

MEASURABLE PERFORMANCE AND ACCOUNTABLE DELIVERY



OUTPUTS AND MEASURES

OUTCOME 6: AN EFFICIENT, COMPETITIVE AND RESPONSIVE ECONOMIC
INFRASTRUCTURE NETWORK

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Output 1: Improving Competition and Regulation

Output 2: Ensure reliable generation, distribution and transmission of electricity

Output 3: To ensure the maintenance and strategic expansion of our road and rail network, and the operational efficiency, capacity and competitiveness of our sea ports.

Output 4: Maintenance and supply availability of our bulk water infrastructure

Output 5: Communication and Information technology

Output 6: Develop a set of operational indicators for each segment

OUTPUTS AND MEASURES

Output 1: Improving competition and regulation

Our economic infrastructure segment has single monopoly suppliers (rail, ports and electricity) with weak, captured or non-existent regulators. This has contributed to a costly and unresponsive economic infrastructure. The current industry structure should be reviewed to ensure we consistently drive the principle that we separate policy from regulation from operations. A report on how best to encourage competition and improve regulation to ensure transparency and efficiency in each segment should be finalised by August 2010. The report must end with an agreed list of interventions that could be introduced within the next few years. Among the proposals must be included proposals that have been made and agreed in the past and specific reference to amongst others:

- The establishment of an independent systems operator from Eskom, and the finalisation of the framework that allows of independent power producers.
- The full implementation of the Ports Act and the introduction of competition within ports.
- The completion of the Rail Act which establishes the framework for economic and safety regulation within the rail sector as well as competitors.

Output 2: Ensure reliable generation, distribution and transmission of electricity

To ensure reliable generation, distribution and transmission of electricity the following is expected:

- The establishment of the independent system operator separate from Eskom Holdings by 2011.
- Regulatory and institutional structures for the introduction of viable Independent Power Producers (IPP) be created and start the process for participation by IPPs during 2010.
- Develop a funding and implementation plan to reduce the distribution infrastructure maintenance backlogs of R27.4bn to R15bn by 2014.
- Household access to electricity should be 92% by 2014.
- Funding model for Eskom build programme

Output 3: To ensure the maintenance and strategic expansion of our road and rail network, and the operational efficiency, capacity and competitiveness of our sea ports

To ensure the maintenance and strategic expansion of our road network the following is required:

- Increase the market share of total freight to rail to an annualised 250 million tons from the current 177 million per annum by 2014.
- Benchmarking cost of building and maintenance of roads to assess our efficiency and developing an appropriate funding model to ensure adequacy of supply and maintenance. An agreed methodology for assessing adequacy of supply is crucial to this output.
- Implementation of the Road Infrastructure Strategic framework for South Africa (RIFSA).
- Implementation of the approved Rural Transport Strategy for South Africa.
- Road accident fatalities to come down from 14 600 by 2014 (a 5% per annum reduction) adjusted for total vehicle kilometres travelled.

For rail reliability, competitive pricing and better integration with sea ports the following is expected:

- Completion of the Rail Policy and Rail Act.
- Implementation of the National Freight Logistics Strategy.
- Increases in rail freight tariffs currently differ for each commodity. This need to be standardised and linked to inflation by 2012.
- Introduce private operation at branch level (secondary rail network).
- Introduce private sector investment in rail.
- Establishment of a Rail Economic Regulator.

To improve the operational efficiency, capacity and competitiveness of our sea ports the following is expected:

- Implement the National Ports Act and create transparent cross-subsidies between port and rail infrastructure.
- Introduce competition for the management of container terminals.

Output 4: Maintenance and supply availability of our bulk water infrastructure

To ensure the maintenance and supply availability of our bulk water infrastructure the following is expected:

- To reduce backlog on rehabilitation/refurbishment of the national water resources infrastructure from 15% of asset value to 10% of asset value by 2014 and the implementation of 7 proposed water augmentation schemes. Baseline report on this challenge with detailed data to be submitted by July 2010.
- Revising of raw water pricing strategy and funding model to take into account irrigation water needs linked to food production.
- Reduce unaccounted for water from approximately 30% of supply to 18%.
- Remove backlog in issuing of water licences to mining, agriculture and industrial sectors.
- The establishment of the water economic regulator.

Output 5: Communication and Information technology:

To reduce cost of communication, increase our broadband penetration and to reduce the digital divide in both urban and rural contexts, the following is expected:

- Issuing of a policy directive for the unbundling of the local loop (which is now several years overdue).

- That the cost of voice calls that is mobile wholesale (interconnection Mobile Termination Rates) and fixed-public access be reduced by 30% by 2014
- Broadband:
 - speed to improve from 128 kbit/s to 256kbit/s, through broadband policy intervention by March 2011
 - increase penetration from 2% to 5% by 2014
 - cost of line rental for ADSL to be reduced by 10% by March 2010 through policy intervention
- Implementation of 2010 ICT guarantees as per FIFA requirements for Telecoms by March 2011
- Implementation of 2010 ICT guarantees as per FIFA requirements for satellite back-up by March 2011
- Implementation of 2010 ICT guarantees as per FIFA requirements for the IBC by March 2011
- Implementation of 2010 ICT Legacy Plans by March 2011.

In addition, there is a need to facilitate the growth and sustainability of ICT SMMEs. The manufacturing of set-top boxes will stimulate the local electronic industry resulting in the creation of employment and other economic opportunities for participants in the value chain and create 23 500 jobs by 2014.

Output 6: Develop a set of operational indicators for each segment.

This should be based on international benchmarks and include operational, safety and tariff components.

To enhance the quality of regulation across the infrastructure network, a study of the possibility of a Single Regulatory Coordinator under the Competition Commission should be conducted and brought to Cabinet for finalisation. Outstanding research should be done to establish the necessary benchmarks to establish output indicators for the sector.