NOTICE OF APPLICATION IN TERMS OF SECTION 9(4)(a) OF THE FINANCIAL MARKETS ACT, 2012 (ACT NO. 19 OF 2012): A2X (PTY) LTD

In terms of section 9(4)(a) of the Financial Markets Act, 2012 ("Act No 19 of 2012"), the Authority hereby gives notice of an application to amend the terms and conditions subject to which **A2X (Pty) Ltd** ("A2X") licence was granted.

The purpose of the application is to amend the registered office and principal place where A2X may be operated.

Current address: 6th Floor, Katherine Towers, 1 Park Lane, Weirda Valley, Sandton, 2196.

New address: 155 West Street, Sandown, Sandton, 2031.

In terms of section 9(4)(b)(iii) of the FMA, all interested persons who have any objections to the application to amend the above condition are hereby called upon to lodge their objections with the Authority, within a period of fourteen (14) days from the date of publication of this notice.

Enquiries:
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This Notice will be published on the official website of the FSCA (www.fsca.co.za).

NATIONAL

TRANSMISSION

Gears grind slowly while SA's grid funding needs are urgent

Tim Cocks

SA's plan to expand its power grid, now the biggest bottleneck to replacing coal with renewables, has hit a snag: finding investors to lend the necessary $21bn to a near-bankrupt state monopoly.

Since May's election brought a coalition government to power, there has been a policy shift favouring renewables, after years of bureaucratic delays and contradictory messages about SA's willingness to give up coal, which provides 80% of its power. Burning coal has put SA among the world's top 15 greenhouse gas emitters — above Italy, France and Britain.

But as private providers — including Mainstream Renewable Power (owned by Aker Horizons), EDF Renewables and Acciona SA — prepare to transform the sector, many face another problem: how to get power from sunny and windy outposts to energy-hungry urban centres.

Six officials told Reuters over the past month they were considering options for financing about 14,000km of power lines and pylons, but had not yet found a solution.

"Our quest to decarbonise ... relies heavily on our ability to expand the grid," energy minister Kgosientsho Ramokgopa told Reuters in late July. "But raising R390bn, the state doesn't have the balance sheet to roll out that size of capital investment."

Donors that are offering a total of $11.6bn, mostly in loans, to fund climate-related projects were reluctant to lend the cash to Eskom without sovereign guarantees, which the government could not provide, two donor country sources and an SA source involved in the programme said.

That is because of its high debt levels. Eskom owes more than R400bn, even after receiving billions in government debt relief. Broke municipalities owe the utility R78bn, which Ramokgopa calls an "existential threat".

Representatives of the German and French partners in the donor-funded programme did not respond to emailed questions, while British partners declined to officially comment.

A bidding process to bring in independent producers to generate power and sell it to Eskom in 2023 failed due to insufficient grid capacity, said Rudi Dicks, head of project management in the presidency.

The core issue is that the grid stems from the northeastern coal belt, but the sun beats down hardest on the Northern Cape, while coastal Eastern Cape gets the best winds.

"You really need to reconfigure the entire grid ... [but] they are chugging along building at less than 10% the pace that's needed," said Crispian Olver, head of the presidential climate commission.

Eskom's plan involves building 1,400km of transmission lines every year for 10 years. In 2023, it managed 74km.

"There's simply no way Treasury can put out [sufficient] ... guarantees," Olver said.

His remarks were echoed by Ramokgopa.

Crispian Olver

Olver said: "The alternative is to ... get the private sector to take on large portions of the risk" via mezzanine finance.

A Treasury spokesperson did not respond to a request for comment, but the two donor sources said options included escrow accounts — in which a neutral third party holds the funds and releases them when both sides have met their obligations — and offtake agreements with private firms that would fund construction in exchange for future earnings.

The latter could unlock cash from the US, which doesn't fund transmission as it will not work with public institutions.

"Should a framework involving private parties be established, we would be open to exploring partnerships," said Emilia Adams, a US embassy spokesperson.

