



Presentation to the Portfolio Committee on Public Enterprises

Impact of Build Program

*in support of (1) local businesses, (2) skills development,
(3) job creation and (4) beneficiation*



dipe



public enterprises
Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Content

Policy Context

Transnet Program

Eskom Program



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



There are a number of policies that define our national economic development priorities



Key Policies

Strategic focus

Outcomes

National Development Plan

- Defines the 2030 vision of the society we want to live in
- Sets out key actions that need to be implemented to expand the economy
- The role of the State including the SOC to drive the developmental agenda
- Creation of a supportive policy framework for unlocking both private and public sector investments

- Increase investment expenditure to 30% percent of GDP
- 5% economic growth
- Reduce unemployment to less than 10%
- Reducing poverty

New Growth Path

- Defines the jobs drivers that could be leveraged to move the economy to a employment intensive growth trajectory
- Addresses structural impediments to higher employment and growth levels
- Form and structure of partnership with social partners (labour, business and community)

- 5 million jobs created by 2020
- Increased labour absorption rate of the economy to over 60%

Industrial Policy Action Plan

- Deepening the industrial base through accelerating growth of priority sectors (automotives, clothing & textile, pharmaceuticals, metals, etc.)
- Interventions required to accelerate the re-industrialisation of the economy (competitive exchange rate, lower interest rate to support investment in expanding industrial capacity, skills development and improved regulatory environment)

- Enhance competitiveness of the manufacturing sector
- Develop new industrial capabilities
- Expand employment in the manufacturing



public enterprises
Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Medium Term Strategic Framework (MTSF) 2014 - 2019

- The key theme for the current MTSF period is radical economic transformation
- This is evidenced by some the deliverables listed below:
 - Increasing the investment rate to 25% of GDP
 - Increasing public sector investment to 10% of GDP
 - Increasing employment and reducing unemployment to 14%
 - Increasing reserve margin to 19% by 2019
 - Regional integration - Waterberg and Trans-Kalahari
 - Increase Capacity - Iron Ore export, Coal export and Durban Container Terminal
- The following Strategic Integrated Projects (SIPs) are also included in MTSF
 - SIP 1 - Unlocking the northern mineral belt with Waterberg as the catalyst
 - SIP 2 - Durban-Free State-Gauteng logistics and industrial corridor - Strengthen the logistics and transport corridor
 - SIP 3 - South-Eastern node & corridor development
 - SIP 5 - Saldanha-Northern Cape development corridor
 - SIP 17 - Regional integration for African cooperation and development



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Industrialisation and localisation

- In 2007, the DPE established the Competitive Supplier Development Programme (CSDP)
- The CSDP was developed with three key objectives in mind:
 - To reduce costs of the SOCs
 - To reduce the dependency on imports and foreign exchange exposure
 - To develop niche export areas.
- The ultimate goals of the CSDP are:
 - To contribute to the NDP aims of **increasing economic growth, employment creation, skills development and transformation;**
 - To **improve the quality, efficiency and cost- effectiveness of the services provided by the SOCs**, as a result of their obtaining more-competitive goods and services from local suppliers;
 - To **improve the competitiveness of the SOCs** as a result of savings; resulting from their sourcing from innovative, responsive and more competitive suppliers; and
 - To diversify the South African economy by **developing new local industries, particularly focusing on the manufacturing sector**



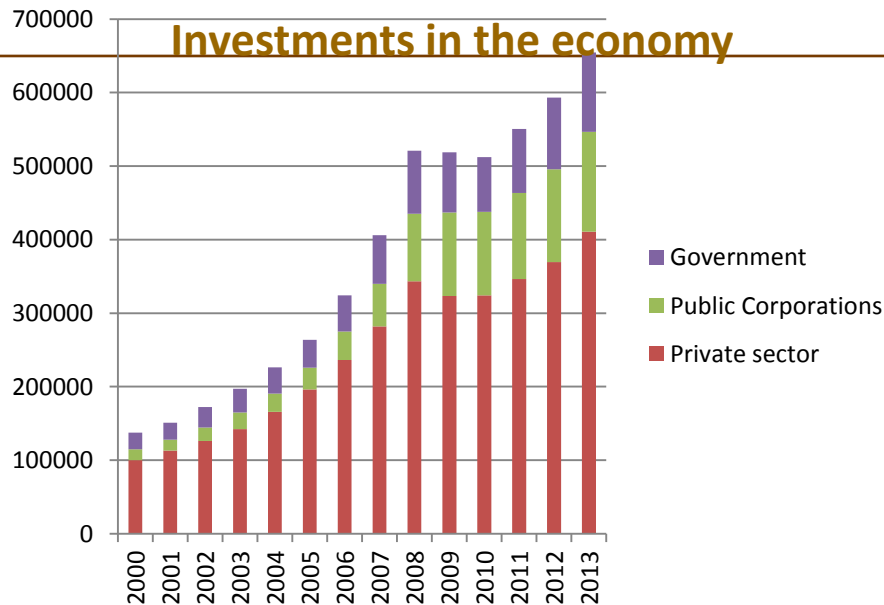
public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



