No.0456 - 2023: Fifth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

**========================**

Monday, 04 December 2023

**ANNOUNCEMENTS**

none

**TABLINGS**

none

**COMMITTEE REPORTS**

**1. The Chairperson of the Transport and Logistics Portfolio Committee, Hon. G D Schneemann, tabled the Committee’s Focused Intervention Study (FIS) Report on the State of readiness on green transport by the Department of Transport and Logistics, as attached:**

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**Adopted Focused Intervention Study (FIS) Report on** **the State of readiness on green transport by the Department of Transport and Logistics**

| **Committee Details** | | **Department Details** | | |
| --- | --- | --- | --- | --- |
| **Name of Committee** | **Transport and Logistics** | **Name of Department** | **Department of Transport and Logistics** | |
| **Which Financial Year** | **2022/23 FY** | **Dept. Budget Vote Nr.** | **09** | |
| **Which Quarter** | **2nd Quarter** | **Hon. MEC** | **K. Diale-Tlabela** | |
| **Committee Approvals** | | | | |
|  | **Name** | **Signed** | | **Date** |
| **Hon. Chairperson** | **G. Schneemann** |  | |  |
| **Adoption and Tabling** | | | | |
| **Date of Final Adoption by Committee** | | **Scheduled date of House Tabling** | | |
| **Tuesday, 28th November 2023** | | **Tuesday, 05th December 2023** | | |

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# ABBREVIATIONS

|  |  |
| --- | --- |
| **Abbreviation** | **Full Wording** |
| APP | Annual Performance Plan |
| AIDC | Automotive Industry Development Centre |
| COVID-19 | Corona Virus Disease 2019 |
| DED | Department of Economic Development |
| DRT | Department of Roads and Transport |
| DTIC | Department of Trade, Industry and Competition |
| FIS | Focus Intervention Study |
| FY | Financial Year |
| GGDA | Gauteng Growth and Development Agency |
| GPG | Gauteng Provincial Government |
| GPL | Gauteng Provincial Legislature |
| MEC | Member of the Executive Council |
| MTEF | Medium Term Expenditure Framework |
| NEV | New Energy Vehicle |
| PFMA | Public Finance Management Act |
| SOM | Sector Oversight Model |
| TAG | Transport Authority Gauteng |

# EXECUTIVE SUMMARY

In line with the strategic objectives of the Department of a modern, accountable and development-oriented department, the Committee agreed to undertake a study on the State of readiness on green transport by the Department of Transport and Logistics.

The Committee noted that Electric Vehicles trend is a reality and is projected to overtake the current internal combustion engine vehicles in the near future. There are currently five types of Electric Vehicles namely, battery electric vehicles, hybrid electric vehicles, plug – in hybrid electric vehicles, extended range electric vehicles and hydrogen fuel cell electric vehicles. The sales of Electric Vehicle became noticeable in 2011 and gradually took off in 2015/2016 and jumped in 2020 despite the effects of Covid 19 and the key players in this market has been China, Europe, North America, South Korea, and Japan, with China taking a lead, then followed by Europe at large in sales of Electric Vehicles.

The Committee also noted that in response to the Green transport, the Gauteng Department of Transport and Logistics has launched Smart Mobility 2030 and titled “Growing Gauteng through Smart mobility”. The strategy looks at taking advantage of the province’s current standing as a gateway to Africa to position it as the freight and logistics hub for the country and the continent”. At the national level, the Department of Trade, Industry and Competition (DTIC) is currently in the process of developing a Green Paper entitled ‘The South African road to production of Electric Vehicles: Delivering for the people, for the planet and for the prosperity’.

The Committee noted that the Department, together with transport experts, undertook a study tour of Germany and the Nordic countries in September 2022 with a view to understand the implementation of green transport and observed that European countries are keen to support initiatives in other countries that can produce Green H2 and this support is offered in the form of Funding, Technology (R&D), legislation and practical experience with an aim to secure their required volume of Green H2 from these overseas suppliers long before their target date of Carbon-neutral (2045) and Germany has already signed agreements with Morocco, Chile and Namibia and there is a limited window of opportunity to secure long term contracts for the supply of Green H2 to Germany and the move to de-carbonise Transport in Europe is gaining momentum and assistance was offered to research & development on the production and transport of H2, research and development of Hydrogen Fuel cells, the setting up of H2 re-fuelling stations, the development of the necessary legislations and regulations, actual field testing of H2 powered vehicles, trucks and buses, and the willingness to supply Gauteng with H2 powered trucks to operate the pilot project between Johannesburg and Ethekwini (Hydrogen Valley) (Mercedes Benz Trucks South Africa) as well as the willingness to sign a MOU with Gauteng (Baden Wurthemberg).