Eskom CEO Dan Marokane said that to attract private companies into transmission, the regulator still needed to overhaul tariffs "because investors want to know with certainty what their return expectations can be". He hoped this would happen by year end.

Dicks said the Treasury had agreed in principle to fund some grid buildout on a case-by-case basis, and work was under way to get private firms involved.

"But that's 18 months away," he said. "And we need to build right now."

Officials had agreed to adopt engineering procurement and construction financing, and independent power transmission funding methods, Dicks said, with the latter opening up the possibility of involving China, which signed a raft of energy deals with SA in 2023.

A spokesperson for the State Grid Corporation of China could not be reached for comment. /**Reuters**

RIGHTS VIOLATIONS

SA backs Zimbabwe as host of Sadc summit

Thando Maeko
Political Reporter

SA has thrown its weight behind Zimbabwe hosting the Southern African Development Community (Sadc) annual summit in Harare this week despite multiple arrests and human rights violations in the lead-up to the regional event.

SA, which is due to join 15 other countries at the summit, says it has no authority to demand that the event be moved to another country as Zimbabwean President Emmerson Mnangagwa is the incoming Sadc chair.

Though the head of state summit is scheduled to take place on August 17, Sadc meetings have already started taking place in Harare. A Sadc industrial week is taking place in Harare and a council of ministers as well as that of the troika will take place in the lead-up to the summit.

"Zimbabwe is the incoming chair of Sadc. SA will have no authority to tell Sadc that the summit can't take place in Harare," said department of international relations & cooperation head of public diplomacy, Clayson Monyela.

DIALOGUE

"SA maintains that political challenges can be resolved by peaceful dialogue," Monyela said at a press conference on Monday. "All the issues that are being raised by activists and political organisations can be resolved by sitting around the table with the government of the day. SA will have no problem playing a facilitating role."

In the run-up to the summit, Mnangagwa launched a clampdown on opposition voices with international civil society organisations, including Amnesty International and Human Rights Watch, calling for an end to the crackdown on critics of the government.

Opposition figure Jameson Timba and 77 other activists have been detained while police in June arrested 44 members of the Zimbabwe National Students Union for "disorderly conduct".

Military vehicles are patrolling potential hotspots in the capital city's central business district and in townships.

The intention of opposition parties, human rights organisations and civil society groupings to use the summit to highlight the government's abuses and excesses has been met with warnings of arrest by senior government officials and Mnangagwa himself.

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PAY TALKS

National municipal strike not off table

Luyolo Mkentane
Political Correspondent

While strikes are not off the table, the largest municipal workers' unions are hopeful of agreement in the third and final round of pay talks at the SA Local Government Bargaining Council (Salgbc).

Services such as refuse collection and infrastructure maintenance would be hit hard at the 257 municipalities if deadlock saw the 300,000 council workers down tools. Previous strikes resulted in Johannesburg's CBD being turned into a dump site as workers emptied refuse bins on the streets and embarked on general lawlessness.

The last round of talks between the ANC-aligned SA Municipal Workers' Union (Samwu) and the Independent Municipal and Allied Trade Union (Imatu), and the SA Local Government Association (Salga) — the employer body representing the country's municipalities — was scheduled to run from Monday to Friday. This follows the unions' tabling a joint list of revised demands for an across-the-board rise of 8% in the first year, the consumer price index (CPI) plus 2% in the second year, and CPI plus 1.5% in years three to five. Samwu initially called for a one-year 15%, or R4,000, pay increase. Imatu proposed a 10% salary hike.

Inflation eased to 5.1% in June from the 5.2% in April and May. The Reserve Bank expects inflation to average 4.9% in 2024.

Samwu general secretary Dumisane Magagula told Business Day on Monday: "We are still at 9%. If we don't find each other, then the first step would be to consider the facilitator's proposal. If we don't accept [the proposal], we will go back to our members for a mandate. They could say declare a dispute and the next step would be a strike."