South Africa's investment into infrastructure is being scaled up to create the required capacity for the economy to grow

investment by the public sector has accelerated



State owned companies has significantly increased their investment programme but this has not been sufficient to reach the 30% target current at 24% of the GDP ”

Implications on the economy

- There is not enough infrastructure capacity to drive economic activities particularly the productive sectors of the economy
- Catching up with the current infrastructure deficit will take time and resources and short term interventions are required to improve the current situation
- The projected economic growth in the NDP may not be realised if investments are not accelerated
- Involvement of private sector in infrastructure roll-out is encouraged as the fiscus remains constrained and higher tariff adjustments are no longer feasible
- Sustainable funding models for infrastructure development crucial for this purpose



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA





TRANSNET PROGRAM



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Transnet Market Demand Strategy

- Rolling +/- R300bn capital investment programme over seven year period
- Expanding rail, port and pipeline infrastructure
- Increase in capacity to meet market demand
- Continued financial stability and strength
- Significant productivity and operational efficiency improvements
- Shift from road to rail - reducing the cost of doing business and carbon emissions
- Enabling economic growth
- Job creation, skills development, localisation, empowerment and transformation opportunities



public enterprises

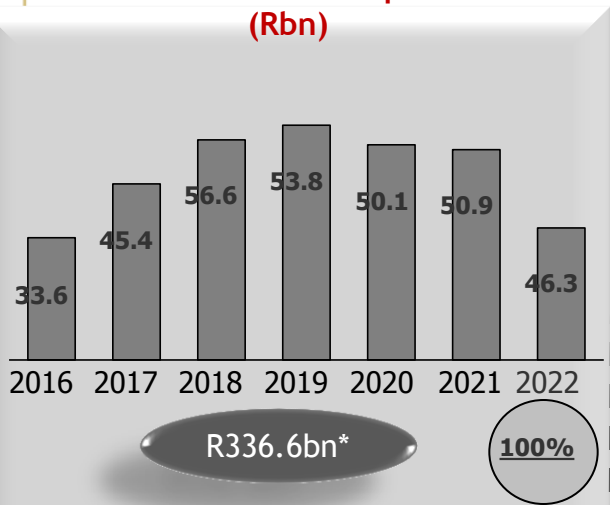
Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



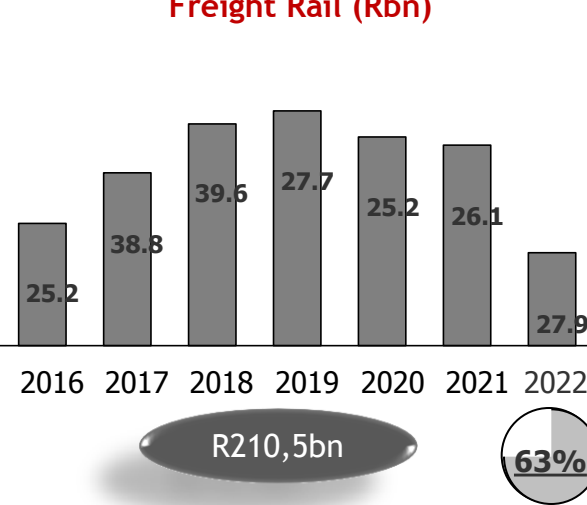
7 YEAR CAPITAL INVESTMENT PLAN R336.6 BILLION: DIVISIONAL OVERVIEW



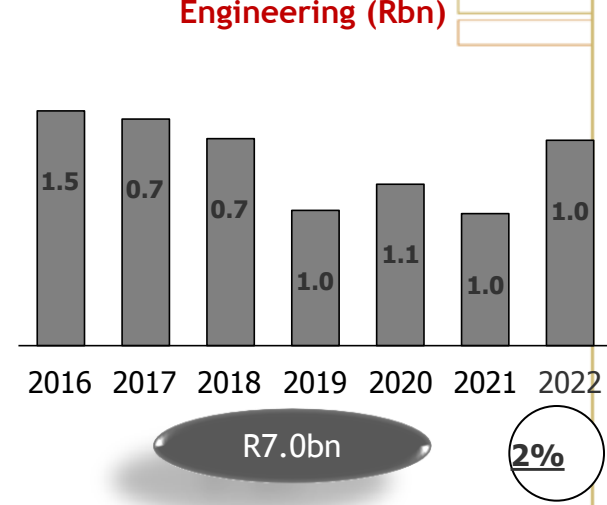
Transnet Group (Rbn)