Furthermore, the Committee noted that the development of a coherent Green Hydrogen Strategy for South Africa has been on the agenda for the past five years and during December 2022, the Proposed South African Green Hydrogen (GH2) Commercialisation Strategy was published for public comment. Taking the above into consideration, the Department has also agreed to develop a Gauteng Energy Strategy within the boundaries of the South African Energy Strategy with a view to strengthen and secure Gauteng’s position as the economic engine of Southern Africa, utilise the knowledge and experience of Sasol and their production capacity of H2, utilise the strengths and opportunities of Gauteng, utilise the proximity of Research Institutions, Universities, Technikons and TVET Colleges in Gauteng and create partnerships with Germany & the Nordic countries and with business leaders in Gauteng as well as to create partnerships with the private sector (e.g. Anglo American).

On the progress to-date, the Committee noted that the Department is currently embarking on the process of appointing CSIR to do the energy audit, co-operation with Sasol to install the first Hydrogen re-fuelling station in RSA at G-Fleet Bedfordview (alternatively Benoni Region) and to hold a NEV Mobility Conference & Expo during October Transport Month in collaboration with Africa Mobility Centre and the OoP & Ben Pullen.

In supporting the Gauteng Automotive Industry in the transition to New Energy Vehicles (NEVs), the Department of Economic Development has adopted the AIDC/GGDA/GDED’s strategy and projects (completed, ongoing and planned) in support of the Gauteng Automotive Industry's transition from internal combustion engine vehicle (ICE) to new energy vehicles (NEVs). The Committee noted that the Department focused on three areas which include the policy and legislation framework for NEVs in South Africa, AIDC Strategy in support of Automotive Industry in Gauteng and AIDC Projects in support of Automotive Industry in Gauteng. On policy and legislation framework for NEVs in South Africa, the Committee noted that the Department was focused on supply side in assisting manufacturing and export of new energy vehicles through the development of policies with the National Department of Trade, Industry and Competition and the policy has been developed. Furthermore, the Committee noted that the Department also focused on the demand side by stimulating the domestic market through the development of auto green paper with the DTIC and are awaiting the consideration thereof by Cabinet for development of the White paper.

On the AIDC Strategy in support of Automotive Industry in Gauteng effectively, the Committee noted that the Department and AIDC adopted a dual strategy with two parallel workstreams in 2022 namely, NEV Strategic Roadmap for Gauteng wherein SCM processes are at 95% complete and expected to kick-off early October 2023 and be finalised by May 2024. The Committee noted that the second workstream focused on Tangible Early-life NEV Projects to realise tangible action/projects while formulating strategy and current projects include Tear Down Localization of an EV 3-wheeler, Feasibility Study for E-scooter battery manufacture in collaboration with public research entity under MOU as well as Evaluation of NEV Critical Skills Curriculums of more mature NEV Markets in collaboration with a German Automotive Development Agency. On the completed projects, the Department reported that they have investigated installation of charging stations in Gauteng in 2022 and the project was not funded and external funding proved not feasible as there is no near-term business case/payback due to slow rate of adoption of SA NEV as well as the need for collaboration with a major supplier.

In conclusion, the Committee noted that the implementation of green transport in the Province is gaining momentum and work is being done to ensure that the Province and the country at large are in a position to reduce environmental impact of pollution and Greenhouse gasses like the governments in Europe and Asia which are under pressure to move away from non-renewable, polluting sources of energy to renewable sources of energy and becoming carbon-neutral by 2050.

# INTRODUCTION

This report aims to outline the purpose of a Focus Intervention Study (FIS) as one of the imperatives of the Sector Oversight Model. Furthermore, also outlining the strategic direction for the Committee’s oversight role wherein oversight is conducted in a proactive manner. The FIS conducted by the Committee is significant in that it makes provision for the information provided by the Department of Roads and Transport and its entities to be verified. This will allow the Committee to verify whether service delivery has taken place. It is imperative that the FIS should be indicative of actions that need to be taken by the Committee to proactively address issues of Departmental effectiveness and efficiency in relation to service delivery.

In line with the strategic objectives of the Department of a modern, accountable and development-oriented department, the Committee agreed to undertake a study on the State of readiness on green transport by the Department of Transport and Logistics.

**Background on the Focused Intervention Study**

The Committee noted that Electric Vehicles trend is a reality and is projected to overtake the current internal combustion engine vehicles in the near future. There are currently five types of Electric Vehicles namely, battery electric vehicles, hybrid electric vehicles, plug – in hybrid electric vehicles, extended range electric vehicles and hydrogen fuel cell electric vehicles. The sales of Electric Vehicle became noticeable in 2011 and gradually took off in 2015/2016 and jumped in 2020 despite the effects of Covid 19 and the key players in this market has been China, Europe, North America, South Korea, and Japan, with China taking a lead, then followed by Europe at large in sales of Electric Vehicles.

