



REPUBLIC OF SOUTH AFRICA



# Unlocking the Economic Potential of South Africa's Oceans

Marine Transport and Manufacturing  
Final Lab Report

15 August, 2014

# Summary

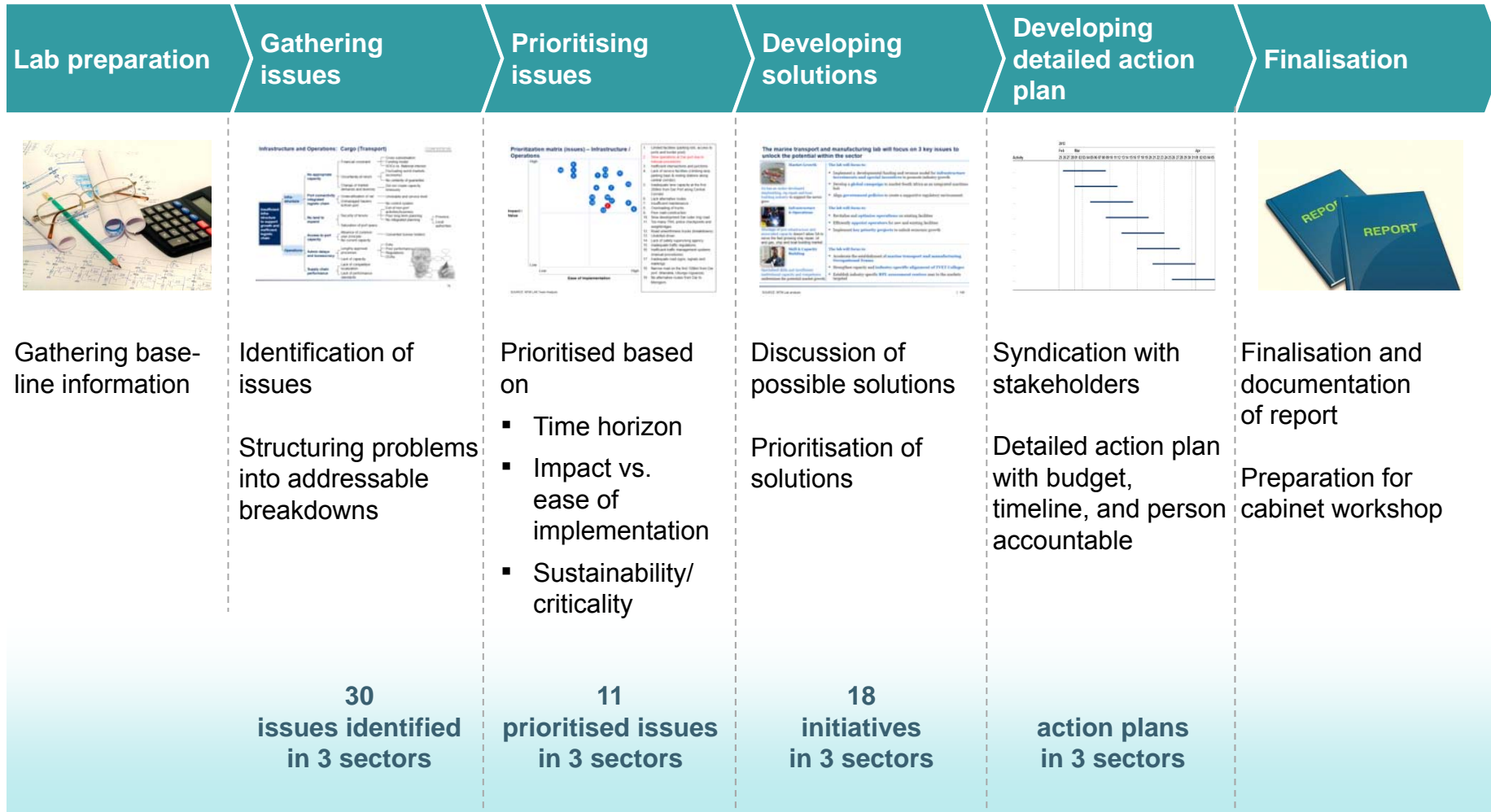
- South Africa can leverage its strategic location and infrastructure to **accelerate the growth of marine transport and manufacturing (MTM)**
  - Marine transport: cargo handling, national registry and flagging
  - Marine manufacturing: maritime vessel building, rig and ship repair, offshore oil and gas (O&G) services
- The MTM lab has set an **ambitious vision for the MTM sector** of increasing, by 2019:
  - Contribution to GDP by R14-23 bn
  - Number of total jobs created by 40-50,000
- However, the MTM industry faces **significant challenges** to growth
  - Outdated, insufficient and expensive infrastructure
  - Inadequate artisanal and professional skills
  - Limited support for market growth from public procurement
  - Limited support for a national ship registry or flagging of SA ships
- The MTM lab has developed a **set of 18 initiatives to address these challenges** and accelerate the growth of the MTM industry
  - Create a supportive policy and funding environment and fast-track priority infrastructure projects
  - Identify and develop the required skills through a robust classroom- and workplace-based system
  - Encourage the establishment of an SA-flagged fleet for coastal and international shipping
  - Build a strong private-sector market by requiring local content for all public procurement
- These initiatives will deliver significant direct jobs and revenue for South Africa by 2019
  - Direct jobs created: ~15,220 (with an additional 39-46,000 through the employment multiplier)
  - New revenue created: ~R18.8bn in the first five years
- To deliver on these initiatives, the MTM lab has created a **detailed implementation plan, budget requirements, KPIs and a proposed governance system**
  - Total 5-year government CAPEX spend of R14.5bn
  - Total 5-year government OPEX spend of R6.6bn

# The Marine Transport and Manufacturing (MTM) lab worked for 6 weeks to gather and prioritise issues and to develop solutions and action plans

July 8, 2014

6 weeks

August 15, 2014



To do this work, more than 50 people from more than 20 organisations, representing ~7,200<sup>1</sup> hours of work, regularly engaged in the MTM lab

<p><b>DEA</b></p>  <p><b>environmental affairs</b> Department: Environmental Affairs REPUBLIC OF SOUTH AFRICA</p>	<p><b>DHET</b></p>  <p><b>higher education &amp; training</b> Department: Higher Education and Training REPUBLIC OF SOUTH AFRICA</p>	<p><b>DoT</b></p>  <p><b>transport</b> Department: Transport REPUBLIC OF SOUTH AFRICA</p>	<p><b>DPE</b></p>  <p><b>public enterprises</b> Department: Public Enterprises REPUBLIC OF SOUTH AFRICA</p>	<p><b>The dti</b></p>  <p><b>the dti</b> Department: Trade and Industry REPUBLIC OF SOUTH AFRICA</p>
<p><b>EDD</b></p>  <p><b>basic education</b> Department: Basic Education REPUBLIC OF SOUTH AFRICA</p>	<p><b>National Treasury</b></p>  <p><b>national treasury</b> Department: National Treasury REPUBLIC OF SOUTH AFRICA</p>	<p><b>DPME</b></p>  <p><b>performance monitoring and evaluation</b> Department: The Presidency REPUBLIC OF SOUTH AFRICA</p>	<p><b>SAMSA</b></p>  <p><b>SAMSA</b> SOUTH AFRICAN MARITIME SAFETY AUTHORITY</p>	<p><b>Saldanha IDZ</b></p>  <p><b>SALDANHABAYIDZ</b></p>
<p><b>NPC</b></p>  <p><b>national planning commission</b> Department: The Presidency REPUBLIC OF SOUTH AFRICA</p>	<p><b>Eastern Cape Province</b></p> 	<p><b>Kwa-Zulu Natal Province</b></p> 	<p><b>Northern Cape Province</b></p> 	<p><b>Western Province</b></p> 
<p><b>PetroSA</b></p>  <p><b>PetroSA</b></p>	<p><b>Richard's Bay IDZ</b></p>  <p><b>RICHARDS BAY INDUSTRIAL DEVELOPMENT ZONE</b></p>	<p><b>Coega IDZ</b></p>  <p><b>COEGA DEVELOPMENT CORPORATION</b></p>	<p><b>DAFF</b></p>  <p><b>agriculture, forestry &amp; fisheries</b> Department: Agriculture, Forestry and Fisheries REPUBLIC OF SOUTH AFRICA</p>	<p><b>Assoc of Shipbuilders and Ship Repairers</b></p>  <p><b>ASR</b></p>
<p><b>MIASA</b></p>  <p><b>MIA SA</b> MARINE INDUSTRY ASSOCIATION SOUTH AFRICA</p>	<p><b>Grindrod</b></p>  <p><b>GRINDROD</b></p>	<p><b>Transnet</b></p>  <p><b>TRANSNET</b></p>	<p><b>SAOGA</b></p>  <p><b>SAOGA</b> SOUTH AFRICAN OIL &amp; GAS ALLIANCE</p>	<p><b>OPASA</b></p>  <p><b>OPASA</b></p>

1 Average of 30 people for 30 days, working 8 hours a day

SOURCE: MTM Lab

# Contents: Marine Transport and Manufacturing



- Context
- Vision and potential
- Challenges
- Initiative recommendations
- Detailed initiative plans
- Monitoring and evaluation

## CONTEXT

# As a maritime country, South Africa is committed to developing the marine transport and manufacturing (MTM) industries

### Aspirations in accordance with IPAP and DEA

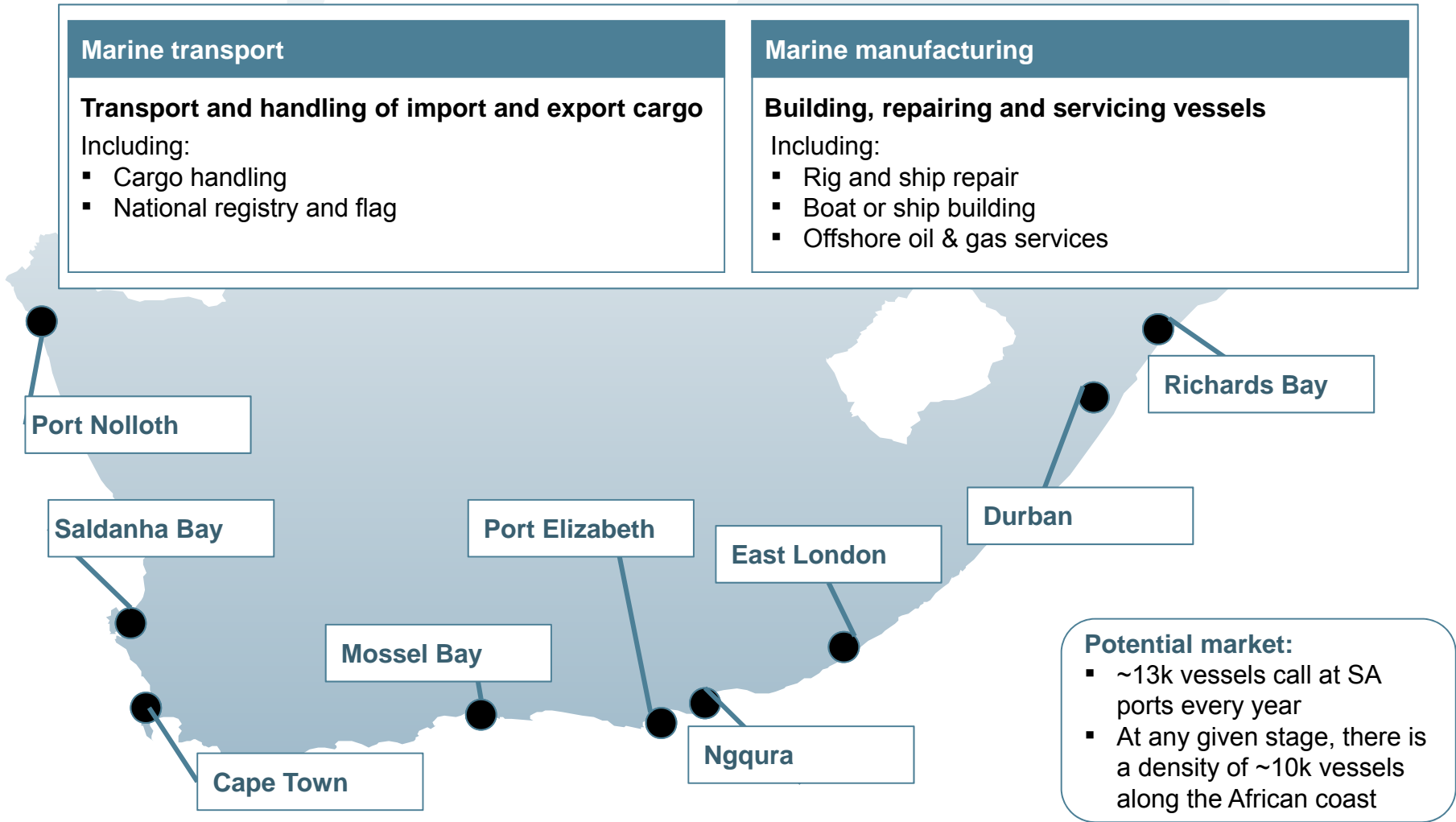
- The Department of Environmental Affairs has published a White Paper on the **National Environmental Management of the Ocean**.
- **Under Ocean Governance Guiding Principles:**
  - The identification of economic opportunities which contribute to the development needs of the poor and vulnerable within the population, ensuring human dignity
- **Under Ocean Governance Objectives:**
  - Enhancing national human and technical capacity to better understand and utilise ocean resources and opportunities

### Aspirations in accordance with NGP and PICC

- The New Growth Path (NGP) has set the goal of creating **5 million new jobs by 2020**. Infrastructure development has been identified as the number one driver for job creation. The **Presidential Infrastructure Coordinating Committee (PICC) stipulates 18 Strategic Integrated Projects (SIPs)** which the government has identified as key infrastructure projects for development in South Africa. Five SIPs will enhance marine transport and manufacturing, namely:
  - SIP 1: Unlocking the Northern Mineral Belt with Waterberg as the Catalyst
  - SIP 2: Durban-Free State-Gauteng Logistics and Industrial Corridor
  - SIP 3: South-Eastern Node and Corridor Development
  - SIP 5: **Saldanha-Northern Cape Development Corridor**
  - SIP 8: Green Energy in Support of the South African Economy

CONTEXT

# South Africa has an opportunity to build on its SOC-managed and controlled port system to develop the MTM industry



CONTEXT

The marine transport and manufacturing sector is one of the most promising ways to develop the economic potential of SA's oceans

	GDP, R bn			Jobs, 000	
	2010	2033	CAGR, %	2010	2033
<b>Marine transport and manufacturing</b>	16	42-61	6%	15	40-56
Tourism	15	25-35	4%	90	150-225
Offshore oil and gas	4	11-17	9%	0.4	0.8-1.2
Construction	8	20-21	4%	162	390-407
Renewable energy	0	14-17	25%	-	0.9-1.1
Fisheries and aquaculture	7	10-16	4%	30	170-250
Communication	4	7-10	4%	19	35-52
Desalination	0	0.1-0.1	1%	0	1.6-1.6
Marine protection services	-	-	-	-	-
<b>Total</b>	<b>54</b>	<b>129-177</b>		<b>316</b>	<b>788-1,004</b>

Numbers based on pre-lab projections



## South Africa's market potential has a pan-African focus



### Target markets

- South Africa
- Nigeria
- Angola
- Ghana
- Namibia
- Kenya
- Tanzania
- Mozambique

### Value proposition

- Maritime Development Funding (ECIC)
- Ship building & repair, offshore vessel building & repair
- Planned Maintenance Package
- Training

### Key enablers

- Targeted buying missions leveraging the President and trade agreements
- Public procurement and localisation programme for the sector
- Dedicated building and repair facilities
- Skills development

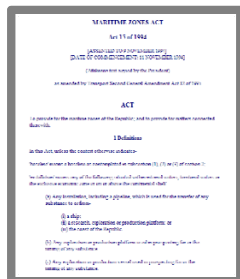
## Government leadership has given a clear mandate to develop this sector

- The **Presidential Infrastructure Coordinating Committee (PICC)** stipulates **18 Strategic Integrated Projects (SIPs)**. Five SIPs (1,2,3,5 and 8) will enhance marine transport and manufacturing, namely:
  - In Kwa-Zulu Natal there are plans to expand the Richards Bay Port; a new port is to be built in Durban; and access will be improved to Durban's import and export facilities.
  - In Saldanha there will be an integration of rail and port expansion; creation of a back-of-port industrial capacity (including an IDZ); and strengthening maritime support capacity for oil and gas along the African West Coast.
- The Department of Trade and Industry through the **Industrial Policy Action Plan (IPAP)** recognises manufacturing's key role in economic development. The IPAP sees the role of manufacturing for development in South Africa as :
  - Having substantial direct employment-creation potential and acting as the engine of rising per capita income and employment through its stimulation of the rest of the economy.
  - Being central to our export strategy, based on value-added, labour-intensive tradable products that generate revenues with a significant, positive impact on the balance of trade
  - Increasingly providing machinery and other inputs for the infrastructure build programme, which is central to South Africa's growth strategy

## Examples illustrating the regulatory environment

- The **National Ports Act** provides for the establishment of the **Transnet National Ports Authority (TNPA)**. The TNPA is responsible for the safe, efficient economic functioning of the national ports system which it manages in a landlord capacity. In line with the provisions of the National Ports Act, the core functions of the national ports authority are as follows:
  - Plan, provide, maintain and improve port infrastructure;
  - Provide or arrange marine-related services;
  - Ensure the provision of port services, including the management of port activities and the port regulatory function at all south African ports; and
  - Provide aids to navigation and assistance to the maneuvering of vessels within port limits and along the coast.
  
- The **National Ports Act** also establishes the **Ports Regulator of South Africa** which is charged with:
  - Exercising economic regulation of the ports system in line with government's strategic objectives;
  - Promoting equity of access to the South African commercial seaports and to the facilities and services provided by these ports;
  - Monitoring the activities of TNPA to ensure that it performs its functions in accordance with this Act;
  - Hearing complaints and appeals under the National Ports Act.
  
- The **Manufacturing Development Act** provides for the establishment of the **Industrial Development Zone (IDZ) programme**. One of the key objectives of the IDZ programme is to provide world class infrastructure and proximity to international ports to offer low cost and efficient logistics services.
  - The IDZ provides a customs controlled area (CCA) supported by SARS. The characteristics of a CCA include:
    - **Duty rebate and VAT exemption on imports** of production-related raw materials, including machinery and assets, to be used in production with the aim of exporting the finished products.
    - **VAT suspension** under specific conditions for supplies secured in South Africa

# Key legislation



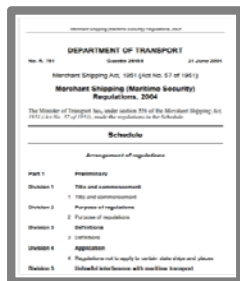
## Maritime Zones Act, 1994

- Establishes maritime zones and the governing laws of South African waters.
- Also provides for laws to govern any installations that may be in South African waters.



## Special Economic Zones Act, 2014

- Provides for the promotion, development, operation and management of SEZs
- Outlines governance and funding model for SEZs



## Merchant Shipping (Maritime Security) Regulations, 2004

- Prohibits unlawful interference with maritime transport.
- Establishes a safety and security regulatory framework for ships and other maritime transport operations.



## National Environmental Management Act, 1998

- Provides for co-operative, environmental governance
- Establishes principles for decision-making on environmental matters



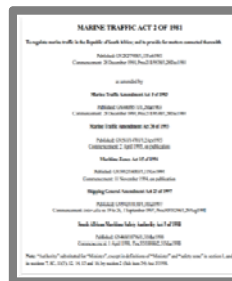
## National Ports Act, 2005

- Establishes the National Ports Authority and the Ports Regulator
- The Authority owns, manages, controls and administers all ports



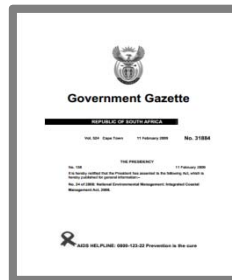
## Environmental Conservation Act, 1989

- Protects against any activities that may have a detrimental effect on the environment including transportation and manufacturing



## Maritime Traffic Act, 1981







- Regulates marine traffic in South Africa.
- Provides laws for entry into and out of South African waters and which vessels are to be flagged.











## Integrated Coastal Management, 2009

- Establishes the norms, standards and policies for integrated coastal management
- Defines rights and duties related to coastal areas
- Controls dumping and pollution at sea

# Indicative industry players in marine transport and manufacturing

 <b>MAERSK LINE</b>	
 <b>MSC</b>	 <b>DIAMOND SHIPPING SERVICES</b>
 <b>MOL</b>	 <b>GRINDROD</b>

**Marine transport**

 <b>EBH</b>	 <b>NOVAGROUP</b>
	 <b>Southern African Shipyards</b>
 <b>DCD MARINE CAPE TOWN</b>	 <b>corsair Logistics</b>
 <b>SOUTHEY HOLDINGS (PTY) LTD</b>	 <b>INTERMODAL CARGO SOLUTIONS</b>
	 <b>THRUTAINERS INTERNATIONAL</b>

**Marine manufacturing**

1 Twenty Foot Equivalent Unit (TEU)

SOURCE: Company websites; Department of Transport Maritime Report 2011

# Contents: Marine Transport and Manufacturing

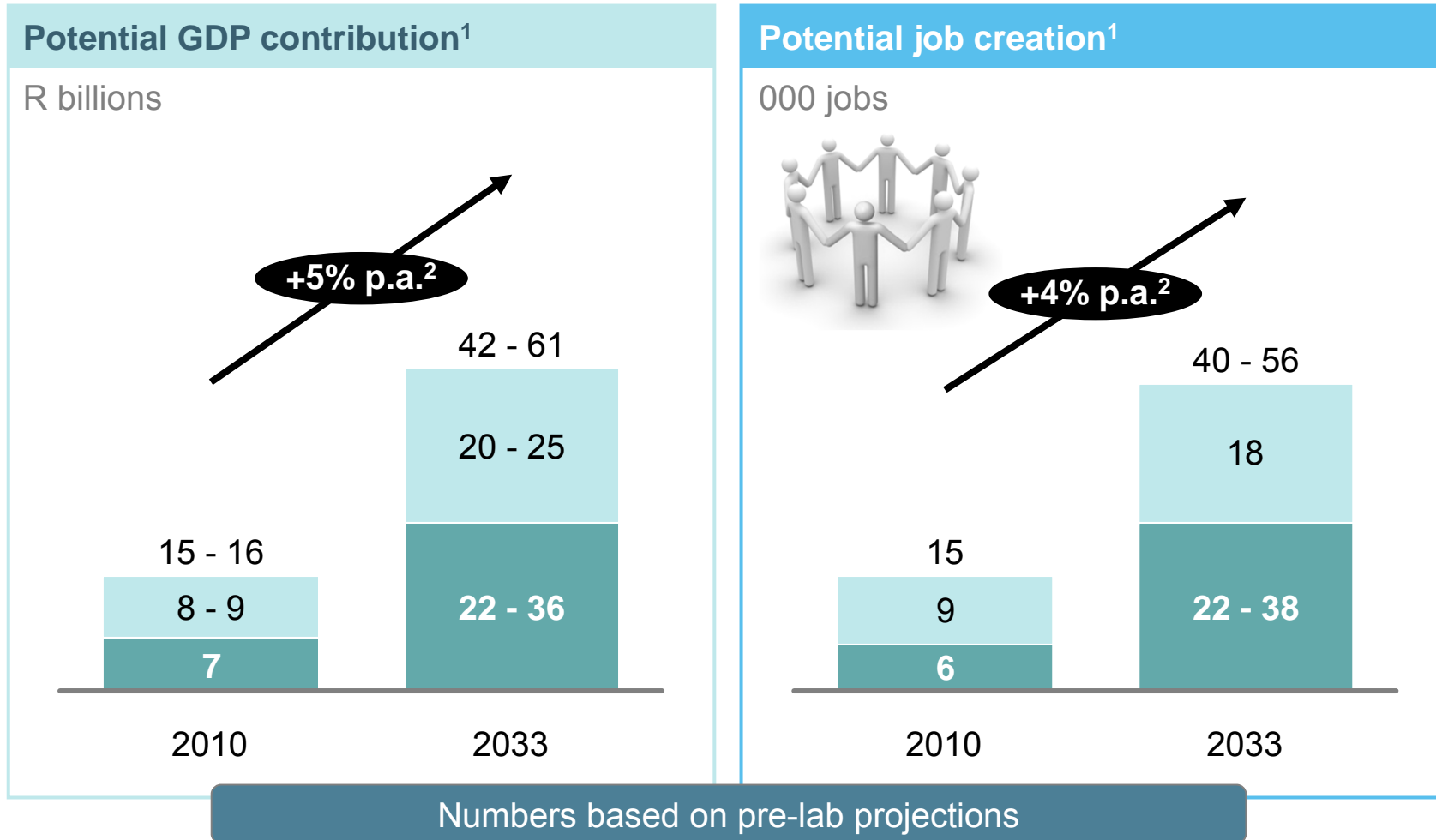


- Context
- **Vision and potential**
- Challenges
- Initiative recommendations
- Detailed initiative plans
- Monitoring and evaluation

VISION

# Over the next 20 years, marine transport and manufacturing has the potential to grow into a significant driver of the South African economy

■ Marine transport 
 ■ Marine manufacturing





<sup>1</sup> Only direct potential (i.e. multiplier effect ignored) from the Exclusive Economic Zone (EEZ) considered; <sup>2</sup> Growth rate per annum (p.a.) is based on the projected base 2033 value

SOURCE: StatsSA, IHS Global Insight, Expert interviews, TNPA Port Development Plan 2011/2012, Transnet Corporate plan 2013/2014, NMMU estimates, AME; McCloskey; Platts, Press search

VISION

**Through Operation Phakisa, our vision is to accelerate the sector's current GDP contribution and job creation potential**

	Initial lab vision	Baseline (2010)	Target for interventions
 <b>GDP Contribution</b>	<ul style="list-style-type: none"><li>Accelerate the GDP contribution of the sector</li></ul>	<ul style="list-style-type: none"><li>~R15bn</li></ul>	<ul style="list-style-type: none"><li>Increase contribution to GDP by <b>R14-23bn</b> by 2019</li></ul>
 <b>Job Creation</b>	<ul style="list-style-type: none"><li>Increase total employment</li></ul>	<ul style="list-style-type: none"><li>~15,000 jobs</li></ul>	<ul style="list-style-type: none"><li>Increase the number of total jobs created by <b>40,000-50,000</b> jobs by 2019</li></ul>

Numbers based on pre-lab projections



## Accelerated growth will be driven by marine manufacturing and a national ship registry

### Key drivers

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#### 1 Marine transport

- A** While **cargo growth** is projected to continue to drive growth, this is a mature market and it is therefore difficult to achieve breakthrough growth in the maritime economy
- B**
  - **National registry** for local ownership of shipping vessels is an area of significant growth


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#### 2 Marine manufacturing

- D** The ship and rig **repair and refurbishment** sector provides an opportunity for growing MTM
- E** As does the **boat-building** sector (including yachts)
  - There is significant potential to make use of our **location, competitive cost of labour and existing skill base**

LONG TERM POTENTIAL

To reach this target, the MTM lab decided to focus on ship and oil rig repair, vessel construction, and national registry

 Focus areas


		GDP growth (R bn)	Jobs created (000s)
<b>1</b>	<b>A</b> Cargo handling	16 - 19	14
	<b>B</b> Sea and coastal water transport	2	3
	<b>C</b> Supporting transport activities	2 - 4	1
<b>2</b>	<b>D</b> Repair and refurbishment	15 - 21	15 - 21
	<b>E</b> Boat building	4 - 7	3 - 5
	<b>F</b> Ship and offshore vessels construction	2 - 5	3 - 10
	<b>G</b> Marine equipment manufacturing	1 - 3	1 - 2
<b>Total</b>		<b>42 - 61</b>	<b>40 - 56</b>

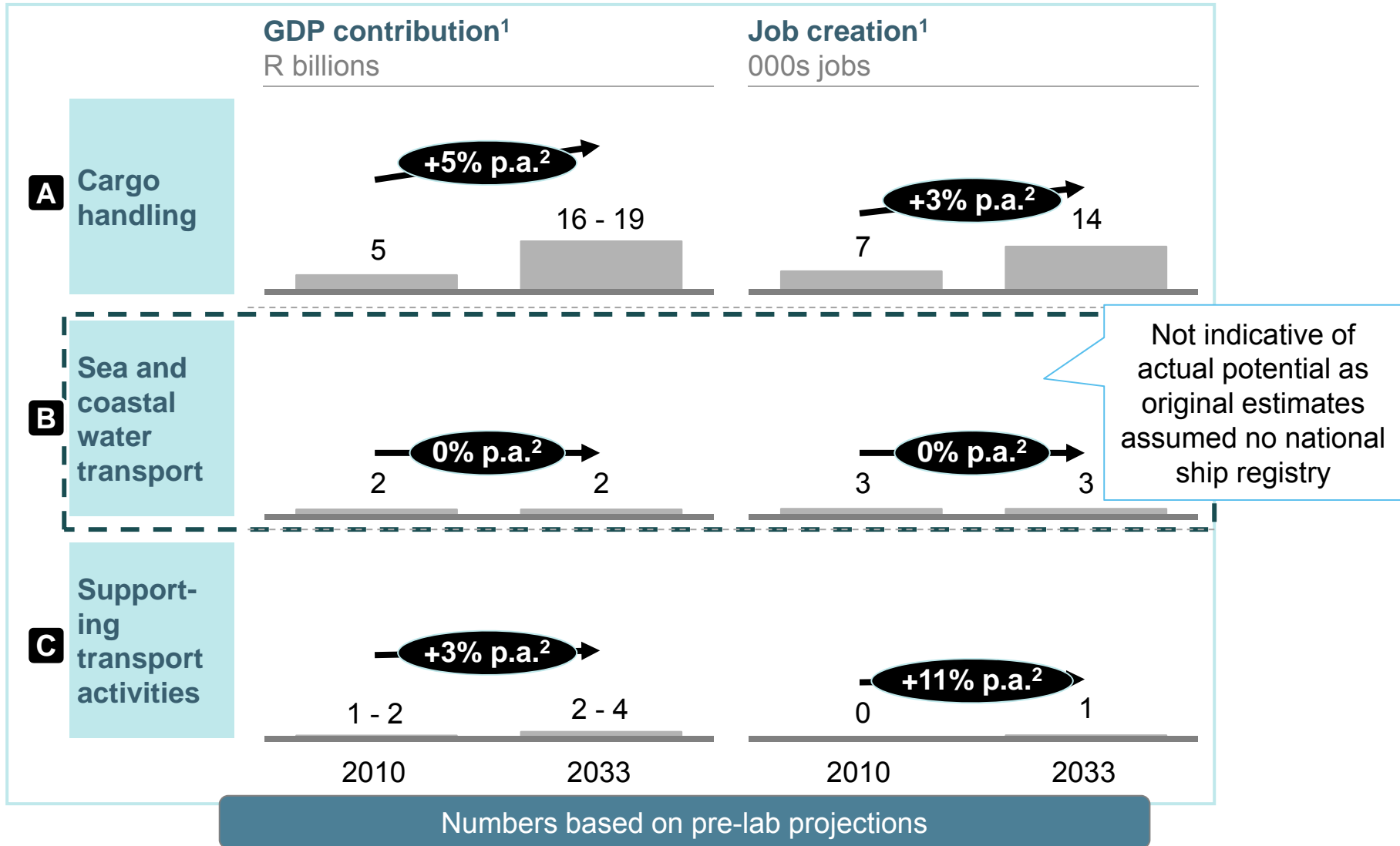
Numbers based on pre-lab projections

SOURCE: StatsSA, IHS Global Insight, Expert interviews, TNPA Port Development Plan 2011/2012, Transnet Corporate plan 2013/2014, NMMU estimates, AME; McCloskey; Platts, Press search

LONG TERM POTENTIAL

**1** Though cargo handling has potential, the MTM lab decided to focus on transport activities and a national ship registry

 Focus areas



<sup>1</sup> Only direct potential (i.e. multiplier effect ignored) from the Exclusive Economic Zone (EEZ) considered; <sup>2</sup> Growth rate per annum (p.a.) is based on the projected base 2033 value

SOURCE: StatsSA, IHS Global Insight, Expert interviews, TNPA Port Development Plan 2011/2012, Transnet Corporate plan 2013/2014, NMMU estimates, AME; McCloskey; Platts, Press search

## The lab discussed other ideas, but decided not to pursue them in more detail

	Description	Current status
Small harbours	<ul style="list-style-type: none"><li>Expanding the use of small harbours to drive economic growth through fisheries and other activities</li></ul>	<ul style="list-style-type: none"><li>Mini-lab conducted within MTM lab</li><li>Appendix included with full report providing more details</li></ul>
Natural gas	<ul style="list-style-type: none"><li>Establishing natural gas-handling facilities in more ports (e.g., Coega)</li><li>Preparing to support the natural gas industry</li></ul>	<ul style="list-style-type: none"><li>Initial conversations held in labs</li><li>TNPA made medium- and long-term provisions; need to align timing</li></ul>
Cargo handling in Richard's Bay	<ul style="list-style-type: none"><li>Increasing capacity for cargo handling in Richard's Bay to ensure it is ready for growing volumes</li></ul>	<ul style="list-style-type: none"><li>Discussed briefly in lab; determined that Richard's Bay currently has sufficient capacity to handle an increase</li></ul>
General cargo handling in Ngqura	<ul style="list-style-type: none"><li>Increasing capacity for general cargo handling at Port of Ngqura to ensure it is ready for growing volumes generated by the IDZ</li></ul>	<ul style="list-style-type: none"><li>Discussed briefly in lab; determined that more volume investigation required</li><li>More details included in appendix</li></ul>

LONG TERM POTENTIAL

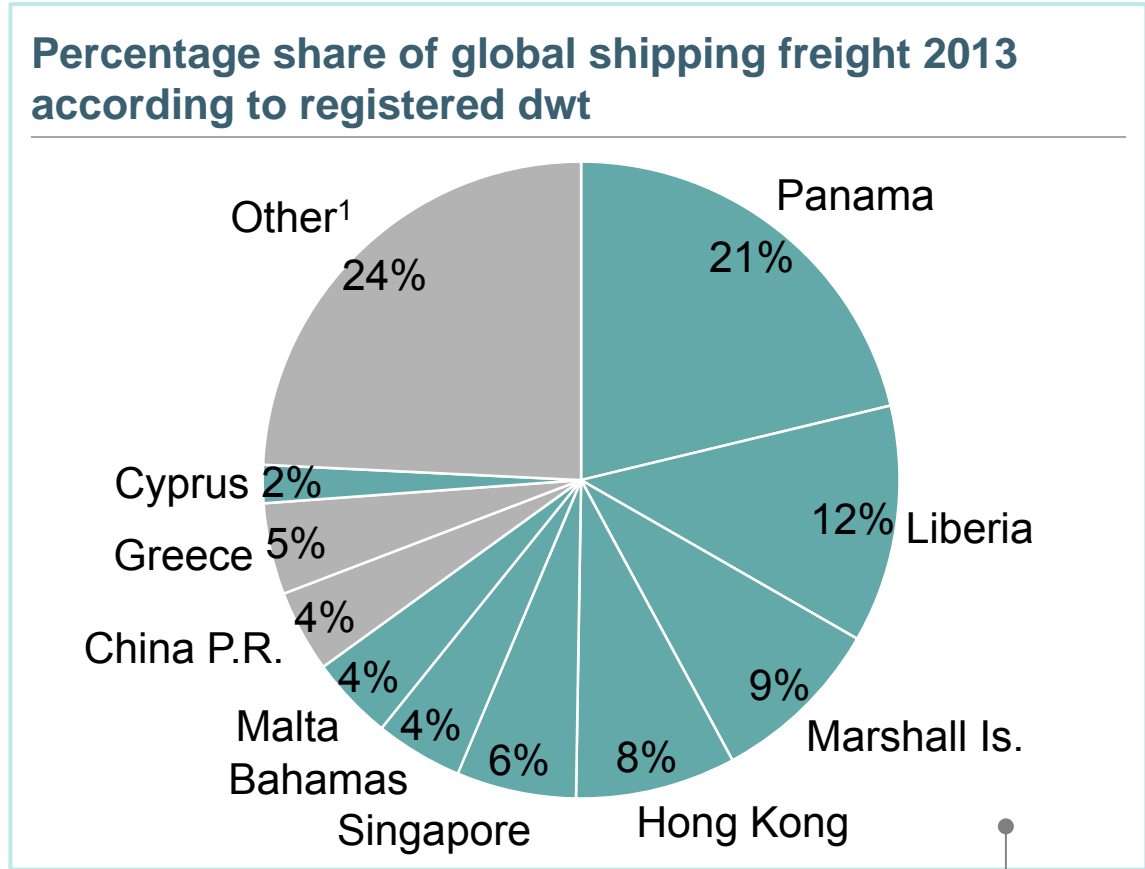
**B South Africa does not have capacity to carry its own trade to market, move its own trade around the coast, or support its own offshore strategic energy production installations**

	Potential	What is required	What currently exists
Shipping	<ul style="list-style-type: none"> <li>300 million tons of cargo moving internationally in imports and exports</li> </ul>	<ul style="list-style-type: none"> <li>300 vessels to support at least 40% of the trade</li> </ul>	<ul style="list-style-type: none"> <li>Currently no ships carry SA cargo internationally</li> </ul>
	<ul style="list-style-type: none"> <li>1.2 million tons of liquid fuels moving along the coast</li> </ul>	<ul style="list-style-type: none"> <li>3 coastal tankers vessels and additional cargo vessels to move coastal cargo</li> </ul>	<ul style="list-style-type: none"> <li>Currently no SA flagged ships carry SA coastal cargo</li> </ul>
	<ul style="list-style-type: none"> <li>Offshore oil and gas activities that require a supporting fleet of vessels</li> </ul>	<ul style="list-style-type: none"> <li>8 vessels to support the offshore oil and gas operations</li> </ul>	<ul style="list-style-type: none"> <li>Currently no SA offshore support operations</li> </ul>
Seafarers	<ul style="list-style-type: none"> <li>Employment of 21,000 seafaring and support staff</li> </ul>	<ul style="list-style-type: none"> <li>Capacity to produce the required seafarers</li> </ul>	<ul style="list-style-type: none"> <li>240 officers per year being produced, leaving a huge gap to meet the opportunity</li> </ul>
	<ul style="list-style-type: none"> <li>Capacity to export seafarers to international shipping market</li> </ul>		

SOURCE: Expert interviews, Press search, Team analysis

**B The global market for shipping freight is dominated by a limited number of very established players**

- Open registry (flag of convenience)
- National or International registry



- Top 10 registry countries account for over 75% of registered tonnage
- Eight of these have open registries

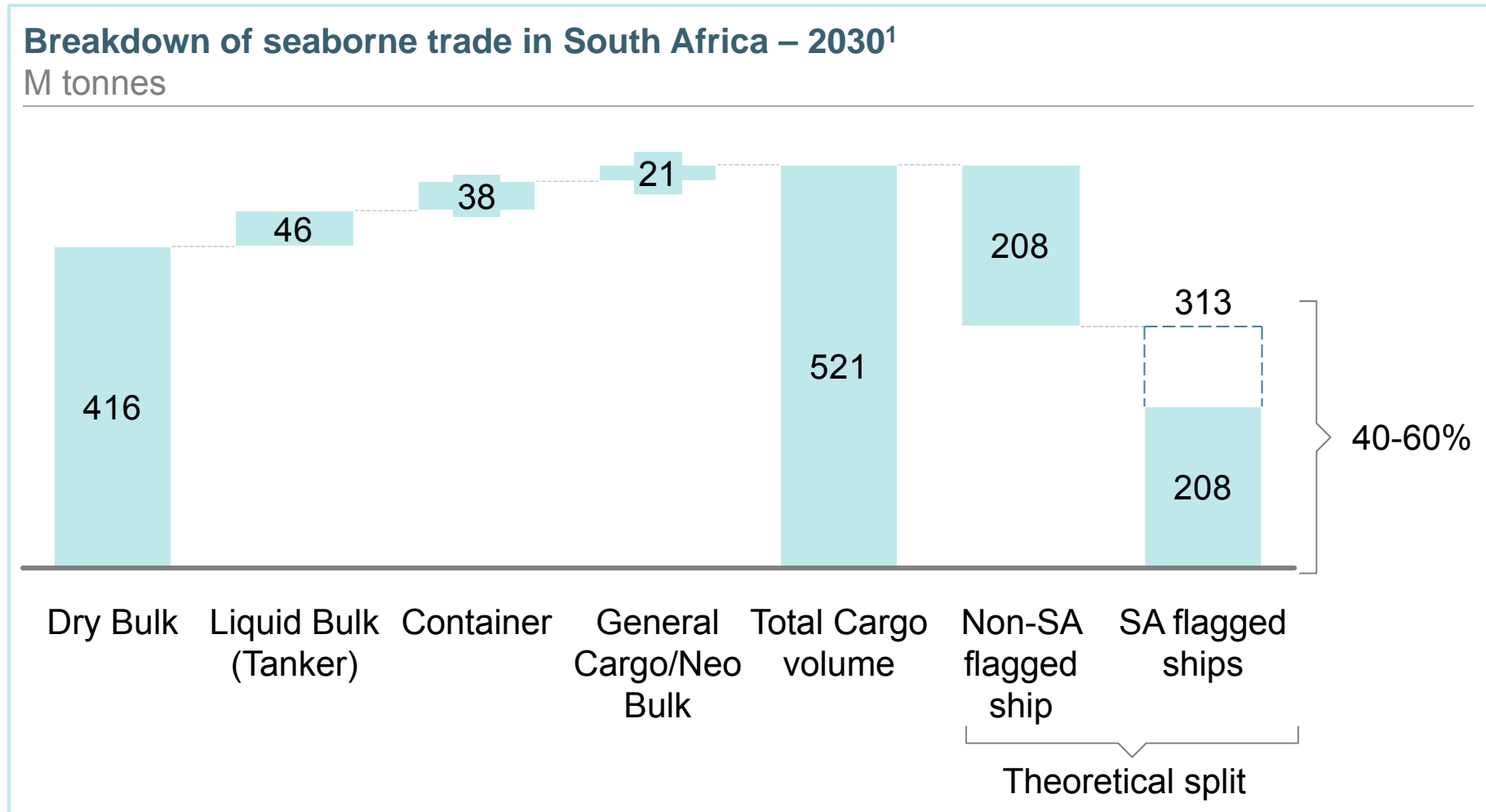
**South Africa currently has no registered ships**