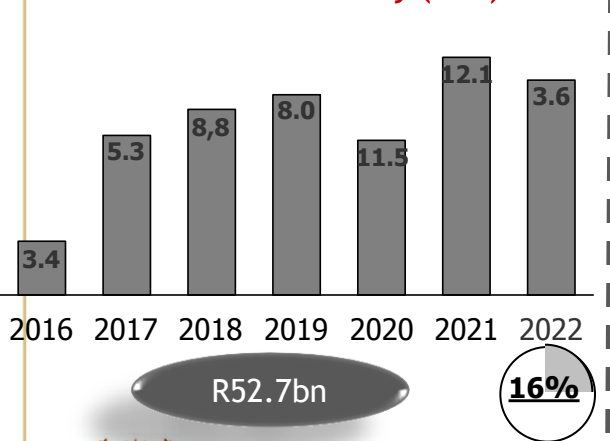
Freight Rail (Rbn)



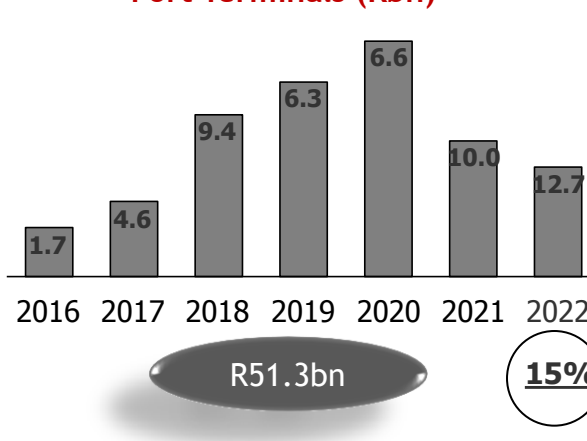
Engineering (Rbn)



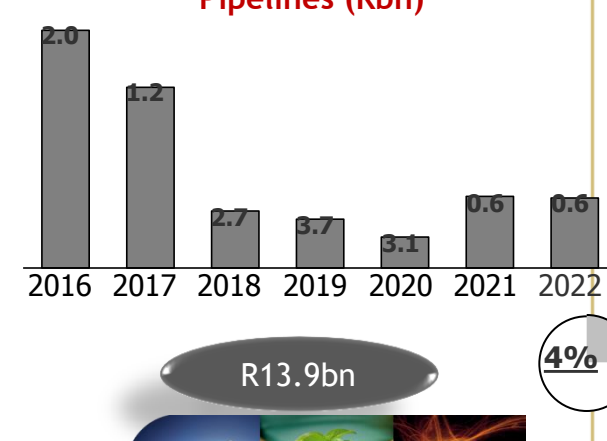
National Ports Authority (Rbn)



Port Terminals (Rbn)



Pipelines (Rbn)



public enterprises
Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Key Transnet infrastructure projects



SIP 1

- Develop a heavy haul corridor to Waterberg coal fields.
- Increase export coal rail capacity through port of Richards Bay to 81mt



SIP 2

NMPP is strategic investment to transport petroleum products to the inland market over the network of 555km. Currently 5yrs behind schedule of initially intended completion date (2010).



SIP 2

Transnet will be expanding and establishing a new inland port terminal, i.e. City Deep and Karsene, Sentrtrand, Pyramid south and Tambo springs



SIP 2

- Durban Container capacity creation
- Berth Deepening
 - Pier 1 & 2 expansion
 - DDOP



SIP 3

Relocation of export Manganese terminal from port of PE to Ngqura as well as the increase of capacity to 16mtpa.



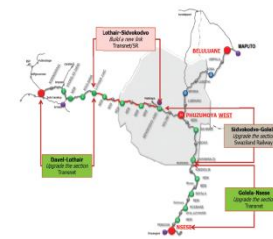
SIP 5

Further expansion of the Export Iron ore channel from 60mt to 70 and thereafter to be done incrementally in line with customer demands.



Acquisition of Rolling stock

- GFB 1064 locomotives
- GFB 95 locomotives
- GFB 60 locomotives
- Coal 100 locomotive
- Wagons



Swazi Rail Link

Construction of a new rail link line and the reconstruction and upgrade of existing rail links from Lothair in South Africa through Swaziland in order to general freight traffic from the export coal line.



General Freight Business - infrastructure revitalisation



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Operation Phakisa

- Operation Phakisa was an initiative Championed by the Presidency with the Department of Environmental Affairs (DEA) being a lead Department to stimulate the marine economy
- Objective
 - Increase maritime contribution to GDP by approximately R14-23bn by 2019
 - Increase the number of total jobs created by 40,000-50,000 jobs by 2019
- TNPA as a custodian of marine infrastructure has also been identified as critical role player to implement the initiatives of Phakisa.