The Committee also noted that in response to the Greet transport, the Gauteng Department of Transport and Logistics has launched Smart Mobility 2030 and titled “Growing Gauteng through Smart mobility”. The strategy looks at taking advantage of the province’s current standing as a gateway to Africa to position it as the freight and logistics hub for the country and the continent”. According to the Department, the Smart Mobility 2030 plan is anchored around three strategic focus areas of infrastructure, operations and institutions, and these focus areas are underpinned by technology and green transport, which includes non-motorised transport. The Department, in this regard, is positioning “Gauteng as the freight and logistics hub through establishing an intelligent freight network supported by efficient freight and logistics handling capacity and introduces data centric mobility”.

In the national level, the Department of Trade and Industry (DTI) is currently in the process of developing a Green Paper entitled ‘The South African road to production of Electric Vehicles: Delivering for the people, for the planet and for the prosperity’. The Green Paper asserts that “the purpose of this New Energy Vehicle [NEV] paper is to establish a clear policy foundation that will enable the country to coordinate a long-term strategy that will position South Africa at the forefront of advanced vehicle and vehicle component manufacturing, complemented by a consumption leg, and increase our competitiveness in the global race to transition from the internal combustion engine era into electro-mobility solutions and technologies”. In terms of regulations, SARS is responsible for the development of Automotive Production Development Programme regulations, and the National Association of Automobile Manufacturers of South Africa (NAAMSA) is also playing a crucial role in making this new era become reality.

Taking the above into consideration and developments in the Province, the Committee agreed to undertake the study on the State of readiness on green transport by the Department of Transport and Logistics in the Province.

# PROCESS FOLLOWED

In considering the FIS the Committee undertook the following process:

* Committee Researcher identified the topic emanating from the 2021/22 FY Annual Report process and presented to the Committee. The Committee agreed on the need to assess State of readiness on green transport by the Department of Transport and Logistics;
* On Thursday, 16th February 2023, the Committee invited the Department of Transport and Logistics to present on the State of readiness on green transport by the Department;
* On Friday, 22nd September 2023, the Committee conducted a stakeholder engagement on the FIS topic and the Department of Transport and Economic Development in the Province were invited to present before the session on the progress on the implementation of green transport in the Province;
* On Tuesday, 28th November 2023, the Committee deliberated on the findings and recommendations and thereafter adopted the Focus Intervention Study report.

# FINDINGS, RECOMMENDATIONS AND IMPLICATIONS ON LAW MAKING

**5.1 Committee Findings**

Based on the presentation by the Department and Transport and Logistics, Department of Economic Development and inputs raised by the stakeholders, the Committee observed the following:-

**Presentation by the Department of Transport and Logistics**

The Committee noted that the Department, together with transport experts, undertook a study tour of Germany and the Nordic countries in September 2022 with a view to understand the implementation of green transport and observed the following:-

* European countries are keen to support initiatives in other countries that can produce Green H2 and this support is offered in the form of Funding, Technology (R&D), Legislation and practical experience;
* Their aim is to secure their required volume of Green H2 from these oversees suppliers long before their target date of Carbon-neutral (2045) and Germany has already signed agreements with Morocco, Chile and Namibia and there is a limited window of opportunity to secure long term contracts for the supply of Green H2 to Germany;
* The move to De-carbonise Transport in Europe is gaining momentum and assistance was offered to Research & development on the production and transport of H2, Research and development of Hydrogen Fuel cells, the setting up of H2 re-fuelling stations, the development of the necessary legislations and regulations, actual field testing of H2 powered vehicles, trucks and buses, and the willingness to supply Gauteng with H2 powered trucks to operate the pilot project between Johannesburg and Ethekwini (Hydrogen Valley) (Mercedes Benz Trucks South Africa) as well as the willingness to sign a MOU with Gauteng (Baden Wurthemberg).

Furthermore, the Committee noted that the Development of a coherent Green Hydrogen Strategy for South Africa has been on the agenda for the past five years and during December 2022, the Proposed South African Green Hydrogen (GH2) Commercialisation Strategy was published for public comment. Taking the above into consideration, the Department has also agreed to develop a Gauteng Energy Strategy within the boundaries of the South African Energy Strategy with a view to strengthen and secure Gauteng’s position as the economic engine of Southern Africa, utilise the knowledge and experience of Sasol and their production capacity of H2, utilise the strengths and opportunities of Gauteng, utilise the proximity of Research Institutions, Universities, Technikons and TVET Colleges in Gauteng and create partnerships with Germany & the Nordic countries and with business leaders in Gauteng as well as to create partnerships with the private sector (e.g., Anglo American).