<sup>1</sup> Other includes UK, USA, Italy, Japan, Germany, Norway, and 176 other countries

SOURCE: Clarksons World Fleet Register, data as of October 2013

LONG TERM POTENTIAL

**B South Africa is legally allowed to transport 40-60% of international trade entering and exiting its ports using SA flagged ships**



<sup>1</sup> Figures are for entire Southern Africa but used to represent South Africa given its trade size relative to other Southern African countries

SOURCE: World Trade Service – UNCTAD, UNCLOS, Expert interviews, Team analysis

## B There are three registry options available for countries that wish to participate in the market

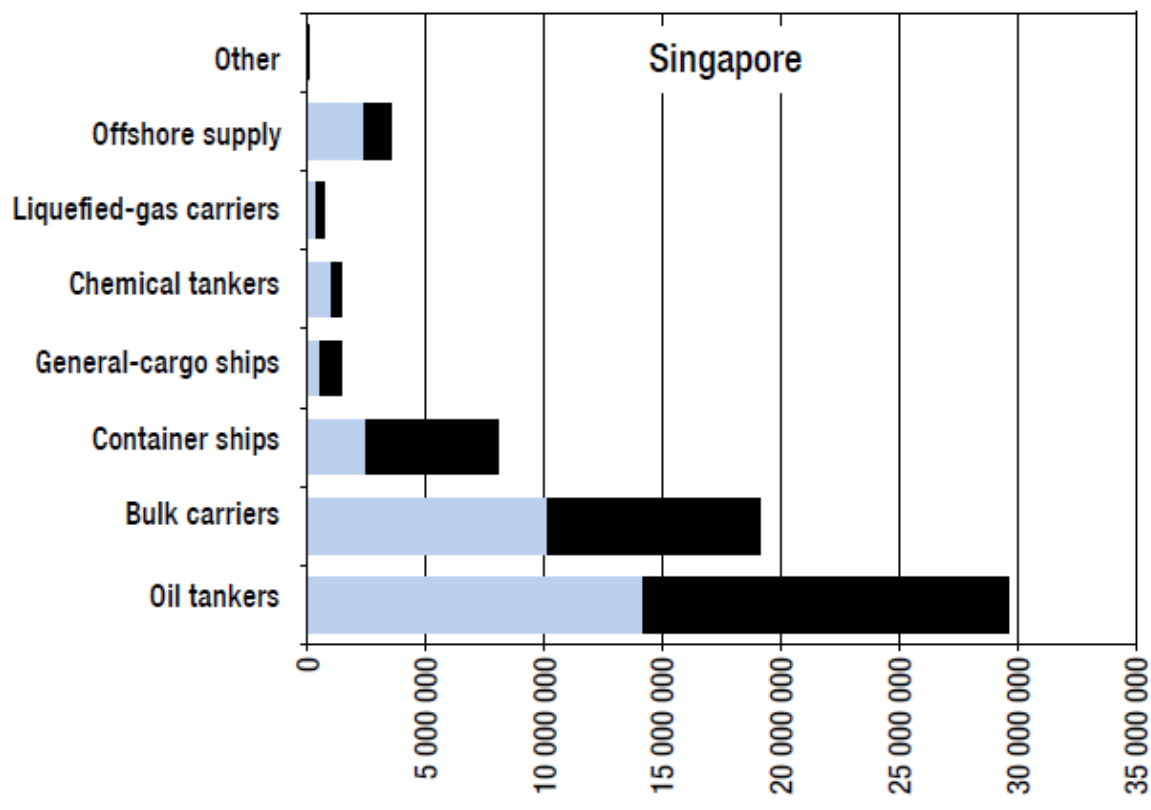
		National registry	International registry	Open registry
Requirements	Vessel registration	<ul style="list-style-type: none"> <li>Vessel registered in same country in which it is majority/wholly owned</li> </ul>	<ul style="list-style-type: none"> <li>Vessel registered in same country as ownership or by foreign citizen/company with some sort of tie to domestic country</li> </ul>	<ul style="list-style-type: none"> <li>Vessels do not have to be owned in flag state</li> <li>Flag state, which would not otherwise benefit, gains additional revenues</li> </ul>
	Vessel ownership	<ul style="list-style-type: none"> <li>Vessel must be either majority or completely owned by domestic citizens</li> </ul>	<ul style="list-style-type: none"> <li>Vessel must be owned by domestic citizen or a foreign corporation under certain restrictions</li> </ul>	<ul style="list-style-type: none"> <li>Vessel does not need to be majority owned locally</li> </ul>
	Crew nationality	<ul style="list-style-type: none"> <li>Crew to be of same nationality and/or officers hold mariner credentials granted by nation</li> </ul>	<ul style="list-style-type: none"> <li>Some part of crew, usually leadership, required to be citizen of flag state</li> </ul>	<ul style="list-style-type: none"> <li>None or minimal</li> </ul>
	IMO conventions	<ul style="list-style-type: none"> <li>Adopt all or majority of IMO conventions</li> </ul>	<ul style="list-style-type: none"> <li>Tend to adopt major IMO conventions but not necessarily all</li> </ul>	<ul style="list-style-type: none"> <li>Usually a limited number of IMO conventions are adopted</li> </ul>
	Parallel registration	<ul style="list-style-type: none"> <li>Generally not permitted</li> </ul>	<ul style="list-style-type: none"> <li>Parallel registration either not permitted at all or parallel registration into (but not out of) registry allowed</li> </ul>	<ul style="list-style-type: none"> <li>Parallel registration quite fluid, both in and out of registry, but sometimes with time restriction</li> </ul>
	Vessel restrictions	<ul style="list-style-type: none"> <li>Generally no limits on vessel age, type, or size</li> </ul>	<ul style="list-style-type: none"> <li>Some limits on vessel age, type, or size</li> </ul>	<ul style="list-style-type: none"> <li>Generally have maximum age restriction or require special survey for vessels over a certain age in some cases</li> </ul>
Country examples		<ul style="list-style-type: none"> <li>United States</li> <li>United Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>Greece</li> <li>China</li> </ul>	<ul style="list-style-type: none"> <li>Denmark</li> <li>Norway</li> <li>Panama</li> <li>Liberia</li> <li>Marshall Islands</li> </ul>



**B Other countries carry a significant amount of their cargo on nationally flagged ships...**

Fleet profiles in Dwt (1 January 2013)

■ National flag  
■ Other flag









## B ...a trend that is also seen amongst developing economies in Africa

Annex II. (a) Merchant fleets of the world by flags of registration, groups of economies and types of ship, as at 1 January 2013  
(Thousands of GT)

	Total	Oil tankers	Bulk carriers	General-cargo ships	Containerships	Other types
<b>DEVELOPING ECONOMIES OF AFRICA</b>						
Algeria	757	11	88	66		592
Angola	170	10		10		150
Egypt	1 171	149	595	140	52	236
Nigeria	2 120	299	10	10		1 801
Seychelles	337	293		4		40
United Republic of Tanzania	4 774	4 360	67	271	38	39
<b>DEVELOPING ECONOMIES OF AFRICA Total</b>	<b>141 290</b>	<b>45 397</b>	<b>37 917</b>	<b>3 453</b>	<b>40 767</b>	<b>13 756</b>

## B National registry could be an option for developing the maritime industry – the following issues need to be addressed

	Description	Examples	Current state in South Africa
<b>Tax regime</b>	<ul style="list-style-type: none"> <li>Trivial (if any) tax on corporate profits generated by companies engaged in the operation of international shipping freight</li> <li>Trivial (if any) tax on the income seafarers receive on the flagged vessels and other international voyages</li> <li>Relief on other taxes, e.g., CGT, dividends, withholding tax on interest</li> </ul>	<ul style="list-style-type: none"> <li>Panama has relative tax haven; only charges registration fees</li> <li>Danish seafarers on DIS ships do not pay income taxes</li> </ul>	 A zero tax regime has been implemented on ships and seafarers involved in international trade. This needs to be extended to coastal shipping
<b>Certification and registration fees</b>	<ul style="list-style-type: none"> <li>Relatively few requirements to be met, e.g., vessel type, size, age</li> <li>Time from submission to registration is short and cost is small</li> </ul>	<ul style="list-style-type: none"> <li>Greece does not charge initial registration fee</li> <li>Cyprus does not require inspections except for vessels over 15 years of age</li> </ul>	 There is a need to look at the efficiency of the registration process on an operational level
<b>Labour</b>	<ul style="list-style-type: none"> <li>A pool of seafarers who are available and have the necessary qualifications, experience and skills</li> <li>Rates of inclusive remuneration that are globally competitive</li> </ul>	<ul style="list-style-type: none"> <li>Estimated 460,000 seafarers originate from the Philippines</li> </ul>	 Wages determined by ILO statutes  SA needs to increase its production capacity
<b>Supporting services</b>	<ul style="list-style-type: none"> <li>Large range of supporting services to service most needs, e.g., one-stop-shop</li> <li>Excess supply of service providers leading to quick turnaround times</li> <li>Inclusive rates that are globally competitive</li> </ul>	<ul style="list-style-type: none"> <li>Denmark is home to two of the world's largest, most advanced ports with many support services</li> </ul>	 Ship building and repair services lacking  Lack of financing products for shipping

## LONG TERM POTENTIAL

### **B** South Africa would need to develop labour and supporting services, which will require significant long-term capital expenditure

	What is required?	What does SA currently have?	What is the size of the gap?	How long would it take to close the gap?	How much would it cost to close the gap?
<b>Labour</b>	<ul style="list-style-type: none"> <li>20,000 to 31,000 seafarers - Captain, Navigating and Engineering Officers, Ratings, etc.</li> <li>Shore based ship crewing and management staff</li> <li>Capacity to meet skills demand</li> </ul>	<ul style="list-style-type: none"> <li>2,500 seafarers</li> <li>Significant formal training (e.g., CPUT, DUT) with limited on-the-job training (e.g., Unicorn), mentoring and coaching opportunities</li> </ul>	<ul style="list-style-type: none"> <li>17,500 to 28,500 thousand seafarers across all four areas</li> </ul>	<ul style="list-style-type: none"> <li>6 to 10 years assuming 300 graduates a year</li> </ul>	<ul style="list-style-type: none"> <li>R1 bn assuming no registered vessels</li> </ul>
<b>Supporting services</b>	<ul style="list-style-type: none"> <li>Capacity to repair and refurbish 540 to 1,400 vessels per year</li> </ul>	<ul style="list-style-type: none"> <li>Capacity to repair and refurbish 450 to 550 vessels per year</li> </ul>	<ul style="list-style-type: none"> <li>Capacity to repair and refurbish 900 additional vessels per year</li> </ul>	<ul style="list-style-type: none"> <li>10 to 20 years assuming that infrastructure funding model is resolved</li> </ul>	<ul style="list-style-type: none"> <li>R11.9 bn</li> </ul>

SOURCE: Expert interviews, Press search, Team analysis

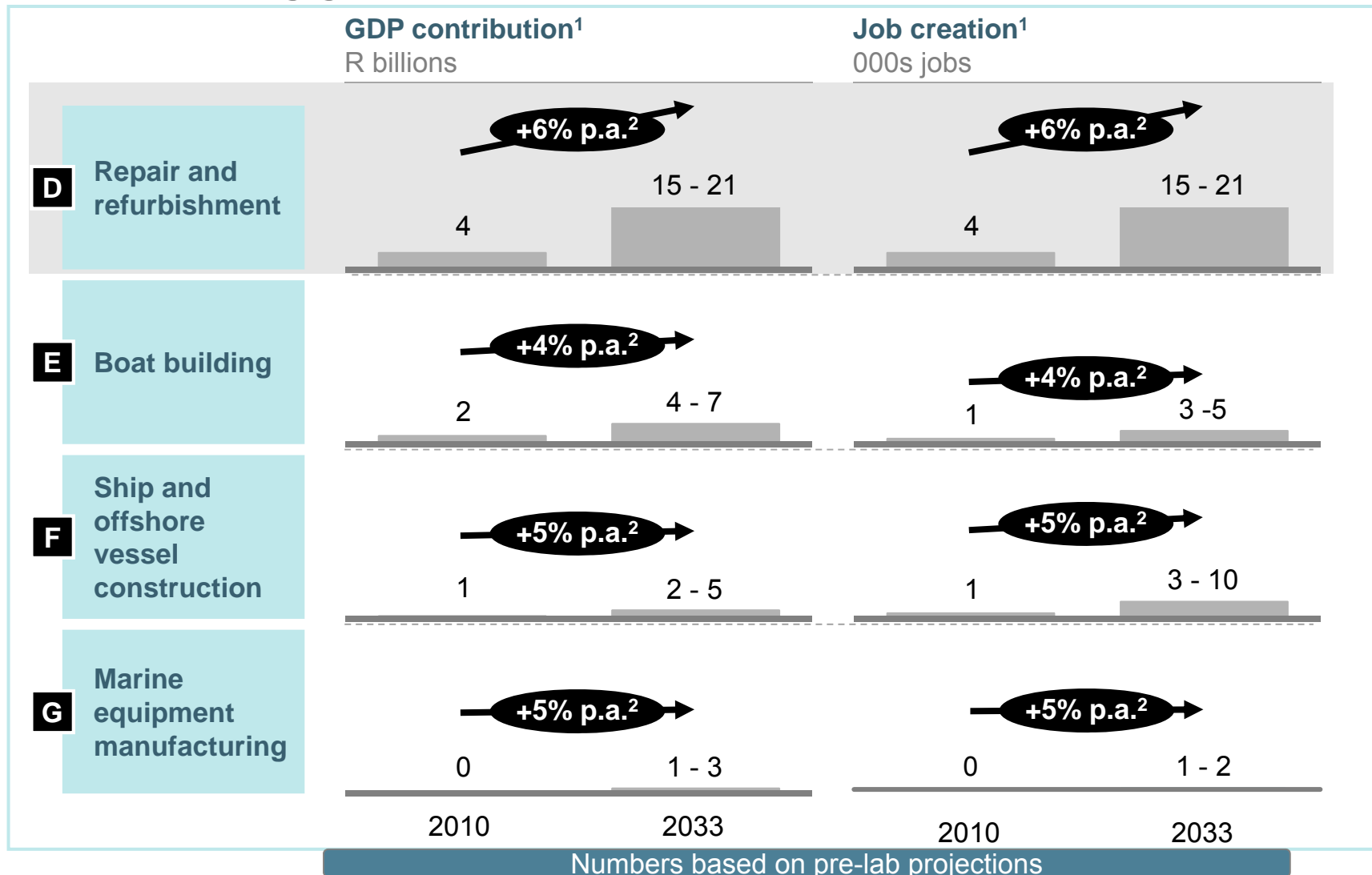
**B** There is also potential to develop a trans-shipment hub to support international shipping liners

	Overview of potential	Implication
<b>International</b>	<ul style="list-style-type: none"> <li>There is potential to build a continental coastal cargo carrying capacity to service the African coastline, ensuring predictability of transportation (currently lacking) and improving intra-continental trade</li> <li>African Maritime Charter provides for the continental cabotage regime that should be used to ensure integrated coastal transportation</li> </ul>	<ul style="list-style-type: none"> <li>South Africa should explore ways of implementing the African Maritime Charter which will guarantee cargoes are moved by African shipping companies</li> </ul>
<b>Regional (Africa)</b>	<ul style="list-style-type: none"> <li>There is some potential to service other East and West African ports</li> </ul>	<ul style="list-style-type: none"> <li>There is a need for purpose built vessels to handle the combination of cargoes on this trade</li> </ul>
<b>Domestic</b>	<ul style="list-style-type: none"> <li>~50% of containers for trans-shipment are moved domestically</li> <li>Comparative cost of overland haulage is cheaper, unless transporting bulk goods over long distance</li> <li>Coastal shipping generally takes longer than transport over land</li> </ul>	<ul style="list-style-type: none"> <li>There is a need to incentivise this trade as well as improve efficiencies</li> </ul>

LONG TERM POTENTIAL

## 2 Ship and oil rig repair and refurbishment will significantly drive marine manufacturing growth

■ Focus of next section



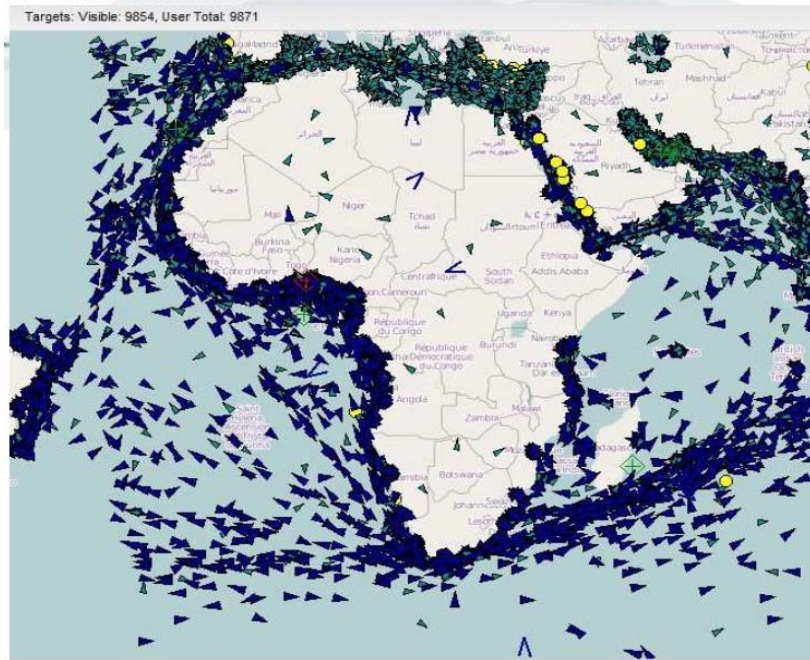
1 Only direct potential (i.e. multiplier effect ignored) from the Exclusive Economic Zone (EEZ) considered; 2 Growth rate per annum (p.a.) is based on the projected base 2033 value

SOURCE: StatsSA, IHS Global Insight, Expert interviews, TNPA Port Development Plan 2011/2012, Transnet Corporate plan 2013/2014, NMMU estimates, AME; McCloskey; Platts, Press search

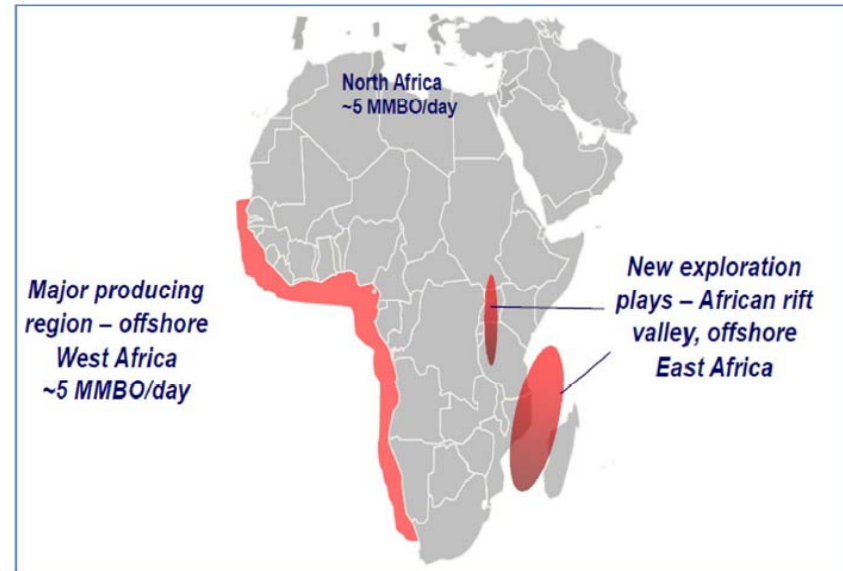
LONG TERM POTENTIAL

**D** South Africa is ideally positioned to serve East-West cargo traffic and the African offshore oil and gas industry, given the regional potential...

Significant maritime traffic exists around both the South African and African coast



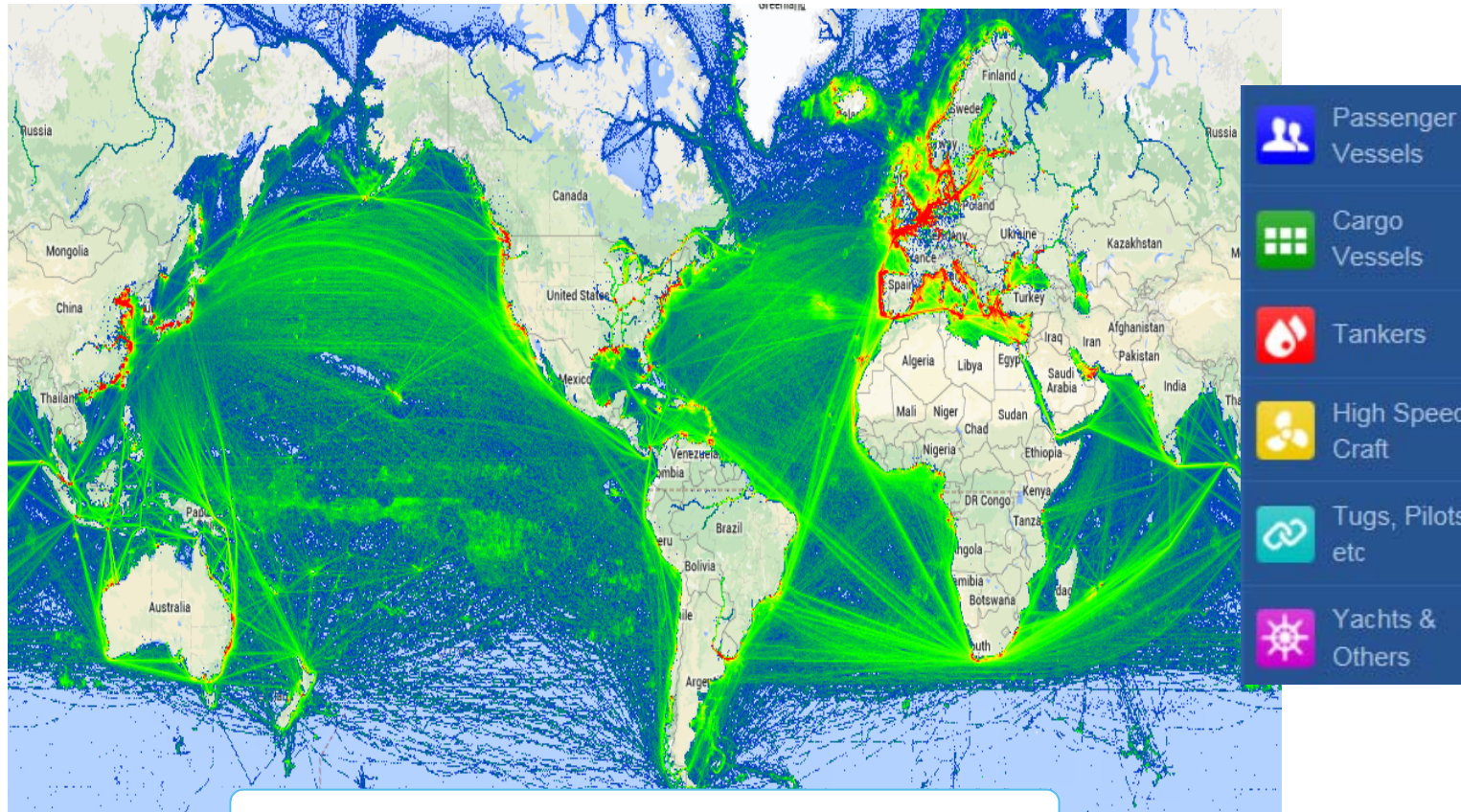
Significant offshore oil and gas activity currently exists along both the East and West African coasts



Of the 80 rigs estimated to be in range of the Western Cape, only 4 (~5%) are serviced annually – showing significant growth potential

LONG TERM POTENTIAL

**D** ...as there is substantial seagoing traffic around Africa...



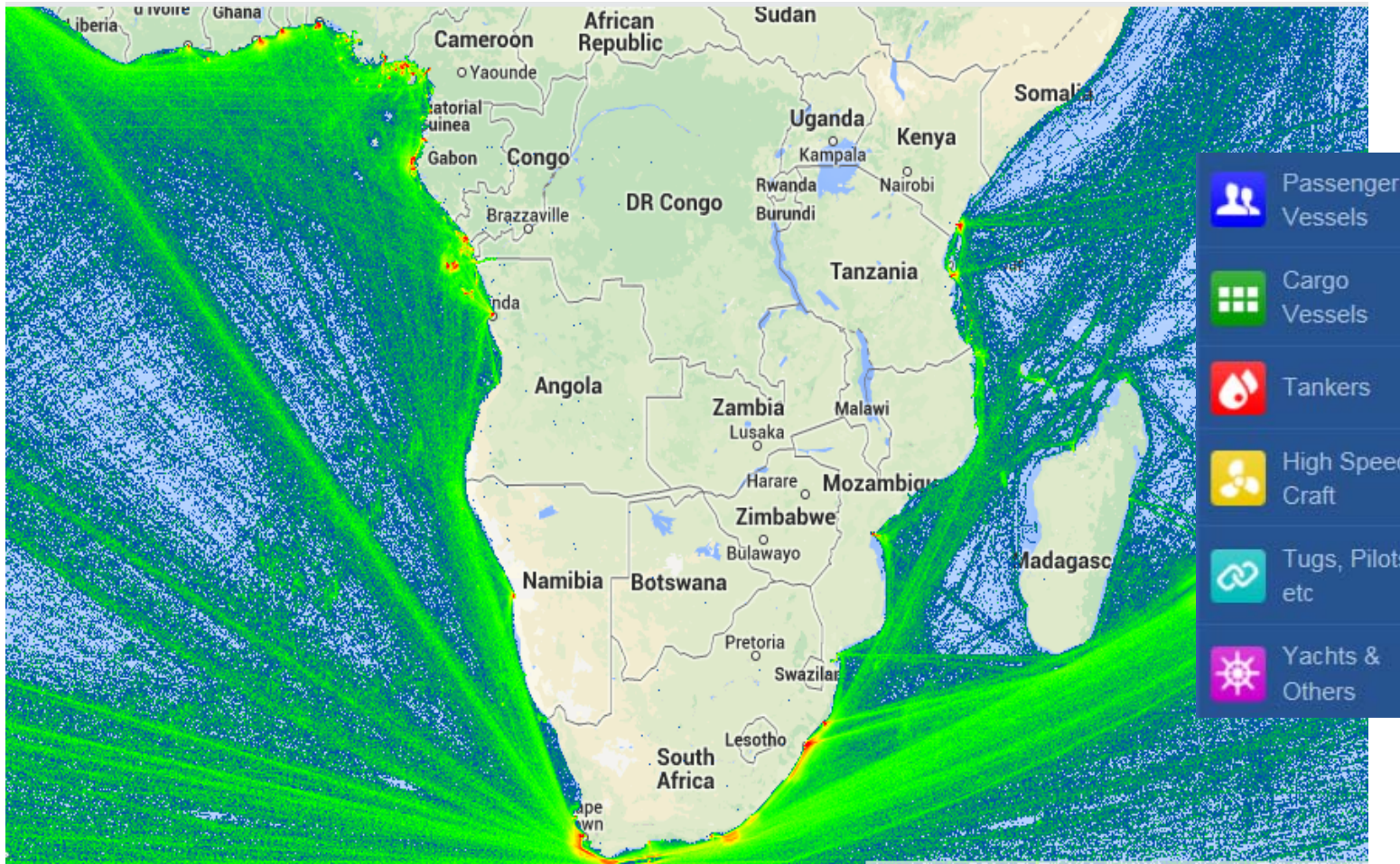
66,875 vessels in range on 12 August 2014

SOURCE: Google maps data



LONG TERM POTENTIAL

**D** ...much of which passes by South Africa's coast

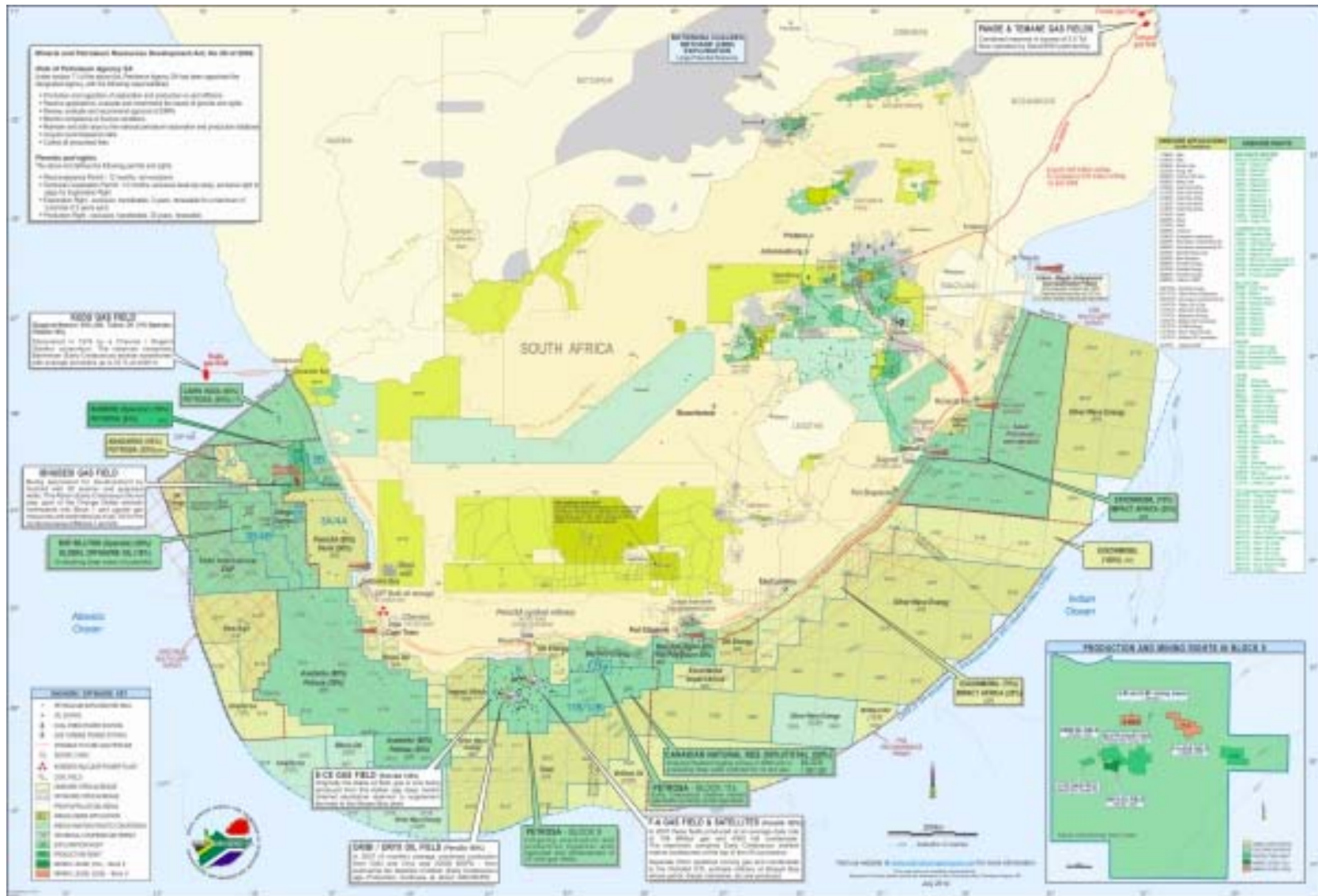


57,908 vessels in area 13 August 2014

SOURCE: Google maps data

LONG TERM POTENTIAL

**D** In addition, O&G exploration activities are taking off in South Africa



SOURCE: Petroleum Agency of South Africa, July 2014

## LONG TERM POTENTIAL

### **D** However, South Africa has relatively few shipyards, with the main competitors to South African yards located in Las Palmas (Canary Islands) and Walvis Bay (Namibia)

Location	Name	Type of facility (dry docking)	Dimensions	Maximum crane lift	Maximum ship size	Fitting out quays (floating repairs)
Las Palmas Canary Is.	Astican	Syncrolift, with 7 bays of total length 1,360m	175 x 30m	150 ton	<ul style="list-style-type: none"> <li>▪ 10,000 LW</li> <li>▪ 36,000 dwt</li> </ul>	<ul style="list-style-type: none"> <li>▪ 700m with 8-14m water depth</li> <li>▪ Max water depth in port 25m</li> </ul>
Dakar, Senegal	Dkamave	Floating dock	235 x 38m	40 ton	<ul style="list-style-type: none"> <li>▪ 28,000 LT</li> <li>▪ 90,000 dwt</li> </ul>	<ul style="list-style-type: none"> <li>▪ 1,000m with 15m water depth</li> </ul>
		Graving dock	191 x 25m	40 ton	<ul style="list-style-type: none"> <li>▪ 60,000 dwt</li> </ul>	
		Syncrolift with 4 bays of total length 240m			<ul style="list-style-type: none"> <li>▪ 1,200 LW</li> </ul>	
St Vincent (Cape Verde)	Cabanave	Floating dock	110m x 16m		<ul style="list-style-type: none"> <li>▪ 2,800 LW</li> </ul>	
Abidjan (Cote d'Ivoire)	Carena	Floating dock	130m x 20m		<ul style="list-style-type: none"> <li>▪ 10,000 LW</li> </ul>	
		Floating dock	80m x 17.5m		<ul style="list-style-type: none"> <li>▪ 2,000 LW</li> </ul>	
Tema (Ghana)	Tema Shipyard	Graving dock	227m x 45m		<ul style="list-style-type: none"> <li>▪ 100,000 dwt</li> </ul>	
		Graving dock	105m x 13m		<ul style="list-style-type: none"> <li>▪ 10,000 dwt</li> </ul>	
Lagos (Nigeria)	Nigerdock	Graving dock	200m x 38m		<ul style="list-style-type: none"> <li>▪ 25,000 dwt</li> </ul>	
		Floating dock	n/a		<ul style="list-style-type: none"> <li>▪ 5,000 LW</li> </ul>	
Port Harcourt, Nigeria	West Atlantic	Floating dock	105 x 23m	5 ton	<ul style="list-style-type: none"> <li>▪ 7,000 LW</li> </ul>	<ul style="list-style-type: none"> <li>▪ 290m with 6m water depth</li> </ul>
Lobito (Angola)	Lobinave	Floating dock	175m x 28m		<ul style="list-style-type: none"> <li>▪ 10,000 LW</li> </ul>	
Walvis Bay, Namibia	Namdock	Floating dock	155 x 23.5m	20 ton	<ul style="list-style-type: none"> <li>▪ 8,500 LW</li> <li>▪ 20,000 dwt</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2 x 100m berths and 2 x 85m berths, all with 7.5m of water</li> </ul>
		Floating dock	140 x 23.0m	20 ton	<ul style="list-style-type: none"> <li>▪ 8,500 LW</li> <li>▪ 20,000 dwt</li> </ul>	
		Floating dock	195 x 33.5m	n/a	<ul style="list-style-type: none"> <li>▪ 15,120 LW</li> <li>▪ 0,000 dwt</li> </ul>	
	Namport	Syncrolift	80 x 14m		<ul style="list-style-type: none"> <li>▪ 20,000 dwt</li> </ul>	
Mombasa, Kenya	African Marine & General Eng Co.	Graving dock	180 x 26m	50 ton	<ul style="list-style-type: none"> <li>▪ 20,000 dwt</li> </ul>	<ul style="list-style-type: none"> <li>▪ 340m with water depth 8.0m</li> </ul>
		Building dock	40 x 24m			
		Slipways (2)	20 x 6m			

Note: (a) LW = light weight, the actual weight of the empty ship in tons

SOURCE: Drewry Shipping Consultants *Ship Repair 2011*

## LONG TERM POTENTIAL

### **D** The country's SOC-managed and controlled ship repair facilities owned by TNPA have potential to service this industry...