Imatu president Keith Swanepoel said: "We just resumed negotiations this [Monday] morning. Nothing has happened. We would like a facilitator's proposal by end of business on Friday, which we will take to our members for consideration. We are always hopeful that parties will find each other."

The unions rejected a revised Salga offer in July, saying it was too poor to put to members and risked hardening attitudes before this week's negotiations.

This was after Salga revised its offer from 3.5% to 3.75% during the second round of wage talks in July. The wage increase offer is across the board for all employees excluding managers and senior management.

According to the proposed offer, which the unions rejected "in its totality", those earning R22,000 a month or below will get a one-off ex gratia payment of R3,000.

Later, Magagula said: "The current offer from Salga falls far short of addressing the financial pressures our members face due to the rising cost of living. As a union, we have been mandated to not settle for anything less than a substantial wage increase that reflects the true worth of municipal workers. "We firmly oppose any attempts by Salga to exclude financially distressed municipalities from the collective agreement. Such exclusions undermine the principles of collective bargaining and unfairly penalise workers for matters beyond their control.

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SA must 'think bigger' on just transition, funder says

● *Bezos Earth Fund director says it is focused on accelerating the energy transition*

Denene Erasmus
Economics Correspondent

SA has made good progress in advancing the just energy transition through various planning initiatives, but it now has to focus on "increasing action".

This is according to one of the directors of the Bezos Earth Fund, who was in SA to meet government officials, the Presidential Climate Commission and other stakeholders in the just energy transition.

The fund was set up in 2020 with a $10bn grant commitment from Amazon founder Jeff Bezos to help drive climate and nature solutions globally. One of its implementation partners, the Global Energy Alliance for People and the Planet, has already invested about $20m into SA's just transition with an interest in growing this further.

One of the projects that benefited is the just transition skills training facility at Eskom's Komati power station in Mpumalanga, which was decommissioned in 2022.

The Bezos Earth Fund was one of the main contributors to more than $2m in grant funding to establish the facility.

"Komati has been a focal point of discussion [in SA's just energy transition] and we can understand that. What is very important for us at the Earth Fund is that we are very focused on accelerating the energy transition and accelerating it from a just perspective," said Nicole Iseppi, director of energy at the Bezos Earth Fund.

Shutdown: When its final unit was turned off in 2022, the Komati power station was contributing only 120MW to the grid. At the time, there were fewer than 200 permanent employees at the plant. /**File**

There was backlash from labour unions, some government officials and the community around Komati after the decommissioning of the power station.

Iseppi said she thought SA was not getting a "fair report" internationally for the progress it had made on the just transition or for the level of commitment she had seen, especially from the new government of national unity, to advance the just transition. But, she said, the country's focus now had to shift more to delivery.

"It is now time to increase action and think bigger" with the support and collaboration that SA's partners could provide, she said.

According to Iseppi, one of the gaps in SA's just transition approach was on the municipal level. Much of the burden of the just energy transition will fall to municipalities, which have been given wide-ranging responsibilities for climate change mitigation and adaptation under the Climate Change Act.

Coal-dependent provinces such as Mpumalanga also face huge job losses once coal-fired power stations and coal mines start to close.

The decision to close Komati, which was reaching the end of its 60-year operating life, was taken in 2017.

Some of the generating units at the station, which was built with 1,000MW of generation capacity, were already shut down in 2018 and by 2022, when the final unit was turned off, Komati was contributing only 120MW to the grid.

At the time, there were fewer than 200 permanent employees at the station, and Eskom has previously said that no permanent jobs were lost when Komati was shut down, though some contractors were affected.

However, Eskom itself has admitted that the shutdown was not properly planned and executed. The Presidential Climate Commission said in a 2023 report on the lessons learnt from the shutdown that it also affected the livelihoods of those in the community who indirectly relied on Komati by, for example, selling food or providing accommodation to power plant workers.

One of the key findings was the late start of the process of creating new opportunities through repowering (such as installing renewable energy capacity) and repurposing (using the land and infrastructure around the power station to start new projects such as skills training or, in the case of Komati, a manufacturing business for mobile microgrids).