The intended outcomes of the provincial strategy are to undertake to reduce the hours of load shedding to key Business and Industry areas by more than half, become the market leader in de-carbonising Transport in RSA, activate the Hydrogen corridor between Johannesburg and Ethekwini in partnership with Anglo (Trucks, H2 fuelling stations), enable a network of Hydrogen Trucks around the Aerotropolis, build our own Green power plant in S-E Gauteng, become the renewable energy R & D and training hub of Southern Africa (partner with CSIR), H2 powered mini-bus taxi pilot project, and secure funding through PPP’s & GIFA as well as to utilise Green funding from Europe (KfW Bank).

On the progress to-date, the Committee noted that the Department is currently embarking on the following:-

* Process of appointing CSIR to do the energy audit;
* Co-operation with Sasol to install the first Hydrogen re-fuelling station in RSA at G-Fleet Bedfordview (alternatively Benoni Region);
* Hold a NEV mobility Conference & Expo during October Transport Month in collaboration with Africa Mobility Centre and the OoP & Ben Pullen

**Presentation by the Department of Economic Development**

In supporting the Gauteng Automotive Industry in the transition to New Energy Vehicles (NEVs), the Department presented on the AIDC/GGDA/GDED’s strategy and projects (completed, ongoing and planned) in support of the Gauteng Automotive Industry's transition from internal combustion engine vehicle (ICE) to new energy vehicles (NEVs). The Committee noted that the Department focused on three areas which include the Policy and legislation framework for NEVs in South Africa, AIDC Strategy in support of Automotive Industry in Gauteng and AIDC Projects in support of Automotive Industry in Gauteng.

On Policy and legislation framework for NEVs in South Africa, the Committee noted that the Department was focused on supply side in assisting manufacturing and export of new energy vehicles through the development of policies with the National Department of Trade, Industry and Competition and the policy has been developed. Furthermore, the Committee noted that the Department also focused on the demand side by stimulating the domestic market through the development of Auto green paper with the DTIC and are awaiting the consideration thereof by Cabinet for development of the White paper.

On the AIDC Strategy in support of Automotive Industry in Gauteng effectively, the Committee noted that the Department and AIDC adopted a dual strategy with two parallel workstreams in 2022 namely, NEV Strategic Roadmap for Gauteng wherein SCM processes are at 95% complete and expected to kick-off early October 2023 and be finalised by May 2024. The Committee noted that the second workstream focused on Tangible Early-life NEV Projects to realise tangible action/projects while formulating strategy and current projects include Tear Down Localization of an EV 3-wheeler, Feasibility Study for E-scooter battery manufacture in collaboration with public research entity under MOU as well as Evaluation of NEV Critical Skills Curriculums of more mature NEV Markets in collaboration with a German Automotive Development Agency. On the completed Projects, the Department reported that they have investigated installation of charging stations in Gauteng in 2022 and the project was not funded and external funding proved not feasible as there is no near-term business case/payback due to slow rate of adoption of SA NEV as well as the need for collaboration with a major supplier.

**5.2** **Committee Recommendations**

The Committee recommends that the Department should provide the Committee with a detailed report by 06th February 2024, on the:

5.2.1 Progress on the process of appointing CSIR to do the energy audit, co-operation with Sasol to

install the first Hydrogen re-fuelling station in RSA at G-Fleet Bedfordview (alternatively Benoni

Region) and the NEV mobility Conference & Expo during October Transport Month in collaboration

with Africa Mobility Centre and the OoP & Ben Pullen.

# ACKNOWLEDGEMENTS

Appreciation is expressed to all Members of the Committee for their commitment to the oversight process as well as MEC K. Diale-Tlabela, HOD Dr. T. Mdadane and officials from the Department and the Department of Economic Development and stakeholders for their cooperation during the FIS process.

Gratitude goes to Members: M. Mfikoe, D. Ledwaba, N. Mhlakaza-Manamela, T. Munyai, F. Nel, E. Du Plessis, M. Masoleng and N. Radebe for their commitment to the oversight process.

On behalf of the Committee, the Committee's appreciation and gratitude also goes to the following persons: Acting Group Committee Coordinator, Mr. T. Skosana; Committee Researcher Mr. F. Thaba; Committee Coordinator Mr. S. Mthiyane; Committee Administrator, Ms. H. Mtshizana; Hansard Recorder Ms. N. Zondo; Information Officer, Mr. L. Ncume; Media Officer, Ms T. Nzuke; Public Participation Officer, Mr. B. Dhlomo; Service Officer, Ms. S. Sithole for their devoted assistance.

# ADOPTION

After due consideration, the Roads and Transport Portfolio Committee unanimously adopted the Focused Intervention Study Report on “**State of readiness on green transport by the Department of Transport and Logistics”**.

In terms of Rule 165 the Committee presents to this House and recommends the adoption of the Committee’s Focused Intervention Study Report on “**State of readiness on green transport by the Department of Transport and Logistics**”, taking into account the comments and recommendations made in this report.