

# Green Technology Manufacturing Cluster in Atlantis



# Background - Drivers

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- The REIPP program will invest billions into renewable energy production over the next 20 years
- The opportunity for local manufacturing entities to fill the local content requirements exists
- There is a desperate need for job creation in Atlantis and this is an agreed priority across three spheres of government



# Manufacturing/localisation opportunities that arise from REIPPPP

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- PV and inverter manufacturing
- Blade and tower manufacturing
- Cabling and wiring
- Transformer manufacturing
- Blade and Tower manufacturing need large (20Ha) sites, power (2MW) and a technically skilled workforce



# Enticing new businesses to establish in Atlantis – barriers to overcome

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- Cost of Industrial Land
- Distance from middle class residential areas and lack of public transport
- Timeline and process issues involved in disposing municipal land
- Negative perceptions regarding work ethic in a community with very high structural unemployment

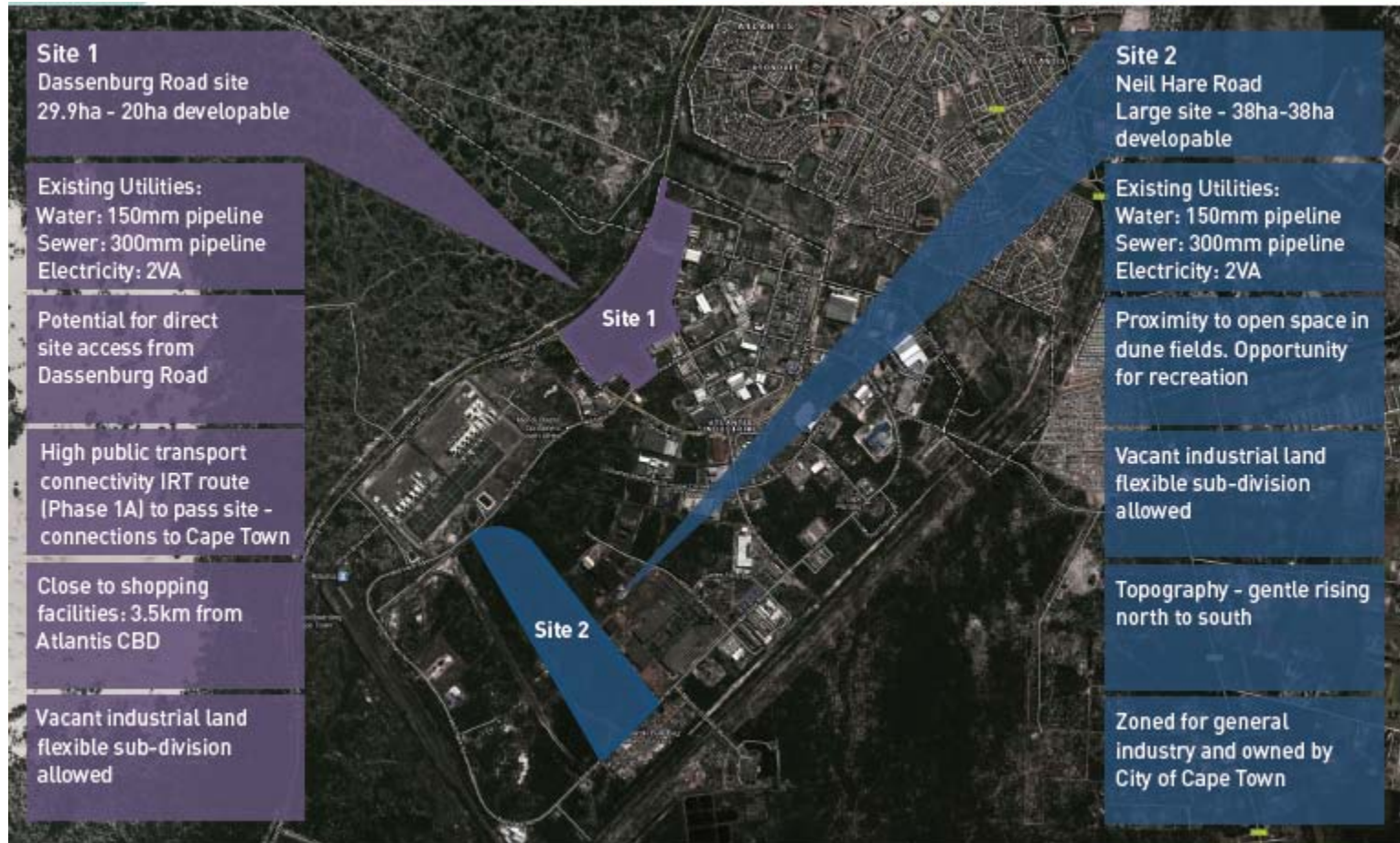
# Atlantis project

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- For wind turbine blades and towers, green field sites make sense
- These sites are not normally commercially available(20ha footprint + 2MW power)
- The City of Cape Town has land available in Atlantis that matches the profile of land required,
- Transportation access to major routes for abnormal loads easy,
- New MyCiti Bus route will improve access for staff wanting to commute
- Good FET college in Atlantis
- Labour availability



# Atlantis project



# Atlantis project

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- MFMA restrictions however make it very difficult for the City to respond promptly to approaches from potential investors:
  - An area advertised as a green economy manufacturing site
  - Public participation process completed
  - Municipal approval processes completed
  - EIA completed
- The result is that the city should be able to give a two week turnaround time to a potential investor.



# Atlantis project cont.

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- There has been interest from both tower and blade manufacturers – other manufacturers look for brownfields rather than greenfield sites
- This land is likely to be included in the Atlantis renewable energy SEZ
- SAREBI established in Atlantis to focus on small business





# Constraints – Problems with attracting investors the site

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- Policy certainty: each round of the REIPPP could be the last – investors are looking for longer term certainty
- Policy certainty: local content definitions and requirements insufficient
- Uncertainty on SEZ's following announcement on tax relief for investors in SEZ's in March this year



# Policy and goal missalignment issues

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- Distorted focus: Local content definitions focus on EVA rather than job creation.
- Department of public enterprises has shown that R1 spent on goods from new manufacturing enterprises results in R3,98 in GDP and over R1 in new taxes,
- If policy is to create jobs and grow economy then procurement practises and policy need to encourage new manufacturing opportunities



# Couple facts from Round 1 and Round 2 in PV

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- Only 5% of the panels (2 projects R1, 2 projects R2) assembled locally.
- These projects were cheaper than the average price from the round.
- i.e. if all projects in the first 2 rounds had used the same structures, the price would have been lower, and some 3000 odd extra manufacturing jobs would have been created.



# Summary

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- REIPPPP provides opportunity to stimulate creation of new manufacturing enterprises
- Evaluation of the potential upstream benefits of the REIPPPP identified a need for sites for the manufacture of turbine towers and blades which could have significant job creation opportunities both directly and indirectly.
- Coordination between City of Cape Town, GreenCape, and Western Cape Government created overcame the timeline obstacles inherent in the MFMA when disposing of municipal land and allowed the City of Cape Town to offer land in Atlantis at competitive rates,
- Uncertainties continue to hamper efforts to attract investment.