Port	Facility	Type	Dimensions <sup>1</sup>	Water depth <sup>2</sup>	Cranes
Cape Town	Sturrock Dock	Graving dock	359 x 45m	12.0m	4 x 5 tons
	Robinson Dock	Graving dock	153 x 27m	6.3m	3 x 4 tons 1 x 15 tons
	Syncrolift	Syncrolift with 5 repair bays	61 x 15m 1.778 tons lift capacity		
	"A" berth	Repairs afloat	275m + 76m	11.8m	
	Repair Quay	Repairs afloat	458m x 2	11.8m	
Saldanha	Mossgas yard	Fabrication yard	35m quay 22ha with workshops	8.0m	
	Berth 204	Multi-purpose berth also used for repairs	61 x 15m 1.778 tons lift capacity		
Durban	Prince Edward	Graving dock	352 x 42m	10.5m	1 x 50 tons 1 x 25 tons 1 x 8 tons 2 x 5 tons
	Floating Dock No. 3	Floating dock	107 x 27m 3.630 tons lift capacity		1 x 4 tons
	Workshop 24	Machine stop			
	Repair Quays		520m (in 3 sections)	6.1-8.5m	
East London	Dry dock	Graving dock	200 x 25m	8.5m	4 x 4-15 tons
	Workshop 17	Machine shop			
	Repair quay	Repairs afloat	106m	8.5m	1 crane
Richards Bay	No existing facilities				
Port Elizabeth	Main slipway	Slipway	1 200 ton lift capacity		
	Old slipway	Slipway	40 ton lift capacity		
	Workshop 17	Machine shop			
Ngqura	No existing facilities				
Mossel Bay	Slipway	Slipway	30 x 12m 250 tons lift capacity	5.0m	

1 Dock dimensions are length between caissons and width at cope level

2 Unless otherwise stated, water depths are at lowest astronomical tide. Depths for dry docks are at sill

SOURCE: MTM lab analysis

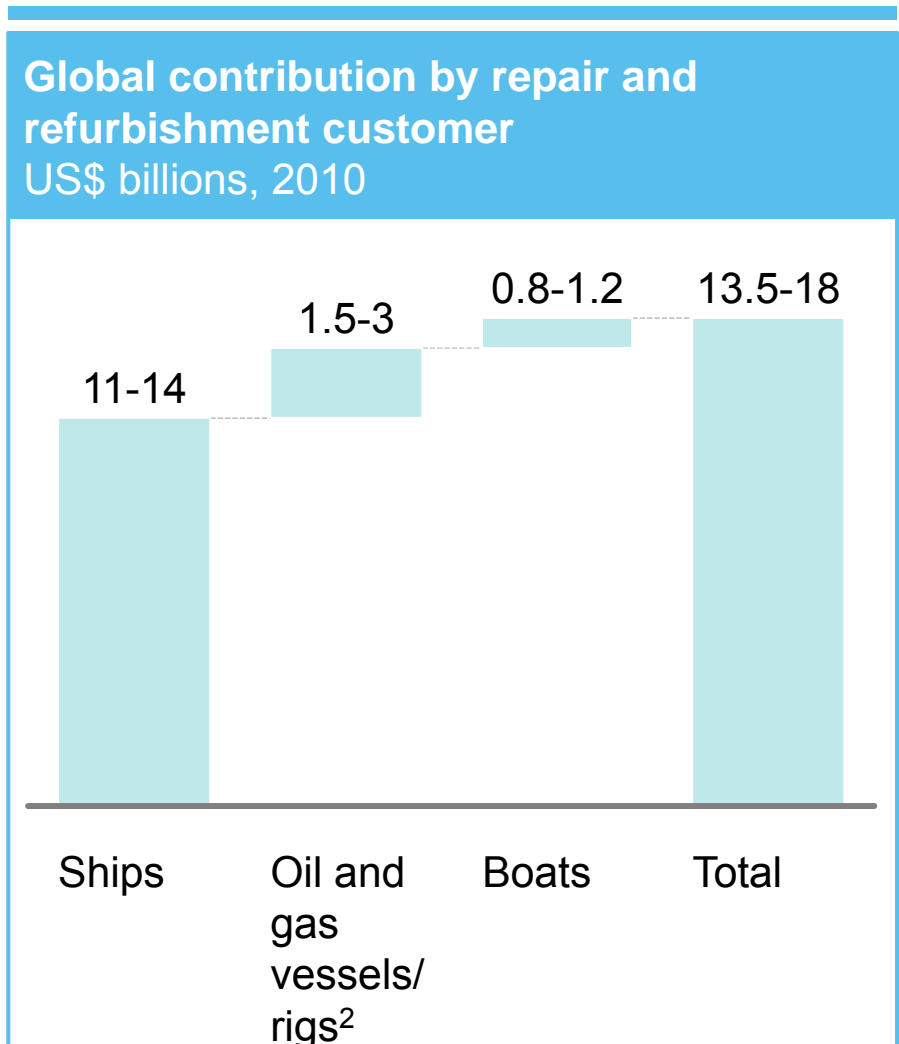
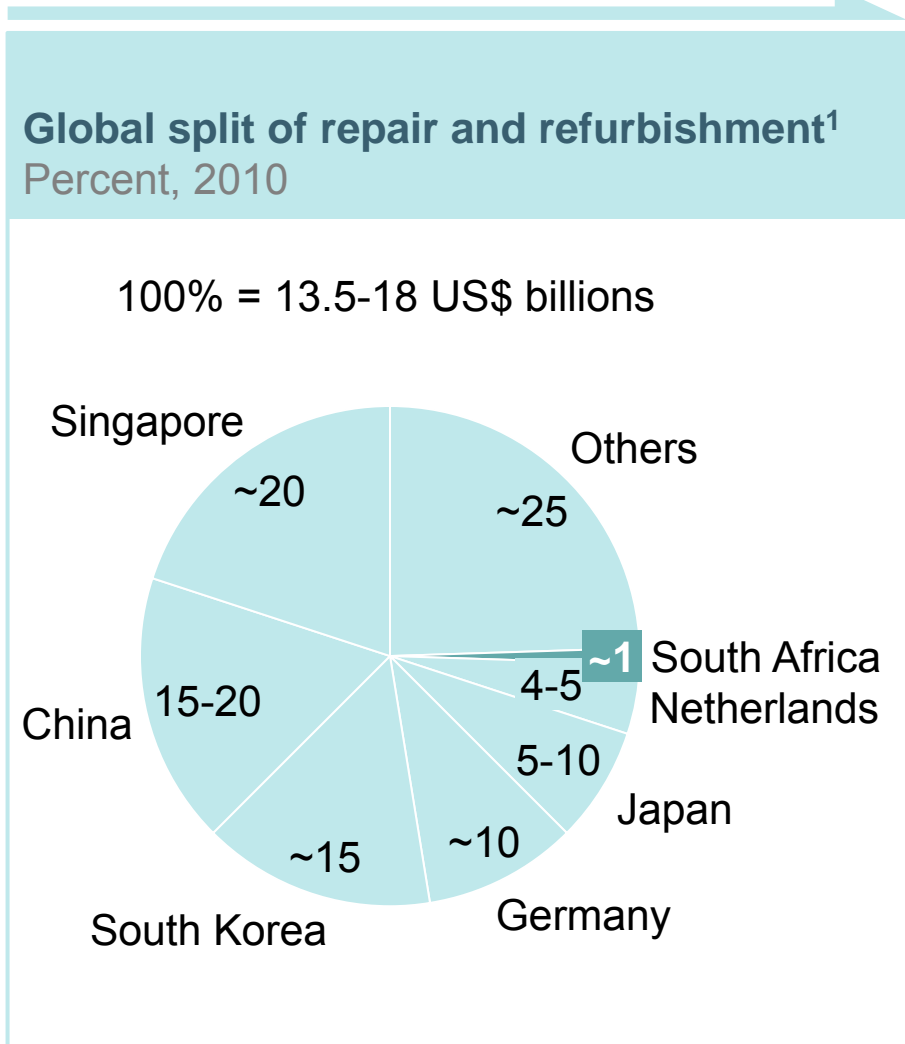
**D ... where a wide range of repair and refurbishment work can be undertaken at most ports in South Africa...**

Marine repair and refurbishment services required	Description	Examples of South Africa's capabilities
Hull cleaning	<ul style="list-style-type: none"> <li>Removal of sea life and dirt that affect hydrodynamic efficiency of vessel</li> </ul>	<ul style="list-style-type: none"> <li>Cleaning services such as high pressure water washing, grit blasting, tank cleaning and asbestos removals</li> </ul>
Engine repair	<ul style="list-style-type: none"> <li>Large diesel engine and propeller repair</li> </ul>	<ul style="list-style-type: none"> <li>Ability to repair a wide range of marine engines</li> </ul>
Large vessel dry dock	<ul style="list-style-type: none"> <li>Structural repairs and painting of hull</li> </ul>	<ul style="list-style-type: none"> <li>Ships exceeding 300m in length can be repaired</li> </ul>
Electronic system repairs	<ul style="list-style-type: none"> <li>Navigation, monitoring and electrical equipment</li> </ul>	<ul style="list-style-type: none"> <li>Most onboard electrical systems can be serviced</li> </ul>
Offshore oil and gas vessel/rig repair	<ul style="list-style-type: none"> <li>Maintenance, repair and inspection of offshore oil vessels</li> </ul>	<ul style="list-style-type: none"> <li>Sophisticated wet work on offshore vessel/rigs can be completed</li> </ul>

- Wide range of services available, e.g., structural, mechanical and electronic in dry and wet docks
- Services are available at most ports in South Africa

**D ...but South Africa currently only captures ~1% of the global market for repair and refurbishment**

ESTIMATES



1 Includes upgrade and conversion

2 Includes FPSO, FSO, drillships, semis, jackups

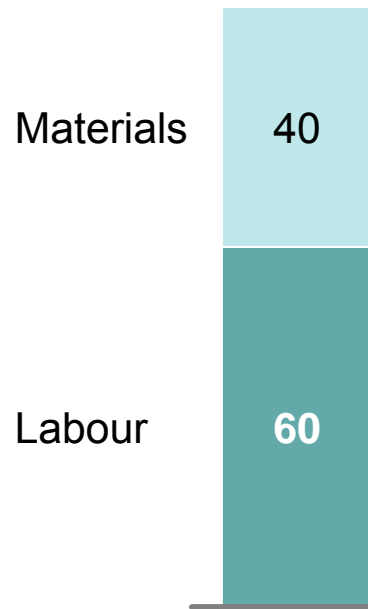
SOURCE: Clarkson, Konzept Analytics, OECD, Press search, "The Offshore Drilling Industry and Rig Construction in the Gulf of Mexico", McKinsey analysis

**D South Africa’s high traffic location, low cost and service sophistication make the local industry globally competitive**

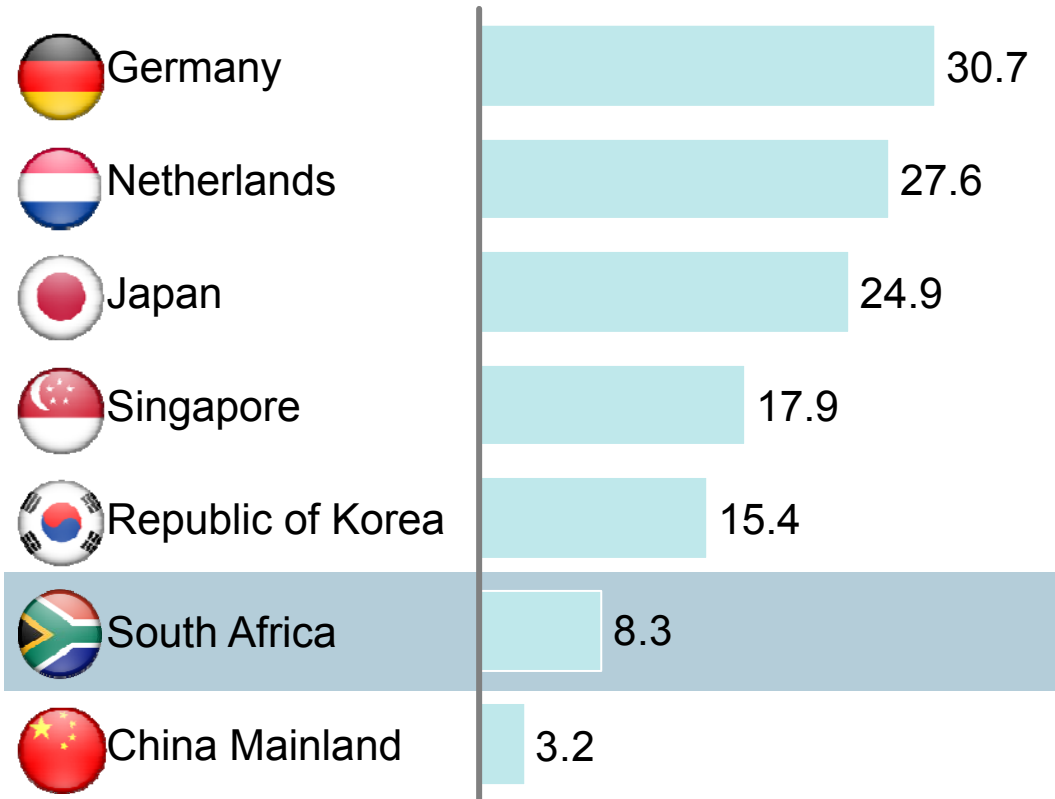
	Description of advantage	Competitor example
High traffic location	<ul style="list-style-type: none"> <li>South Africa is ideally positioned to service                             <ul style="list-style-type: none"> <li>– <b>East-West cargo traffic</b> that is too large for the Suez canal</li> <li>– <b>African offshore oil and gas vessels/rigs</b> that are drilling in Mozambique and Namibia</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Singapore – around half of all container traffic passes through the Far East and Asia, making Singapore a convenient location for repairs and refurbishment</li> </ul>
Low cost	<ul style="list-style-type: none"> <li>Total repair costs are driven by labour costs (~60%) and South Africa competes favourably compared to EU counterparts</li> </ul>	<ul style="list-style-type: none"> <li>China – input costs are comparatively low due to large supply of labour (i.e., low labour cost) and government subsidies</li> </ul>
Service sophistication	<ul style="list-style-type: none"> <li>South Africa can undertake a wide range of repairs, e.g., ship repairers in Durban can undertake an extensive range of repairs on vessels in excess of 300m and are supported by specialised local firms</li> </ul>	<ul style="list-style-type: none"> <li>Germany – In addition to a wide range of high quality repair and refurbishment services, support services are also offered, e.g., repair and refurbishment brokerage</li> </ul>

**D Total repair and refurbishment costs are driven by labour costs, and South Africa competes favorably compared to EU counterparts**

**Breakdown of total repair and refurbishment cost by type of input**  
Percent



**Total<sup>1</sup> hourly compensation in manufacturing**  
\$ per hour, 2012

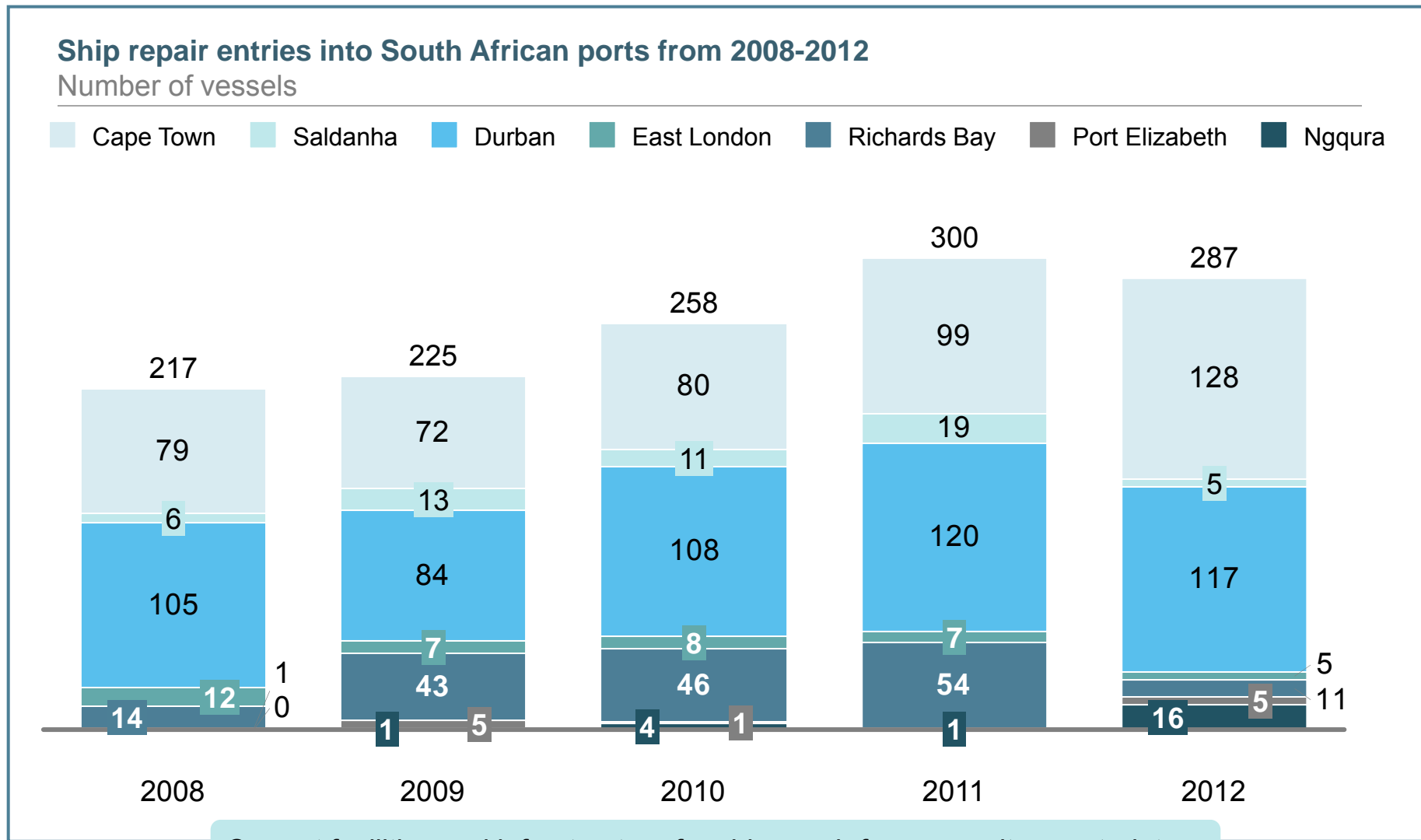


<sup>1</sup> Wages + supplementary benefits

SOURCE: IMD; Team analysis



**D Over the past 5 years, a growing number of ships entered South African ports primarily for ship repair services, despite a drop in 2012**



Current facilities and infrastructure for ship repair face capacity constraints

Figures are not available for Mossel Bay

SOURCE: TNPA

LONG TERM POTENTIAL

**D** The captured market for ship repair predominantly reflects the public sector fleet, where local companies complete 100% of maintenance

	SA government and SOC vessels						Total
	Tugs	Research	Fishery Patrol/ Patrol	Dredger	Pilot	Other <sup>2</sup>	
DoD (SAN)	2		5			7	14
DAFF		2	4				6
Transnet (TNPA)	30	4		5	9	7	55
DEA		2					2
SAPS			3				1
DAC <sup>1</sup>						2	2

<sup>1</sup> Robben Island

<sup>2</sup> Including submarines, mine hunters, frigates, work boats

SOURCE: SA Shipping Register 2014, SA Navy Website

LONG TERM POTENTIAL

**D** The potential for this industry appears even bigger, looking at the number of ship calls at South African ports

	Cape Town	Saldanha	Durban	East London	Richards Bay	Port Elizabeth	Mossel Bay	Total
General cargo	323	80	670	8	273	31	3	1 388
Dry bulk	364	291	631	26	1 093	106	4	2 517
Containers	1 028	2	1 783	66	23	504	1	3 407
Tankers	255	9	538	39	196	60	64	1 151
Passenger vehicles	28	0	68	8	15	11	3	133
Car carriers	7	0	293	101	0	117	0	518
RoRo	13	0	69	1	9	0	0	92
Other deepsea	10	1	83	9	12	0	0	115
Coastal	60	5	61	42	10	42	29	249
Fishing vessels	823	40	136	27	72	375	1 027	2 500
Other	252	22	75	13	21	25	396	804
<b>Total</b>	<b>3 163</b>	<b>450</b>	<b>4 407</b>	<b>340</b>	<b>1 724</b>	<b>1 273</b>	<b>1 527</b>	<b>12 884</b>

## D To capture the private-sector maintenance market, SA should pursue the top shipping companies for repair activities

- International shipping companies:
  - Grindrod
  - MSC
  - Maersk
  - Polaris Shipping
  - CMA CGM shipping Agencies
  - DAL Deutsche Africa-Linen
  - Hamburg Süd
  - Hapag-lloyd Africa
  - HOEGH Autoliners
  - CHINA Shipping
  - SAFMARINE

### Annual ship repair costs (US\$ '000 per ship )

	Spares	Repairs afloat	Dry docking	Total
<b>Tankers</b>				
MR1	266	121	1,390	1,799
LR1	279	135	1,459	1,873
LR2	287	138	1,595	2,020
Aframax	313	149	2,020	2,482
Suezmax	347	157	2,488	2,952
VLCC	417	172	2,674	3,259
<b>Bulk carriers</b>				
Handy size	101	86	928	1,115
Handymax	111	87	990	1,188
Supramax	128	93	1,136	1,375
Panamax	154	98	1,340	1,592
Cape size	160	110	1,724	1,944
<b>Containerships</b>				
500-750 TEU	90	111	483	684
1-2,000 TEU	124	145	583	852
2-3,000 TEU	166	162	666	998
3-4,000 TEU	234	203	1,102	1,539
5-6,000 TEU	285	236	1,300	1,821
8-9,000 TEU	296	240	1,430	1,966
10-12,000 TEU	362	275	1,500	2,137
<b>General cargo</b>				
5-10,000 dwt	94	68	418	580
15-20,000 dwt	104	75	478	657
<b>Reefer</b>				
550,000 cu ft	132	89	454	675

SOURCE: Development of a Ports Industry Investment Promotion Strategy Jan 2014; Drewry Shipping Consultants Ship Repair, 2011

LONG TERM POTENTIAL

**D SA can capture the lucrative O&G repair market by extending and expanding its ports' capabilities to service current and future vessels in East and West Africa**

Vessels Working in East and West Africa by Type 2012-17<sup>1</sup>

Vessel type	No. of vessels
<b>Exploration rigs</b>	
Semi-submersible	17
Jack-up	25
Drill ship	16
<b>Production units</b>	
FPSO	41
<b>Support vessels</b>	
Anchor handling tugs	272
Platform support vessels	145
Multi-purpose support vessels	4
Accommodation unit	26
Diving support	7
ROV support	21
Tenders	5
Well intervention	1
<b>Construction vessels</b>	
Derrick barge	1
Derrick pipelay	8
Pipelay	8
<b>Total</b>	<b>597</b>

Vessels Working in East and West Africa by Country<sup>3</sup>

Country	No. of vessels
<b>West Africa</b>	
Guinea	4
Sierra Leone	3
Liberia	3
Cote'd'Ivoire	29
Ghana	35
Nigeria	203
Cameroon	24
Equatorial Guinea	25
Gabon	29
DR Congo	4
Congo	50
Angola	140
Namibia	7
<b>South Africa</b>	<b>19</b>
<b>East Africa</b>	
Mozambique	10
Tanzania	11
Kenya	1
<b>Total</b>	<b>597</b>

1 Excluding the value of OEM work

SOURCE: MTM lab analysis, based on data supplied by TNPA; Martinek Market Study Around South African Opportunities Related to Maintenance and Modifications of Ships/Rigs Related to the Upstream Oil & Gas Industry, 2012

LONG TERM POTENTIAL

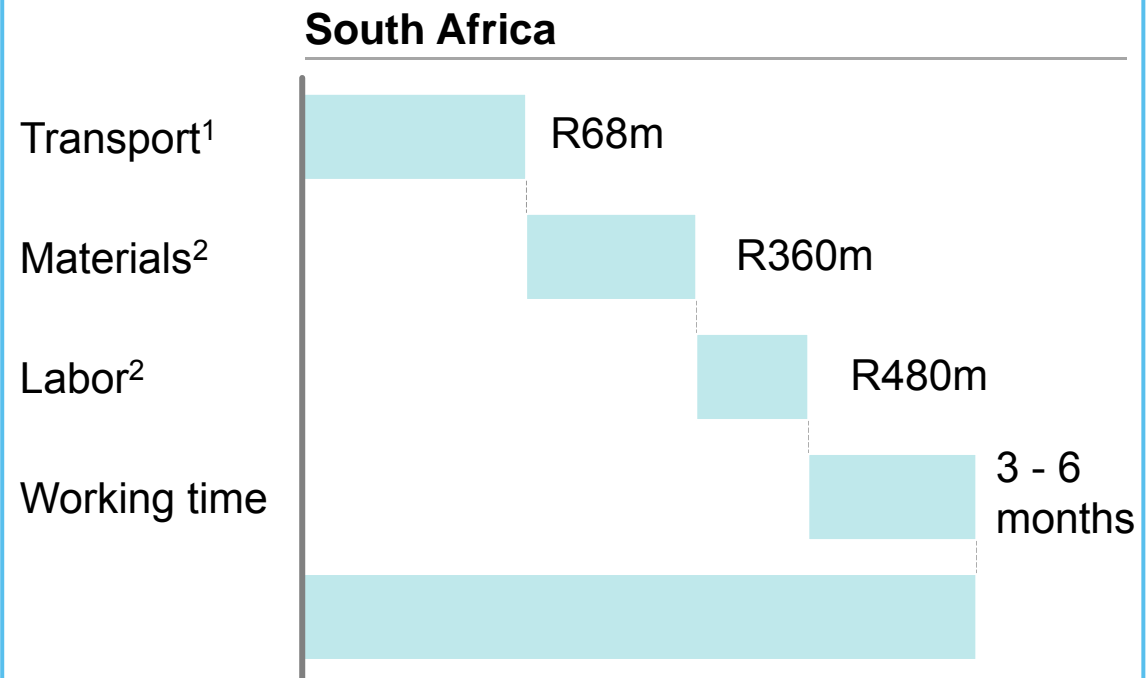
**D A market for rig repair will result from SA's competitive pricing and comparable quality positioning**

**There is opportunity**

- At any given time, there are 80 rigs operating in West Africa
- These rigs need certification every 5 years
- The majority tend to go to Malaysia, China or Singapore
- From 2018, at least 17% of rigs could visit SA shores annually

**And SA can price competitively**

Rm cost to rig owner

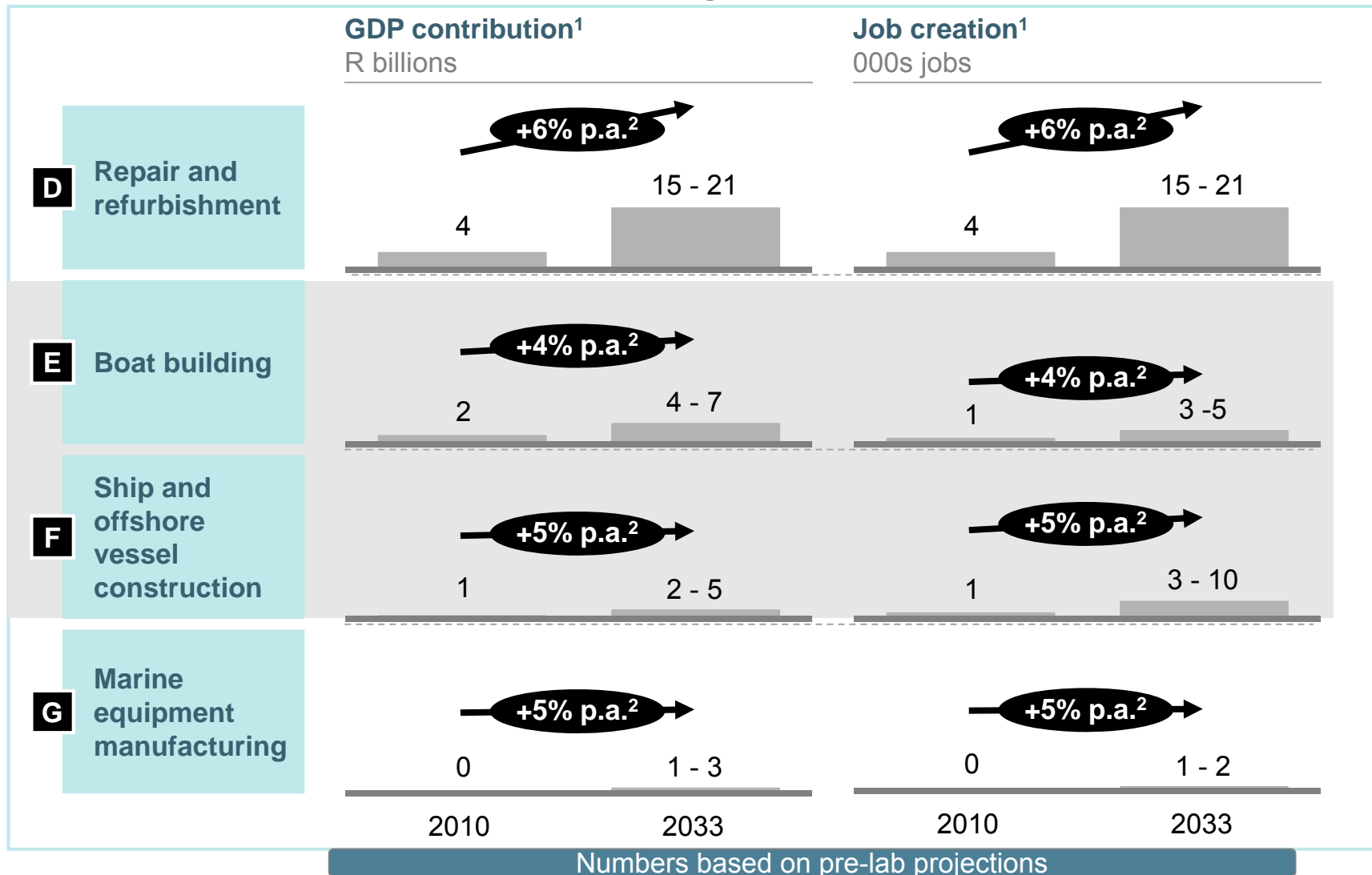


Foot note 1: Assumes 13 days to reach SA and 20 days to reach Singapore from West Africa, and at an average rig cost of R4m/day + 30% towing related costs.

Foot note 2: **South Africa:** Total spend of R1.2bn for 4 rigs in Saldanha. Assume for every R10.74m spend per project, 30% for material and 70% fees (30% management fees, 40% labour costs). **Singapore:** 60% fees (40% labour and 20% management) and 40% material.

## 2 Boat building growth opportunities are concentrated in accessing SA public procurement and building small vessels

■ Focus of next section



1 Only direct potential (i.e. multiplier effect ignored) from the Exclusive Economic Zone (EEZ) considered; 2 Growth rate per annum (p.a.) is based on the projected base 2033 value

LONG TERM POTENTIAL

**E** South Africa has the existing capability to build and repair various types of vessels up to 140 metres

**PATROL VESSELS**



**FERRIES**



**TUG BOATS**



**BUNKER BARGES**



**NAVY VESSELS**



**RESEARCH VESSELS**



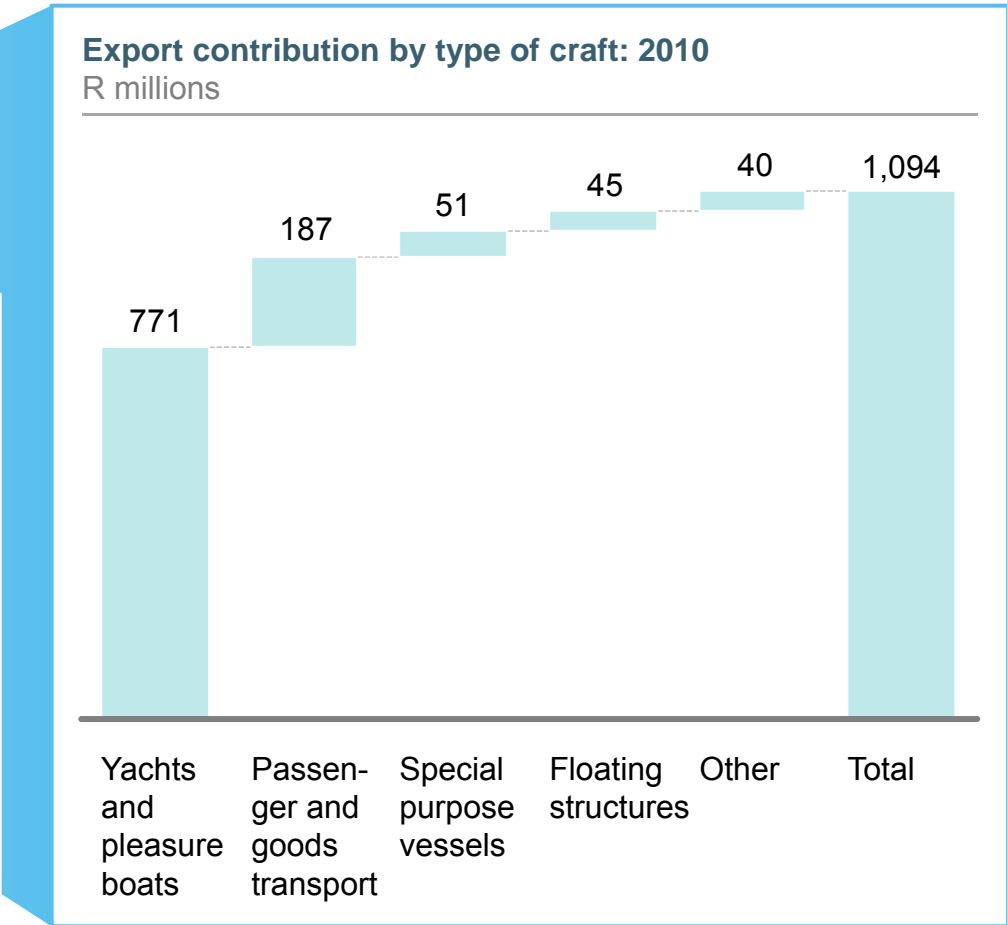
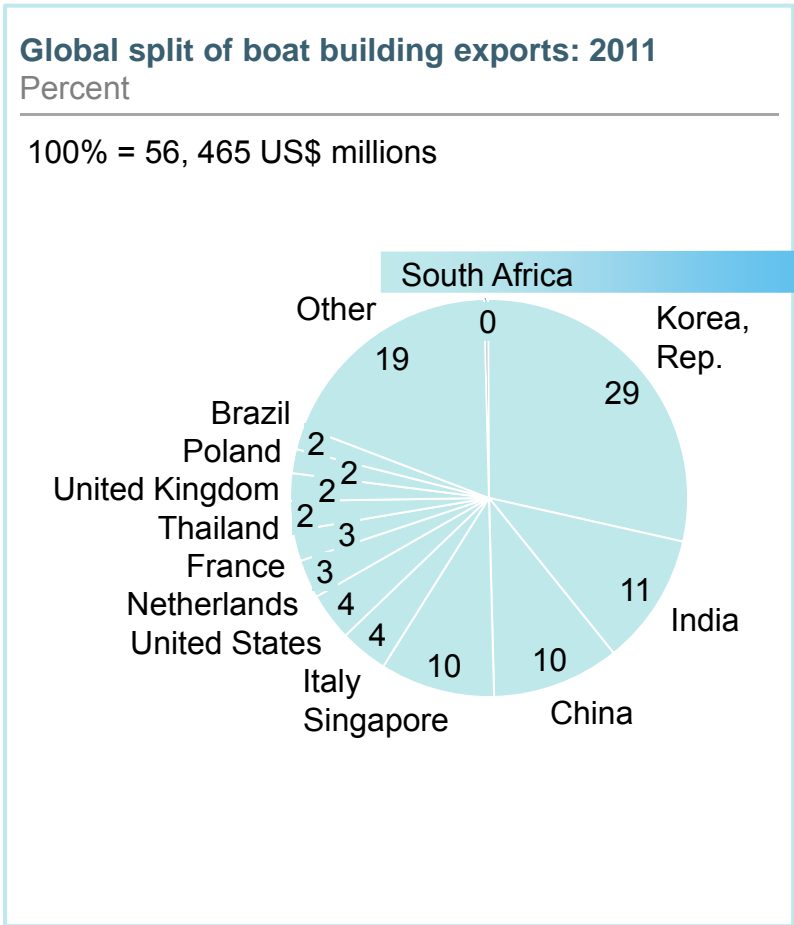
**FPSOs**





LONG TERM POTENTIAL

**E South Africa currently only contributes 0.24% to the global export market, which is driven by building luxury craft (e.g., catamarans)**



## E South Africa’s geographic location and existing expertise in building small vessels provide a competitive advantage

South Africa has a strategic advantage in boat building

	Description
<b>i Location</b>	<ul style="list-style-type: none"> <li>The growing offshore oil and gas industry (in Mozambique and Namibia) has provided an opportunity for local suppliers of patrol and support vessels</li> </ul>
<b>ii Design customisation</b>	<ul style="list-style-type: none"> <li>South African boat builders offer highly customised products to consumers</li> </ul>
<b>iii Value for money</b>	<ul style="list-style-type: none"> <li>South African boat building has a global reputation for quality and dependability at competitive prices</li> </ul>

There is potential for sustainable growth in this market

Assumptions	
<b>2010 SA production value</b>	~R1.6 bn
<b>Historical export growth rate of boats globally</b>	~4% <sup>1</sup>
<b>Industry experts’ view of projected growth rate</b>	~5-10%
<b>Conservative view of projected growth rate</b>	~4-7%

**Total value 2033: R 4-7bn**

Growth projection supported by:

- dti public procurement for all state vessels, providing guaranteed domestic market
- Currently untapped high potential markets, e.g., Angola, Kenya
- Growing demand for boats from BRIC countries, particularly India

<sup>1</sup> Experts claim that growth rate was stunted by global recession, could have been as high as 6%

LONG TERM POTENTIAL

**E** The SA government and SOCs are currently planning to procure 18 vessels over the next 3-5 years

Department	Vessel description	Number	Estimate value, R	Local content requirement <sup>1</sup>
▪ Navy	▪ Hydrographic survey	▪ 1	▪ R900 m	▪ 55%
▪ Navy	▪ Inshore patrol vessel	▪ 3	▪ R1.2 bn	▪ 60%
▪ Navy	▪ Offshore patrol vessel	▪ 3	▪ R2.4 bn	▪ 60%
▪ Transnet	▪ Tugs	▪ 9	▪ R1.45 bn	▪ 55%
▪ SAMSA	▪ Salvage	▪ 2	▪ R1 bn	▪ 60%

**Ensuring local content in these procurement processes will drive significant value for MTM production**

SOURCE: dti's proposal for the designation of working vessel Sept 2013

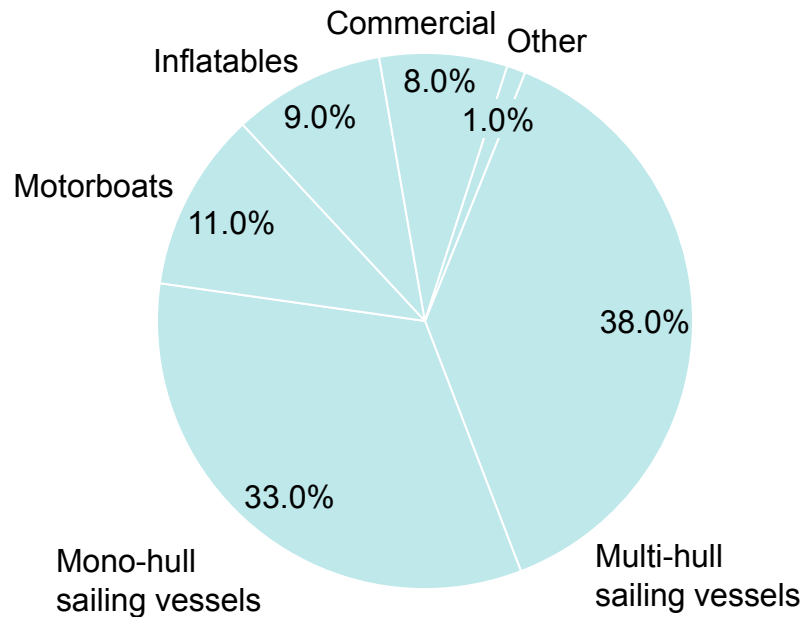
1 Components: Hull construction; pipe fitting, electrical fitting, outfitting, (carpentry, carpets, beds, bunks, plumbing) , small components (pumps)

LONG TERM POTENTIAL

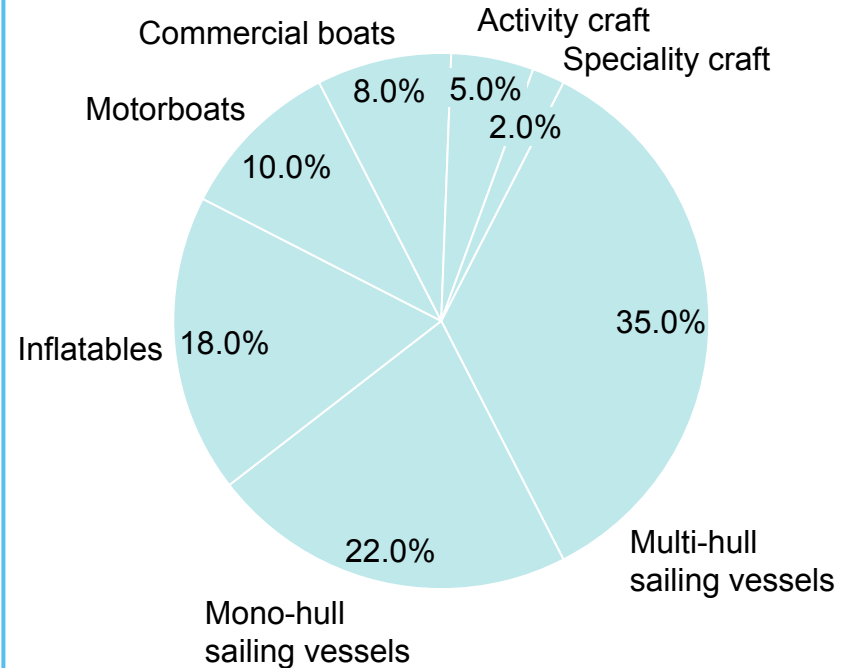
**E** Over the years, South Africa has proven able to produce a variety of high quality boats, contributing to lucrative returns

%

The future lead study on boatbuilding in the Western Cape broke down the province's R2.0bn boat building turnover as follows ...



The Marine Industry Association of South Africa (MIASA) is cited in the Who Owns Whom report as estimating national boat building output by sector to be as follows ...



