license system and a reduction in the time to process environmental impact assessments through the Department of Forestry, Fisheries and Environment (DFFE). The DFFE must be commended in their collaborative approach and contributions to simplify the processes to obtain a renewable energy permit. In addition, the South African Heritage Resources Agency as of January 2025, under the Department of Sports, Arts and Culture (SAC), made outstanding contributions through clearing a backlog of applications despite capacity constraints in terms of finances and human resources.

the dtic also provided inputs to the Department of Land Reform and Rural Development (DLRRD). The EOSS has unlocked in excess of 102 challenge counter by Independent Power Producers (IPP) since its establishment (July 2023). It continues to track projects registered in its Database. Projects like BIO2Watt (8MW) that supply the BMW plant in Pretoria received such support, Energy Infinity (315MW) in Mpumalanga, the SOLA Group (150MW) in the Free State to mention a few.

National Energy Crisis Committee (NECOM) Interventions

The National Energy Crisis Committee (NECOM), established to coordinate the implementation of the Energy Action Plan, has made demonstrable progress in stabilising energy supply. Through **REIPPPP Bid Window 7**, 12,500 MW of new renewable energy is being procured. Reforms to Schedule 2 of the Electricity Regulation Act have enabled over R100 billion in private sector investment by removing licensing requirements for projects up to 100 MW. In addition, the Municipal Debt Relief Framework now links financial support to improved energy governance at the municipal level. These interventions directly address infrastructure breakdowns cited by both the IMF and the Operation Vulindlela review as critical barriers to business continuity.

Logistics Reform: NLCC and Public-Private Partnerships

The National Logistics Crisis Committee (NLCC), chaired by the President, has been instrumental in driving reforms to reduce freight inefficiencies and logistics costs. Major achievements include a R40 billion investment commitment for port and rail infrastructure over the next three years and the rollout of 24/7 operations at the Durban Container Terminal, which has yielded a 15% productivity increase. A new private sector participation framework launched in January 2025 has opened a R100 billion investment pipeline. Notable projects include public-private partnerships on the Durban–Johannesburg corridor and international partnerships to modernise the Ngqura Port. These reforms reflect the Operation Vulindlela review's call for improved infrastructure delivery and the IMF's recommendation to resolve transport bottlenecks.

Labour Market Activation

Labour market reforms have been prioritised to support employment and enhance flexibility, in line with IMF guidance. The Employment Tax Incentive has been expanded to include green energy sectors, while the critical skills visa regime has been streamlined to ease the entry of specialised foreign talent. Government, labour, and business are also engaged in social compact negotiations focused on productivity-linked wage models. These interventions respond to the IMF's findings related to labour market exclusion and rigidity, and build on the Operation Vulindlela recommendation to align workforce development with economic needs.

Legislative Modernisation: The Omnibus Bill

the dtic will be championing a Business Omnibus Bill, aimed at modernising, rationalising and streamlining business-related legislation. It aims to modernise and make the various

Acts and Regulations effective and efficient. The Business Omnibus Bill reforms will be aligned with the IMF’s assessment of business regulation complexity and respond to for legislative clarity and predictability.

Practical Public-Private Implementation

Government reform efforts are not pursued in isolation but in active partnership with the private sector. Energy procurement is largely private-led, logistics upgrades are being co-financed through public-private partnerships, and policy design is increasingly shaped by feedback from investors, industry groups, and civil society. Operation Vulindlela’s dashboard approach enables real-time monitoring of implementation progress and accountability across government.

Ease of Doing Business Reforms

In alignment with the government's commitment to improving the business environment, the Ease of Doing Business (EoDB) programme, initiated in 2019, has been instrumental in streamlining government processes. This initiative aims to enhance service delivery efficiency, reduce costs, and shorten turnaround times, thereby fostering a more conducive environment for both domestic and foreign investment. Key achievements include the establishment of One Stop Shops through investSA, which provide integrated services to investors by facilitating the entire value chain—from specialist advisory services to coordinating efficiencies across various government departments. The reforms in Company Registration, UIF, Compensation Fund, Paying Taxes, Construction Permits amongst others have significantly improved South Africa's investment climate, as evidenced by the successful implementation of the Investment Climate Reform Programme, a collaborative effort between the Department of Trade, Industry and Competition (**the dtic**) and international partners such as the International Finance Corporation (IFC), the UK's Prosperity Fund, and the Swiss State Secretariat for Economic Affairs (SECO). These initiatives collectively contribute to creating a more efficient, transparent, and investor-friendly business environment in South Africa.

Finally, the government’s reform agenda directly tackles the key constraints highlighted in both the IMF Country Report No. 25/29 and the Operation Vulindlela Phase 1 Review. Targeted reforms in governance, energy, logistics, labour, and legislation are gradually enhancing South Africa’s business environment and global competitiveness.

The Department of Trade, Industry and Competition (**the dtic**) remains firmly committed to advancing these reforms in close collaboration with the private sector and other stakeholders, with the overarching goal of achieving sustainable, inclusive, and investment-driven growth. Crucially, these efforts require a coordinated, whole-of-government approach (an approach that is already evident in the collective response to these challenges).

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