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Operation Phakisa (Cont)

- **Key infrastructure projects that TNPA is responsible for:**
 - **Acceleration of identified ship/rig repair and supply base investments at the Port of Saldanha**
 - Refurbish General Maintenance Quay - Oil & Gas Supply Base
 - Rig Repair Facility (Berth 205)
 - Mossgass Quay Extension
 - **Refurbishment of existing ship repair facilities over the next 5 years**
 - Port of Durban
 - Port of East London
 - Port of Port Elizabeth
 - Port of Mossel Bay
 - Port of Cape Town
 - **Dredging at the Port of Richards Bay to accommodate a Floating Dock**
 - **Refurbish East London slipway to accommodate a boat building facility**



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Job creation as a result of the build programme

Number of jobs created as per the Transnet macroeconomic impact model

	Latest Estimante	Budget	Forecast					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Induced	208 681	273 946	319 372	345 254	352 077	396 974	418 764	481 775
Indirect	94 127	139 214	162 018	174 229	168 018	193 992	208 386	242 227
Direct	140 201	170 925	186 917	204 006	209 775	234 471	243 216	279 800
Total (number of jobs)	443 009	584 058	668 307	723 489	729 870	825 437	870 366	1 003 802

- Transnet will create approximately 540 000 direct and indirect job opportunities over the next seven year period.
- Through the build programme, procurement spend will be leveraged to increase localisation and therefore maximise local job creation.
- In addition, it is also expected that another 480 000 job opportunities will be induced through Transnet spend



Skills development to support build programme

Planned intake per Annum (skills required)

Key Performance Indicators	Latest Estimates	Budget	Projections					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Artisan trainees	605	665	250	275	300	330	350	400
Engineering trainees	220	155	171	188	206	227	250	275
Technician trainees	363	200	220	242	266	292	321	353
Sector specific	2178	2000	2200	2450	3000	3500	3850	4244

- Transnet will spend an average of approximately R1 billion per annum on training over the seven year MDS period
- In total Transnet will train over 3 000 artisans and 1 600 engineers, respectively over the same period



public enterprises

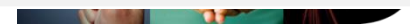
Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Localisation and Supplier Development outcomes from the CSDP programme



Long term Parts contract	Enterprise & Supplier Development initiatives
<i>100 GE - Locomotives</i>	- <i>37% localisation</i>
<i>95 CSR - Locomotives</i>	- <i>65% localisation</i>
<i>Internal & External Audit</i>	- <i>23% Job creation</i> - <i>16% Skills development</i> - <i>7% Small business creation</i> - <i>4% Rural intergration</i>
<i>Locomotive Doors, pipework, windows, windscreens</i>	- <i>110 Jobs created</i>
<i>Fleet contract</i>	- <i>23% Small business promotion</i>
<i>Fuel contract</i>	- <i>30% Job preservation</i> - <i>20% Small business preservation</i> - <i>20% Rural intergration</i>



Localisation and Supplier Development outcomes from the CSDP programme (Cont)



Transnet's recently awarded a R50 billion contract for the building of 1064 locomotives to four global original (OEM).

- Two OEMs for supply of 599 electric locomotives, namely
 - CSR Zhuzhou Electric Locomotive
 - Bombardier Transportation South Africa
- Two OEMs for supply of 465 diesel locomotives
 - General Electric South Africa Technologies
 - CNR Rolling Stock South Africa
- The award has stringent local content, skills development and training commitments as dictated by the SD programme
- OEMs have complied with and exceeded the minimum local content criteria for rolling stock of 60% for electric locomotives and 55% for diesel locomotives.



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA





ESKOM BUILD PROGRAM



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Content

Introduction/Background

Local businesses

Skills development,

Job creation

Industrialisation

Medupi

Kusile



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

Introduction/Background

- Eskom is a critical and strategic contributor to the South African government's goal of ensuring security of electricity supply in the country as well as economic growth and prosperity, in order to support economic development and transformation.
- Eskom will accelerate the impact of **Supplier Development and Localisation** ("SD&L") initiatives, through Group Technology and Commercial organisation, and through the procurement spend, Eskom will accelerate the development of competitive local suppliers.
- SD&L has a specific mandate to achieve the maximum and sustainable local development impact through leveraging Eskom's procurement spend, in a manner that allows for flexibility within the business to drive government's local development initiatives and policies.
- The SD&L department drives five overall priorities for the purpose of transformation and local socio-economic development, namely, (1) **Localisation**, (2) **Industrialisation** [including Technology Transfer and Export Promotion], (3) **Skills Development**, and (4) **Job Creation**, (5) **Supplier Development** [focusing on SMME and Co-operatives].
- The objective of this presentation is to report on local development achievements through Eskom and its suppliers/contractors in various projects, packages and contracts, especially in the new build project.