SOURCE: MTM lab analysis

# Contents: Marine Transport and Manufacturing



- Context
- Vision and potential
- **Challenges**
- Initiative recommendations
- Detailed initiative plans
- Monitoring and evaluation

## KEY CHALLENGES

# Marine Transport and Manufacturing will focus on resolving specific problems within these focus areas

1

### Infrastructure

- Current ship repair facilities are in a state of disrepair
- High rental/tariff costs and short tenure of leases for marine manufacturing
- Inadequate port facilities and operational infrastructure for marine manufacturing



2

### Regulation

- Onerous immigration regulations
- Delays in insertion of rebate item in Customs and Excise Act to remove VAT and excise duty
- Unfavourable tax regime for coastal shipping can raise costs by ~30%



3

### Skills and capacity

- Inadequate workplace-based training limits supply of work-ready skills for the industry
- Insufficient occupation-specific practical learning occurring within the college system
- Classification of Learners in the workplace as employees increases costs of placement and discourages private sector participation



4

### Market growth

- No integrated strategy for public sector procurement to develop local industry
- No mandatory local content requirement
- No alignment of BEE codes in petroleum or mineral resources that would encourage the use of local transport / shipping companies
- No SA-flagged ships conducting international shipping or coastal operations
- Lack of institutional support for market growth



## The MTM industry faces three major constraints to adequate infrastructure provision at affordable cost

- **The current ship repair facilities are in a state of disrepair**
  - Outdated infrastructure built during World War 2
  - Maintenance and upgrades have been neglected for an extended period. This compromises efficiency and safety
  - Ability to capture only 5% of the available market in ship repair – South Africa has had to turn away business

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- **High rental/tariff costs and short tenure of leases for marine manufacturing**
  - High rental charges for port land / facilities, water space and dry docking charges / tariffs, as well as overstated asset values, risk pricing the industry out of the market (Cape Town is one of the most expensive dry docks in the world, and rental cost of port land in Namibia and Mozambique is 1/3 of that in Durban)

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- **Inadequate port facilities and operational infrastructure for marine manufacturing**
  - Lack of dedicated and purpose-built infrastructure to serve the needs of the industry: new areas should be made available for industry growth, new entrants and transformation

## The MTM industry faces regulatory constraints that hinder growth

- **Onerous immigration regulations**

- In line with the IMO regulations, the Department of Home Affairs has in the past interpreted an oil rig as a marine vessel. However, the Department of Home Affairs now regards an **oil rig as a refinery** – this requires crew to be in possession of visas to disembark or transfer to another destination
- South African ports are not classified as Ports of Entry from an immigration point of view in respect of the offshore oil and gas industry (e.g., crew changes). This complicates doing business with rig/vessel/helicopter operators

- **Delays in insertion of the Rebate Item in the Customs and Excise Act to remove VAT and excise duty on marine manufacturing**

- Amendment to the current Customs and Excise Act to allow **goods imported or cleared for new manufacture** does not cover temporary import for refurbishments or beneficiation of equipment for export

- **Taxation on coastal vessels means SA registered ships cannot compete favourably**



## The MTM industry faces constraints to ensuring adequate skills

- **Limited cross-organisational endorsement and funding for an Occupational Teams system to drive education and learning development:**

- There is limited cross-cutting and sectorially relevant development taking place of the learning programmes and curricula that should support South Africa's growth targets
- This leads to pockets of excellence forming, where support and funding exists, but low uptake of learners by industry once they enter the job market
- The aging trade workforce (average age of an artisan is 55 years) increases the urgency of equipping more persons with the right knowledge and practical experience in time to support the potential market demands

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- **Inadequate and insufficient implementation of an appropriate RPL system prevents many capable persons from becoming formally qualified and certified to act as mentors:**

- Artisan development requires a 1:2 proportion of mentors to learners: South Africa needs more mentors to teach more learners
- The method of the knowledge assessment portion of the current RPL system is mismatched to the aptitude of RPL candidates, and causes incorrect articulation between candidate and assessor

**Current demand for skilled labour on rig repair projects causes importation of labour: if Cape Town, Saldanha Bay and Ngqura are full, there are insufficient SA staff to fulfil labour demands and foreigners are required**

## The MTM industry faces constraints to ensuring adequate skills

- **Bureaucratic and legislative environment discourages workplace-based training, especially for trades:**
  - An 18-month workplace experiential learning programme is a mandatory requirement in terms of the 7 Steps Artisan Development Model
  - But the over-rigorous SETA/sectorial workplace accreditation and approval system discourages companies from offering training to TVET college graduates prior to their being trade tested
  - Current status of the learner in a workplace (Section 200 (a) of LRA & Section 18(2) of SDA) disincentivises industry, as the graduate is neither certified nor experienced to undertake tasks (independently) and requires monitoring by a mentor

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- **The MTM industry requires a diverse range of skills and specialisations in its daily work:**
  - Under-investment in specialised facilities (workshops, equipment, materials and lecturers) limits opportunities for focused interventions to address skill set needed and the existing base (RPL)
  - Education and training institutions must become specialists in their fields of practice, and also be closely networked and partnered with industry to ensure appropriate exposure to workplaces, equipment and technology developments and ultimately ensure learner throughput to industry

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- **South Africa's supply of seafarers to the global market is limited:**
  - Limited awareness of seafarer opportunities amongst general public
  - Insufficient capacity at training institutions and insufficient training berths
  - Lack of coordination between relevant institutions
  - No clear career pathways or support for research

## The MTM industry faces constraints to growing its market

- **No integrated strategy for procurement of the public sector maritime fleet which could be used to develop local industry**
  - For example DAFF, DEA, DOT, SAPS, Transnet, Petro SA, SANDF, etc. all procure maritime fleet individually from different suppliers, losing out on economies of scale and also the opportunity to create demand for the local shipbuilding industry
  - Limited compliance to the dti boatbuilding designation

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- **No mandatory local content requirements for private companies**
  - The current aging fishing fleet of ~900 vessels represents a potential market opportunity for the SA boatbuilding industry which could be lost if mandatory local requirements are not linked to fishing licenses
  - Oil and gas exploration licenses do not specify any local content requirement (services, fabrication)

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- **No SA-flagged ships conducting international cargo shipping or coastal operations:**
  - UNCTAD<sup>1</sup> allows for 40% of cargo to be shipped by SA flagged ships, but currently 0% is carried
  - Coastal cargos carried by foreign flagged ships do not support trans-shipment / short-sea shipping
  - Limited support for production and employment of SA seafarers in the global market

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- **Lack of institutional support for market growth:**
  - No integrated value proposition for strategic market penetration
  - Inadequate use of existing bilateral/multi-lateral instruments to promote intra-Africa trade in the sector
  - Lack of sector-specific funding to grow and sustain the industry

<sup>1</sup> United Nations Conference on Trade and Development  
Source: Petroleum Agency Exploration Right Protocol no. 2081/2013  
Production Right 2013

# Contents: Marine Transport and Manufacturing



- Context
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- **Initiative recommendations**
- Detailed initiative plans
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## INITIATIVES

# For the first time, solutions for the most critical issues have been co-developed from a joint MTM perspective by all relevant stakeholders



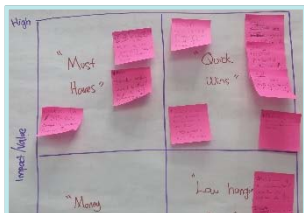
### Development of quality solutions

- Recommendations were **co-developed by implementation experts** with private sector involvement
- All **implementers are aligned** to the needs of the transport sector
- High quality solutions have been developed by combining knowledge and experience from various transport actors



### Bridging the siloed working culture

- Establishment of a **joint programme** involving **all stakeholders** including top leadership commitment
- Regular and constant **syndication** with leadership and on-the-ground implementers
- Regular **Steering Committee meetings** (involving all stakeholders) as an on-going governance mechanism to address interface bottlenecks along the central corridor after end of labs



### Approach for developing solutions

- Extracting the most out of **today's operations and infrastructure**, making selected **immediate investments to promote growth in new industry**, addressing **major capacity bottlenecks at the ports** and embedding an effective **strategy to build skills and capabilities**
- Ensuring recommendations are **sustainable**

## INITIATIVES

# To drive growth in the MTM sector, the lab focused on three key areas

### Infrastructure and operations

A



#### Description

- Create a new funding and revenue model, helping reduce costs for infrastructure
- Refurbish and optimise operations of existing facilities
- Efficiently appoint operators for new and existing facilities
- Commit to target dates for implementation of key priority infrastructure investment projects (Saldanha Bay, Richards Bay, East London) to unlock economic growth

### Skill & capacity building

B



- Accelerate establishment of marine transport and manufacturing Occupational Teams to deliver occupation-specific curricula and lecturer upskilling materials
- Establish Centres of Specialisation to facilitate implementation of the new curricula, lecturer development and partnerships with industry and others
- Train and prepare maritime semi-skilled persons, artisans, professionals and seafarers to take up the jobs that will become available

### Market growth

C



- Implement and ensure compliance to the local content designations for all maritime procurement by government and SOCs, based on the dti designations
- Include local content and shipping requirements in conditions of licensing (fishing or oil and gas exploration) to support the creation of a national registry
- Implement developmental funding and special incentives to promote industry growth
- Develop a strategic campaign to market South Africa as an integrated maritime hub regionally and globally

## INITIATIVES

# The lab recommends the following 18 initiatives for marine transport and manufacturing

A Infrastructure and operations	B Skills and capacity building	C Market growth
<ul style="list-style-type: none"><li>1 Create supportive funding and revenue model</li><li>2 Establish purpose-built oil and gas port infrastructure by appointing Facility Operators – Saldanha Bay</li><li>3 Align on implementation of government policy</li><li>4 Prioritise Transnet and TNPA funding allocation towards marine manufacturing</li><li>5 Maintain and refurbish existing facilities</li><li>6 Unlock investment in new and existing port facilities</li><li>7 Implement Strategic Prioritised Project – Richards Bay</li><li>8 Implement Strategic Prioritised Projects – East London</li></ul>	<ul style="list-style-type: none"><li>9 Train 2,550 TVET college graduates on an 18-month workplace-based Experiential Learner Programme in scarce and critical trades over the 5 year period</li><li>10 Create dedicated Occupational Teams for MTM sector (professional, trades, operators and seafarers)</li><li>11 Establish trade RPL, CBMT or Centres of Specialisation in Saldanha Bay and Richards Bay</li><li>12 Train 18,172 learners as artisans, semi-skilled workers and professionals over the next 5 years</li><li>13 Increase usage of ESSA system and targeted career awareness services as a high value recruitment tool for MTM</li><li>14 Increase capacity to develop skills for ~1,200 ratings and ~720 officers per year</li></ul>	<ul style="list-style-type: none"><li>15 Create and implement a public procurement and localisation programme</li><li>16 Develop a strategic marketing campaign and value proposition for target markets</li><li>17 Propose inclusion of preferential procurement clause in the African Maritime Charter</li><li>18 Support local registry of vessels through incentives and legislation to promote use of SA-flagged ships for cargo and coastal operations (based on United Nations Conference on Trade and Development and African Maritime Charter guidelines)</li></ul>

i. TNPA – Transnet National Ports Authority

ii. ESSA – Employment Services of South Africa

iii. TVET – Technical and Vocational Education and Training

iv. RPL – Recognition of Prior Learning

v. CBMT – Competency-based Modular Training

## Specific initiatives have been identified as quick wins

### Phase I: Quick win

*First results by March 2016*

- 1 Create supporting funding model
- 2 Establish purpose built O&G infrastructure – Saldanha Bay
- 3 Align on implementation of government policy
- 4 Prioritise Transnet and TNPA funding allocation
- 5 Maintain and refurbish existing facilities
- 6 Unlock investment in port facilities
- 7 Implement Strategic Prioritised Projects – Richards Bay
- 10 Create dedicated Occupational Teams
- 12 Train learners as artisans
- 13 Increase usage of ESSA system
- 14 Increase capacity for seafarers
- 15 Public procurement and localisation programme
- 16 Strategic marketing campaign
- 17 Preferential procurement in the African Maritime Charter

### Phase II: Medium term

*First results by March 2019*

- 8 Implement Prioritised Projects – East London
- 9 Train 2550 TVET college graduates
- 11 Establish Trade RPL/Centres in Saldanha Bay and Richards Bay
- 18 Support local registry of vessels through incentives to use SA-flagged ships

### Phase III: Long term

*First results by March 2025*

- none



## INITIATIVES

# The lab identified those initiatives that will require significant investment and the enablers required to unlock growth





Initiatives that require significant investment		Total public budget (Rm 2014-2019)
2	Establish purpose-built oil and gas port infrastructure by appointing Facility Operators – Saldanha Bay	▪ 9 656
5	Maintain and refurbish existing ship repair facilities	▪ 1 054
7	Implement Strategic Prioritised Project – Richards Bay	▪ 550
8	Implement Strategic Prioritised Projects – East London	▪ 215
9	Train 2,550 TVET college graduates on an 18-month workplace-based Experiential Learner Programme in scarce and critical trades over the 5 year period	▪ 730
12	Train 18,172 learners as artisans, semi-skilled workers and professionals over the next 5 years	▪ 2 375
14	Increase capacity to develop skills for ~1,200 ratings and ~720 officers per year	▪ 5 200
18	Support local registry of vessels through incentives and encouragement to use SA-flagged ships for cargo and coastal operations	▪ 1 305

Key enablers		
Infrastructure & Operations	Skills & Capacity	Market Growth
1 Create supportive funding and revenue model	10 Create dedicated Occupational Teams for MTM Sector	15 Create and implement public procurement and localisation
3 Align on implementation of government policy	11 Establish Trade RPL/Centres of Specialisation in SB and RB	16 Develop a strategic marketing campaign and value proposition
4 Prioritise Transnet and TNPA MTM funding	13 Increase usage of ESSA system as a high value recruitment tool	17 Propose inclusion of preferential procurement clause in the AMC
6 Unlock investment in new and existing port facilities		

INITIATIVES

**The lab has identified initiatives that can be implemented with tangible results within the next 12 months**

	Description	Outcome
 <p><b>Increase local manufacturing capacity</b></p>	<ul style="list-style-type: none"> <li>Supplier development initiatives to increase production of raw materials such as SART, propulsion units, etc.</li> </ul>	<ul style="list-style-type: none"> <li>10% increase in local components used for boat and ship building in SA</li> </ul>
 <p><b>Increase ship repair capacity at Richards Bay</b></p>	<ul style="list-style-type: none"> <li>Refurbishing the repair quay and installing a floating dock will significantly enhance ship repair capacity</li> </ul>	<ul style="list-style-type: none"> <li>Generate 200 new jobs through construction and new repair orders</li> </ul>
 <p><b>Create dedicated Occupational Team for MTM sector</b></p>	<ul style="list-style-type: none"> <li>Coordinating team established within DHET to drive alignment between theoretical and workplace learning</li> </ul>	<ul style="list-style-type: none"> <li>Focused teams committed to increasing critical skills in the MTM sector</li> </ul>
 <p><b>Increase the amount of minerals exported on SA ships</b></p>	<ul style="list-style-type: none"> <li>Enforce 40% of mineral trade on SA flagged vessels</li> </ul>	<ul style="list-style-type: none"> <li>Generate 4,320 direct seafarer jobs</li> <li>Enable greater control over South Africa's foreign trade</li> </ul>

INITIATIVES

## TNPA will repair existing facilities and build new infrastructure in 3 priority projects to support the MTM industry (2014 to 2019)

	Description of work	Total public budget (2014-17) Rm	Year operational	Total new jobs	Total annual additional GDP <sup>1</sup> Rm
Repair existing facilities	▪ Widen repair quay in Cape Town to increase rig repair capacity	1,100	2016	1,400	260
	▪ Refurbish existing ship repair facilities (CPT, MB, PE, EL, DBN)	1,000	2014 to 2017	1,440	3,500
Saldanha Bay	▪ Construct Berth 205 and jetty at Moss gas	6,750 to 9,565	Jan 2018	2,800 to 4,200	3,140
Richards Bay	▪ Refurbish repair quay and install floating dock	550	2015	200	90
East London	▪ Refurbish slipway and fabricate new gate for graving dock	215	2016	120	19.2

1 At steady state

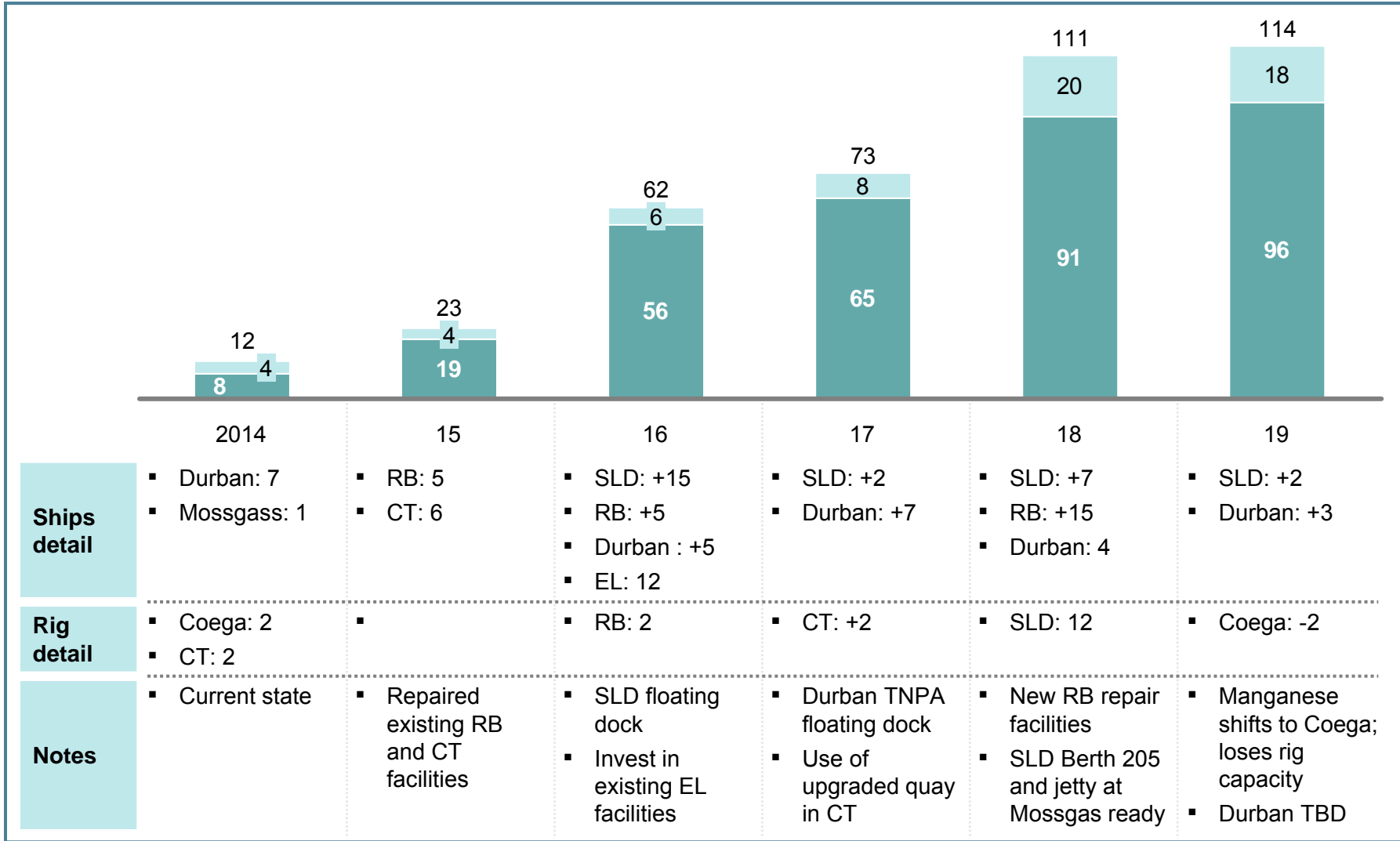
Note: Refurbishment of infrastructure is to preserve existing jobs and GDP contribution as well as increase throughput

INITIATIVES

# Bringing the new facilities online will greatly increase capacity in SA ports to repair ships and rigs (2014 to 2019)

■ Rig  
■ Ship

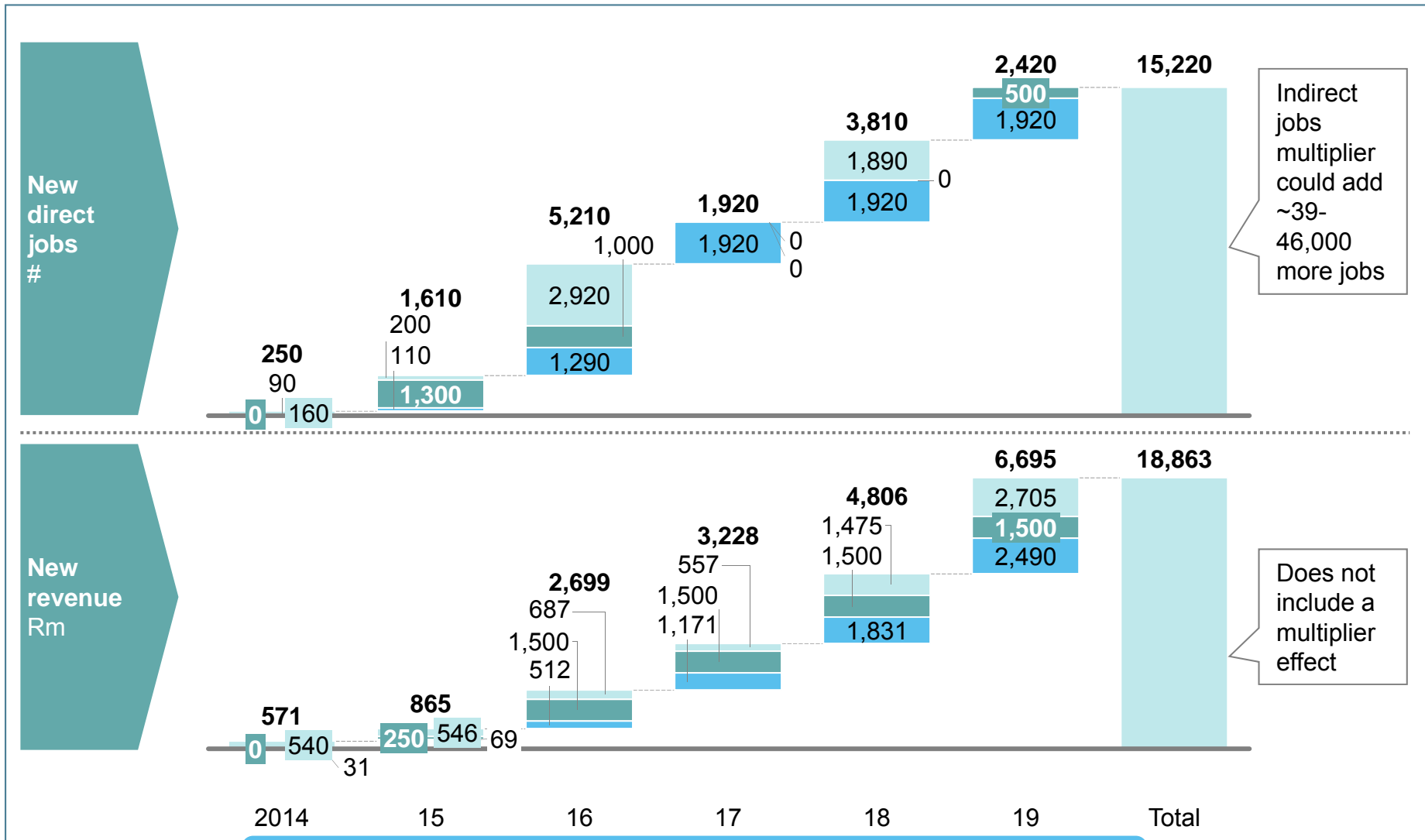
Number of vessels annual capacity



INITIATIVES

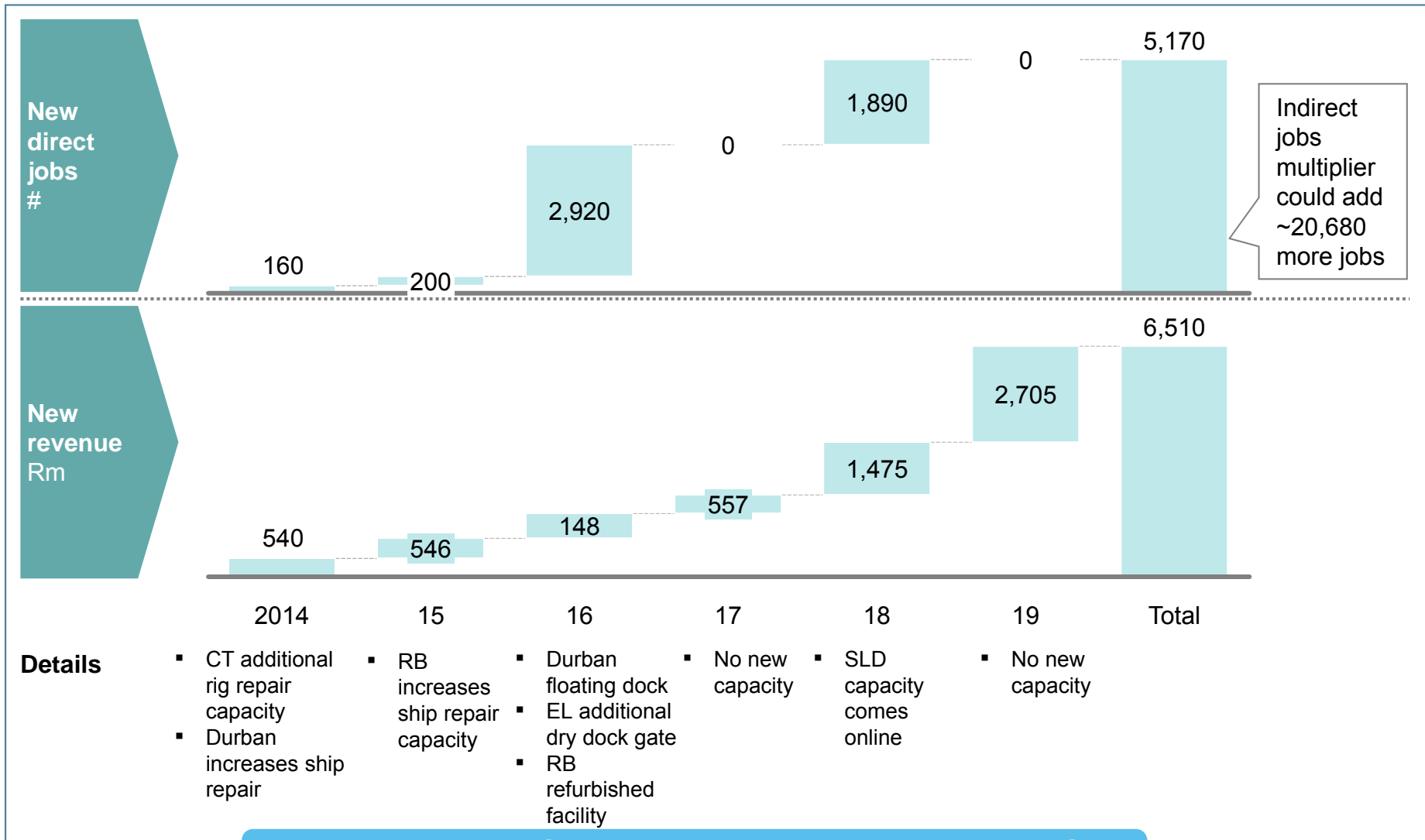
**Overall, these 18 initiatives will drive ~15k new direct jobs and ~R18.9bn in new revenue**

■ Rig & Ship repair   
 ■ Boat / Ship building   
 ■ Seafarers



Achieving these jobs and GDP will also require developing skills amongst South African employees and building demand through market growth

# Expanding the repair capacity will lead to ~5,200 new jobs and R6.5bn in revenues by 2019

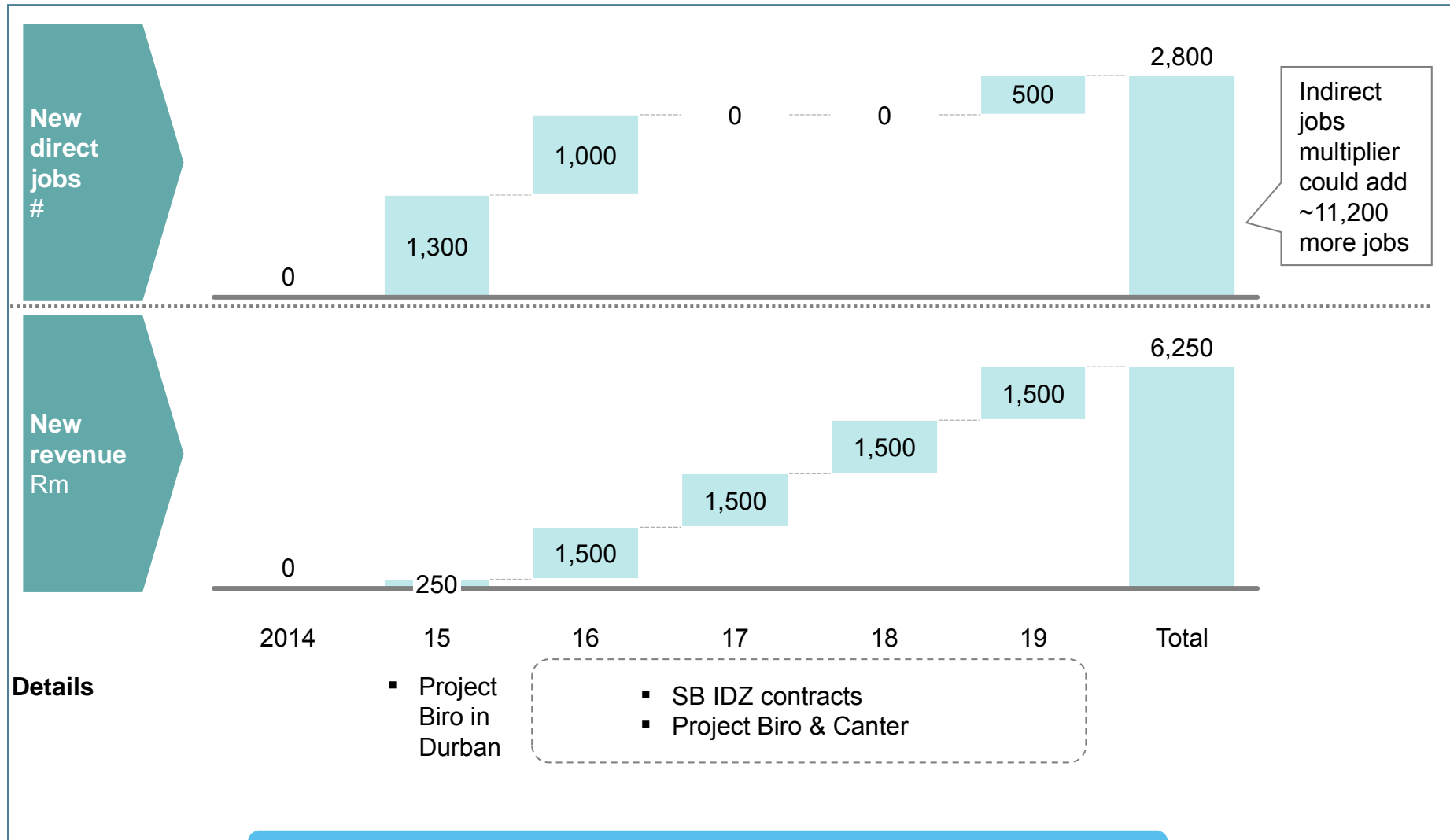


Achieving these jobs and GDP will also require developing skills amongst South African employees and building demand through market growth

A jobs multiplier of 4 was used to determine indirect jobs (Source: IPAP 2014/15)

INITIATIVES: BUILDING IMPACT

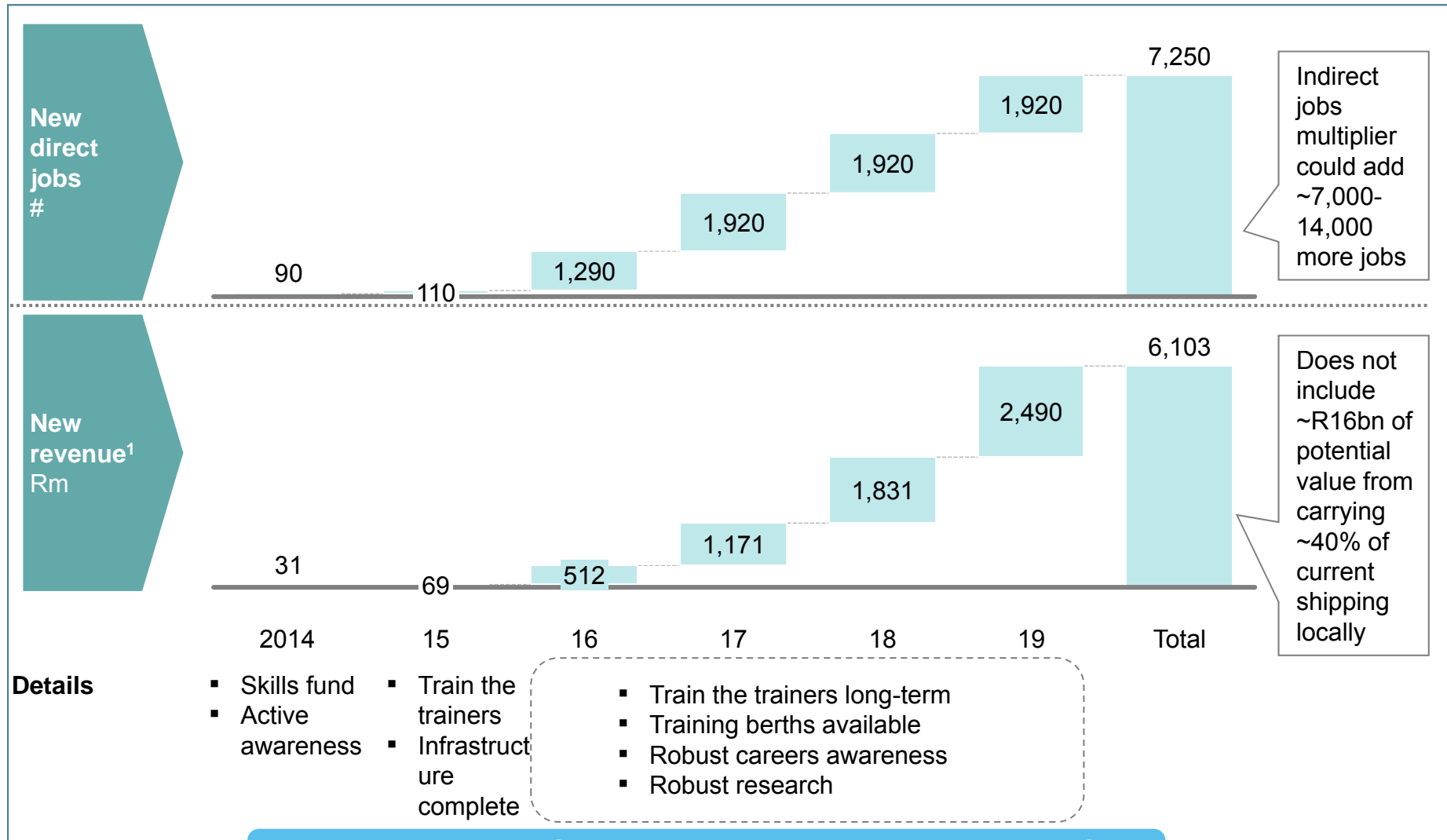
**In addition, capturing more local shipbuilding jobs will create ~2,800 jobs and R6.25bn in revenue, driven largely by local procurement**



Achieving these jobs and GDP will also require developing skills amongst South African employees and building demand through market growth

A jobs multiplier of 4 was used to determine indirect jobs (Source: IPAP 2014/15)

# Developing the national registry and more South Africa seafarers will add 7,250 new jobs and R6,103m in new revenue



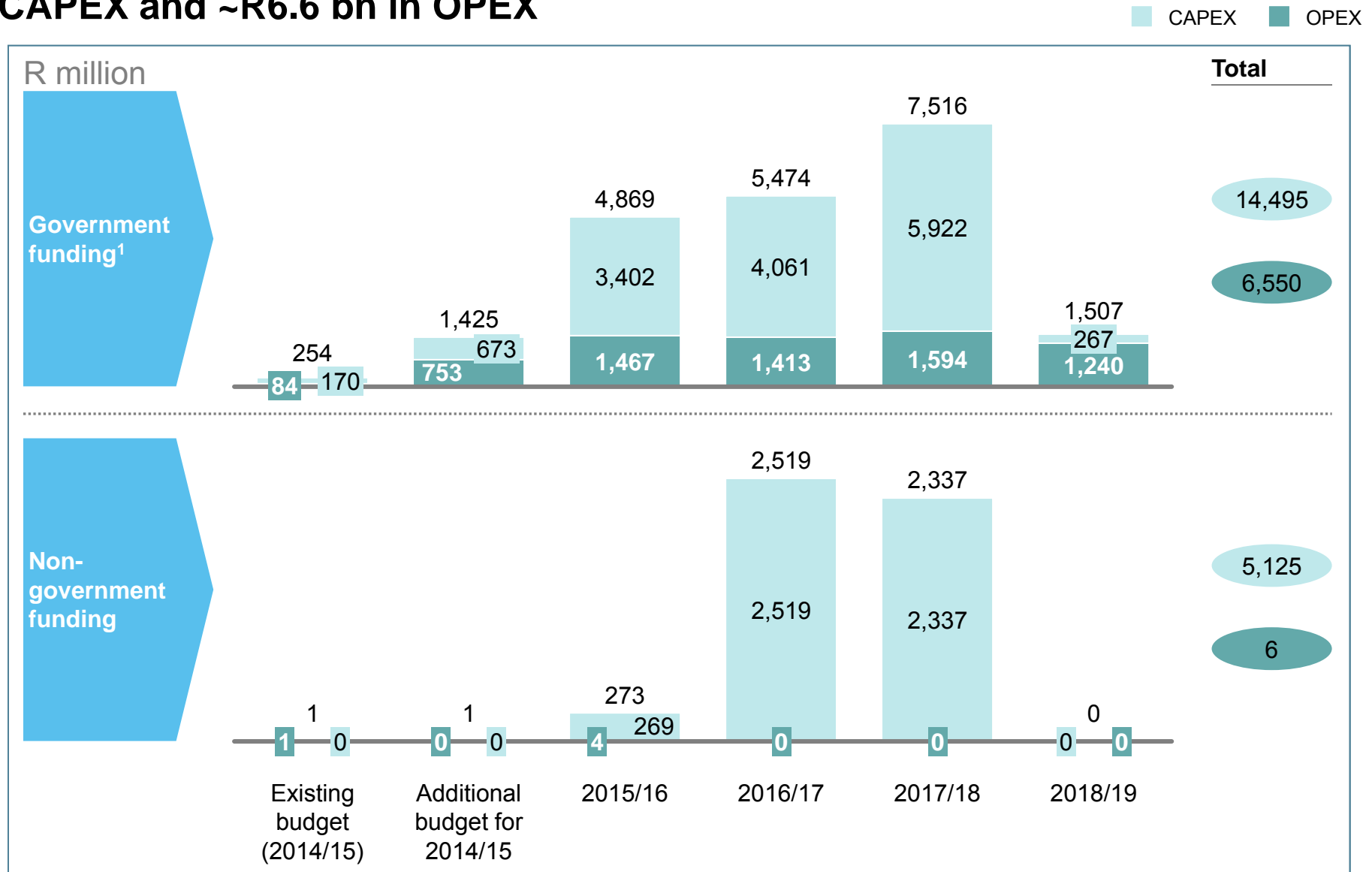
Achieving these jobs and GDP will also require developing skills amongst South African employees and building demand through market growth

1 Revenue in wages from international employment of seafarers, based on average wage of \$2,700 / person / month



BUDGET

To deliver this programme, government will have to spend ~R14.5 bn in CAPEX and ~R6.6 bn in OPEX



1 Does not include employee compensation

SOURCE: MTM lab projections

BUDGET

# Detailed budget – Infrastructure and operations

Total additional budget, R million

#	Initiative	2014/15	2015/16	2016/17- 2018/19	Total
1	Create supportive funding and revenue model	0	0	0	0
		Govt: 0	Govt: 0	Govt: 0	Govt: 0
		Non Govt: 0	Non Govt: 0	Non Govt: 0	Non Govt: 0
2	Establish purpose-built oil and gas port infrastructure by appointing Facility Operators – Saldanha Bay	70.00	1615.37	11486.98	13172.35
		Govt: 70.00	Govt: 1614.72	Govt: 7880.40	Govt: 9565.12
		Non Govt: 0	Non Govt: 0.65	Non Govt: 3606.58	Non Govt: 3607.23
3	Align on implementation of government policy	0	0	0	0
		Govt: 0	Govt: 0	Govt: 0	Govt: 0
		Non Govt: 0	Non Govt: 0	Non Govt: 0	Non Govt: 0
4	Prioritise Transnet and TNPA funding allocation towards marine manufacturing	0	0	0	0
		Govt: 0	Govt: 0	Govt: 0	Govt: 0
		Non Govt: 0	Non Govt: 0	Non Govt: 0	Non Govt: 0
5	Maintain and refurbish existing facilities	0	322.85	730.81	1053.65
		Govt: 0	Govt: 322.85	Govt: 730.81	Govt: 1053.65
		Non Govt: 0	Non Govt: 0	Non Govt: 0	Non Govt: 0
6	Unlock investment in new and existing port facilities	3.56	275.02	901.65	1180.23
		Govt: 2.76	Govt: 2.97	Govt: 0	Govt: 5.73
		Non Govt: 0.80	Non Govt: 272.05	Non Govt: 901.65	Non Govt: 1174.50
7	Implement Strategic Prioritised Project – Richards Bay	0	430.46	463.24	893.70
		Govt: 0	Govt: 430.46	Govt: 115.81	Govt: 546.27
		Non Govt: 0	Non Govt: 0	Non Govt: 347.43	Non Govt: 347.43
8	Implement Strategic Prioritised Projects – East London	0	215.23	0	215.23
		Govt: 0	Govt: 215.23	Govt: 0	Govt: 215.23
		Non Govt: 0	Non Govt: 0	Non Govt: 0	Non Govt: 0
<b>TOTAL</b>		<b>73.56</b>	<b>2858.93</b>	<b>13582.68</b>	<b>16515.15</b>
		Govt: 72.76	Govt: 2586.23	Govt: 8727.02	Govt: 11386.00
		Non Govt: 0.80	Non Govt: 272.70	Non Govt: 4855.66	Non Govt: 5129.15

BUDGET

# Detailed budget – Skills and capacity building

Total additional budget, R million

#	Initiative	2014/15	2015/16	2016/17- 2018/19	Total
9	Train 2,550 TVET college graduates on an 18-month workplace-based Experiential Learner Programme in scarce and critical trades over the 5 year period	Govt: 0	133.83	Govt: 133.83	729.65
		Non Govt: 0		Non Govt: 0	
10	Create dedicated Occupational Teams for MTM Sector (professional, trades (artisans), operators & seafarers)	Govt: 11.19	12.04	Govt: 12.04	65.15
		Non Govt: 0		Non Govt: 0	
11	Establish trade RPL/Centres of Specialisation in Saldanha Bay and Richards Bay	Govt: 3.69	3.70	Govt: 3.70	122.42
		Non Govt: 0		Non Govt: 0	
12	Train 18,172 learners as artisans, semi-skilled workers and professionals over the next 5 years	Govt: 425.79	749.91	Govt: 749.91	2374.62
		Non Govt: 0		Non Govt: 0	
13	Increase usage of ESSA system as a high value recruitment tool for MTM	Govt: 3.28	3.95	Govt: 3.95	23.13
		Non Govt: 0		Non Govt: 0	
14	Increase capacity to develop skills for ~1,200 ratings and ~720 officers per year	Govt: 940.36	1167.81	Govt: 1167.81	5200.43
		Non Govt: 0		Non Govt: 0	
<b>TOTAL</b>		<b>1384.30</b>	<b>2071.25</b>	<b>5059.85</b>	<b>8515.40</b>
		Govt: 1384.30		Govt: 2071.25	
		Non Govt: 0		Non Govt: 0	

BUDGET

## Detailed budget – Market growth

Total additional budget, R million

#	Initiative	2014/15		2015/16		2016/17- 2018/19		Total	
15	Create and implement a public procurement and localisation programme	2.39	Govt: 2.39 Non Govt: 0	2.19	Govt: 2.19 Non Govt: 0	1.12	Govt: 1.12 Non Govt: 0	5.70	Govt: 5.70 Non Govt: 0
16	Develop a strategic marketing campaign and value proposition for target markets	0	Govt: 0 Non Govt: 0	0	Govt: 0 Non Govt: 0	0	Govt: 0 Non Govt: 0	0	Govt: 0 Non Govt: 0
17	Propose inclusion of preferential procurement clause in the African Maritime Charter	0	Govt: 0 Non Govt: 0	0	Govt: 0 Non Govt: 0	0	Govt: 0 Non Govt: 0	0	Govt: 0 Non Govt: 0
18	Support local registry of vessels through incentives and encouragement to use SA-flagged ships for cargo and coastal operations (based on United Nations Conference on Trade and Development and African Maritime Charter guidelines)	0	Govt: 0 Non Govt: 0	280.88	Govt: 280.88 Non Govt: 0	1024.53	Govt: 1024.53 Non Govt: 0	1305.41	Govt: 1305.41 Non Govt: 0
<b>TOTAL</b>		<b>2.39</b>	Govt: 2.39 Non Govt: 0	<b>283.07</b>	Govt: 283.07 Non Govt: 0	<b>1025.65</b>	Govt: 1025.65 Non Govt: 0	<b>1311.11</b>	Govt: 1311.11 Non Govt: 0

# Specific policy and legislative interventions are critical to enable the full potential of the MTM sector

Policy area	Challenges	Recommendation
<b>Cabotage policy</b>	<ul style="list-style-type: none"> <li>▪ Lack of coastal shipping that allows SA to take advantage of its positioning on the southern tip of the African continent</li> </ul>	<ul style="list-style-type: none"> <li>▪ Development of a cabotage policy that prioritises SA shippers</li> </ul>
<b>Overlapping jurisdiction</b>	<ul style="list-style-type: none"> <li>▪ The Ports Act and Petroleum Pipelines Act are not aligned for petroleum storage, pipelines and loading facilities within port boundaries in relation to TNPA and NERSA requirements</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Ports Act and Petroleum Pipelines Act should develop consistent policies related to tariffs, licensing, and rights of access to infrastructure</li> </ul>
<b>Importing critical skills</b>	<ul style="list-style-type: none"> <li>▪ Home Affairs Act has increased the difficulty of importing critical skills into South Africa</li> <li>▪ 190 days waiting period and no provision for 6-month temporary work permit</li> </ul>	<ul style="list-style-type: none"> <li>▪ Special exceptions for critical skills identified by DHET and DoL with fast track approvals</li> </ul>

## Contents: Marine Transport and Manufacturing



- Context
- Vision and potential
- Challenges
- Initiative recommendations
- **Detailed initiative plans**
- Monitoring and evaluation

## Initiative 1: Create supportive funding and revenue model

In order for the marine manufacturing industry to establish, grow and compete, enabling infrastructure needs to be provided urgently at a globally competitive price. The design of this model should achieve this goal without undermining Transnet’s financial sustainability.