The training facility had been operating for more than a year and a half and was already making a difference, said Iseppi.

The facility offers training in reskilling and new skills in terms of renewables. Trainees can also receive training in practical skills such as welding that will be needed for projects such as building wind and solar farms.

"We went to Komati to speak to some of the trainees and the feedback we received from some of them is that the training they are receiving is making them feel relevant [to the just transition]," Iseppi told Business Day.

The training facility's organisers hope that about 400 Eskom workers and community members will have received training at the facility by October.

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FROM PAGE 1

SA's sex trafficking rages on

traffickers, including complicit officials, which should involve significant prison terms.

In the report the state department calls on SA to proactively identify trafficking victims by screening for trafficking indicators during law-enforcement operations and labour inspections, and among vulnerable populations, including migrant workers, individuals in commercial sex, refugees and asylum seekers.

"The government of SA does not fully meet the minimum standards for the elimination of trafficking, but is making significant efforts to do so. The government demonstrated overall increasing efforts compared with the previous reporting period; therefore SA was upgraded to Tier 2," said the report.

"These efforts included increasing prosecutions of traffickers; identifying and referring more trafficking victims to protection services; and increasing the number of shelters available to assist trafficking victims."

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FROM PAGE 1

Baptism of fire for Sasol CEO

performance in the fourth quarter contributed to a stronger second-half performance.

The profit warning signals difficulties at Sasol. Its giant Secunda plant is its biggest money-spinner and its biggest headache. Baloyi, who took the helm two months ago, will face investors later this month hoping to convince them that Sasol can deliver on its ambitious decarbonisation targets while navigating a challenging macroeconomic environment and maintaining profitability.

"We don't think such a sustained negative price cycle is sustainable. Either projects will be cancelled and supply removed, or demand will recover," said Graham York, an analyst at Standard Bank Securities in a note to clients.

"Potential catalysts? — we expect incoming CEO Baloyi to focus on the interventions, streamlining of ops and strategic outlook for the business." The share price of SA's biggest private-sector carbon emitter, ended 1.33% softer at R128.50. It has been a dramatic fall from grace for a stock that fetched north of R600 just a decade ago.

Standard Bank expects the share price to reach R550 in future, based on its models about earnings forecasts and assumed valuation multiples, according to the note.

With Andrew Linder

FROM PAGE 1

Pharmacies battle for vax payments

or had expired. Private sector pharmacies bought trays containing either 195 Pfizer vials (providing 1,170 Pfizer doses at six doses per vial) or 480 J&J vials (providing 2,400 doses at five doses per vial), at R308.48 and R286.96 per dose respectively, said Maimin.

But contracts made public in the wake of legal action by the Health Justice Initiative show the state paid only $10 per dose, approximately R134.23 at the prevailing exchange rate of R13.42/$, said Maimin.

J&J previously told Business Day it had, in fact, charged the SA government $7.50 a dose.

The ICPA had not received a response to the letters it sent to health director-general Sandile Buthelezi, and was considering legal action, said Maimin.

The health department denied that it had not taken action to resolve the payment issues, saying it was actively working to ensure the proper use of public funds. "While some requests for deviations from standard procedures have been submitted, not all can be approved, particularly when there is a risk of fraud," it said.

"While it is important to acknowledge and appreciate the substantial contributions of pharmacies to the Covid-19 vaccination programme, it is equally important to adhere to the Public Finance Management Act and regulations," it said.

Reconciliation issues had arisen not only because of the seventh dose administered from Pfizer vials, but also because some vaccinators worked at multiple sites and were not properly verified by pharmacies, so shots were recorded under the wrong locations, it said.

Unauthorised stock transfers between pharmacies created discrepancies between the number of vaccinations recorded and the number of stock allocated to sites, and caused mismatches between submitted invoices and the records held by the department. These inaccuracies had complicated the reconciliation of claims, said the department.

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