Supplier Development's role is to increase the capacity and capability of local suppliers across Eskom's value chain

Strategic imperatives

Create an enabling environment for new suppliers

Develop and grow existing emerging suppliers

Grow emerging suppliers into sustainable LMEs

Description

- Identification of priority and high impact commodities with no local supplier (BO) presence
- Creation of an enabling environment for the development of **new suppliers** to do business with Eskom
- Source **EMEs and QSEs** (BOs) from the data base and through industry analysis for development to increase capacity and capability to contract with Eskom in high impact areas
- Ensure QSEs (BOs) are developed and provided with sufficient, **sustainable business** to become established LMEs

How will this be achieved

- **Clear linkage to priority/high impact spend areas** with a focus on Primary Energy, Primary and Secondary Plant and Capex
- Thorough **understanding of supplier types**, their growth trajectories and related needs
- **Strong integration and collaboration** with internal Eskom departments
- Establishment of **strategic external partnerships**
- Range of suitable **intervention mechanisms**

From inception to date (ITD) in the respective new build projects, contracts to the value of **R155 billion** have been awarded, and total local content committed by suppliers amounted to **R102 billion**, representing **66%** of the total contracted value.

At the end of December 2014, the cumulative local content actual spend was **R78 billion** (76% of the local content contracted).

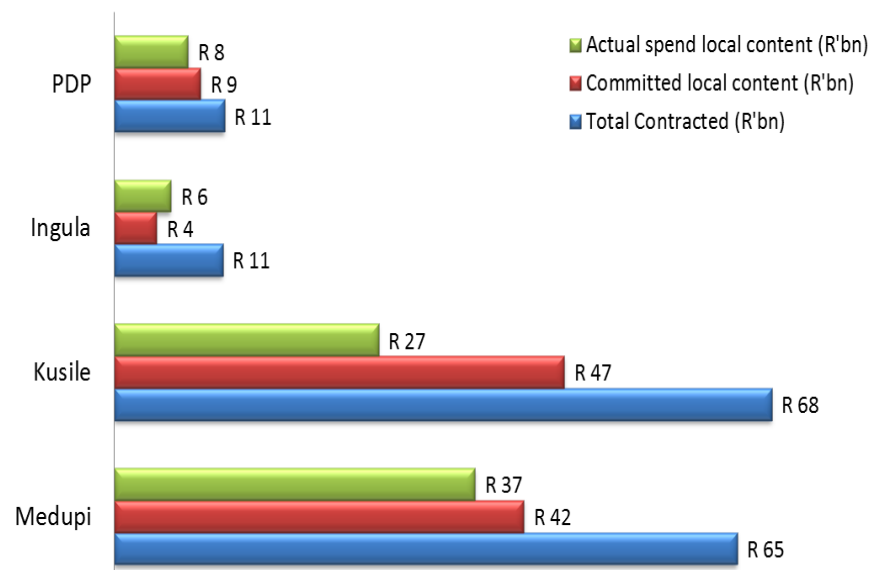
An amount of **R 43 billion** (42% of the local content contracted) has been committed for sub-contracting to empowerment companies such as Large Black Suppliers (LBS), Black Women Owned (BWO), Small and Medium Entities (SME).

Eskom continues to embed local content in contracts awarded and in the current financial year to the end of December 2014, a total of **R2.15 billion** has been committed to local content in new the new build projects.

The SD&L local content obligation included the commitment from supplier to subcontract/procure from designated suppliers i.e. Black Owned, Black Women Owned and Black Youth Owned companies.

	Total Contracted (R'bn)	Committed local content (R'bn)	Actual spend local content (R'bn)	% local content committed	% local content actual spend
Medupi	R 65	R 42	R 37	66%	88%
Kusile	R 68	R 47	R 27	68%	59%
Ingula	R 11	R 4	R 6	38%	135%
PDP	R 11	R 9	R 8	78%	85%
end Dec 2014	R 155	R 102	R 78	66%	76%

Local content in new build (Dec. 2014) - R'bn



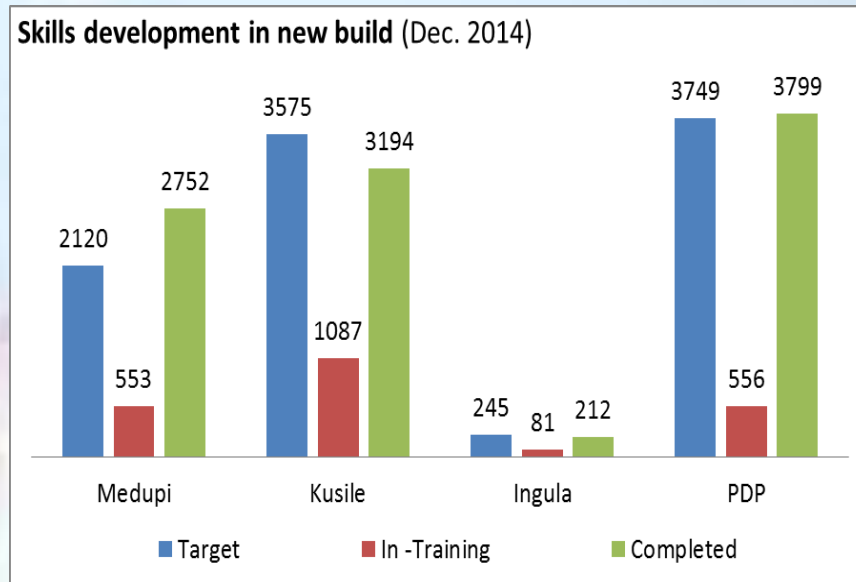
Skills Development

Since inception of the respective projects till end September 2014, a total of **9 689** individuals have been targeted for skills development.