### Initiative concept/details/highlights

- Growth in industrial sectors is key to building a sustainable economy, providing stable job opportunities for skilled people and diversifying the export basket
- The SOCs have both a financial sustainability and developmental mandate. However, in the context of SOC’s self-funding ambitious investment programmes, there is no concrete mechanism to secure investments to unlock the growth of immature industrial sectors.
- To close this gap, levers include the shareholder compact (e.g., return on assets), dti incentives, National Treasury subsidy, asset valuation methodologies for purposes of tariff setting, rentals, tenure and total operational costs.
- Valuation of port assets should be re-aligned in line with realistic port costs for MTM

**Infrastructure investment mechanisms to unlock growth in the marine manufacturing industry**

### Implementing agency

- the dti

### Key stakeholders identified

- |                   |         |
|-------------------|---------|
| ▪ DPE             | ▪ DoF   |
| ▪ TNPA            | ▪ IDZ’s |
| ▪ Ports Regulator | ▪ DPME  |
| ▪ DFIs            | ▪ DoT   |

### Required resources

- Dedicated DPE/the dti/DOT/TNPA project team with expert support
- Investment : R1m

### Implementation timeframe

- |               |             |
|---------------|-------------|
| ▪ Start date: | 18 Aug 2014 |
| ▪ End date:   | 30 Jan 2015 |

### Key performance indicators

- 2015: Ministerial approval of the model that enables industries to be competitive

## Initiative 1: To accomplish this, South Africa must develop port facilities with a focus on private sector funding to drive commercial activity

### Key enablers:

- Create a favorable policy environment
  - PSP
  - PPP
- Secure private sector funding for port development in addition to public sector funding (e.g., establish tax incentives)

### Examples

- Offshore Patrol Vessel fabrication facility (Saldanha)
  - 10-yr contract (secured) for 50+ new-build OPVs valued at approximately R8,9bn
  - Private sector infrastructure investment and other support towards the implementation of contract is valued at an additional R4bn
- Riser Pipe Fabrication & Rig Repair Facility (Saldanha)
  - Contract value is approximately R600m
  - Private sector infrastructure investment is an additional R450m
- Subsea Pipeline Fabrication (Coega or Saldanha)
  - Contract for 400km subsea pipeline is valued at approximately R1bn
  - Private sector infrastructure investment is an additional R450m



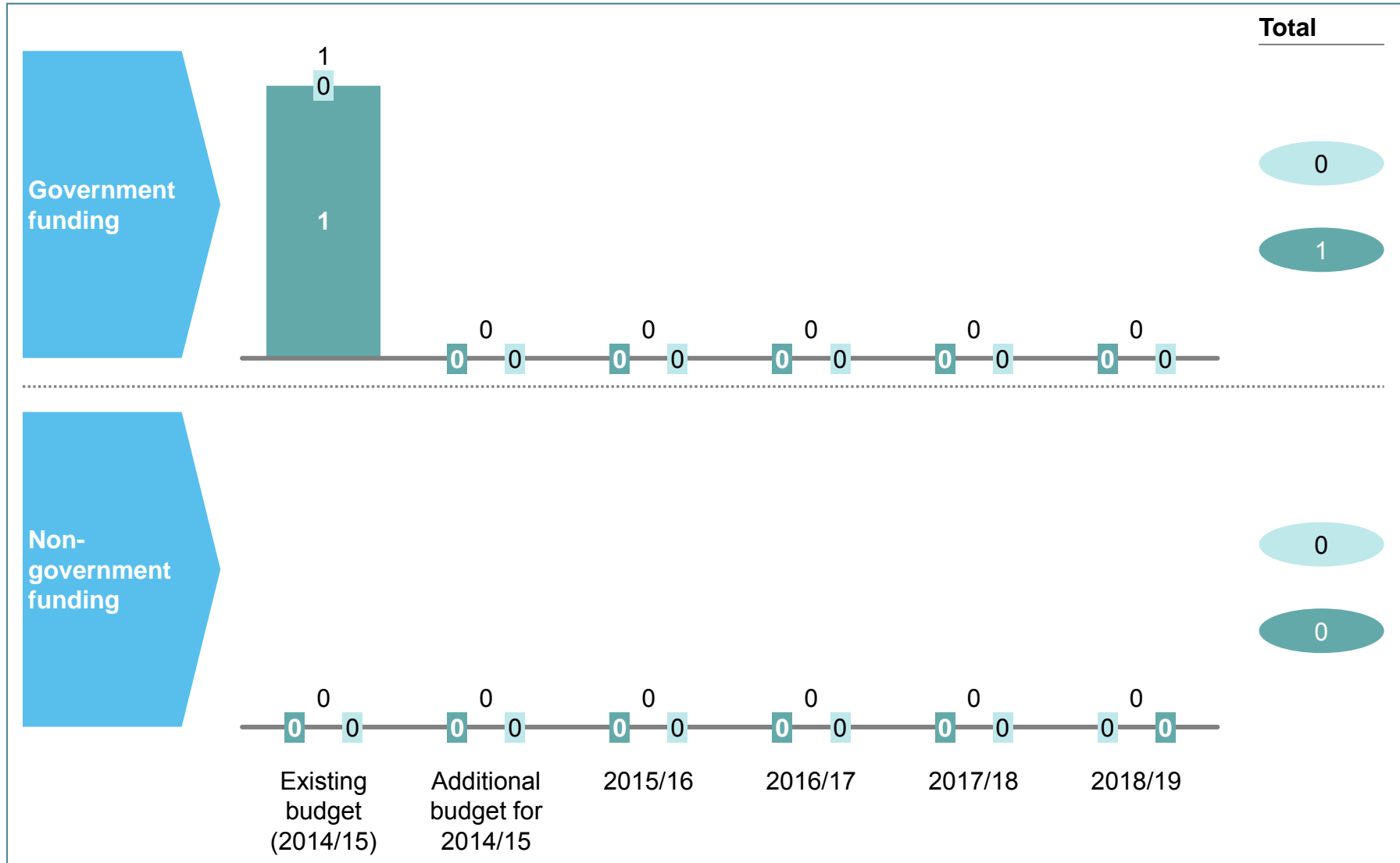
## Initiative 1: Create supportive funding and revenue model

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> ▪ <b>Developmental funding and revenue model completed</b></p> <ul style="list-style-type: none"> <li>– Develop TOR for Funding and Revenue model for new build infrastructure and major refurbishments (defining scope, variables, rentals, tariff, etc.)</li> <li>– Appoint independent consultant to develop the model</li> <li>– Consult relevant stakeholders (Transnet Group, Regulator, Operators, etc.) to learn preferences re a developmental tariff in the context of the model's outputs</li> <li>– Develop policy enabling developmental funding and tariffs</li> <li>– Ministerial approval of model</li> <li>– Publish Funding and Revenue model</li> </ul>	<p>18.08.2014</p> <p>25.08.2014 10.11.2014</p> <p>10.09.2014 30.11.2014 23.12.2014</p>	<p>1</p> <p>13 2</p> <p>10 2 1</p>	<ul style="list-style-type: none"> <li>▪ DPE/TNPA/DOT /the dti</li> <li>▪ DPE/TNPA/DOT /the dti</li> <li>▪ DPE/TNPA/DOT /the dti</li> <li>▪ DPE/TNPA/DOT /the dti</li> <li>▪ DPE/TNPA/DOT /the dti</li> </ul>

# Initiative 1: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 2: Establish purpose-built oil and gas port infrastructure and appoint Facility Operators – Saldanha Bay

It is necessary to urgently establish a flagship oil and gas services hub to strongly position South Africa in the rapidly growing regional oil and gas market

### Initiative concept/details/highlights

- In 2012 South Africa serviced 4 rigs out of a possible market of 80 rigs along West African shores. The contribution to GDP from these 4 rigs was R1.2 bn.
- The proposed infrastructure investments at Saldanha will enable the repair of a minimum of 12 rigs per annum starting from 2018, as well as the provision of additional manufacturing support services through the IDZ
- Berth capacity will not be available to service rigs until 2018
- Once the enabling infrastructure is in place, modelling indicates that 42,650 jobs (including multiplier factor jobs and 7,970 new jobs) will be created
- A rig repair facility and jetty should be developed to service supply vessels and manufacture offshore vessels in line with priority projects
- Operators (industry or users) should be provided with incentivised access to port facilities in exchange for developmental commitments (e.g., investment, job creation, skills development, supplier development/transformation and use or pay).

**Accelerated GDP growth and job creation through investment in the oil and gas services sector**

### Implementing agency

- TNPA

### Key stakeholders identified

- Manufacturing and Services Industry
- the dti, DPE, DoT, SLD IDZ, Development Funding Agencies

### Required resources

- Investment: R13.2bn (TNPA R9.6bn and private R3.6bn)

### Implementation timeframe

- Start date: 1 May 2013
- End date: 31 Dec 2017

### Key performance indicators

- 2016: Industries take up S56 concession
- 2017: Commissioning of Quay 205 and Mossgas Jetty
- 2017: Commissioning of support services in the IDZ

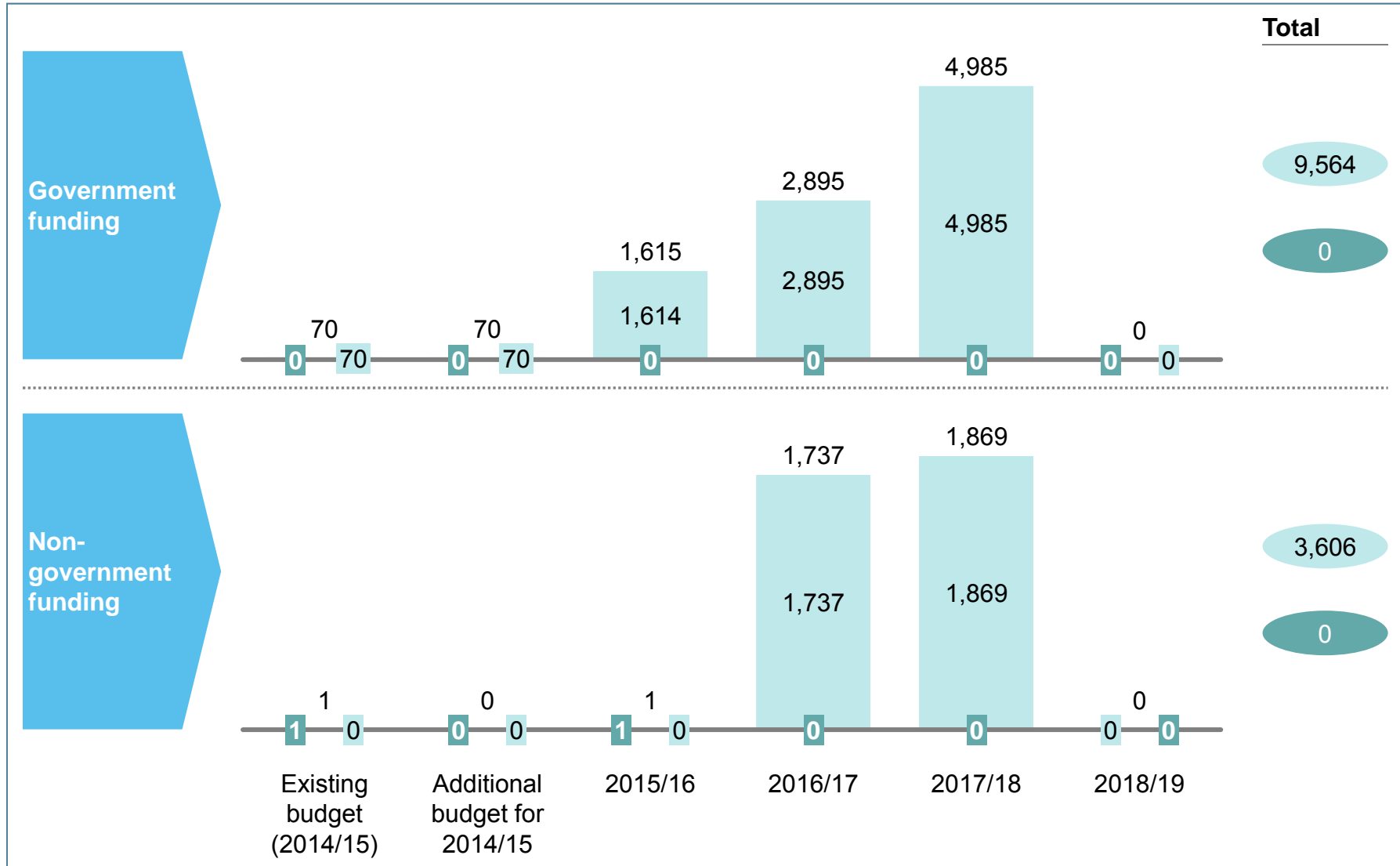
## Initiative 2: Establish purpose-built oil and gas port infrastructure and appoint Facility Operators – Saldanha Bay

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> ▪ <b>Request for proposal (RFP) to market and completion of feasibility studies</b></p> <ul style="list-style-type: none"> <li>– Complete suite of RFP document/s</li> <li>– Secure funding for feasibility studies</li> <li>– Complete EIA (ROD)</li> <li>– Complete detailed designs</li> <li>– Present to market</li> <li>– Approval of maximum lease terms</li> </ul>	<p>01.05.2013 01.09.2014 01.11.2014 01.11.2014 01.01.2015 01.11.2014</p>	<p>24 1 52 52 20 4</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> <li>▪ TNPA</li> <li>▪ TNPA</li> <li>▪ TNPA</li> <li>▪ TNPA</li> <li>▪ TNPA</li> </ul>
<p><b>2</b> ▪ <b>Operator/s appointed</b></p> <ul style="list-style-type: none"> <li>– Appoint operator/s for different facilities</li> <li>– Agreement on performance targets and sign agreements</li> <li>– Present business case for execution funding</li> </ul>	<p>01.05.2015 01.07.2015 01.09.2015</p>	<p>20 12 8</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> <li>▪ TNPA</li> <li>▪ TNPA/Transnet</li> </ul>
<p><b>3</b> ▪ <b>Operator/s complete construction of facilities</b></p> <ul style="list-style-type: none"> <li>– Complete tender document to market</li> <li>– Operator/s to input on final quay design</li> <li>– Appoint contractor/s</li> <li>– Operator/s proceed with construction of facility super structure</li> <li>– Commission facilities infrastructure</li> </ul>	<p>01.09.2015 01.09.2015 01.01.2016 01.03.2016 01.11.2017</p>	<p>20 16 1 98 8</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> <li>▪ TNPA/Transnet</li> <li>▪ TNPA</li> <li>▪ TNPA</li> <li>▪ TNPA</li> </ul>

# Initiative 2: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 3: Align on implementation of government policy

Alignment and commitment on the growth of the maritime engineering sector as a national priority

### Initiative concept/details/highlights

- Complete implementation of existing government policy through synergy between the constituent government departments
- Coherent prioritisation of the marine transport and manufacturing sector by all government departments
- Develop government administrative capability in order to improve efficiencies (personnel, skills and performance)
- DPME to publish targets, and to monitor progress and delivery against target dates
- Minister DPE and Minister DoT to give directive to Transnet Board to act as authority for TNPA on a number of operational issues, including the fast-tracking of infrastructure investment at ports; longer term leasing; and agreement on an appropriate model for rental cost to the private sector

**Public policy implementation to achieve increased investment, growth and development targets**

### Implementing agency

- DOT

### Key stakeholders identified

- the dti, DPE, DoF,
- Ports Regulator
- DPME
- Industry Associates/IDZ's

### Required resources

- Investment: Nil

### Implementation timeframe

- Start date: July 2014
- End date: Sept 2014

### Key performance indicators

- 2014: Ministers sign off Phakisa Lab Project Plans as Operating Policy
- 2015: Achievement & reporting of targets measured by DPME

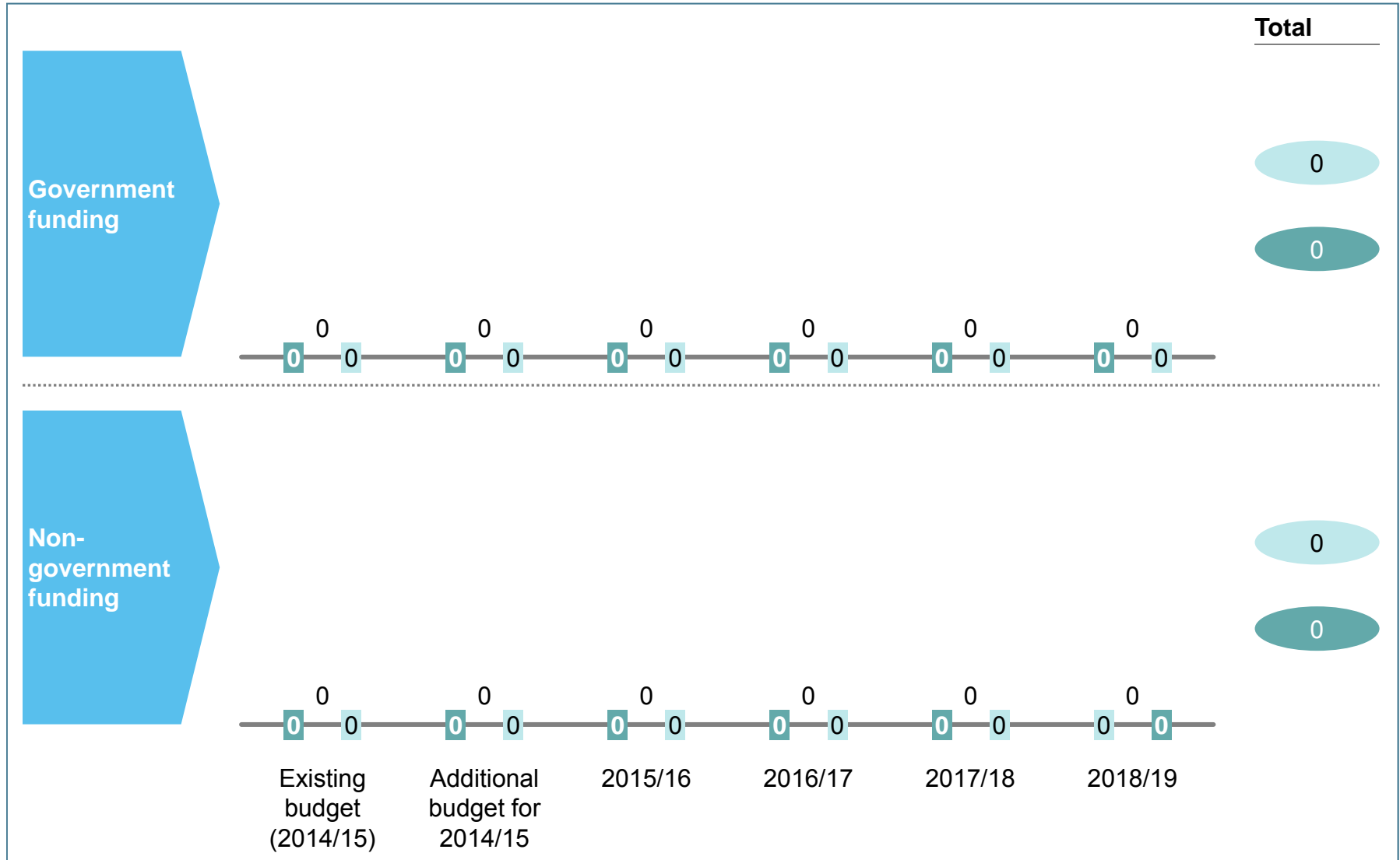
## Initiative 3: Align on implementation of government policy

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> ▪ <b>Develop lab project plan for approval by government</b></p> <ul style="list-style-type: none"> <li>– Lab Sectors develop specific plans - Marketing Skills, Infrastructure &amp; Operations</li> <li>– Lab Project Plans to be approved by Cabinet</li> <li>– DPME - monitor progress</li> </ul>	<p>07. 07. 2014</p> <p>19. 08. 2014</p> <p>19. 08. 2014</p>	<p>8</p> <p>10</p> <p>10</p>	<ul style="list-style-type: none"> <li>▪ MTM Lab</li> <li>▪ DPME/ the dti / Treas./DoT/DPE</li> <li>▪ DPME</li> </ul>
<p><b>2</b> ▪ <b>Cabinet publishes lab project plans as Operating Policy &amp; incorporate into Ministerial Agreement</b></p> <ul style="list-style-type: none"> <li>– Ministers Sign-off Phakisa Lab Project Plans as Operating Policy</li> <li>– Distribution to DG's/SOC CE's for Implementation</li> <li>– DG's/SOC CE's to agree with counter-parts on implementation plans</li> <li>– Industry comments &amp; Buy-in to Plans</li> <li>– Plans Published on Departmental and SOC's Websites</li> </ul>	<p>19.08. 2014</p> <p>02.08. 2014</p> <p>02. 08. 2014</p> <p>02.08. 2014</p> <p>30. 09. 2014</p>	<p>2</p> <p>12</p> <p>2</p> <p>8</p> <p>6</p>	<ul style="list-style-type: none"> <li>▪ DPME/ the dti / Treas. /DoT/DPE</li> <li>▪ DPME/ the dti / Treas. /DoT/DPE</li> <li>▪ DPME/ the dti / Treas. /DoT/DPE</li> <li>▪ Industry Association</li> <li>▪ DPME</li> </ul>
<p><b>3</b> ▪ <b>Publish clear guidelines regarding accountability for non-delivery</b></p> <ul style="list-style-type: none"> <li>– Draft Accountability Guidelines for Ministries and Industry</li> <li>– Publish Accountability Guidelines</li> <li>– DG's/SOC CE's and Maritime Industry participants commit to deliverables</li> <li>– TNPA and IDZ's to conclude MOU's</li> </ul>	<p>07. 07. 2014</p> <p>08.11. 2014</p> <p>08.11. 2014</p> <p>01.01. 2014</p>	<p>16</p> <p>3</p> <p>36</p>	<ul style="list-style-type: none"> <li>▪ DPME</li> <li>▪ DPME</li> <li>▪ DPME/ the dti / Treas. /DoT/DPE</li> <li>▪ TNPA &amp; IDZ</li> </ul>
<p><b>4</b> ▪ <b>Implement Monitoring and Reporting Mechanism</b></p> <ul style="list-style-type: none"> <li>– Appoint DPME Champion for the Oceans Economy Lab</li> <li>– Monitors cross-cutting implementation of all 4- Labs Development Plans</li> <li>– Quarterly report back to State Presidents Office</li> </ul>	<p>07.07. 2014</p> <p>07.07. 2014</p> <p>18. 08. 2014</p>	<p>6</p> <p>3</p> <p>Ongoing</p>	<ul style="list-style-type: none"> <li>▪ DPME</li> <li>▪ DPME</li> <li>▪ DPME</li> </ul>

# Initiative 3: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections



## Initiative 4: Prioritise Transnet and TNPA funding allocation towards marine manufacturing facilities

Alignment and commitment on the growth of the marine transport and manufacturing sector as a national priority

### Initiative concept/details/highlights

- DPE as the executive authority should provide Transnet with a directive to prioritise and execute investments identified during Phakisa in marine manufacturing facilities
- Re-alignment of the Shareholder Compact
- Transnet Corporate Plan to be aligned accordingly
- DPME to publish targets, and to monitor progress and delivery against target dates

Aligned funding allocations that unlock growth in marine manufacturing facilities

### Implementing agency

- DPE

### Key stakeholders identified

- DOT, the dti
- DPME
- Ports Regulator
- Transnet / TNPA

### Required resources

- Investment: Nil

### Implementation timeframe

- Start date: July 2014
- End date: Nov 2014

### Key performance indicators

- 2014: Transnet investment plan prioritises marine engineering and Phakisa-identified projects

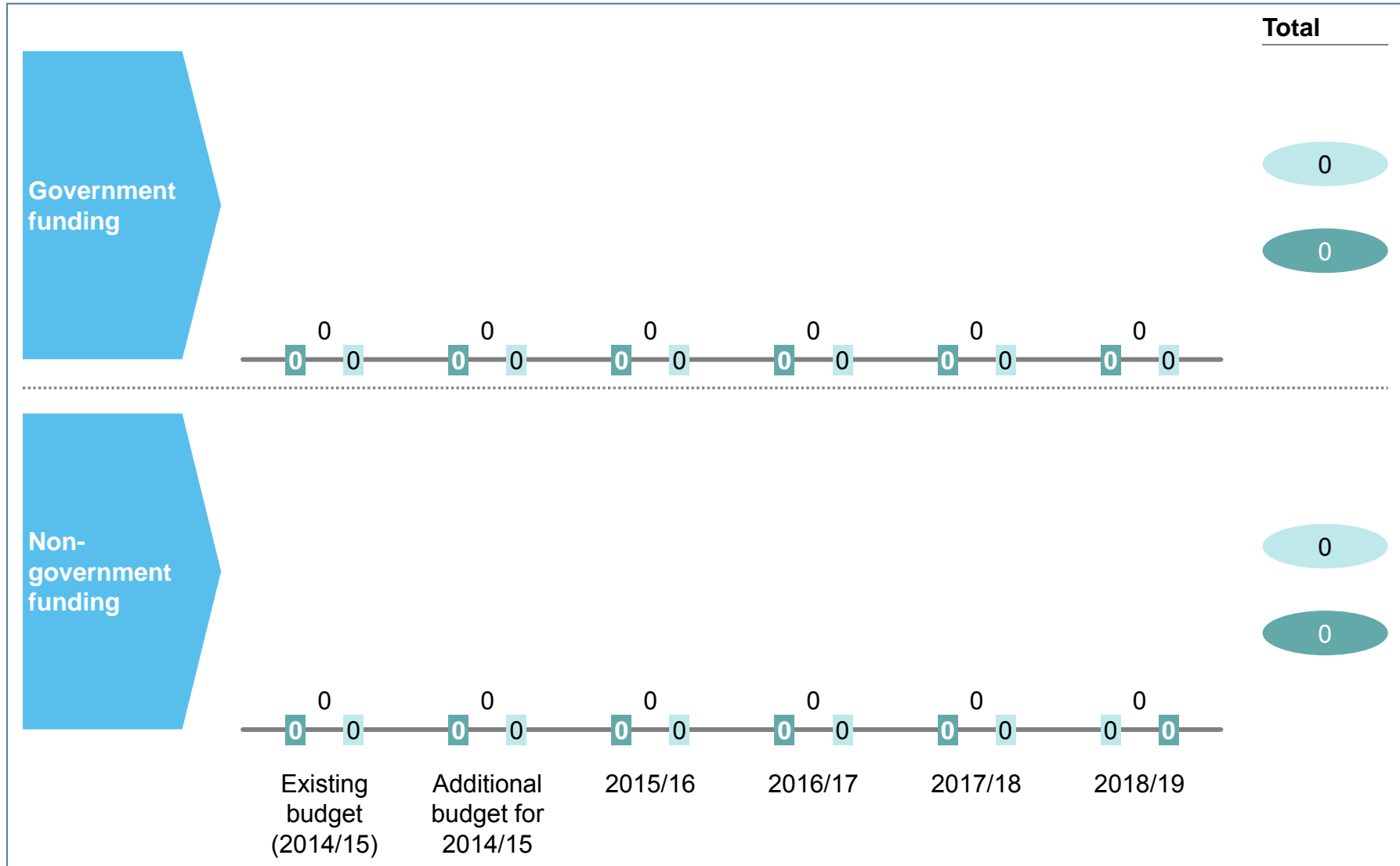
## Initiative 4: Prioritise Transnet and TNPA funding allocation towards marine manufacturing facilities

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> ▪ <b>Develop the directive to prioritise investments in marine manufacturing</b></p> <ul style="list-style-type: none"> <li>– Determine the quantity of prioritised investment in the marine manufacturing</li> <li>– Determine the shareholder compact</li> <li>– Issue the directive to Transnet</li> </ul>	<p>07.07. 2014</p> <p>07.07. 2014</p> <p>30.10. 2014</p>	<p>12</p> <p>12</p> <p>1</p>	<ul style="list-style-type: none"> <li>▪ DPE</li> <li>▪ DPE</li> <li>▪ DPE</li> </ul>
<p><b>2</b> ▪ <b>Alignment of Transnet Corporate Plan</b></p> <ul style="list-style-type: none"> <li>– Receive the directive from DPE</li> <li>– Assign the responsibility within Transnet</li> <li>– Ensure marine manufacturing facilities are incorporated in Transnet Corporate Plans</li> <li>– Roll out prioritised funding allocation for marine manufacturing facilities</li> </ul>	<p>30.10. 2014</p> <p>21.11. 2014</p> <p>02.08. 2014</p> <p>07.07. 2014</p>	<p>2</p> <p>1</p> <p>12</p> <p>15</p>	<ul style="list-style-type: none"> <li>▪ Transnet</li> <li>▪ Transnet</li> <li>▪ Transnet</li> <li>▪ Transnet</li> </ul>
<p><b>3</b> ▪ <b>Monitoring by DPME</b></p> <ul style="list-style-type: none"> <li>– Determine the key performance indicators to monitor</li> <li>– Ongoing monitoring by DPME</li> </ul>	<p>07. 07. 2014</p> <p>18. 08. 2014</p>	<p>16</p> <p>Ongoing</p>	<ul style="list-style-type: none"> <li>▪ DPME</li> <li>▪ DPME</li> </ul>

# Initiative 4: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 5: Maintain and refurbish existing facilities

Existing facilities are in a state of disrepair, which hampers the competitiveness and growth of the sector

### Initiative concept/details/highlights

- Execute maintenance and upgrade plan for existing facilities in order to increase market share
- Assess and determine scope of repairs
- Develop project plan/schedule for repairs
- TNPA to approve funding and execute works
- Monitoring and reporting mechanism for asset availability and utilisation

Existing facilities maintained and refurbished to match market requirements

### Implementing agency

- TNPA

### Key stakeholders identified

- Transnet
- the dti and DOT
- Industry associates

### Required resources

- Investment: approximately R1bn

### Implementation timeframe

- Start date: June 2014
- End date: Nov 2016

### Key performance indicators

- 2014: Plan and funding in place
- 2016: Facilities adequately maintained and refurbished

## Initiative 5: Agreed schedule with TNPA for maintenance and refurbishment of existing facilities (1 of 3)

Port	Project name	Est	Draft									
		14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Durban	Replacement of south side crane rail at Drydock		█	█	█							
	Erect perimeter wall on north side of Drydock	█										
	Repair of inner and outer caisson of Drydock	█	█	█								
	Execution: Dockyard Lighting and Low Voltage Electrical Distribution Upgrade		█	█	█							
	Welding Equipment Set for Shop 24		█									
	Drydock Jib Cranes			█	█	█	█					
	Drydock 6 Tons Forklift		█									
	Drydock Compressors				█							
	Upgrade of Floating Dock		█	█	█							
	Feasibility: Upgrade of Dockyard Infrastructure (E&M)		█	█	█	█						
	Exection: Upgrade of Dockyard Infrastructure (E&M)		█	█	█	█	█	█	█			
	Repair Concrete works in the Dock		█									

SOURCE: Source

## Initiative 5: Agreed schedule with TNPA for maintenance and refurbishment of existing facilities (2 of 3)

Est Draft  
 14/15 15/16 16/17 17/18 18/19 19/20 20/21 21/22 22/23 23/24 24/25

Port	Project name	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
East London	Refurbishment of Graving Dock											
	Refurbishment of Slipway Area											
	Refurbish Pumps											
Coega	Ship Repair Facility											
Coega	Replacement of slipway front and middle trolley cradles and ancillaries											
	Replacement of Lead-in Jetties slipway											
	40 ton Slipway Refurbishment (Feas & Execution) New 100t hoist											
Mossel Bay	Refurbishment of Cradle & Side Slipway											
	Reconstruct lead-in jetty to slipway											
	Slipway upgrade											
Cape Town	Enclosing of the Syncrolift and Robertson dock											
	Electronic compressors for Syncrolift and Robertson dock											

## Initiative 5: Agreed schedule with TNPA for maintenance and refurbishment of existing facilities (3 of 3)

Port	Project name	Est	Draft									
		14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Cape Town (contd.)	Refurbishment of floating caisson Sturrock Drydock	█										
	Upgrade of ship repair facilities											
	Refurbishment of Sturrock Drydock		█	█	█	█	█	█	█			█
	Refurbishment of Robinson Drydock		█	█	█	█						
	Refurbishment of Synchronlift	█	█	█	█							
	Refurbishment of Robinson Drydock floating caisson											
	Replacement of water circulating pumps at Sturrock dry dock	█	█									
Saldanha Bay	Refurbishment of Rock Quay (GM Quay area) Feasibility & Execution	█	█	█								
	Extension to Mossgas quay (to 500m)		█	█	█	█						
	Mossgas Quay - Dredging				█	█						
	Mossgas Quay - Quay				█	█	█	█				
	Port Infrastructure for Mossgas Quay Extension & Associated Dredging Works & Dry Dock Facilities – change to provision of ship repair (floating dock and rig repair)		█	█	█	█	█					

SOURCE: Source

## Initiative 5: Maintain and refurbish existing facilities

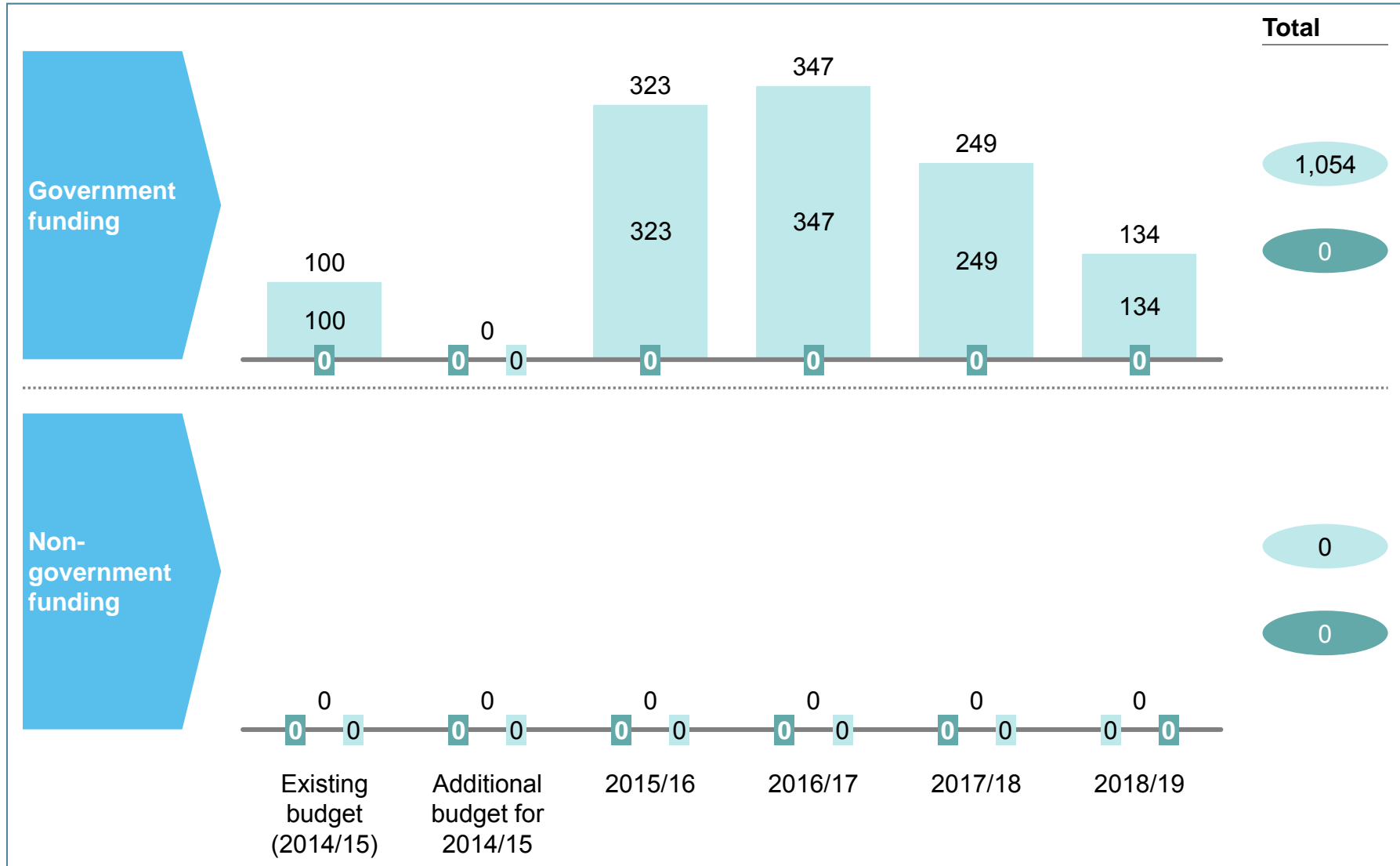
Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> Determine the specifications and scope of maintenance required for current facilities to meet industry needs</p> <ul style="list-style-type: none"> <li>– Quantify the scope of maintenance and refurbishments required</li> <li>– Identify priority areas where maintenance is critical for growing the industry</li> <li>– Inspection and assessment of all existing facilities</li> </ul>	<p>01.06.2014</p> <p>18.08.2014</p> <p>18.08.2014</p>	<p>9</p> <p>3</p> <p>3</p>	<ul style="list-style-type: none"> <li>▪ TNPA/Transnet</li> <li>▪ TNPA/Transnet</li> <li>▪ "TNPA/dti/DOT/DPME/ Industry"</li> </ul>
<p><b>2</b> Develop project plan for maintenance and refurbishment</p> <ul style="list-style-type: none"> <li>– Accelerate development of project plans/schedules/business cases for refurbishments</li> <li>– Ascertain costs and risk based work selection for each project plan and identify lead sponsors</li> <li>– Develop monitoring and tools to measure performance</li> <li>– Set targets for continuous maintenance and upkeep of facilities</li> </ul>	<p>01.09.2014</p> <p>01.09.2014</p> <p>01.11.2014</p> <p>01.09.2014</p>	<p>8</p> <p>8</p> <p>2</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> <li>▪ TNPA/Industry</li> <li>▪ TNPA</li> <li>▪ TNPA/Industry</li> </ul>
<p><b>3</b> Approve funding and execute works</p> <ul style="list-style-type: none"> <li>– Prioritise and allocate funding to maintain and refurbish existing facilities</li> <li>– Execute repairs and refurbishment</li> </ul>	<p>01.09.2014</p> <p>01.09.2014</p>	<p>8</p> <p>56</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> <li>▪ TNPA/Industry</li> </ul>



# Initiative 5: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 6: Unlock investment in new and existing port facilities

The creation of new businesses depends on the efficient appointment of facility operators by the Port Authority

### Initiative concept/details/highlights

- Efficiently appoint operators for existing and new port facilities
- Secure shareholder approval on ownership and operating model for existing ship repair facilities
- Execute Section 56 to appoint suitable operators
- Build TNPA administrative capability to manage Section 56 implementation
- Review TNPA delegations of authority (and streamline Section 56 processes)
- Set up monitoring and reporting mechanism to ensure rapid turnaround time
- Resolve allocation of facilities for the support of aquaculture (e.g., sea water intake at Ngqura)

**Operators appointed to unlock investment and growth in oil and gas, ship repair, boat/ship building industries**

### Implementing agency

- TNPA

### Key stakeholders identified

- Industry associates
- Transnet
- DPE, the dti, DOT and DoF
- Development Funding Agencies
- Competition Commission