At the end of *December 2014*, there are **9 957** people who have completed their training and a total of **2 277** learners are currently being trained in various institutions throughout the country.

Close to **40%** of the training completed came from Power Delivery Projects (PDP) and this could be contributed to the fact that most training in the area is of short term nature. Medupi and Kusile accounts for **28%** and **31%** of the training completed, respectively.

From the completed training, **70%** of people trained were artisans and **14%** were Technicians.



Target	9 689
In -Training	2 277
Completed	9 957
Artisans	70%
Technicians	14%
Others	10%
Management / Supervisors	4%
Engineers	2%

Job Creation

Eskom is committed to contributing to the government's New Growth Path (NGP), New Development Plan and National Skills Accord, in terms of creating jobs, developing skills and boosting the local economy.

Eskom provides both direct and indirect jobs to the SA market. Direct jobs include those created within the Eskom business environment and indirect jobs include those that are created by contractors servicing Eskom, especially through the build projects.

Over the past three financial years, Eskom suppliers have committed to create 7000 jobs and retain 700 jobs when they are awarded a contract.

As a direct result of Eskom business in the new build projects, there were **24 251** jobs created by suppliers in Medupi, Kusile, Ingula and Power Delivery Project (PDP) at the end of December 2014.

Job creation target in New Build in the Corporate Plan 2014/15-2017/18

Period	Target
2014/15	16 334
2015/16	8 317
2016/17	4 750
2017/18	2000

Job creation obligation by Eskom suppliers

Period	To be created	To be retained
FY12	3578	85
FY13	1040	142
FY14	2522	498
Total	7140	725
Medupi		13 993
Kusile		6 545
Ingula		3189
Power Delivery Project		524
Total		24 251

Industrialisation

Eskom has had significant impact in local development as a result of the new build programs through the Competitive Supplier Development Programme (CSDP), which encompasses the supplier's investment in manufacturing facilities.

Three major new build vendors i.e. Hitachi, Alstom and Voith Siemens have committed to a target value of R1.4 billion in terms of local development plans/initiatives. These commitments are specific to the Boiler, Turbine as well as the Generator Packages. These values are cumulative from inception of the new build programme in 2007.

Since the inception of the Competitive Supplier Development Programme (CSDP) in June 2008, the total actual investment in plant by Eskom's supplier network has been **R1.12 billion**, which is 82% of the **R1.37 billion** committed value over the life of the respective contracts.

Supplier	Investment amount
Hitachi	R 848 652 000
Alstom	R 106 900 000
Voith Siemens	R 14 000 000
Ukubona	R 988 000
Actom	R 4 000 000
Actom	R 21 000 000
Actom	R 50 365 744
Clyde Bergemann Africa	R 2 753 000
Pfisterer/Speedcraft	R 26 000 000
Babcock Ntuthuko PLS	R 23 767 000
Powertech	R 22 307 220
Siemens	R 235 656
Total	R 1 120 968 620

Medupi Power Station

- Eskom invested **R2.3 billion** in infrastructure development
- Eskom now own **1296** houses and flats spread throughout Onverwacht and Ellisras
- Eskom and Exxaro jointly invested **R180 million** on the roads upgrade
- Eskom has upgraded the two sewage plants serving Lephalale
- Eskom invested over **R3,8 million** towards wellness centers and medical equipment to seven clinics in the local communities
- Hitachi invested **R1.2 million** in building Segwati crèche
- Eskom invested **R8.6 million** invested in a paediatric mobile unit for primary school health care
- Eskom invested **R3.5 million** in the refurbishment and upgrading of the Seleka Community Hall and Traditional Offices
- Eskom invested over **R620k** in refurbishing Itereleng Creche in Marapong
- Eskom refurbish the Olifantsdrift Primary School after it was damaged by storms
- Medupi Project creates jobs for youths; 62,6% construction workers on site **are youth**



Medupi Power Station

Seleka

- Construction of a new 3 classrooms block and 2 toilet blocks at Radinong Secondary School in Kaulitse village
- Construction of 2 x 4 toilets blocks at Matsetseng Primary School in Reabetswe village
- Remedial work to storm damaged classrooms and new 10 toilets block at Olifantsdrift Primary School in Martinique village
- Renovations of the Traditional Office
- Renovations of Community Hall

Abbotspoort

- Renovation of the NST Majadibodu Crèche and a toilet block
- Design and construction of a Community Hall

Shongoane

- Construction of 4 new classrooms and 6 toilets at Tshukudu Primary School in Ga-Monyeki village
- Renovation of the William Mabitso Crèche and a toilet block
- Design and construction of a Community Hall

Marapong

- Construction of a new classroom block at Tielelo Secondary School
- Construction of 2 new classroom blocks, an administration block and a 10 toilets block at Phegelelo High School
- Building of a new Kopano Ke Matla Crèche
- Renovation of an existing Itereleng Crèche and a toilet block

Lephalale

- Refurbishment of 2 existing SAPS buildings and construction of 2 new offices at the SAPS Training Centre
- Donation of various school furniture to Ellisras Laerskool, Bosveld Primary and Ellisras High School
- Carrying out a feasibility study for improvements at the SPCA
- Provision of a Pediatric bus to travel around Lephalale offering free pediatric medical services

Kusile: Contracts awarded to JVs for Enterprise development

Supplier	Project Description	Supplier Development/ Support	Jobs	Skills	Lessons learned
Royal Duduza JV	<ul style="list-style-type: none"> Catering 	<ul style="list-style-type: none"> The main contract is empowering the local company through skills transfer from the main JV partner Royal Mnandi. 	282	200	<ul style="list-style-type: none"> Contract was awarded to a JV with a significant BWO shareholding
Khulani Trading	<ul style="list-style-type: none"> Provision of Bulk Earthworks 	<ul style="list-style-type: none"> Eskom facilitating a mentorship and transfer of skills by Esorfranki to Khulani. Esorfranki assisted Khulani to obtain plant at discounted rates. 	81	7	<ul style="list-style-type: none"> Contract awarded to a Black Owned Company
Esorfranki-Masibuyisane JV	<ul style="list-style-type: none"> Rock Crushing 	<ul style="list-style-type: none"> JV approach implemented to ensure participation of Local to Site companies. 	13	20	<ul style="list-style-type: none"> Local to site company participating at 49% of the total JV
Stefanutti Stocks Izazi Consortium	<ul style="list-style-type: none"> Top Soil 	<ul style="list-style-type: none"> Objective is to empower a local entity from Nkangala District and to create employment for the local community 	62	7	<ul style="list-style-type: none"> A local cooperative benefited from this tender
Zitho Visit Cleaning JV.	<ul style="list-style-type: none"> Cleaning 	<ul style="list-style-type: none"> The JV mentor Visit Vakasha supported Zitho with execution of the cleaning contract The participating ratio is 60% (Zitholama):40%(Visit Vakasha). 	6	0	<ul style="list-style-type: none"> Contract awarded to BWO company
Liviero & Masibuyisane JV	<ul style="list-style-type: none"> Construction of 336 flats for artisans at Wilge 	<ul style="list-style-type: none"> Gave support to the local JV partner in terms of how JV operates. Facilitated the training of the local JV partner on NEC. 	749	20	<ul style="list-style-type: none"> Participation of the local JV partner in all daily activities. Phola & Wilge unemployed youth and small business from the local area benefited
ASBE JV	<ul style="list-style-type: none"> Supply and Delivery of G5 and G7 material. 	<ul style="list-style-type: none"> Gave support to the local JV partner in terms of how JV operates. 	39	6	<ul style="list-style-type: none"> Participation of the cooperative made up of local community members.

KUSILE POWER STATION

- **Khulani Trading Enterprise:** Bulk Earthworks
 - Contract condition of partnering with a black owned entity from Mpumalanga
 - Khulani Trading Enterprise and Sanyati entered into joint venture, with the aim of ensuring enhancing the local capacity
 - Employs 89 local people, from Mpumalanga Province
 - Improved the CIDB level from grade 5CE to grade 8CE
- **Masibuyisane and Esorfrankie :** Rock Crushing Contract
 - Esorfrankie (large entity [49%]) to formed a joint venture with Masibuyisane (local black owned entity [51%]), for Rock Crushing at Kusile
 - The purpose was to give local entities an opportunity to participate in tenders whose scope of work needed a higher CIDB grading.
- **Masibuyisane and Liviero:** Construction of 336 units contract
 - The joint venture formed between Masibuyisane [50] and Liviero [50] to construct flats at Wilge because of the high CIDB grading requirement



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



KUSILE POWER STATION

Eskom Kusile took a conscious decision to prioritise education on the CSI list. Since its inception, the project has benefited more than twenty (20) have been renovated and in some instances rebuilt classrooms.

Some of the schools that have benefited from the Kusile Legacy Programme include the following:

- **Mmagobana Primary School:** 3 new extra classrooms which was built by Eskom Kusile contractor Alstrom.
- **Sibukosethu:** received a total revamp of the entire school
- **Kopanang Secondary School:** Eskom Kusile Power Station project has donated full furniture for both students and teachers through the young leadership forum (YLF)
- **Phola, Mehlwana high School:** received a facelift through painting, new ceiling and tiles and all electrical wiring was redone.
- **Victor Khanye Municipality Sizuzile Primary School:** was pampered by Hitachi who refurbished the entire school and they built a new computer lab and new toilets.