### Required resources

- Investment: R10.9bn public (TNPA) and R4.9bn private

### Implementation timeframe

- Start date: Oct 2014
- End date: Mar 2015

### Key performance indicators

- 2015: Operators of facilities appointed

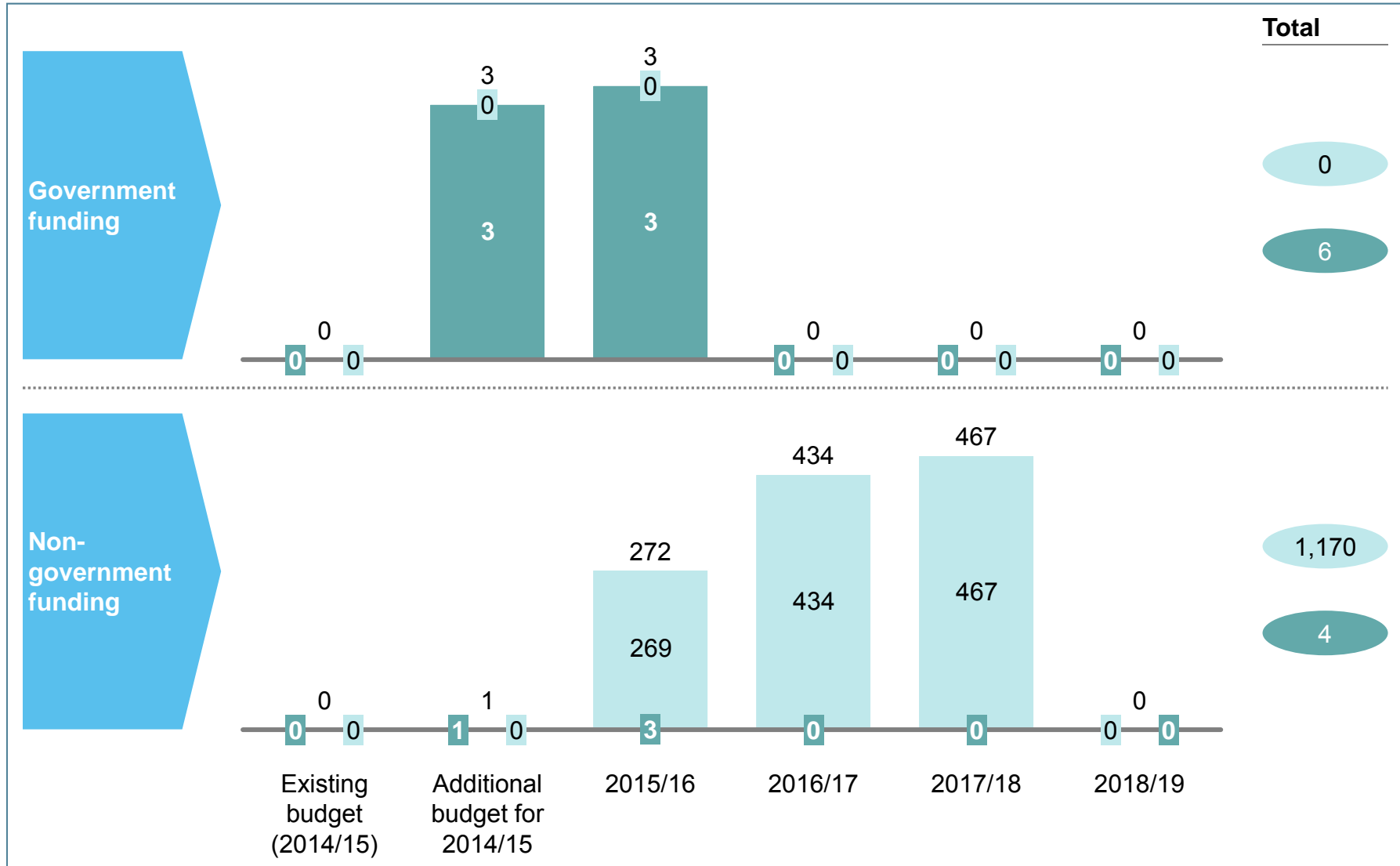
## Initiative 6: Unlock investment in new and existing port facilities

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> ▪ <b>Shareholder approval on operating model for existing ship repair facilities</b></p> <ul style="list-style-type: none"> <li>– Submission to BADC to approve operating model ("take or pay" and "turnover" clauses do not facilitate transformation)</li> <li>– Implement operating model</li> </ul>	<p>15.10.2014</p> <p>15.11.2014</p>	<p>4</p> <p>28</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> <li>▪ TNPA</li> </ul>
<p><b>2</b> ▪ <b>Execute Section 56 to appoint suitable operators</b></p> <ul style="list-style-type: none"> <li>– Complete a suite of RFP documents</li> <li>– Present to the marine manufacturing market</li> <li>– Appoint operator/s for different facilities</li> <li>– Operators obtain approval for facilities investment</li> <li>– Agree on performance targets and sign agreements</li> </ul>	<p>01.06.2014</p> <p>15.11.2014</p> <p>31.05.2015</p> <p>21.09.2015</p> <p>01.08.2015</p>	<p>24</p> <p>24</p> <p>8</p> <p>3</p> <p>12</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> <li>▪ TNPA</li> <li>▪ TNPA/BADC</li> <li>▪ TNPA</li> <li>▪ TNPA</li> </ul>
<p><b>3</b> ▪ <b>Build TNPA leadership capacity to manage Section 56 implementation</b></p> <ul style="list-style-type: none"> <li>– Develop leadership and administrative capacity in respect of S56 agreements and terminalisation</li> <li>– Set time frames to ensure efficient turn around targets are adhered to</li> </ul>	<p>01.09.2014</p> <p>01.10.2014</p>	<p>4</p> <p>1</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> <li>▪ DPE</li> </ul>
<p><b>4</b> ▪ <b>Review TNPA delegation of authority (DOA)</b></p> <ul style="list-style-type: none"> <li>– DOA of TNPA, CE to be reviewed in accordance with the National Ports Act</li> <li>– DOA to be cascaded to execution level</li> </ul>	<p>01.09.2014</p> <p>01.02.2015</p>	<p>16</p> <p>8</p>	<ul style="list-style-type: none"> <li>▪ DPE/BADC</li> <li>▪ TNPA</li> </ul>

# Initiative 6: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 7: Implement Strategic Prioritised Projects – Richards Bay

A flexible and exploratory approach needs to be taken to Richards Bay in order to allow the private sector to grow the market

### Initiative concept/details/highlights

- Quantify and unlock opportunities in oil and gas, ship or rig repair and maritime vessel building in line with market requirements in Richards Bay
- Allow the market to implement a low risk, flexible capacity for ship or rig repair at Richards Bay.
- Implement facilities for maritime vessel building in Richards Bay
- Explore the feasibility of Richards Bay establishing a Liquid Natural Gas cluster.
- Enhance container handling capacity
- Allocate waterfront land to IDZ in support of maritime manufacturing

Pragmatically unlocking the development of marine manufacturing clusters in Richards Bay through the port

### Implementing agency

- DoT

### Key stakeholders identified

- Industry
- RCB IDZ
- Transnet
- the dti, DoT
- Development Funding Agencies

### Required resources

- Investment: R550m public (TNPA), R350m private

### Implementation timeframe

- Start date: 2015
- End date: 2017

### Key performance indicators

- 2015: Operator appointed

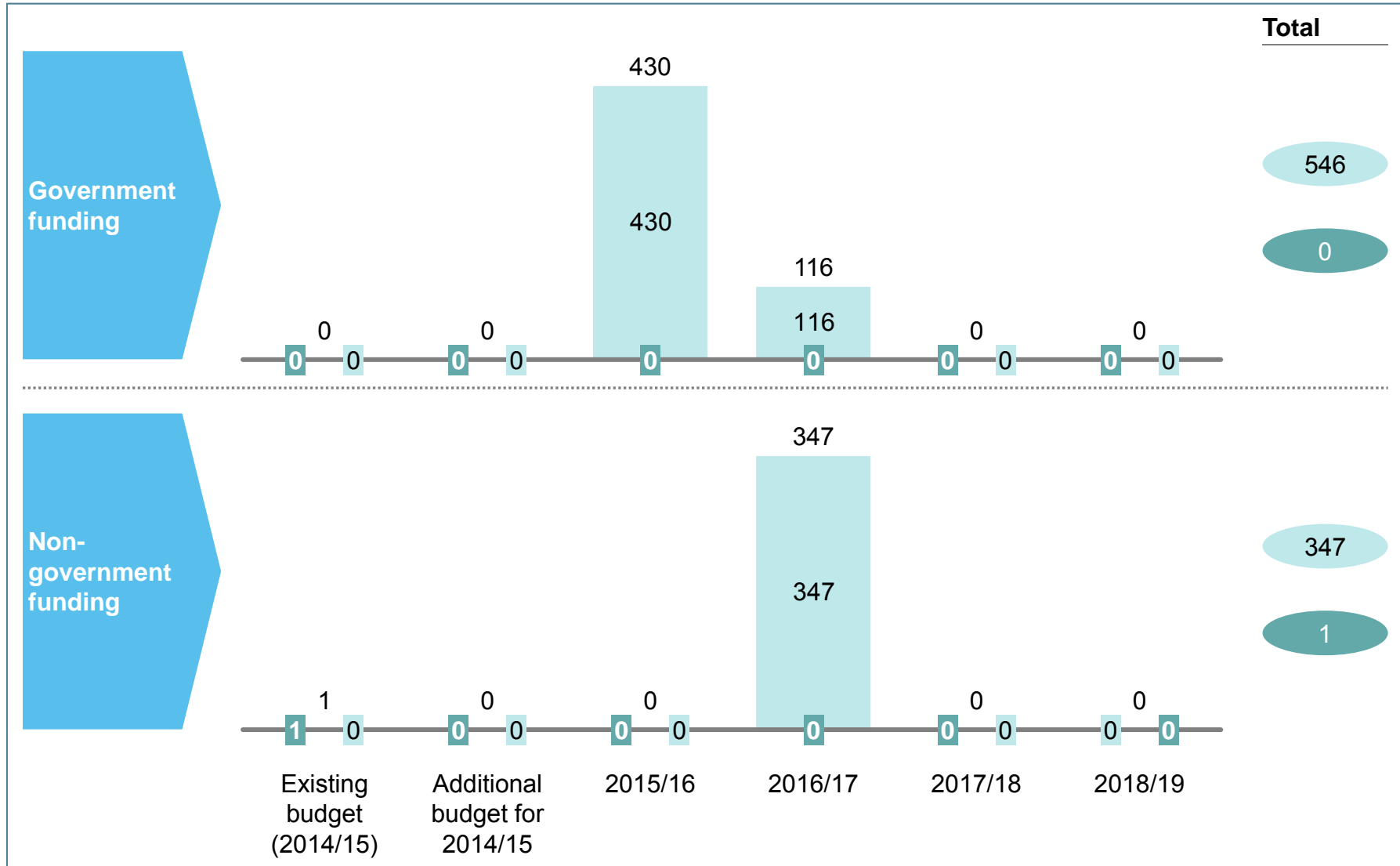
## Initiative 7: Implement Strategic Prioritised Projects – Richards Bay

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> ▪ <b>EOI for private sector operator interest in Richards Bay</b></p> <ul style="list-style-type: none"> <li>– Construct a fresh EOI to ascertain industry interest in establishing ship repair facilities at Richards Bay</li> <li>– Assess/analyse responses to the EOI and notify successful applicants</li> </ul>	<p>01.09.2014</p> <p>01.12.2014</p>	<p>8</p> <p>20</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> <li>▪ TNPA</li> </ul>
<p><b>2</b> ▪ <b>Release RFP</b></p> <ul style="list-style-type: none"> <li>– Determine parameters for TNPA investments to enable the implementation of business models presented in the EOI</li> <li>– Define funding and tariff model for investment based on developmental funding scheme.</li> <li>– Develop RFP based on broad investment parameters exploring industry commitments to investment, revenue, skills development, etc.</li> <li>– Release RFP</li> </ul>	<p>01.04.2015</p> <p>01.05.2015</p> <p>01.03.2014</p> <p>01.06.2015</p>	<p>12</p> <p>8</p> <p>24</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> <li>▪ TNPA/DPE</li> <li>▪ TNPA</li> </ul>
<p><b>3</b> ▪ <b>Appoint preferred bidder</b></p> <ul style="list-style-type: none"> <li>– Assess industry proposals and select a preferred bidder.</li> <li>– Negotiate and finalise agreement.</li> </ul>	<p>01.06.2015</p> <p>01.11.2015</p>	<p>20</p> <p>20</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> <li>▪ TNPA</li> </ul>
<p><b>4</b> ▪ <b>TNPA infrastructure investment</b></p> <ul style="list-style-type: none"> <li>– Refurbish repair quay</li> <li>– Dredging of channel and pocket</li> </ul>	<p>01.06.2015</p> <p>01.06.2015</p>	<p>28</p> <p>28</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> <li>▪ TNPA</li> </ul>

# Initiative 7: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 8: Implement Strategic Prioritised Projects – East London

Unlocking boat building in East London will have significant synergies with the existing motor industry cluster

### Initiative concept/details/highlights

- Develop, support and grow the maritime vessel industry at the Port of East London
- TNPA refurbishes existing slipway facility and industry makes necessary investments
- Boat or ship building industry is provided with incentives in exchange for developmental commitments (e.g., investment, job creation, skills development, supplier development)
- Preferential access to IDZ land in support of boat or ship building

Unlocking development of the boat or shipbuilding industry in East London through the port

### Implementing agency

- TNPA

### Key stakeholders identified

- Industry
- DoT, DPE
- the dti
- Development Funding Agencies

### Required resources

- Investment: public R215m (TNPA), private R300m

### Implementation timeframe

- Start date: Sep 2014
- End date: Aug 2015

### Key performance indicators

- 2015: Operator appointed



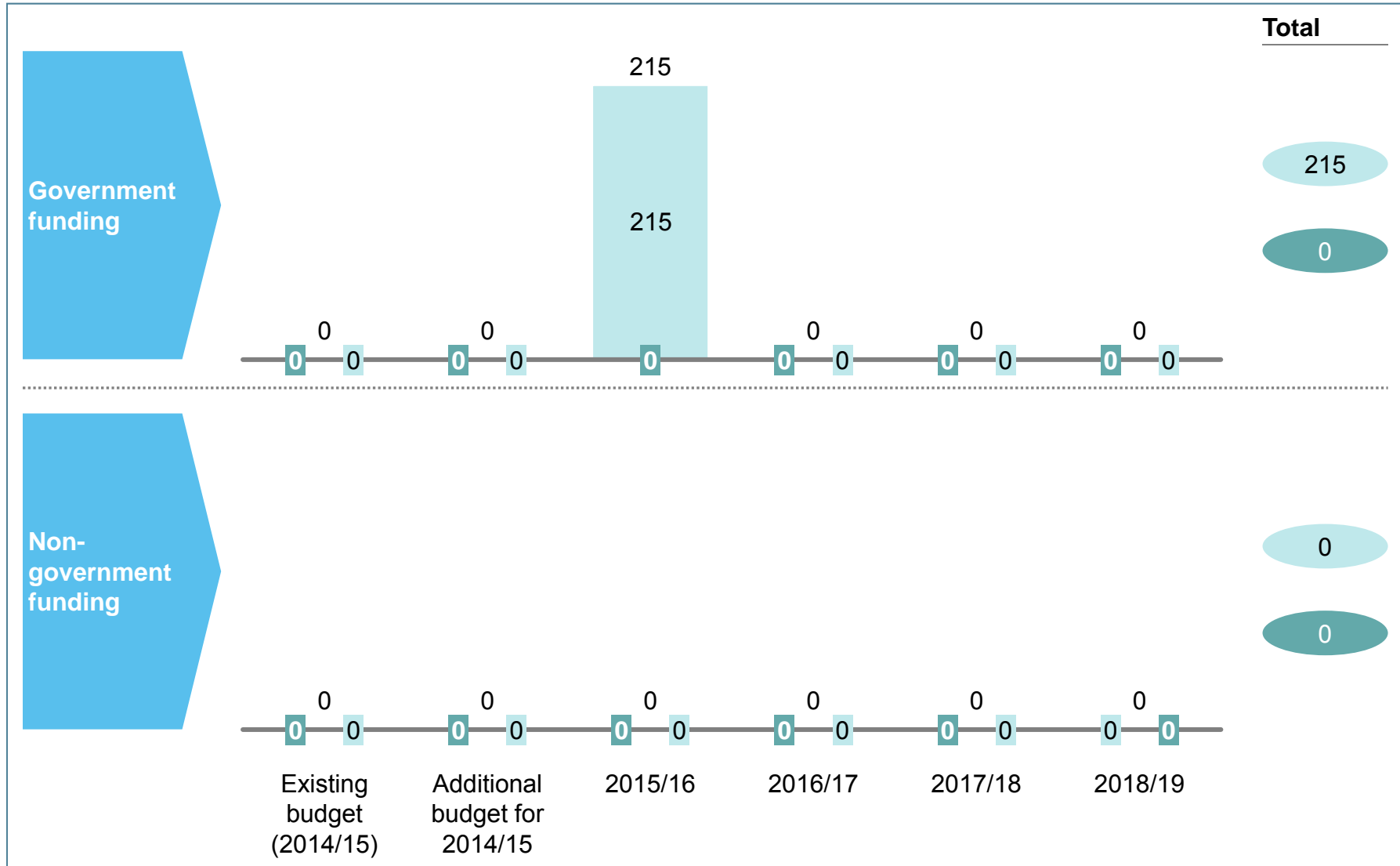
## Initiative 8: Implement Strategic Prioritised Projects – East London

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> ▪ <b>Feasibility of boat building facility in East London</b></p> <ul style="list-style-type: none"> <li>– Identify all local stakeholders (incl. relevant provincial govt depts and TNPA) from the Port of East London and the industry to establish a Technical Committee to plan boat building requirements based on re-capitalization of SA fishing fleet</li> <li>– Conduct a feasibility study for boat building in East London</li> <li>– Develop a business case for boat building in East London</li> </ul>	<p>01.09.2014</p> <p>01.10.2014 01.01.2015</p>	<p>2</p> <p>12 4</p>	<ul style="list-style-type: none"> <li>▪ DoT, the dti and DPE</li> <li>▪ DoT, the dti and DPE</li> <li>▪ DoT, the dti and DPE</li> </ul>
<p><b>2</b> ▪ <b>Slipway repaired and widened</b></p> <ul style="list-style-type: none"> <li>– Assess condition of slipway and design widening</li> <li>– Refurbish slipway</li> </ul>	<p>01.10.2014 01.03.2015</p>	<p>8 27</p>	<ul style="list-style-type: none"> <li>▪ TNPA/Industry</li> <li>▪ TNPA</li> </ul>
<p><b>3</b> ▪ <b>Appoint slipway operator</b></p> <ul style="list-style-type: none"> <li>– Embark on EOI and RFP to appoint operator (boat builder)</li> </ul>	<p>01.12.2014</p>	<p>28</p>	<ul style="list-style-type: none"> <li>▪ TNPA</li> </ul>

# Initiative 8: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 9: Train 2,550 TVET college graduates on an 18-month workplace-based Experiential Learner Programme in scarce and critical trades over 5 years

Ensure graduates will be taken up easily by industry when demand increases, by focusing on provision of acceptable and relevant workplace experience and programmes

### Initiative concept/details/highlights

- Workplace-based training is a compulsory requirement before undertaking a trade test and a crucial milestone in increasing employability, but SA still experiences high attrition in programmes and high failure rates in trade tests.
- Industry has historically also under-committed to taking on graduates due to a constrained economy and an overly bureaucratic regulatory framework.
- Levers available:
  - Accelerate approval and implementation of the draft Workplace-Based Learning Programme Agreement (WPBLPA) regulations between DoL and DHET.
  - Focus on accessing Pivotal Learner Grants to fund the programme and pilot systemic changes needed in industry.
  - Make accessing opportunities simple for learners: an integrated national DoL ESSA system and NADSC<sup>iv</sup> for recruitment and selection.
  - Assign implementing agents to conduct the programme on behalf of government, to SETA standards, with full-time oversight, problem-solving, facilitation and financial administration.
  - Establish “Train the Trainer” short courses to capacitate more persons as mentors in host companies.
  - Target both the public and private sector to place learners.

**Improving competence will increase employability and deliver on GDP and job creation targets**

### Implementing agency

- DHET and OPOCT<sup>i</sup>

### Key stakeholders identified

- Trade Occupational Teams (OT's)
- SETAs<sup>ii</sup>, NSF, DoL UIF and other funders
- SAOGA, MIAASA<sup>iii</sup> and Host Companies
- SEIFSA
- Provincial government (KZN and WC)

### Required resources

- Investment: R730m (SETAs, NSF, DOL)

### Implementation timeframe

- Start date: 24 Nov 2014
- End date: 31 Mar 2019

### Key performance indicators

- No. of graduates placed and passing trade test
- No. of workplaces accredited
- No. of trade tested graduates employed in industry

i. OPOCT: Operation Phakisa Occupational Coordinating Team  
 ii. SETAs are MERSETA, TETA and CHIETA

iii. SAOGA and MIAASA are Industry Association bodies  
 iv. NADSC: National Artisan Development Support Centre

## Initiative 9: Train 2,550 TVET college graduates on an 18-month workplace-based Experiential Learner Programme in scarce and critical trades over 5 years (1/2)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> Accelerate approval and implementation of the draft Workplace-Based Learning Programme (WPBLP) regulations between DOL &amp; DHET</p> <ul style="list-style-type: none"> <li>Review draft regulations and submit to DHET for approval. Regulations must speak to the binding constraint of the status of the graduate in the workplace.</li> <li>Subject to comments received, publish regulations for comment for 4 weeks.</li> </ul>	<p>11/24/2014</p> <p>12/15/2014</p>	<p>3.0</p> <p>4.0</p>	<ul style="list-style-type: none"> <li>National Artisan Development Quality Assurance Committee (NADQACC) (consists of DHET, SETAs, QCTO), DOL (Employment Relations Directorate), OPOCT</li> <li>DHET</li> </ul>
<p><b>2</b> Assign implementing agents to manage and implement the recurring 18-month programme in the regions identified (Western Cape and Kwa-Zulu Natal)</p> <ul style="list-style-type: none"> <li>Confirm and approve the scope and TOR of the Initiative, and identify possible implementing agents (at this time SAOGA, MIASA, SBIDZ, RBIDZ, WCG &amp; KZN Provincial Governments identified).</li> <li>Source funding for Learners on workplace programme utilising the WPBLP regulations, with Learners registered on ESSA/NADSC.</li> <li>Put MOAs with implementing agents in place, on behalf of government, with NSF and SETAs (funders).</li> <li>Allocate necessary funding to implementing agents to undertake the Initiative.</li> </ul>	<p>11/24/2014</p> <p>1/5/2015</p> <p>2/2/2015</p> <p>2/23/2015</p>	<p>3.0</p> <p>4.0</p> <p>3.0</p> <p>Recurring in tranches into funding agreement in MOA</p>	<ul style="list-style-type: none"> <li>OPOCT, Workplace Convenors from Trade OT's, MERSETA, TETA, CHIETA, NSF, DOL UIF (funders)</li> <li>OPOCT, Workplace Convenors from Trade OT's, MERSETA, TETA, CHIETA, NSF, DOL UIF (funders)</li> <li>OPOCT, Workplace Convenors from Trade OT's, MERSETA, TETA, CHIETA, NSF, DOL UIF (funders)</li> <li>OPOCT, Workplace Convenors from Trade OT's, MERSETA, TETA, CHIETA, NSF, DOL UIF (funders)</li> </ul>
<p><b>3</b> For each Phakisa Trade (Artisan) Occupation, identify workplaces and assess the capacity of each in terms of applicable Learner: Mentor ratio.</p> <ul style="list-style-type: none"> <li>"The IA's and Trade OT's determine capacity of companies &amp; organisations to be Phakisa Host Companies (Public and Private) to accommodate graduates for each of the Trades identified, and confirm participation on Initiative.(assumed 1 Mentor: 2 Learners ratio, therefore require 1275 Mentors)."</li> <li>For all Host Companies (Public and Private) that can accommodate graduates, all to indemnify and register qualified (certificated or experienced) persons with SETAs that can be Mentors to Learners in workplaces.</li> <li>A Workplace-SETA Agreement is put in place between Host Companies and SETAs. Each Mentor is allocated a number of Learners relevant to the Mentor: Learner ratio as agreed to be appropriate by Host Companies &amp; SETAs for each Occupation (recruitment &amp; selection of Learners is Milestone 5)</li> <li>All Mentors are developed through a generic Mentor / Coach training course to ensure consistent and developmental approach to Learner development (assuming a 1 Mentor: 2 Learners ratio; Mentor/coach training costs assumed at R4500 each and course duration is 2 weeks; 115 Mentors in each course)</li> </ul>	<p>2/23/2015</p> <p>4/6/2015</p> <p>4/27/2015</p> <p>5/11/2015</p>	<p>6.0</p> <p>3.0</p> <p>2.0</p> <p>58.0</p>	<ul style="list-style-type: none"> <li>Implementing Agents, Trade OT's, SETA's, NAMB (Indlela) Intermediate Body, DHET, OPOCT</li> <li>Implementing Agents, Trade OT's, SETA's, NAMB (Indlela) Intermediate Body, DHET, OPOCT</li> <li>Implementing Agents, Trade OT's, SETA's, NAMB (Indlela) Intermediate Body, DHET, OPOCT</li> <li>Implementing Agents, Trade OT's, SETA's, NAMB (Indlela) Intermediate Body, DHET, OPOCT</li> </ul>

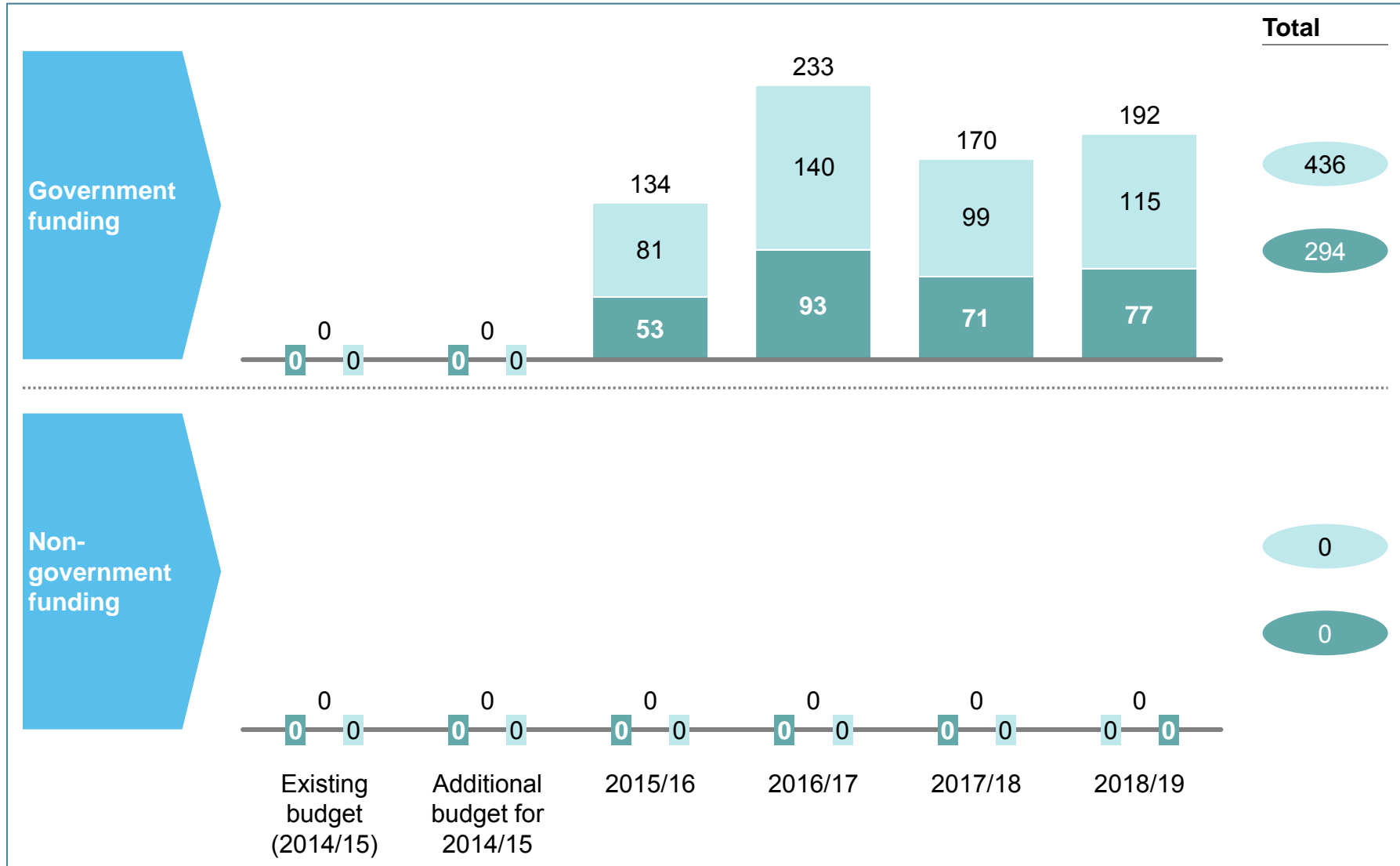
## Initiative 9: Train 2,550 TVET college graduates on an 18-month workplace-based Experiential Learner Programme in scarce and critical trades over 5 years (2/2)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>4</b> ▪ <b>Recruit and select XYZ TVET graduates for workplace-based learning programme</b></p> <ul style="list-style-type: none"> <li>– The opportunity, aligned to the tentative commencement dates determined with Host Companies &amp; Implementing Agents, is registered on ESSA System by DOL.</li> <li>– DOL ESSA matching and selection process undertaken, based on a 1:2 ratio attrition rate and geographic location of workplaces, where DOL provides the candidate list for placement. (includes the following steps: 1st drawdown at 1:2 ratio of candidates, DOL holds interviews with candidates, verifies qualifications with DHET and undertakes psychometric tests and medical tests (where required ito OHSACT))</li> </ul>	<p>2/23/2015</p> <p>3/2/2015'</p>	<p>1.0</p> <p>9.0</p>	<ul style="list-style-type: none"> <li>▪ DOL, Implementing Agents</li> <li>▪ DOL, Implementing Agents</li> </ul>
<p><b>5</b> ▪ <b>Run the recurring 18-month programme in the regions identified (Western Cape and Kwa-Zulu Natal)</b></p> <ul style="list-style-type: none"> <li>– Place Learners with Host Companies (public and private) for the 18-month programme, and conduct the programme against the required SETA standards, with monthly oversight, problem-solving, facilitation and financial administration by Implementing Agents.</li> <li>– Quarterly progress reports compiled by Implementing Agents and submitted to OPOCT &amp; SETA's (and all other funders) for review and oversight.</li> <li>– Undertake a competency assessment on all Learners prior to Trade Test. (assume duration of 1 day per Learner &amp; undertaken by TVET Colleges. Cost is included in R139350 budget. Starts at end of 18 months)</li> <li>– Learners undertake the Trade Test at certified centres at end of 18 months. (will require more than 1 certified Trade Test centre to enable all 2550 Learners to be assessed within 5 year period and be employed within industry)</li> <li>– Close-out reporting by Implementing Agents to OPOCT, DHET, SETA's and all other funders.</li> </ul>	<p>6/1/2015</p> <p>6/1/2015</p> <p>10/17/2016</p> <p>11/9/2017</p> <p>12/4/2017</p>	<p>0.0</p> <p>recurring throughout Initiative</p> <p>55.2</p> <p>69</p> <p>7.0</p>	<ul style="list-style-type: none"> <li>▪ Implementing Agents, Host Companies, SETA's</li> <li>▪ Implementing Agents, Host Companies, SETA's</li> <li>▪ TVET Colleges</li> <li>▪ QCTO, Indlela and other Trade Test centres</li> <li>▪ Implementing Agents</li> </ul>
<p><b>7</b> ▪ <b>Post-programme monitoring</b></p> <ul style="list-style-type: none"> <li>– Implement processes to track, trace and monitor the employment and productivity of Trade-tested Learners once competent and available for employment to the Phakisa sector until financial year-end of 2019. (Impact Measurement)</li> </ul>	<p>1/22/2018</p>	<p>62.0</p>	<ul style="list-style-type: none"> <li>▪ OPOCT</li> </ul>

# Initiative 9: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 10: Create dedicated Occupational Teams for the MTM sector (professional, trades (artisans), operators and seafarers)

Their purpose is to address problems of curriculum relevance and alignment between institutional (theoretical) and workplace (practical) learning, as well as work placement problems at a systemic, national level.

### Initiative concept/details/highlights

- Core functions of OT's:
  - Determine why there are shortages, and what & where are the major challenges.
  - Recommend solutions for challenges at each step along the learning pathway (i.e., for 'theory', 'practical', 'workplace' and 'assessment').
  - Prepare reports to feed into 'mainstream' planning and resourcing.
  - Do not implement: that is the OPOCT's responsibility.
- An OT consists of at least one person from each step along the learning pathway for an occupation, but they should network with all those in their constituency who share their interest. In other words, we should have a 'convener' from each constituency – as was the case in the past with Technikon Advisory Committees.
- The OT methodology requires, in addition, Intermediate Bodies (IB's) per "Occupational Cluster" to identify common challenges across all occupations in their cluster and to identify generic solutions to address them. The IB's work with the OPOCT to implement activities.
- OT's require dedicated operational funding to make research and broad consultation as inclusive as possible to drive innovation and delivery for each occupation.

Note: All operational funding across all Operation Phakisa MTM skills initiatives under this Initiative has been allocated here.

**Operation Phakisa needs a coordinated and aligned means to drive collaboration between education and industry**

### Implementing agency

- OPOCT<sup>i</sup>

### Key stakeholders identified

- DHET
- Industry Associations
- TVET Colleges, HEIs, NSF
- Intermediate Bodies: Council for Built Environment, SSETA, Indlela, TETA
- Provincial Government (KZN & WC)
- SETAs<sup>ii</sup>

### Required resources

- Investment: R65m

### Implementation timeframe

- Start date: in Lab
- End date: 31 Mar 2019

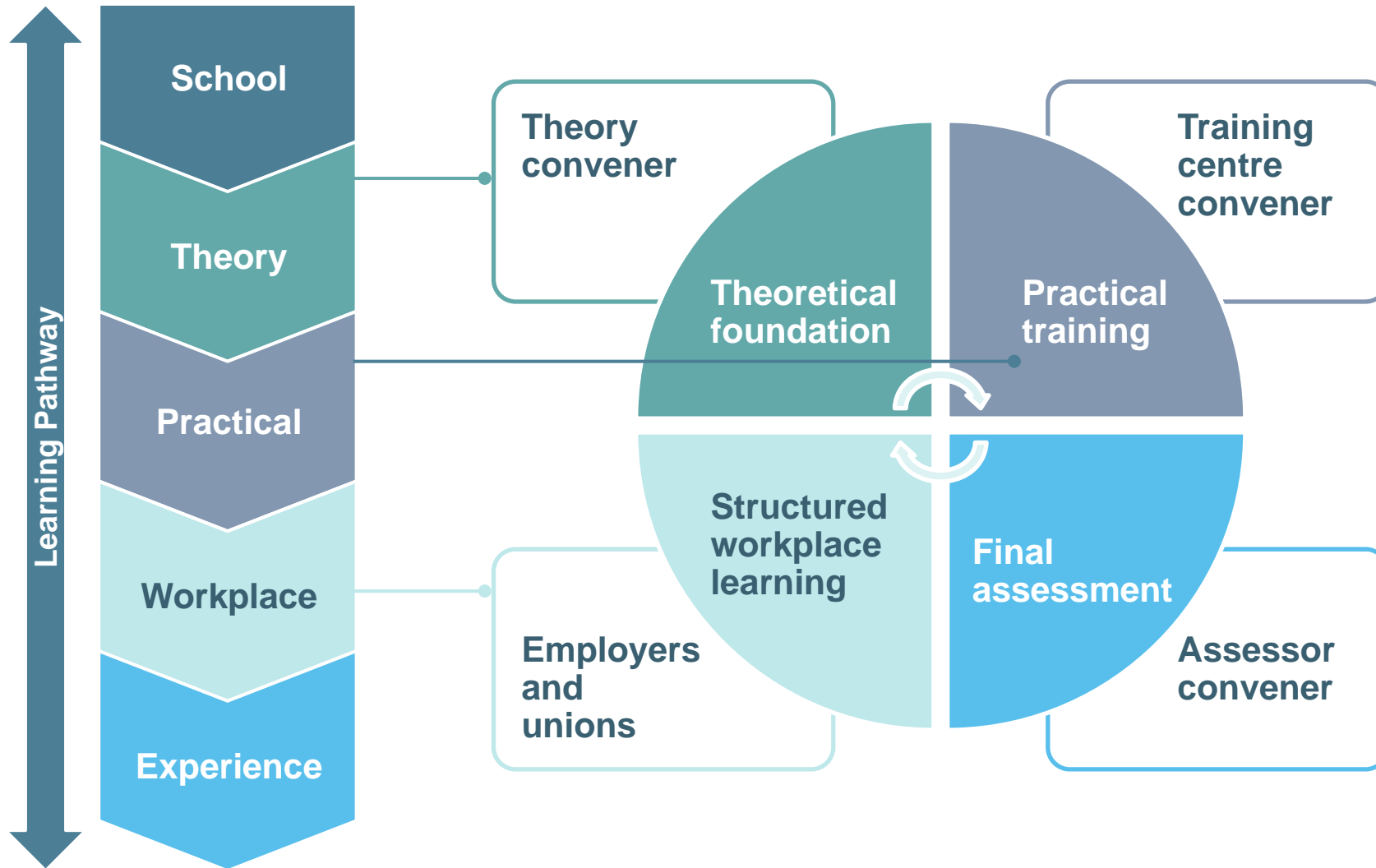
### Key performance indicators

- No. of occupations identified as scarce & critical
- No. of OT's formed by year end 2014.
- OPOCT established by year end 2014

i. OPOCT is the Operation Phakisa Occupational Coordinating Team

ii. SETAs are MERSETA, TETA & CHIETA

## Occupational Teams: the people who care





## Initiative 10: Create dedicated Occupational Teams for the MTM sector (professional, trades (artisans), operators and seafarers) (1/2)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> ▪ <b>Occupations required for Operation Phakisa identified, and registered on the Organising Framework of Occupations (OFO) with DHET</b></p> <ul style="list-style-type: none"> <li>– OFO Issued to Phakisa labs and utilisation explained - IN LAB.</li> <li>– Phakisa members utilise OFO to identify all occupations across all productions processes or value chains for all Phakisa processes - IN LAB.</li> <li>– Occupations not existing on OFO or specialisations not OFO are submitted to DHET for evaluation and possible addition to OFO.</li> <li>– Final list of occupations as per OFO Codes, existing and new for all Phakisa labs published by DHET among all Phakisa stakeholders for comment.</li> <li>– Subject to comments received from Stakeholders, final list of OFO Codes and occupations for all Phakisa operations published by DHET.</li> </ul>	<p>7/8/2014 7/8/2014</p> <p>8/18/2014</p> <p>9/1/2014</p> <p>9/15/2014</p>	<p>5.8 5.8</p> <p>2.0</p> <p>2.0</p> <p>4.0</p>	<ul style="list-style-type: none"> <li>▪ DHET</li> <li>▪ LAB, DHET</li> <li>▪ DHET</li> <li>▪ DHET</li> <li>▪ DHET</li> </ul>
<p><b>2</b> ▪ <b>An Operation Phakisa Occupational Coordinating Team is established within DHET to address problems of curriculum relevance and alignment between institutional (theoretical) and workplace (practical) learning</b></p> <ul style="list-style-type: none"> <li>– Establish funding requirements &amp; obtain approval for the operating costs of the Operation Phakisa Occupational Coordinating Team (OPOCT) &amp; the Occupational Teams. Develop job specifications &amp; scope of the OPOCT.</li> <li>– Recruit &amp; appoint the OPOCT staff.</li> </ul>	<p>10/13/2014</p> <p>10/27/2014</p>	<p>2.0</p> <p>4.0</p>	<ul style="list-style-type: none"> <li>▪ DHET</li> <li>▪ DHET</li> </ul>
<p><b>3</b> ▪ <b>Formalise partnership agreements with the Intermediate Bodies (IB) required and the members of each Occupational Team identified</b></p> <ul style="list-style-type: none"> <li>– Intermediate Bodies (IB) for groups of Phakisa occupations identified and/or appointed to coordinate the development of learning processes, with MOAs in place between Intermediary Bodies &amp; OPOCT</li> <li>– Occupational Team members for Phakisa occupations identified, with MOAs between 4 organisations of each OT in place between OT members and DHET</li> </ul>	<p>11/24/2014</p> <p>12/8/2014</p>	<p>2</p> <p>2</p>	<ul style="list-style-type: none"> <li>▪ OPOCT, Centre for the Built Environment, TETA, Indlela, DHET</li> <li>▪ OPOCT, OT's</li> </ul>

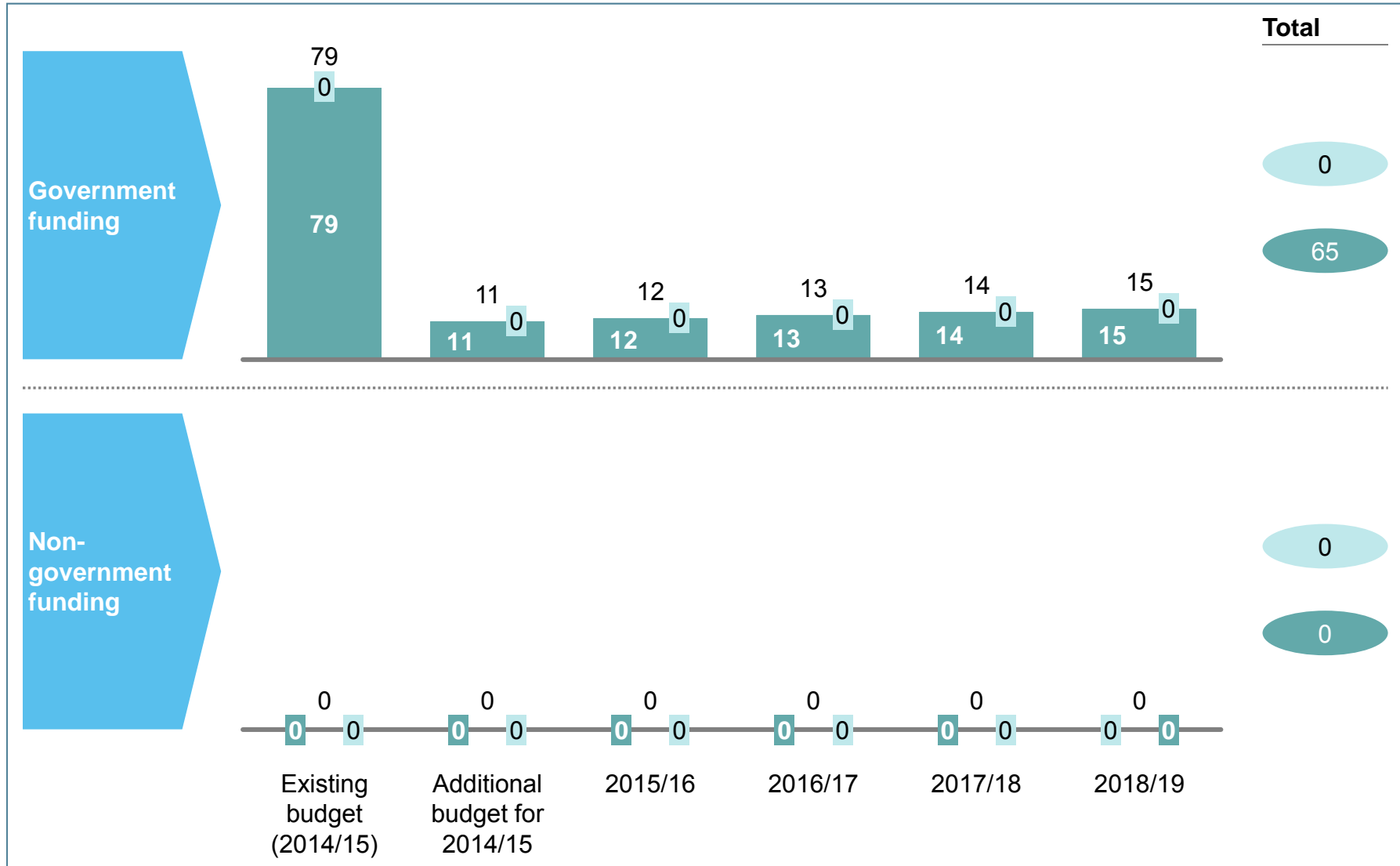
## Initiative 10: Create dedicated Occupational Teams for the MTM sector (professional, trades (artisans), operators and seafarers) (2/2)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>4</b> ▪ <b>IB's identify or advise on the creation of relevant, industry-linked occupation programmes</b></p> <ul style="list-style-type: none"> <li>– IB's evaluates each Phakisa Occupation required, checked against existing NQF registered qualifications or part qualifications, to determine if existing occupational qualifications exists.</li> <li>– Confirm with OPOCT whether outcomes of qualifications or part qualifications are suitable, relevant and current, if they exist on NQF.</li> <li>– Qualification or part qualification revisions to be scheduled, as per review and expiration dates, if acceptable to OPOCT.</li> <li>– Qualification or part qualification development by the IB through DQP / AQP by QCTO for Occupational qualifications, or in the case of University Qualifications through the CHE / HEQC process, if existing qualification or part qualification is not accepted by OPOCT.</li> <li>– Occupational qualification, curriculum and assessment specification developed and registered on NQF.</li> <li>– Detailed national curriculum content developed for occupational qualification by the IB.</li> <li>– Learner materials, lecturer / trainer materials developed and published by IB.</li> <li>– IB's develop lecturer / trainer reskilling processes.</li> <li>– Remainder of establishment of COS's under Initiative 11.</li> </ul>	<p>1/5/2015</p> <p>2/2/2015</p> <p>2/16/2015</p> <p>2/16/2015</p> <p>10/26/2015</p> <p>11/2/2015</p> <p>7/11/2016</p> <p>10/31/2016</p>	<p>4.0</p> <p>2.0</p> <p>4.0</p> <p>36.0</p> <p>1.0</p> <p>36.0</p> <p>16.0</p> <p>6.0</p>	<ul style="list-style-type: none"> <li>▪ DHET, IB's, SAQA, OPOCT</li> <li>▪ DHET, IB's, OPOCT</li> <li>▪ DHET, SAQA, QCTO, OPOCT</li> <li>▪ IBs, OPOCT, QCTO</li> <li>▪ QCTO, SAQA, OPOCT</li> <li>▪ IB's, OPOCT</li> <li>▪ IB's, OPOCT</li> <li>▪ IB's, OPOCT</li> </ul>
<p><b>5</b> ▪ <b>Replace the SETA/Sectoral approach of “workplace accreditation &amp; approval” with a system of “workplace monitoring” as a developmental incentive to increase the number of workplaces, and Mentors, able to offer workplace learning programmes</b></p> <ul style="list-style-type: none"> <li>– Review current system and draft a revised SETA workplace monitoring system report and submit for comments to NADQACC &amp; other relevant stakeholders.</li> <li>– Subject to comments received, revise draft report for final approval to NADQACC &amp; other relevant stakeholders.</li> </ul>	<p>1/5/2015</p> <p>3/2/2015</p>	<p>8.0</p> <p>3.0</p>	<ul style="list-style-type: none"> <li>▪ OPOCT, NAMB (Indlela) Intermediate Body, Trade OT's, National Artisan Development Quality Assurance Committee (NADQACC) (consists of DHET, SETAs, QCTO), Industry, SAOGA &amp; MIASA</li> <li>▪ OPOCT, NAMB (Indlela) Intermediate Body, Trade OT's, National Artisan Development Quality Assurance Committee (NADQACC) (consists of DHET, SETAs, QCTO), Industry, SAOGA &amp; MIASA</li> </ul>
<p><b>6</b> ▪ <b>Implement and monitor skills Initiatives identified</b></p> <ul style="list-style-type: none"> <li>– Bi-monthly reporting to OPOCT by Intermediate Bodies &amp; Trade OT's.</li> <li>– Monthly reporting to DHET by OPOCT.</li> </ul>	<p>12/22/2014</p> <p>11/24/2014</p>	<p>223.0</p> <p>227.0</p>	<ul style="list-style-type: none"> <li>▪ Intermediate Bodies, Trade OT's, OPOCT</li> <li>▪ OPOCT, DHET</li> </ul>

# Initiative 10: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 11: Establish Trade RPL/CBMT/Centres of Specialisation in Saldanha Bay and Richards Bay

Build an industry-relevant body of knowledge and specialisation expertise, with the aim of transferring this knowledge and expertise in an effective manner, and thus improving the quality of education and learning, growing South Africa’s skilled workforce, and enhancing economic, environmental, social and personal development.