On 26 November 2014 Kusile Power Station Project handed over upgraded facilities valued at R2.6m to the learners and teachers of Mmagobana Primary School..



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

KUSILE POWER STATION

HITACHI
Inspire the Next

The Contractor has committed to a Localisation Investment programme of R904 million for the Medupi and Kusile Boiler Works Contracts. Against this budget, an amount of R1, 635,014 billion has been committed to investments and know-how transfer. These investments are currently the subject of an independent audit by the Employer which should be completed during the second quarter.

1. Pressure Part Manufacturing Facilities

- **Membrane walls and headers :** The boiler pressure part workshop 5 at DBT's industrial premises in Nigel is running and full production and 100% capacity. The Pema membrane welding machines, Pema Tube prefabrication line, SR membrane panel bender, CNC tube benders, Header Drilling and Internal Bore/robotic nipple welder have all been commissioned and membrane panel welding is also in full production. The new CNC Radial Drilling Machine was delivered commissioned and is now fully operational.
- **Manufacturing know-how transfer:** Over the past year, considerable effort has been made to transfer boiler pressure part manufacturing skills from expatriates to local South Africans.
- **HP Pipework manufacturing :** The new induction bending machine from BHR (SA) (Pty) Ltd has been commissioned.
- **Coil manufacturing:** The manufacture of SH and RH coils for Medupi's Unit 6 at Intervolve's workshop in Pretoria is in progress.

2. Structural Steel Manufacturing Facilities

- **Genrec Engineering's workshop** in Wadeville has been extended further and production is in full swing

3. Ducting & Bunker Site Workshop

- **Construction of the Ducting & Bunker workshop** on the Medupi Site is complete and production has commenced.

4. Erection Equipment

- **Cranes:** Six Manitowec crawler cranes are in operation at Medupi Site as are Tower Cranes and Mobile Cranes.

5. Component manufacturing

- A MABI insulating machine which will fabricate insulation pipes up to 4 metres of ready to assemble tubing per minute has been commissioned at the insulation subcontractor, Civil and Power Generation Project's site establishment workshop at Medupi Power Plant in Lephalale. An IBR Rolling Machine is also in operation at Medupi-Site
- **MV Motors :** The upgrade and expansion of Actom's Electrical Machines factory for the local manufacture of MV Motors has increased the production capacity of the Benoni Works by 40%. Production in this new facility commenced during the first quarter of 2010.



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



SUSTAINABLE PARTNERSHIPS

SIEMENS

Lephalale FET College

- Siemens has invested R20 million at the Limpopo-based Lephalale FET College, which was used to upgrade facilities such as equipping eight training workshops to facilitate the training of electrical, fitting, turning, welding and sheet metalworking, and IT training lab

The Siemens Power Academy

- Siemens has invested R8 million on training academy, in the Mpumalanga Province, in eMalahleni. The academy provides instrumentation and controls training focused on fossil power generation to learners already in the energy industry working for power utilities, such as Eskom

NX Air switchgear production line

- Siemens in collaboration with Voith Hydro, through the Ingula Pump Storage Project, invested R15 million in pre-production and main production lines, in this way making it possible to locally produce IEC 62271-200/100 switchgear equipment which, in the past, has been imported. Siemens facilitated technology transfer, signed manufacturing licenses and trained production engineers. Around 15 new production staff were appointed to aid the process, thus contributing to job creation



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA





THANK YOU!!!



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Acronyms (Continued)

- BBBEE - Broad Based Black Economic Empowerment
- BMO - Black Male Owned
- BO - Black Owned
- BWO - Black Women Owned
- GE(SA)T - General Electric South Africa Technologies
- CNR - China North Railways
- CSDP - Competitive Supplier Development Programme
- CSR - China South Railways
- DDOP - Durban Dig Out Port
- DEA - Department of Environmental Affairs
- ESD - Enterprise and Supplier Development
- EMEs - Exempted Micro Enterprises
- GDP - Gross Domestic Product
- ITD - Inception to Date
- LBS - Large Black Suppliers
- MTSF - Medium Term Strategic Framework
- NDP - National Development Plan
- NGP - National Growth Path
- NMPP - New Multi- Product Pipeline
- OEM - Original Equipment Manufacturers



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Acronyms (Continued)

- PDP - Project Delivery Projects
- PE - Port of Port Elizabeth
- SMEs - Small and Medium Enterprises
- SD&L - Supplier Development and Localization
- SIP - Strategic Integrated Projects
- SOC - State Owned Company
- TE - Transnet Engineering
- TNPA - Transnet National Port Authority
- SD - Supplier Developmentt
- QSEs - Qualifying Small Enterprises



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