### Initiative concept/details/highlights

- Centres of Specialisation (COS) could be established via University Chairs, Colleges, Training Centres, etc. to deliver the occupation programme required to support Operation Phakisa (the occupations are defined by the OT’s).
- COS must be closely networked and partnered with their target industries, as the curricula and programmes need to be relevant to industry needs and must be delivered locally.
- COS must have multi-dimensional strategies to service a diverse cohort for RPL services and further development/learning opportunities.
- COS must build an industry-relevant body of knowledge and improve curricula and programmes as this knowledge is built. COS may also play an advocacy role to advocate for the sectors and increase awareness.
- Re-skilling/up-skilling of lecturers / trainers at COS is required to deliver the intended knowledge and practical components of the occupational qualifications effectively.
- COS can be made self-sustainable by allowing collaboration and joint ventures with private education and training institutions and providers – especially as the curricula and facilities would be highly specialised

“RPL is vital in the promotion and delivery of a national ‘returning to learning’ strategy for unemployed and under-qualified youth and adults.”<sup>i</sup>

i. Source: Ministerial Task Team on a National Strategy for the Recognition of Prior Learning (RPL), January 2013

ii. SAQA: South African Qualifications Authority

### Implementing agency

- OPOCT

### Key stakeholders identified

- Public & private education and training institutions
- Intermediate Bodies
- SAQA<sup>ii</sup>, Quality Councils, SETAs
- Trade unions
- Employers
- Local & provincial government (KZN & WC)

### Required resources

- Investment: R122m

### Implementation timeframe

- Start date: 22 Dec 2014
- End date: 03 May 2019

### Key performance indicators

- No. of COS’s established/built by 2017.
- No. of persons placed in RPL & CBMT programmes in the COS’s
- Bursary/Internship model established by year end 2015

## Initiative 11: Establish Trade RPL/Centres of Specialisation in Saldanha Bay and Richards Bay, and associated activities (1/2)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> Upgrade or construct Centres of Specialisation for categories of qualification identified as scarce and critical to the industry</p> <ul style="list-style-type: none"> <li>– IB identifies or advises on the creation of Centres of Specialisation (could be via a University Chair, College, Training Centre, etc.) to deliver the occupation programme. Full financial and sustainability assessment to be undertaken.</li> <li>– Source funding for Learners to be enrolled on programmes at COS's.</li> <li>– IB facilitates the reskilling of lecturers / trainers at identified Centres of Specialisation to deliver Knowledge and Practical components of occupational qualifications.</li> <li>– Upgrade or construct Centres of Specialisation for each qualification, subject to needs of centre. This will include tools, equipment and possible training aids.</li> <li>– IB &amp; COS staff integrates Phakisa Occupations into Programme mix for each Centre of Specialisation.</li> </ul>	<p>10/26/2015</p> <p>1/18/2016 1/18/2016</p> <p>1/18/2016</p> <p>11/20/2017</p>	<p>12.0</p> <p>6.0 24.0</p> <p>96.0</p> <p>16.0</p>	<ul style="list-style-type: none"> <li>▪ IB's, DHET, OPOCT</li> <li>▪ OPOCT, DHET, SETAs, NSF, DOL (UIF)</li> <li>▪ IB's, OPOCT, DHET</li> <li>▪ IB's, OPOCT, DHET</li> <li>▪ IB's, OPOCT, DHET</li> </ul>
<p><b>2</b> Employed persons with relevant experience identified and placed on RPL processes to enable competency for each Phakisa occupation</p> <ul style="list-style-type: none"> <li>– Each Phakisa Employer/Organisation, in collaboration with Unions and/or Employee Associations, identify workers within their organisations (with five years or more experience) in any of the occupations for the Phakisa sector and register them to the DOL/NADSC database.</li> <li>– Develop sectoral RPL toolkits: RPL Panels are established for each occupation that has RPL workers registered against, and the RPL Panel utilise and/or develop RPL toolkits to evaluate workers for certification or assessment or top up training.</li> <li>– Each RPL candidate registered is evaluated by the RPL Panel (using RPL toolkit) and a developmental plan for each worker is implemented subject to results of evaluation.</li> <li>– Developmental plans are implemented for each RPL worker until certificated.</li> </ul>	<p>3/12/2018</p> <p>6/4/2018</p> <p>9/24/2018</p> <p>1/14/2019</p>	<p>12.0</p> <p>16.0</p> <p>16.0</p> <p>16.0</p>	<ul style="list-style-type: none"> <li>▪ COS's, OPOCT, DHET, Unions</li> <li>▪ COS's, OPOCT, DHET, Unions</li> <li>▪ OPOCT, DHET, Unions</li> <li>▪ OPOCT, DHET</li> </ul>

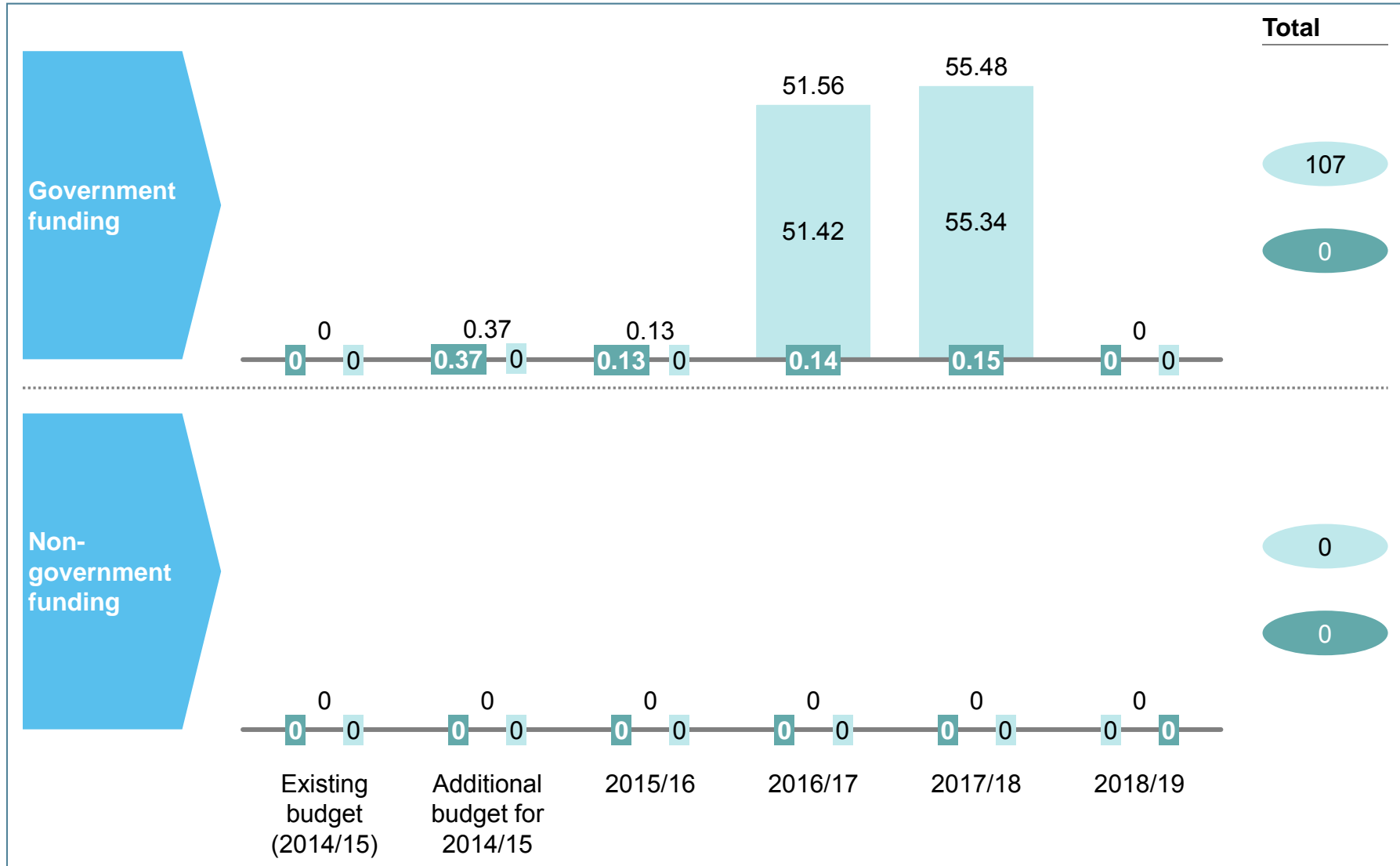
## Initiative 11: Establish Trade RPL/Centres of Specialisation in Saldanha Bay and Richards Bay, and associated activities (2/2)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>3</b> ▪ <b>Establish international bursary/internship model with Industry &amp; educational institutions to attract exceptional learners and raise profile of sector</b></p> <ul style="list-style-type: none"> <li>– Conceptualise a bursary/internship model with Industry and educational institutions, and develop the business case.</li> <li>– Source funding for Learners to be enrolled on bursary/internship programme through COS's.</li> <li>– Place Learners on bursary/internship programmes.</li> </ul>	<p>12/22/2014</p> <p>3/16/2015</p> <p>7/6/2015</p>	<p>12.0</p> <p>16.0</p> <p>16.0</p>	<ul style="list-style-type: none"> <li>▪ COS's, SAOGA, MIASA, SAMSA, OPOCT, DHET</li> <li>▪ COS's, SAOGA, MIASA, SAMSA, OPOCT, DHET</li> <li>▪ OPOCT / COS's</li> </ul>
<p><b>4</b> ▪ <b>Post-programme monitoring</b></p> <ul style="list-style-type: none"> <li>– Implement processes to track, trace and monitor the RPL processes and bursary/internship programmes, and productivity of Learners once competent and available for employment in the Phakisa sector until financial year-end of 2019 (impact measurement)</li> </ul>	<p>12/22/2014</p>	<p>228.0</p>	<ul style="list-style-type: none"> <li>▪ COS's</li> </ul>

# Initiative 11: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 12: Train 18,172 learners as artisans, semi-skilled workers and professionals over the next 5 years

The new curricula developed by the OTs must be implemented, and Operation Phakisa provides the incentive to drive and pilot these innovative developments.

### Initiative concept/details/highlights

- Artisans:
  - The new curricula developed by the OTs for the trade occupations will be piloted in the COS to foster an industry-responsive and effective “skills pipeline” in the artisan sector.
  - Lecturer development on new curricula and exposure to industry is included here.
- Semi-skilled workers:
  - Semi-skilled workers form a large component of the shipbuilding and repair, rig repair and boatbuilding industries.
  - There is an important opportunity to quickly equip large numbers of persons with basic trade knowledge and increase their employability.
  - There is also an opportunity to access the formal education system and stimulate awareness of careers and options.
- Professionals:
  - MTM requires electrical<sup>i</sup> and mechanical<sup>ii</sup> engineers, naval architects, project managers<sup>iii</sup> and managers – 3 of these occupations are on the Top 100 Scarce Skills List issued by DHET.
  - Operation Phakisa must initiate an accelerated drive to provide for these occupations within our Universities, Universities of Technology and other institutions.

**Skills development is a direct enabler of economic growth and job creation, and is one of the national strategic objectives**

i. Ranked 1 on National Scarce Skills List: Top 100 Occupations in Demand, DHET, 24 May 2014

ii. Ranked 3 on above,

iii. Ranked 5 on above

### Implementing agency

- OPOCT

### Key stakeholders identified

- Public and private education and training institutions
- Intermediate Bodies
- SAQA<sup>ii</sup>, Quality Councils,
- SAOGA, MIASA<sup>iii</sup> and Host Companies
- Local and provincial government (KZN and WC)

### Required resources

- Investment: R2,375m

### Implementation timeframe

- Start date: 22 Dec 2014
- End date: 03 May 2019

### Key performance indicators

- Number of students trained and placed with Host companies
- Number of training programmes undertaken



## Initiative 12: Train 18,172 learners as artisans, semi-skilled workers and professionals over the next 5 years

The following professions, trades and non-trades will be covered.

▪ <b>Artisans:</b>	<b>: Total 6,376</b>
▪ Welders	:
▪ Fabrication / Boilermakers	:
▪ Fitters	:
▪ Electricians	:
▪ Riggers	:
▪ <b>Semi-skilled workers:</b>	<b>:Total 12,752</b>
▪ Mechanical	:
▪ Electrical	:
▪ Structural	:
▪ Civil	:
▪ Logistics	:
▪ <b>Professionals</b>	<b>: Total 1,275</b>
▪ Electrical Engineers	:
▪ Mechanical Engineers	:
▪ Naval Architects	:
▪ Project Managers	:
▪ Managers	:

Numbers also include  
2,550 learners from  
Initiative 9

- i. Ranked 1 on National Scarce Skills List: Top 100 Occupations in Demand, DHET, 24 May 2014
- ii. Ranked 3 on above,
- iii. Ranked 5 on above

# Initiative 12: Train 18,172 learners as artisans, semi-skilled workers and professionals over the next 5 years (1/2)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> Assign implementing agents to manage and implement the recurring 18-month programme and CBMT in the regions identified (Western Cape and Kwa-Zulu Natal)</p> <ul style="list-style-type: none"> <li>Confirm and approve the scope and TOR of the initiative, and identify possible implementing agents (at this time SAOGA, MIASA, SBIDZ, RBIDZ, WCG &amp; KZN Provincial Governments identified).</li> <li>Source funding for Learners on workplace programme utilising the WPBLP Regulations, and candidates for semi-skilled short courses with Learners registered on ESSA/NADSC.</li> <li>Put MOAs with implementing agents in place, on behalf of Government, with NSF and SETAs (funders).</li> <li>Allocate necessary funding to implementing agents to undertake the initiative.</li> </ul>	<p>11/24/2014</p> <p>1/5/2015</p> <p>2/2/2015</p> <p>2/23/2015</p>	<p>3.0</p> <p>4.0</p> <p>3.0</p> <p>Recurring in tranches ito funding agreement in MOA</p>	<ul style="list-style-type: none"> <li>OPOCT, Workplace Convenors from Trade OT's, MERSETA, TETA, CHIETA, NSF, DOL UIF (funders)</li> <li>OPOCT, Workplace Convenors from Trade OT's, MERSETA, TETA, CHIETA, NSF, DOL UIF (funders)</li> <li>OPOCT, Workplace Convenors from Trade OT's, MERSETA, TETA, CHIETA, NSF, DOL UIF (funders)</li> <li>OPOCT, Workplace Convenors from Trade OT's, MERSETA, TETA, CHIETA, NSF, DOL UIF (funders)</li> </ul>
<p><b>2</b> Train 12752 semi-skilled candidates on 6-month short courses in the scarce and critical occupations identified to support the sector</p> <ul style="list-style-type: none"> <li>For each Phaksia Non-Trade Occupation, identify private &amp; public education and training providers, who are registered with SETA's, and assess the capacity of each ito accommodating candidates on short courses to meet industry demand.(assumed that Initiative SC-10 has identified the exact Non-Trades deemed scarce and critical for Operation Phakisa, and the projected needs over the 5 year period)(see also milestones of Initiative 9 for IA's)</li> <li>Recruitment and selection of 12752 persons for short courses.(repeat similar to Milestones 4.1 to 4.2 of Initiative 9 by DOL)</li> <li>Place 12752 Learners at various private &amp; public education and training providers.(assumed short course duration of 6 months, and in sets of 1500 learners)</li> <li>Close-out reporting by implementing agents to OPOCT, DHET, SETA's and all other funders.</li> </ul>	<p>2/23/2015</p> <p>2/23/2015</p> <p>3/23/2015</p> <p>2/18/2019</p>	<p>8.0</p> <p>15.0</p> <p>204.0</p> <p>7.0</p>	<ul style="list-style-type: none"> <li>Implementing Agents, DOL UIF, Trade OT's, SETA's, NAMB (Indlela) Intermediate Body, DHET, OPOCT</li> <li>DOL</li> <li>Private &amp; public education and training providers</li> <li>Implementing Agents</li> </ul>

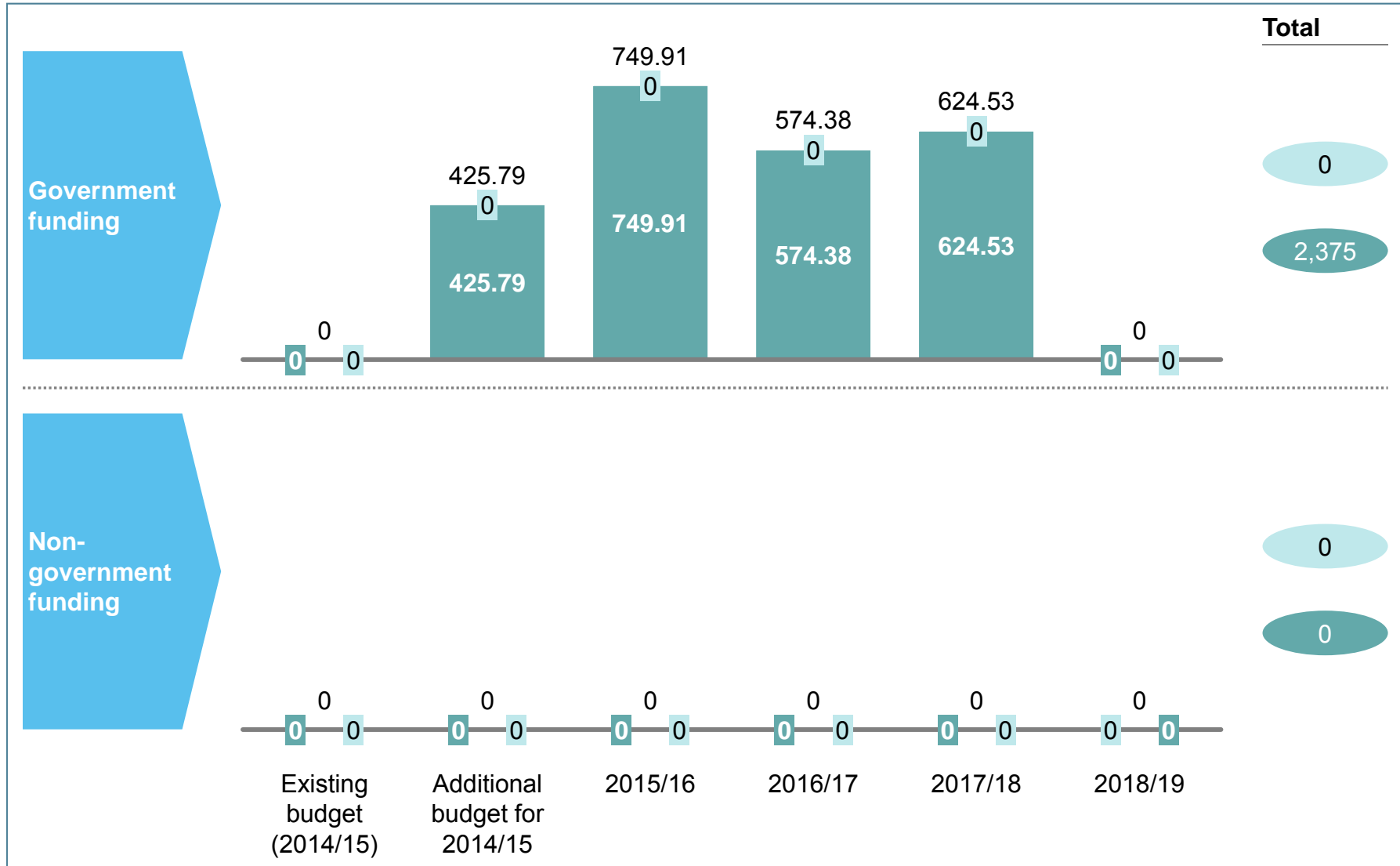
## Initiative 12: Train 18,172 learners as artisans, semi-skilled workers and professionals over the next 5 years (2/2)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>3</b> ▪ <b>Train 3826 Grade 9 -12 candidates on a full-time 40-month Artisan Trade Development Programme in the scarce and critical occupations identified to support the sector</b></p> <ul style="list-style-type: none"> <li>– For each Phaksia Trade (Artisan) Occupation, identify workplaces and assess the capacity of each to Learner: Mentor ratio applicable, and identify relevant TVETs/COS's/Private Service Providers.(assumed that Initiative SC-10 has identified the exact Trades deemed scarce and critical for Operation Phakisa, and the projected needs over the 5 year period)(see also milestones of Initiative 9 for IA's)</li> <li>– Recruitment and selection of 3826 TVET graduates for workplace-based experiential learning programme.(see also milestones of Initiative 9 for DOL)</li> <li>– 3826 Learners enrolled at TVET Colleges for Knowledge and Practical learning components (assumed 22 month duration: 9 months Technical Theory, 9 months CBMT Training &amp; 4 months gap training as contingency)</li> <li>– Place 3826 TVET graduates in workplaces for an 18-month programme in the regions identified (Western Cape and Kwa-Zulu Natal), followed by competency assessment by TVETs and Trade Tests (see also milestones of Initiative 9 for IA's)</li> <li>– Close-out reporting by implementing agents to OPOCT, DHET, SETA's and all other funders.</li> </ul>	2/23/2015	69.0	<ul style="list-style-type: none"> <li>▪ Implementing Agents, Trade OT's, SETA's, NAMB (Indlela) Intermediate Body, DHET, OPOCT</li> </ul>
	2/23/2015	10.0	<ul style="list-style-type: none"> <li>▪ DOL</li> </ul>
	8/31/2015	88.0	<ul style="list-style-type: none"> <li>▪ TVET Colleges</li> </ul>
	5/15/2017	131.0	<ul style="list-style-type: none"> <li>▪ Implementing Agents</li> </ul>
	11/18/2019	7.0	<ul style="list-style-type: none"> <li>▪ Implementing Agents</li> </ul>

# Initiative 12: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 13: Increase usage of ESSA system & targeted career awareness services as a high value recruitment tool for MTM

Comprehensive marketing of the ESSA system to employers and job seekers will remove the various barriers of entry to work or learning opportunities. Cross-organizational endorsement of ESSA within government will further eradicate this challenge.

### Initiative concept/details/highlights

- DOL's ESSA system is not fully utilised by either individuals or companies/organisations (public and private) to register and search for opportunities.
- Operation Phakisa must encourage utilisation of the service and the other value-added services offered by DOL (psychometric testing, shortlisting, qualification verifications, etc.)
- This presents a unique opportunity to link the ESSA marketing campaigns with an appropriate career awareness and development services exercise to position MTM as an attractive career choice.
- **Quick win:** ESSA and the NADSC systems must be combined to obtain a truly holistic one-stop service for trades in particular. These can then be advocated to all education institutions to assist with Learner management processes.
- **Quick win:** Implement a mandatory minimum of 30% for additional recruitment of unskilled and semi-skilled workers and trades from ESSA on all public procurement tenders issued pertaining to Operation Phakisa activities.

An inclusive, free, transparent and impartial recruitment & selection system will bring knowledge of opportunities to every South African.

### Implementing agency

- DOL

### Key stakeholders identified

- OPOCT, Intermediate Bodies, OT's
- DHET, SAQA, SETAs
- Industry Associations
- Local & provincial government (KZN & WC)
- Community groups
- SBIDZ, RBIDZ, TNPA
- National Treasury

### Required resources

- Investment: R20m

### Implementation timeframe

- Start date: 24 Nov 2014
- End date: 31 Mar 2019

### Key performance indicators

- MOA between DOL and DHET by year end
- No. of persons registered on ESSA
- No. of organisations registered on ESSA
- Ratio of success in terms of placements

## Initiative 13: Increase usage of ESSA system as a high value recruitment tool for MTM (1/3)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> Formalise partnership agreements between Department of Labour and Department of Higher Education regarding a homogeneous data management and employment system.</p> <ul style="list-style-type: none"> <li>Put in place an MOA between DOL (PES Directorate) &amp; DHET (NADSC Directorate) to link ESSA and NADSC systems to facilitate easier registration, verification of data, and recruitment and placement of Trade persons to opportunities.</li> </ul>	11/24/2014	3.0	<ul style="list-style-type: none"> <li>OPOCT, DHET, DOL</li> </ul>
<p><b>2</b> Set ESSA usage as a KPI for Minister of Labour.</p> <ul style="list-style-type: none"> <li>Improve regulation alignment internal to DOL</li> <li>Draft KPIs</li> <li>Table draft KPIs at Cabinet for approval</li> <li>Monthly reporting to Operation Phakisa OT Coordinating Office by DOL.</li> </ul>	<p>1/5/2015</p> <p>2/2/2015</p> <p>2/9/2015</p> <p>3/9/2015</p>	<p>4.0</p> <p>1.0</p> <p>4.0</p> <p>recurring throughout Initiatives</p>	<ul style="list-style-type: none"> <li>DOL, Office of the Minister of Labour</li> <li>DOL, Office of the Minister of Labour</li> <li>DOL, Office of the Minister of Labour</li> <li>DOL, Office of the Minister of Labour</li> </ul>
<p><b>3</b> Opportunities for work and/or learning for each Phakisa Occupation registered on ESSA system with DOL, and local or international work seekers sourced.</p> <ul style="list-style-type: none"> <li>Each Phakisa Occupation and Code with job description criteria aligned to OFO tasks registered on ESSA System.</li> <li>Each Employer/Implementing Agent (e.g., Department of Public Works) within Operation Phakisa sector determines work and/or workplace learning opportunities linked to a date for commencement of opportunity per occupation.</li> <li>Each opportunity, aligned to the commencement date provided by Employers/Implementing Agent, registered on ESSA system.</li> <li>Where work seekers are not sourced through ESSA system, Home Affairs is advised to issue international work opportunities through their international missions.</li> </ul>	<p>2/23/2015</p> <p>2/23/2015</p> <p>2/23/2015</p> <p>2/23/2015</p>	<p>recurring throughout Initiatives</p> <p>recurring throughout Initiatives</p> <p>recurring throughout Initiatives</p> <p>recurring throughout Initiatives</p>	<ul style="list-style-type: none"> <li>OPOCT, DOL</li> <li>OPOCT, DOL</li> <li>OPOCT, DOL</li> <li>OPOCT, Workplace Convenors, DOL, DHA</li> </ul>

## Initiative 13: Increase usage of ESSA system as a high value recruitment tool for MTM (2/3)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>4</b> Marketing and registration campaigns to increase ESSA usage amongst potential Operation Phakisa employee groups (professionals, trades &amp; plant and machine operators), and in targeted areas (Saldanha Bay and Richards Bay, Western Cape and Kwa-Zulu Natal) (IMPORTANT THAT CAMPAIGNS INCLUDE CAREER AWARENESS SERVICES &amp; LINKS TO POSITIONING MTM AS AN ATTRACTIVE INDUSTRY)</p> <ul style="list-style-type: none"> <li>– Review user-friendliness of ESSA for clients</li> <li>– Draft a marketing strategy, implementation plan and budget, focusing on radio campaigns, community outreach, print campaigns, Decade of Artisan events and job fairs.</li> <li>– Submit draft marketing strategy for approval to DHET &amp; DOL.</li> <li>– Conduct marketing &amp; registration campaigns, for example, Phakisa Occupations are promoted through relevant career promotion activities such as Decade of Artisan and job fairs.</li> </ul>	<p>2/23/2015 3/23/2015</p> <p>5/11/2015 6/1/2015</p>	<p>4.0 7.0</p> <p>3.0 recurring throughout initiatives</p>	<ul style="list-style-type: none"> <li>▪ OPOCT, DOL</li> <li>▪ OPOCT, IB's, OT's, DOL, SAOGA, MIASA, SAMSA, MERSETA, TETA, CHIETA, SBIDZ, RBIDZ, TNPA (Saldanha Bay &amp; Richards Bay), Community Groups, Saldanha Bay Local Municipality, City of uMhlathuze Municipality, WC &amp; KZN Provincial Governments</li> <li>▪ OPOCT, DOL, DHET</li> <li>▪ OPOCT, IB's, OT's, DOL, SAOGA, MIASA, SAMSA, MERSETA, TETA, CHIETA, SBIDZ, RBIDZ, TNPA (Saldanha Bay &amp; Richards Bay), Community Groups, Saldanha Bay Local Municipality, City of uMhlathuze Municipality, WC &amp; KZN Provincial Governments</li> </ul>
<p><b>5</b> Radio advocacy marketing campaign for all Phakisa Occupations implemented and sustained on DHET Kheta Community Radio stations.</p> <ul style="list-style-type: none"> <li>– Appoint industry experts for as many SA languages as possible, for each Phakisa Occupation identified, and submit names of industry experts to DHET Kheta Community Radio Programmes Coordinator.</li> <li>– Experts scheduled to promote Phakisa Occupations on community radio stations and encourage qualified persons to register on ESSA workseekers database.</li> </ul>	<p>6/1/2015</p> <p>6/22/2015</p>	<p>3.0</p> <p>recurring throughout initiatives</p>	<ul style="list-style-type: none"> <li>▪ OPOCT, IB's, OT's, DHET</li> <li>▪ OPOCT, IB's, OT's, DHET</li> </ul>

## Initiative 13: Increase usage of ESSA system as a high value recruitment tool for MTM (3/3)

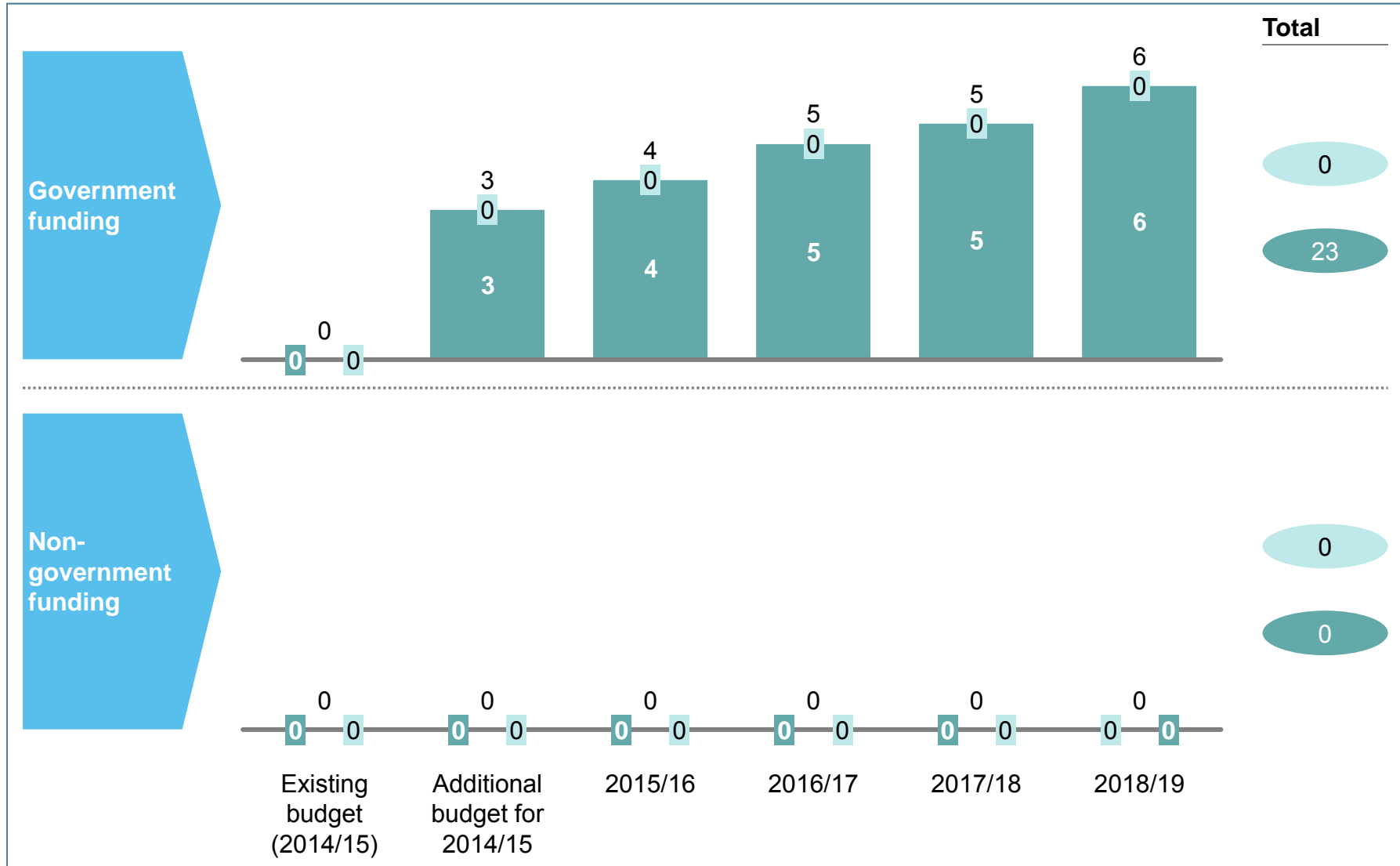
Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>6</b> Marketing and registration campaigns to increase ESSA usage amongst Operation Phakisa industry/companies, and in targeted areas (Saldanha Bay and Richards Bay and across Western Cape and Kwa-Zulu Natal).</p> <ul style="list-style-type: none"> <li>– Review user-friendliness of ESSA for companies</li> <li>– Draft a marketing strategy, implementation plan and budget, focusing on radio campaigns, community outreach, print campaigns, Decade of Artisan events and job fairs.</li> <li>– Submit draft marketing strategy for approval to DHET &amp; DOL.</li> <li>– Conduct marketing &amp; registration campaigns</li> </ul>	<p>2/23/2015 3/23/2015</p> <p>5/11/2015</p> <p>6/1/2015</p>	<p>4.0 7.0</p> <p>3.0</p> <p>recurring throughout initiatives</p>	<ul style="list-style-type: none"> <li>▪ OPOCT, DOL, SAOGA, MIASA, SAMSA</li> <li>▪ OPOCT, IB's, OT's, DOL, SAOGA, MIASA, SAMSA, MERSETA, TETA, CHIETA, SBIDZ, RBIDZ, TNPA (Saldanha Bay &amp; Richards Bay), Community Groups, Saldanha Bay Local Municipality, City of uMhlathuze Municipality, WC &amp; KZN Provincial Governments</li> <li>▪ OPOCT, DOL, DHET, SAOGA, MIASA, SAMSA</li> <li>▪ OPOCT, IB's, OT's, DOL, SAOGA, MIASA, SAMSA, MERSETA, TETA, CHIETA, SBIDZ, RBIDZ, TNPA (Saldanha Bay &amp; Richards Bay), Community Groups, Saldanha Bay Local Municipality, City of uMhlathuze Municipality, WC &amp; KZN Provincial Governments</li> </ul>
<p><b>7</b> Mandate a minimum 30% towards additional recruitment of unskilled and semi-skilled workers and trades from ESSA on all public procurement tenders issued pertaining to Operation Phakisa activities.</p> <ul style="list-style-type: none"> <li>– Draft policy for ESSA system for inclusion on all public tender requirements</li> <li>– Submit for approval to National Treasury</li> <li>– Implement an awareness campaign across state implementing agencies.</li> </ul>	<p>2/23/2015</p> <p>4/13/2015</p> <p>5/11/2015</p>	<p>7.0</p> <p>4.0</p> <p>15.0</p>	<ul style="list-style-type: none"> <li>▪ OT's, DOL, National Treasury</li> <li>▪ National Treasury</li> <li>▪ OPOCT</li> </ul>



# Initiative 13: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 14: Increase capacity to develop skills for ~1,200 ratings and ~720 officers per year

There are insufficient seafarers to support vessel manning and management, therefore there is a need to create a skills development pipeline for seafarers.

### Initiative concept/details/highlights

- Ensure there is capacity to produce 720 officers annually
  - Increase production of maritime students (navigation and engineers) from the Institutions of Technology (DUT and CPUT) from the current 240 to 480
  - Commission NMMU to supply 240 maritime students
- Ensure there is capacity to produce 1,200 ratings annually
  - Accelerate training capability at prioritised TVETs
- Ensure availability of training berths to match the ratings and officer throughput
  - Grow the number of ships providing training berths
- Ensure Maritime Education and Training (MET) is coordinated
  - Establish a dedicated institute for coordination of MET, including research
- Persist in driving awareness of career opportunities
- Develop and sustain a Skills Fund

- Production of 720 officers per year
- Production of 1,200 ratings per year

### Implementing agency

- DHET

### Key stakeholders identified

- DoT, SAMSA
- DST, SAASTA
- NSF, TETA, DoL, UIF
- Industry, TVETs, HEIs, public/private partnerships

### Required resources

- Investment: R5,200m

### Implementation timeframe

- Start date: Sept 2014
- End date: Annually

### Key performance indicators

- 720 officers and 1,200 ratings employed per year from 2016

## Initiative 14: Increase capacity to develop skills for ~1,200 ratings and ~720 officers per year (1/3)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> ▪ <b>Increase throughput at DUT to 240 officers per year</b></p> <ul style="list-style-type: none"> <li>– Improve and add Facilities and Infrastructure at the Steve Biko Campus (Classrooms, Computers, Simulator)</li> <li>– Appoint 6 Lecturers</li> <li>– Industry comparable salaries for 11 Lecturers</li> <li>– Bursaries and Scholarships (incl. for existing throughput)</li> <li>– Maintenance for plant and equipment</li> </ul>	<p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>16/01/01</p>	<p>64</p> <p>64</p> <p>recurring</p> <p>recurring</p> <p>recurring</p>	<ul style="list-style-type: none"> <li>▪ DHET/DUT</li> <li>▪ DUT</li> <li>▪ DHET/DUT</li> <li>▪ DHET/DUT/Industry</li> <li>▪ DHET/DUT</li> </ul>
<p><b>2</b> ▪ <b>Increase throughput at CPUT to 240 officers per year</b></p> <ul style="list-style-type: none"> <li>– Dedicated Building for increasing throughput</li> <li>– Plant and Equipment</li> <li>– Appoint 30 x extra Academics</li> <li>– Appoint 6 x admin assistants</li> <li>– Industry comparable salaries</li> <li>– Bursaries and Scholarships (incl. for existing throughput)</li> <li>– Maintenance for plant and equipment</li> </ul>	<p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>16/01/01</p>	<p>64</p> <p>64</p> <p>64</p> <p>64</p> <p>recurring</p> <p>recurring</p> <p>recurring</p>	<ul style="list-style-type: none"> <li>▪ DHET/CPUT</li> <li>▪ DHET/CPUT</li> <li>▪ CPUT</li> <li>▪ CPUT</li> <li>▪ DHET/CPUT</li> <li>▪ DHET/CPUT/Industry</li> <li>▪ DHET/CPUT</li> </ul>
<p><b>3</b> ▪ <b>Maritime Studies at NMMU with throughput of 240 officers per year</b></p> <ul style="list-style-type: none"> <li>– Dedicated Building and Facilities</li> <li>– Library Books and Periodicals</li> <li>– Travel and Subsistence</li> <li>– Design a Program for Student Excursions</li> <li>– Maintenance for plant and equipment</li> <li>– Media Services, Advertising and Marketing</li> <li>– Appoint-6 x PL 6 Specialised Associate Professor</li> <li>– Appoint-1 x Administrative Assistant</li> <li>– Appoint-2 x Specialised Technician</li> <li>– Industry comparable salaries</li> <li>– Bursaries and Scholarships</li> </ul>	<p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>16/01/01</p> <p>14/06/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>16/01/01</p> <p>16/01/01</p>	<p>64</p> <p>64</p> <p>recurring</p> <p>16</p> <p>recurring</p> <p>recurring</p> <p>64</p> <p>64</p> <p>64</p> <p>recurring</p> <p>recurring</p>	<ul style="list-style-type: none"> <li>▪ DHET/NMMU</li> <li>▪ NMMU</li> <li>▪ NMMU</li> <li>▪ DHET/NMMU</li> <li>▪ DHET/NMMU</li> <li>▪ NMMU</li> <li>▪ NMMU</li> <li>▪ NMMU</li> <li>▪ NMMU</li> <li>▪ DHET/NMMU</li> <li>▪ DHET/NMMU/Industry</li> </ul>

## Initiative 14: Increase capacity to develop skills for ~1,200 ratings and ~720 officers per year (2/3)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>4 Ratings and engineer officer training at TVETs</b></p> <ul style="list-style-type: none"> <li>– Build Infrastructure at selected TVETs (Umfolozzi, Thekwini, Esayidi, Port Elizabeth College, Buffalo City College, South Cape College, College of Cape Town, West Coast College)</li> <li>– Bursaries and Scholarships</li> <li>– Industry comparable salaries for 63 Trainers and 16 support staff</li> <li>– Running for Train the Trainer</li> <li>– Fast track the readiness of the selected TVET colleges for ratings training to produce a total of 1200 ratings per year for merchant vessels and 100 ratings/motorman per year for fishing vessels.</li> <li>– Fast track an intermediate Distance Learning Programme for “Train the Trainer” to supply 64 qualified trainers by January 2016</li> <li>– Develop a TVET/Private Partnership for Train the Trainer for mid-term supply of trainers. To be in place by June 2015.</li> <li>– Develop a Trainer/Facilitator Program. To be in place by January 2015.</li> <li>– STCW Marine subjects must be included on the TVET system so as to make the Marine Engineering Qualification Offering by 2015.</li> <li>– Fast Track the incorporation of Electro-Technical Officer qualification at TVET.</li> </ul>	<p>14/09/01</p> <p>15/06/01</p> <p>15/06/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p>	<p>36</p> <p>recurring</p> <p>recurring</p> <p>recurring</p> <p>36</p> <p>16</p> <p>16</p> <p>16</p> <p>36</p> <p>36</p>	<ul style="list-style-type: none"> <li>▪ DHET/TVETs</li> <li>▪ DHET/Industry</li> <li>▪ DHET/TVETs/Industry</li> <li>▪ DHET/ETDP Seta</li> <li>▪ DHET/SAMSA/TETA/TVETs</li> <li>▪ DHET/SAMSA/TETA</li> <li>▪ DHET/SAMSA/TETA</li> <li>▪ DHET/SAMSA/TETA</li> <li>▪ DHET/SAMSA/TETA</li> <li>▪ DHET/SAMSA/TETA/TVETs</li> </ul>
<p><b>5 Training berths</b></p> <ul style="list-style-type: none"> <li>– Funding for 1200 Rating Training Berths per year</li> <li>– Funding for 100 Fishing Rating Training Berths per year</li> <li>– Funding for 720 Cadet Training Berths per year</li> <li>– Operation for Dedicated Training Vessel per year</li> <li>– Upgrading SA Agulhas for engineering workshop training</li> <li>– Develop a market strategy for SA cadets and seafarers (include: Creation of a seafarer/maritime desk in every SA mission abroad; Targeted country bilaterals for seafarer movement)</li> </ul>	<p>14/09/01</p> <p>14/09/02</p> <p>14/09/03</p> <p>14/09/01</p> <p>14/09/01</p> <p>14/09/01</p>	<p>recurring</p> <p>recurring</p> <p>recurring</p> <p>recurring</p> <p>28</p> <p>16</p>	<ul style="list-style-type: none"> <li>▪ DHET/TETA</li> <li>▪ DHET/DAFF/TETA/FoodBev Seta</li> <li>▪ DHET/TETA</li> <li>▪ DHET/SAMSA</li> <li>▪ DHET/SAMSA</li> <li>▪ DHET/SAMSA/DIRCO/TETA</li> </ul>

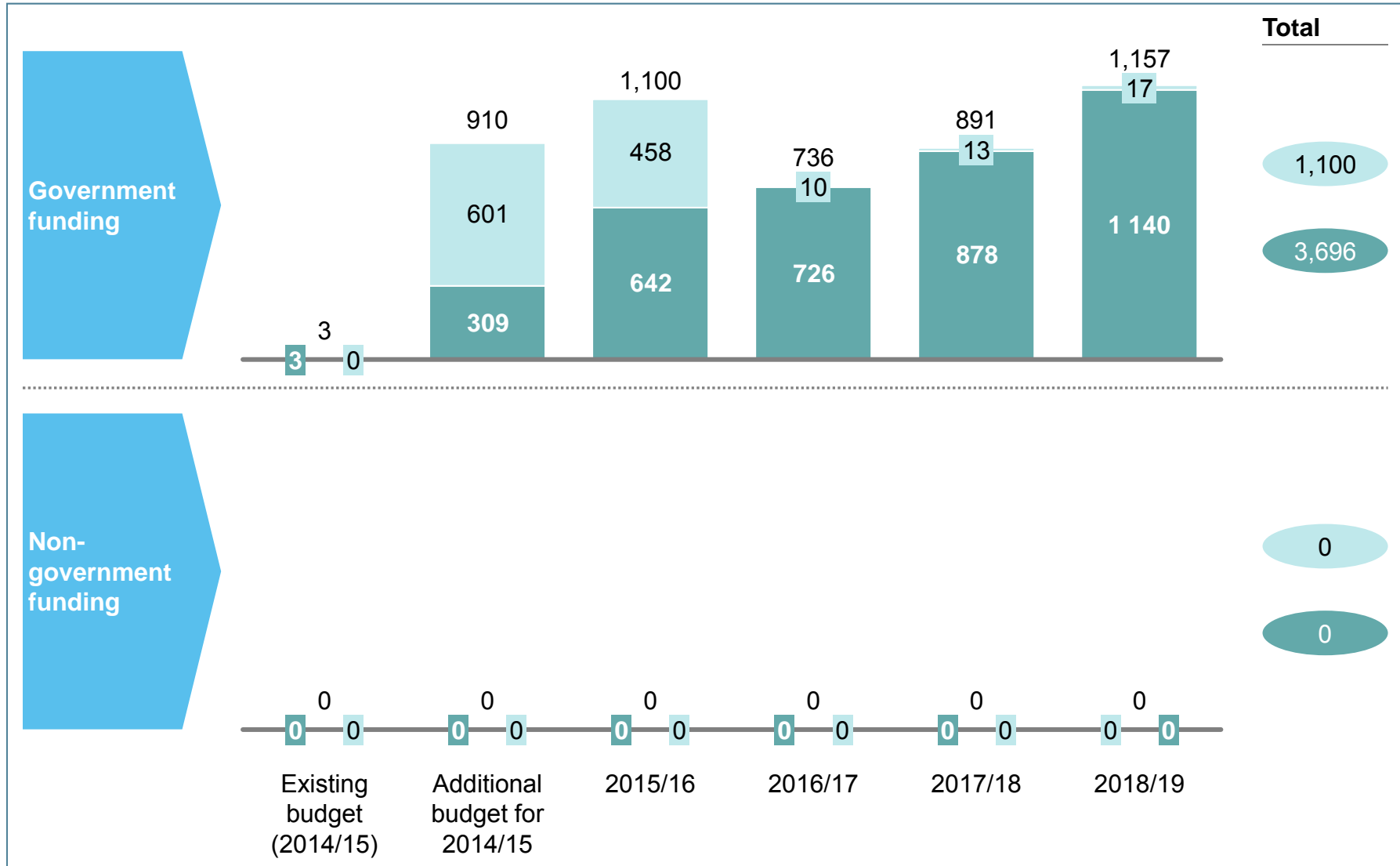
## Initiative 14: Increase capacity to develop skills for ~1,200 ratings and ~720 officers per year (3/3)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>6</b> ▪ <b>Skills Development Fund</b></p> <ul style="list-style-type: none"> <li>– Establish a Skills Development Fund for Seafarer Training (to include industry comparable salaries, Bursaries, Support for Train the Trainer, Excursions, Training Berths, funding contribution by stakeholders (Industry, DHET, TETA, SAMSA, and Cadet)</li> </ul>	14/09/01	16	<ul style="list-style-type: none"> <li>▪ DHET</li> </ul>
<p><b>7</b> ▪ <b>Coordination of Maritime Education and Training</b></p> <ul style="list-style-type: none"> <li>– Establish a dedicated Institute to ensure:                             <ul style="list-style-type: none"> <li>▫ Co-ordination of maritime sector wide programmes, projects and research. To also include franchise framework between CPUT, DUT, NMMU, TVETs and Private;</li> <li>▫ Co-operation and collaboration between institutions (both locally and abroad);</li> <li>▫ Knowledge base and shared expertise;</li> <li>▫ Ensuring education gaps are filled;</li> <li>▫ Articulation between levels and institutions (inclusive with International Recognition Agreements)"</li> </ul> </li> </ul>	14/09/01	40	<ul style="list-style-type: none"> <li>▪ DHET/SAMSA/Regional Clusters</li> </ul>
<p><b>8</b> ▪ <b>Career development</b></p> <ul style="list-style-type: none"> <li>– Conclude the roadmap for cross-sector maritime research, innovation and knowledge management</li> <li>– Extend the role of the Steering Committee to oversee the maintenance of the roadmap and implementations.</li> <li>– Establish sub-sector task teams to develop implementation plans/work packages</li> <li>– Leverage funding for the roll-out of the work packages</li> <li>– Develop a maritime careers awareness strategy and run implementation</li> <li>– Develop Career Paths Mapping in the Maritime Industries</li> </ul>	13/09/01 14/08/18 14/10/01 14/08/18 14/09/01 14/09/01	4 2 4 14 28 28	<ul style="list-style-type: none"> <li>▪ DST/DHET/SAMSA</li> <li>▪ DST/DHET/SAMSA</li> <li>▪ DST/DHET/SAMSA</li> <li>▪ DST/DHET/SAMSA</li> <li>▪ DHET/DST/SAMSA/Industry</li> <li>▪ DHET/SAMSA/Industry</li> </ul>

# Initiative 14: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 15: Create a public procurement and localisation programme

Develop a procurement programme for government departments and entities, which prioritises local content in order to grow the South African market

### Initiative concept/details/highlights

- Increase local manufacturing capacity to 80% through local procurement (based on a demand and supply side analysis) and feed these into the dti designation process
  - Design and implement a series of supply side support measures (tariff regime, infrastructure, skills or finance) – dti or DPE – due in March 2016
- Develop a support programme for the rollout of the maritime designation for boatbuilding
- Develop a centralised procurement planning agency for government to ensure the sustainability of the industry
- Investigate how fishing licenses and a fishing fleet renewal programme can feed into the local development strategy

**Prioritise local content in public procurement programme to grow the SA market**

### Implementing agency

- The dti

### Key stakeholders identified

- SAPS; SANDF; SARS
- Transnet; PetroSA
- DWAS; DAFF; SARS; DEA; the dti

### Required resources

- Investment: R5.2m

### Implementation timeframe

- Start date: upon adoption of lab results by government
- End date: 29 March 2019

### Key milestones

- 2016: Complete 5 year target, designation implementation plan and 100% recapitalisation of SA fishing fleet.
- 2017: Central fleet management agency in place.

## **Currently, SA provides some incentives and funding for the MTM industry, but the uptake is low**

**Below are the key incentives offered and the institutions hosting them:**

### **Incentives**

- Manufacturing Competiveness Enhancement Programme (MCEP)
- 12I Tax Allowance
- Stock Boatbuilding programme

**There are also various funding instruments administered by State entities such as**

- Industrial Development Corporation
- Development Bank of Southern Africa
- Public Investment Corporation
- Exporters Credit Insurance Corporation



## Initiative 15: Public procurement and localisation programme (1/4)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>1</b> ■ <b>Increase local manufacturing capacity to 80%</b></p> <ul style="list-style-type: none"> <li>– Develop terms of reference for the research and implementation plan</li> <li>– Identify total demand for ship building and repair capabilities broken down into segments relating to government’s ability to influence decisions pertaining to procurement and maintenance of capacity.</li> <li>– Determine possible mechanisms through which demand can be organised and managed to avoid volatility.</li> <li>– Determine SA capacity to deliver on this demand and identify capabilities that could be developed on the back of a sustainable demand requirement and furthermore identify additional capability with specific government support.</li> <li>– Evaluate existing policy and measures that are and could be impacting the sector competitiveness and capability (MCEP, EMIA, Stock Boat Programme, NIP, 12I)</li> <li>– Execute appointment of service provider as per DTI's SCM processes.</li> <li>– Finalise study and present recommendations to interested stakeholders.</li> <li>– Endorsement and approval of the research and implementation plan by requisite stakeholders.</li> <li>– Based on the targeted areas for localisation, construct a package of measures for approval by Minister DTI.</li> <li>– Where appropriate submit to cabinet to get formal endorsement.</li> <li>– Implement strategy recommendations with relevant stakeholders</li>   <li>– Annual monitoring and evaluation of implementation and its impact.</li> </ul>	18-Aug-14	4	<ul style="list-style-type: none"> <li>▪ DTI Chief Director Industrial Policy</li> <li>▪ DTI Chief Director Industrial Policy</li>   <li>▪ DTI Chief Director Industrial Policy</li> <li>▪ DTI Chief Director Industrial Policy</li>   <li>▪ DTI Chief Director Industrial Policy</li> </ul>
	18-Sep-14	19	<ul style="list-style-type: none"> <li>▪ DTI Chief Director Industrial Policy</li> </ul>
	31-Jan-15	21	<ul style="list-style-type: none"> <li>▪ DTI Chief Director Industrial Policy</li> </ul>
	1-Jul-15	13	<ul style="list-style-type: none"> <li>▪ DTI Chief Director Industrial Policy</li> </ul>
	1-Nov-15	30	<ul style="list-style-type: none"> <li>▪ DTI Chief Director Industrial Policy</li> </ul>
	1-Jun-15	13	<ul style="list-style-type: none"> <li>▪ DTI</li> </ul>
	1-Sep-15	30	<ul style="list-style-type: none"> <li>▪ "DTI Chief Director Industrial Policy; SAPS; SANDF; SARS, DOTTransnet; Petro SADWAS; DAFF; SARS; DEA;"</li> </ul>
	1-Apr-16	156	<ul style="list-style-type: none"> <li>▪ DTI Chief Director Industrial Policy</li> </ul>

## Initiative 15: Public procurement and localisation programme (2/4)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>2</b> ▪ <b>Set up a central agency of government under DPE or DOT to coordinate procurement, technical standards and utilisation of the government fleet.</b></p> <ul style="list-style-type: none"> <li>– Identify government agencies that are currently involved in acquisition and management of vessels.</li> <li>– Arrange a governmental stakeholder engagement to develop a maritime fleet management strategy that will include:                             <ul style="list-style-type: none"> <li>▫ Review the current maritime fleet and procurement policies with the following stakeholders: DTI; SAPS; SANDF; SARS; DOT;DWAS; DAFF; SARS; DEA; TRANSNET, PETRO SA, DBSA, SAMSA, NT</li> <li>▫ Review existing procurement contracts in relevant departments - stakeholders: DTI; SAPS; SANDF; SARS; DOT;DWAS; DAFF; SARS; DEA; TRANSNET, PETRO SA, DBSA, SAMSA, NT</li> <li>▫ Determine financial resources that are currently available in the different departments and build a central funding model - stakeholders: DTI; SAPS; SANDF; SARS; DOT;DWAS; DAFF; SARS; DEA; TRANSNET, PETRO SA, DBSA, SAMSA, NT</li> </ul> </li> <li>– Develop integrated demand plan for maritime fleet for the next 5 years.</li> <li>– Develop an operational institutional model for execution of centralised fleet management with stakeholders.</li> <li>– Provide recommendations to DTI on future possible designations (components and vessels) for the maritime sector.</li> <li>– Develop a task team to execute agreed recommendations from stakeholder engagement.</li> </ul>	<p>18-Aug-14</p> <p>1-Oct-14</p> <p>1-Dec-15</p>	<p>6</p> <p>61</p> <p>69</p>	<ul style="list-style-type: none"> <li>▪ DG DOT</li> <li>▪ DG DOT</li> <li>▪ DG DOT</li> <li>▪ DG DOT</li> <li>▪ DG DOT</li> <li>▪ DG DOT</li> <li>▪ DG DOT</li> <li>▪ DG DOT</li> <li>▪ DG DOT</li> </ul>

## Initiative 15: Public procurement and localisation programme (3/4)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>3</b> ▪ <b>Develop a support programme for the rollout of maritime designation for boatbuilding.</b></p> <ul style="list-style-type: none"> <li>– On publication of designation notes, DTI to convene a central task team that will:                             <ul style="list-style-type: none"> <li>▫ Identify government agencies that are currently involved in acquisition of vessels.</li> <li>▫ Review the current gaps in procurement policies and enforce local build requirements with all stakeholders: DTI; SAPS; SANDF; SARS; DOT;DWAS; DAFF; SARS; DEA; TRANSNET, PETRO SA, DBSA, SAMSA, NT</li> <li>▫ Review existing contracts in relevant departments and execution thereof.</li> <li>▫ Provide support to RFP process to expedite Treasury exemption from PPPFA to relevant and qualifying government institutions.</li> <li>▫ Provide training in designation related procurement</li> </ul> </li> <li>▫ Implement auditing mechanism to ensure that commitments in RFP and contracts are delivered by suppliers.</li> <li>▫ Develop a financing model to support activities within the central team.</li> </ul>	<p>1-Oct-14</p>	<p>61</p>	<ul style="list-style-type: none"> <li>▪ Chief Director Fleet Procurement: Mr Tebogo Makube</li> <li>▪ Chief Director Fleet Procurement: Mr Tebogo Makube</li> <li>▪ Chief Director Fleet Procurement: Mr Tebogo Makube</li> <li>▪ Chief Director Fleet Procurement: Mr Tebogo Makube</li> <li>▪ Chief Director Fleet Procurement: Mr Tebogo Makube</li> <li>▪ Chief Director Fleet Procurement: Mr Tebogo Makube</li> <li>▪ Chief Director Fleet Procurement: Mr Tebogo Makube</li> <li>▪ Chief Director Fleet Procurement: Mr Tebogo Makube</li> <li>▪ Chief Director Fleet Procurement: Mr Tebogo Makube</li> <li>▪ Chief Director Fleet Procurement: Mr Tebogo Makube</li> </ul>

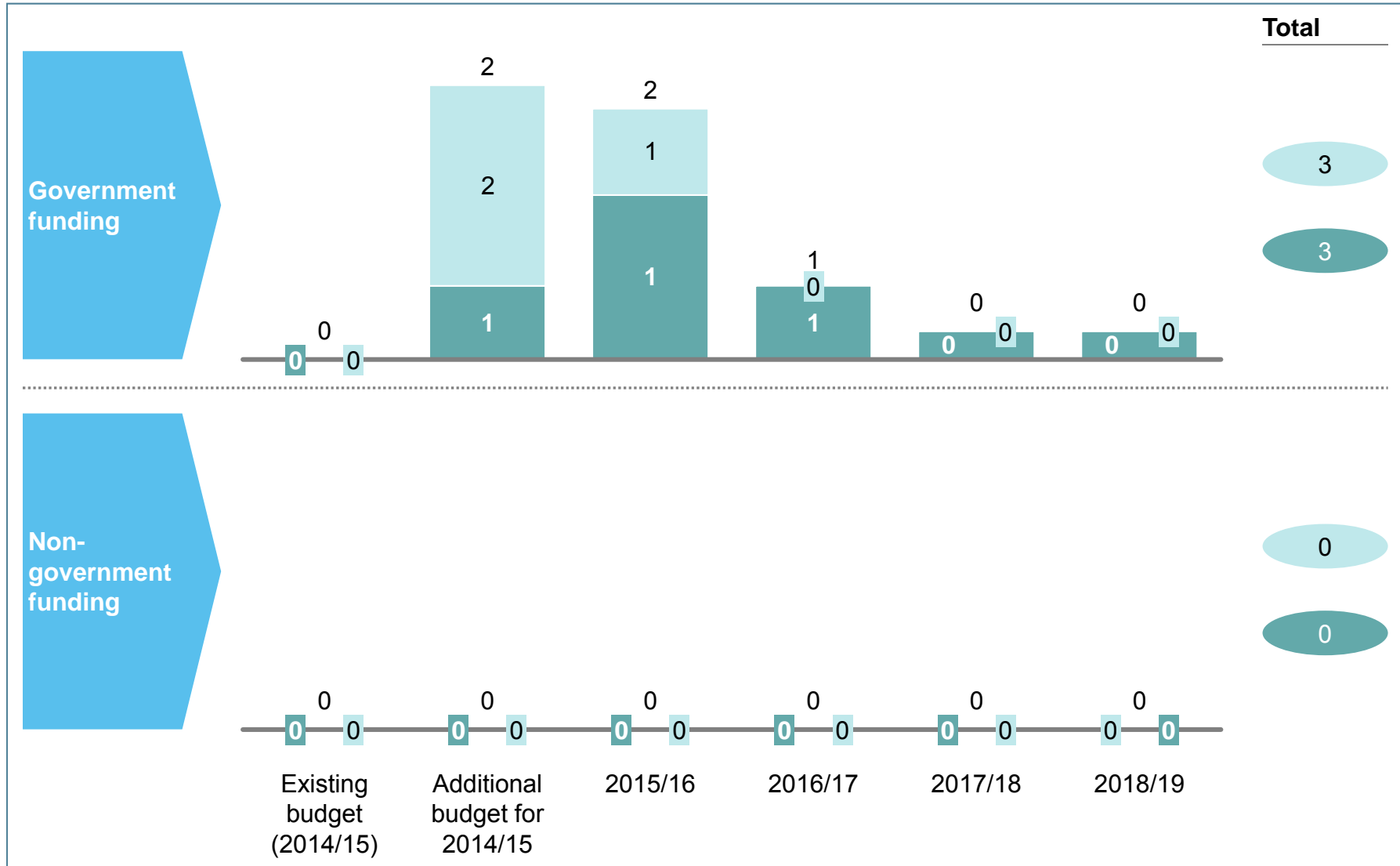
## Initiative 15: Public procurement and localisation programme (4/4)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>4</b> ▪ <b>Investigate how fishing licenses and a fishing fleet renewal programme can feed into the localisation strategy.</b></p> <ul style="list-style-type: none"> <li>– Develop terms of reference for the research and implementation plan</li> <li>– Segment the existing fishing fleet by age and safety to determine requirement for fleet renewal.</li> <li>– Based on this requirement, develop a funding and ownership model.</li> <li>– Develop a method for accessing licences linked to existing ownership of unsafe fishing vessel.</li> <li>– Define standardised designs for fishing fleet.</li> <li>– Evaluate lessons learned from taxi recapitalisation process.</li> <li>– Execute appointment of service provider as per DTI's SCM processes.</li> <li>– Finalise study and present recommendations to interested stakeholders.</li> <li>– Obtain endorsement and approval of the research and implementation plan by requisite stakeholders.</li> <li>– Implement strategy recommendations with relevant stakeholders</li> <li>– Conduct annual monitoring and evaluation of implementation and its impact.</li> </ul>	18-Aug-14	4	<ul style="list-style-type: none"> <li>▪ SAMSA</li> <li>▪ SAMSA</li> <li>▪ SAMSA</li> <li>▪ SAMSA</li> <li>▪ SAMSA</li> <li>▪ SAMSA</li> </ul>
	18-Sep-14	19	<ul style="list-style-type: none"> <li>▪ SAMSA</li> </ul>
	31-Jan-15	21	<ul style="list-style-type: none"> <li>▪ SAMSA</li> </ul>
	1-Jul-15	13	<ul style="list-style-type: none"> <li>▪ SAMSA</li> </ul>
	1-Sep-15	30	<ul style="list-style-type: none"> <li>▪ SAMSA</li> </ul>
	1-Apr-16	156	<ul style="list-style-type: none"> <li>▪ SAMSA</li> </ul>

# Initiative 15: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 16: Strategic marketing campaign

South Africa currently has less than 1% of global (accessible) market share of ship building, ship repair and rig repair. South Africa is strategically located, with 134, 000 vessels including oil rigs passing our shores annually. A strategic marketing campaign should thus devise an attractive value proposition for market penetration on the African continent

### Initiative concept/details/highlights

- Develop a strategic marketing campaign targeted at developing maritime nations with which South Africa has bi- and multi-lateral trade agreements, in order to increase South African market share by 100%.
- Package an integrated maritime value proposition (constituting shipbuilding, ship repair, rig repair, port management and operations, training) for the developing maritime nations. The targeted countries for this initiative are Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria and Tanzania.
- Produce a timetable and identify a delegation to execute the campaign
- Execute the strategic maritime campaign

**Create awareness of SA's maritime capability and increase market share by 100% in 2019**

### Implementing agency

- DTI

### Key stakeholders identified

- DIRCO
- Transnet
- Industry players

### Required resources

- Investment: Nil – all marketing activities will be undertaken by DTI's existing initiatives

### Implementation timeframe

- Start date: 01 Sept 2014
- End date: 31 Mar 2016

### Key performance indicators

- 2016: Launch of a strategic marketing campaign targeted at 7 developing maritime nations in order to promote SA maritime capability and increase the South African market share by 100%

## Initiative 16: Strategic marketing campaign (cont'd)

### Strengths

- 5 shipyards with available capacity vs. Asian and EU yards
- Strong ship building, ship and rig repair capability

### Weaknesses

- Limited suitable facilities
- Access to market (local and regional)

### Opportunities

- Developing African maritime nations
- Niche markets
- Military and safety vessels
- Commercial and work boats
- Oil and gas crew and supply boats
- Ferries

### Threat

- Competition from Europe & China in the African continent
- Stringent local content policies of Nigeria and Angola
- Failure to sufficiently invest in and promote a “Brand South Africa”
- Development of repair and refit hubs in Singapore, Australia and the Caribbean

### South Africa's capability

- Military and safety vessels
- Commercial and work boats
- Research and training vessels
- Oil & gas crew and supply boats
- Ferries





## Initiative 16: Strategic marketing campaign (cont'd)

Initiative concept/details/highlights
<ul style="list-style-type: none"> <li>Target markets</li> </ul>

Country	Vessel type	Buyers	Value proposition
<b>Nigeria</b> 	<ul style="list-style-type: none"> <li>Anchor handling tugs</li> <li>Off-shore Supply Vessels (oil/gas)</li> <li>In-shore Patrol Vessel and Off-shore Patrol Vessel</li> </ul>	<ul style="list-style-type: none"> <li>Nigerian National Petroleum Company</li> <li>Nigerian Navy</li> <li>Nigeria Maritime Authority</li> <li>Nigerian Maritime Administration Agency</li> <li>Leasing company of Nigeria</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Maritime Development Fund</li> <li>Planned Maintenance package</li> </ul>
<b>Ghana</b> 	<ul style="list-style-type: none"> <li>In-shore Patrol Vessels</li> <li>Off-shore Patrol Vessels</li> <li>Anchor handling tugs</li> <li>Off-shore Sector Vessels</li> <li>In-shore Sector Vessels</li> </ul>	<ul style="list-style-type: none"> <li>Ghana Navy</li> <li>Ghana Maritime Authority</li> <li>Ghana Maritime Policy</li> <li>Volta Lake Transport Corporation</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Maritime Development Fund</li> <li>Planned Maintenance package</li> </ul>
<b>Angola</b> 	<ul style="list-style-type: none"> <li>Fishing vessels</li> <li>Research</li> <li>Anchor handling tugs</li> <li>Off-shore Supply Vessels</li> <li>In-shore Patrol Vessels</li> <li>Off-shore Patrol Vessels</li> </ul>	<ul style="list-style-type: none"> <li>Angolan Navy</li> <li>Ghana Maritime Police Unit</li> <li>Ghana Ports and Harbour Authority</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Maritime Development Fund</li> <li>Planned Maintenance package</li> </ul>



## Initiative 16: Strategic marketing campaign (cont'd)

Country	Vessel type	Buyers	Value proposition
<b>Namibia</b> 	<ul style="list-style-type: none"> <li>Fishing vessels</li> </ul>	<ul style="list-style-type: none"> <li>Namport</li> </ul>	<ul style="list-style-type: none"> <li>Maritime Development Fund</li> <li>Planned Maintenance package</li> </ul>
<b>Mozambique</b> 	<ul style="list-style-type: none"> <li>Anchor handling</li> <li>OSVs</li> <li>Patrol vessels (project Biro)</li> </ul>	<ul style="list-style-type: none"> <li>Portos e Camminos de Ferro de Mocambique</li> <li>Navy</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Maritime Development Fund</li> <li>Planned Maintenance package</li> </ul>
<b>Tanzania</b> 	<ul style="list-style-type: none"> <li>Patrol vessels</li> <li>Anchor handling vessels</li> <li>OSVs (offshore supply vessel)</li> <li>Ferries</li> </ul>	<ul style="list-style-type: none"> <li>Tanzania Ports Authority</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Maritime Development Fund</li> <li>Planned Maintenance package</li> </ul>
<b>Kenya</b> 	<ul style="list-style-type: none"> <li>Patrol vessels</li> <li>OSVs</li> <li>Anchor handling vessels</li> <li>Ferries/ Rescue crafts</li> </ul>	<ul style="list-style-type: none"> <li>Kenya Maritime Police Unit</li> <li>Kenya Wildlife Service</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Maritime Development Fund</li> <li>Planned Maintenance package</li> </ul>

## Initiative 16: Develop a strategic marketing campaign and value proposition for targeted developing maritime nations (1/2)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p>1 Strategic marketing campaign</p> <ul style="list-style-type: none"> <li>- Develop a strategic marketing campaign for countries with which South Africa has bi and multi lateral trade agreements.</li> <li>- Conduct an industry analysis and investigation of current opportunities in the following countries:                             <ul style="list-style-type: none"> <li>▫ Angola                                     <ul style="list-style-type: none"> <li>- Agreement for the reciprocal promotion and protection of investment (20050217)</li> <li>- Cooperation agreement between the government of Republic of South Africa and the government of the Republic Angola in the field of Petroleum(20071121)</li> </ul> </li> <li>▫ Ghana                                     <ul style="list-style-type: none"> <li>- Agreement for the Promotion and Protection of Investments (19980709)</li> </ul> </li> <li>▫ Kenya                                     <ul style="list-style-type: none"> <li>- Agreement for the Promotion and Protection of Investments (2007)</li> </ul> </li> <li>▫ Mozambique                                     <ul style="list-style-type: none"> <li>- Agreement on the Co-ordination of the Maputo Development Corridor (19960726)</li> <li>- Agreement for the Promotion and Reciprocal Protection of Investments (19970506)</li> <li>- Memorandum of Understanding on Economic Cooperation (20050415).</li> <li>- Agreement regarding Merchant Shipping and related Matters (19960506).</li> </ul> </li> <li>▫ Namibia                                     <ul style="list-style-type: none"> <li>- Agreement on Defence and Security (19970610).</li> <li>- Memorandum of Understanding on Economic Co-operation (20061121)</li> </ul> </li> <li>▫ Nigeria                                     <ul style="list-style-type: none"> <li>- Agreement for the Reciprocal Promotion and Protection of Investments (20000429).</li> <li>- Trade Agreement (20050922).</li> </ul> </li> <li>▫ Tanzania                                     <ul style="list-style-type: none"> <li>- Agreement for the Promotion and Reciprocal Protection of Investments (20050922)</li> <li>- Agreement concerning Merchant Shipping and other Related Matters (20070405).</li> </ul> </li> </ul> </li> </ul>	<p>1-Sep-14</p>	<p>4</p>	<ul style="list-style-type: none"> <li>▪ DDG TISA</li> </ul>

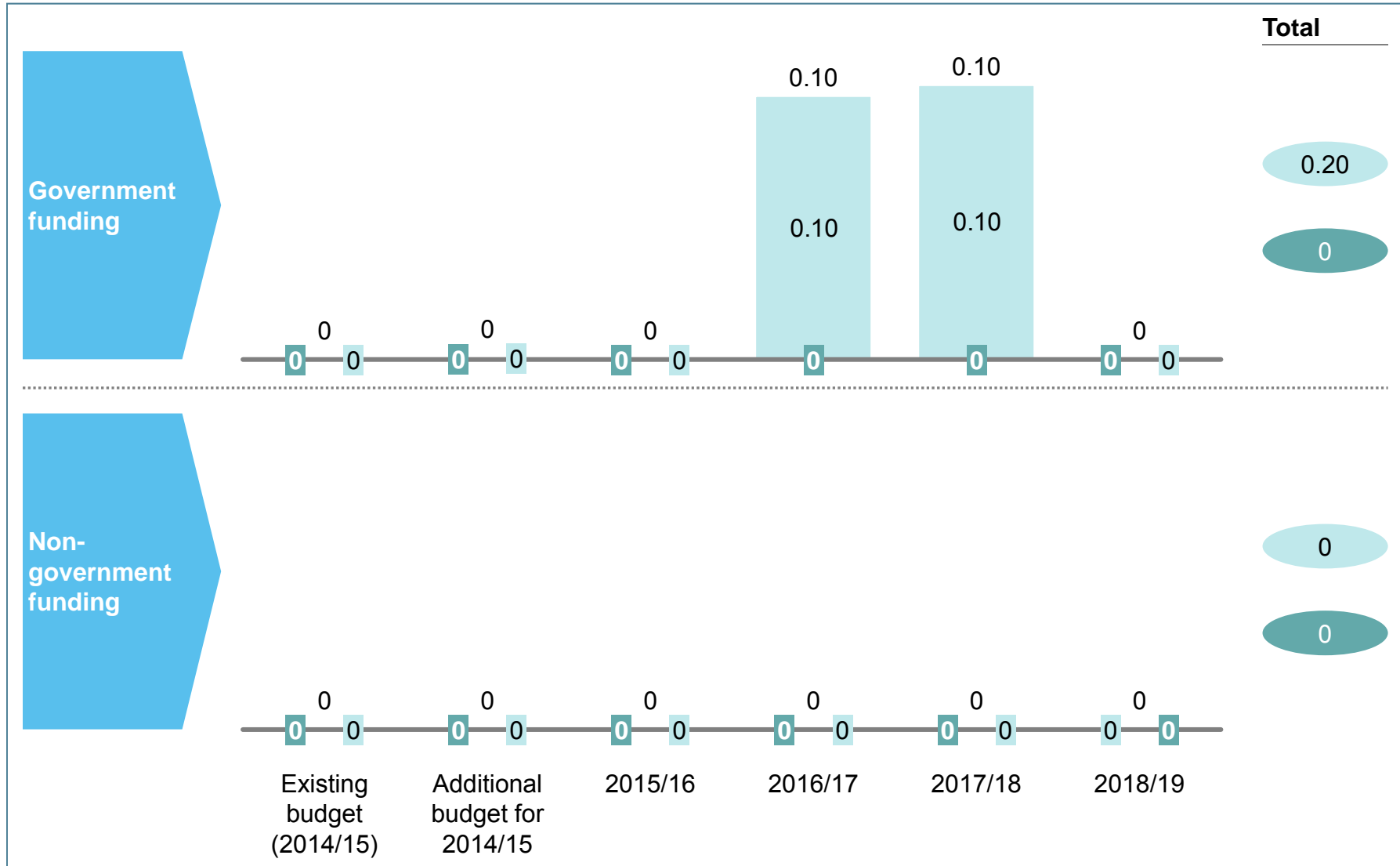
## Initiative 16: Develop a strategic marketing campaign and value proposition for targeted developing maritime nations (2/2)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>2</b> ▪ <b>Package an integrated maritime value proposition</b></p> <ul style="list-style-type: none"> <li>– Package an appropriate Maritime Development Fund through DBSA per country</li> <li>– Conduct a needs analysis of the 7 countries identified above for their maritime requirements (ship building, ship repair, rig repair, port management and operations, training)</li> <li>– Consolidate a list of new business opportunities in the 7 countries</li> <li>– Packaging maritime development funding according to the needs identified (DBSA and Public Investment Corporation)</li> <li>– Package maritime goods and services to buyers (maritime fleet, maintenance, port management, port operation, training)</li> </ul>	1-Sep-14	30	<ul style="list-style-type: none"> <li>▪ DTI DG's Office/ industry/ Transnet</li> <li>▪ DTI DG's Office/ industry/ Transnet</li> <li>▪ DTI DG's Office/ industry/ Transnet</li> <li>▪ DTI DG's Office/ industry/ Transnet</li> <li>▪ DTI DG's Office/ industry/ Transnet</li> </ul>
<p><b>3</b> ▪ <b>Produce calendar and identify delegation for execution</b></p> <ul style="list-style-type: none"> <li>– Gather schedules of global missions/visits from relevant stakeholders</li> <li>– National: Mininsters, Deputy Ministers and DGs, Industry</li> <li>– Province: Premiers, MECs, Investment Promotion Agencies, Industry</li> <li>– Local: Mayors, Industry</li> <li>– Register initiative with Proudly South African</li> <li>– Develop calendar for the global campaign</li> <li>– Identify delegation for global promotion</li> </ul>	<p>18-Jan-16</p> <p>18-Jan-16</p> <p>18-Jan-16</p> <p>18-Jan-16</p>	<p>10</p> <p>10</p> <p>10</p> <p>10</p>	<ul style="list-style-type: none"> <li>▪ TISA/ DTI DG's Office</li> <li>▪ TISA/ DTI DG's Office</li> <li>▪ TISA/ DTI DG's Office</li> <li>▪ TISA/ DTI DG's Office</li> <li>▪ TISA/ DTI DG's Office</li> <li>▪ TISA/ DTI DG's Office</li> <li>▪ TISA/ DTI DG's Office</li> </ul>

# Initiative 16: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 17: Propose inclusion of preferential procurement clause in the African Maritime Charter

Development and adoption of preferential procurement in African Maritime Charter to create intra-regional maritime capacity and markets for African countries that seek to trade with each other

### Initiative concept/details/highlights

- South Africa to draft a position paper to propose inclusion of the preferential procurement clause in the African Maritime Charter by 2016.
- The position paper should be submitted to AU subcommittees / structures on maritime for consideration and adoption by the Ministers and Presidents of the AU member states
- SA to use this clause to actively pursue specific trade agreements covering, ship building, ship repair, maintenance, oil rig repair / maintenance with targeted member states on the continent

A legislative environment that fosters regional and local trading

### Implementing agency

- DIRCO

### Key stakeholders identified

- DOT
- DTI
- Industry

### Required resources

Nil (using existing resources: baseline budgets of implementing departments, i.e., DIRCO and Dti)

### Implementation timeframe

- Start date: 18 August 2014
- End date: 31 July 2017

### Key performance indicators

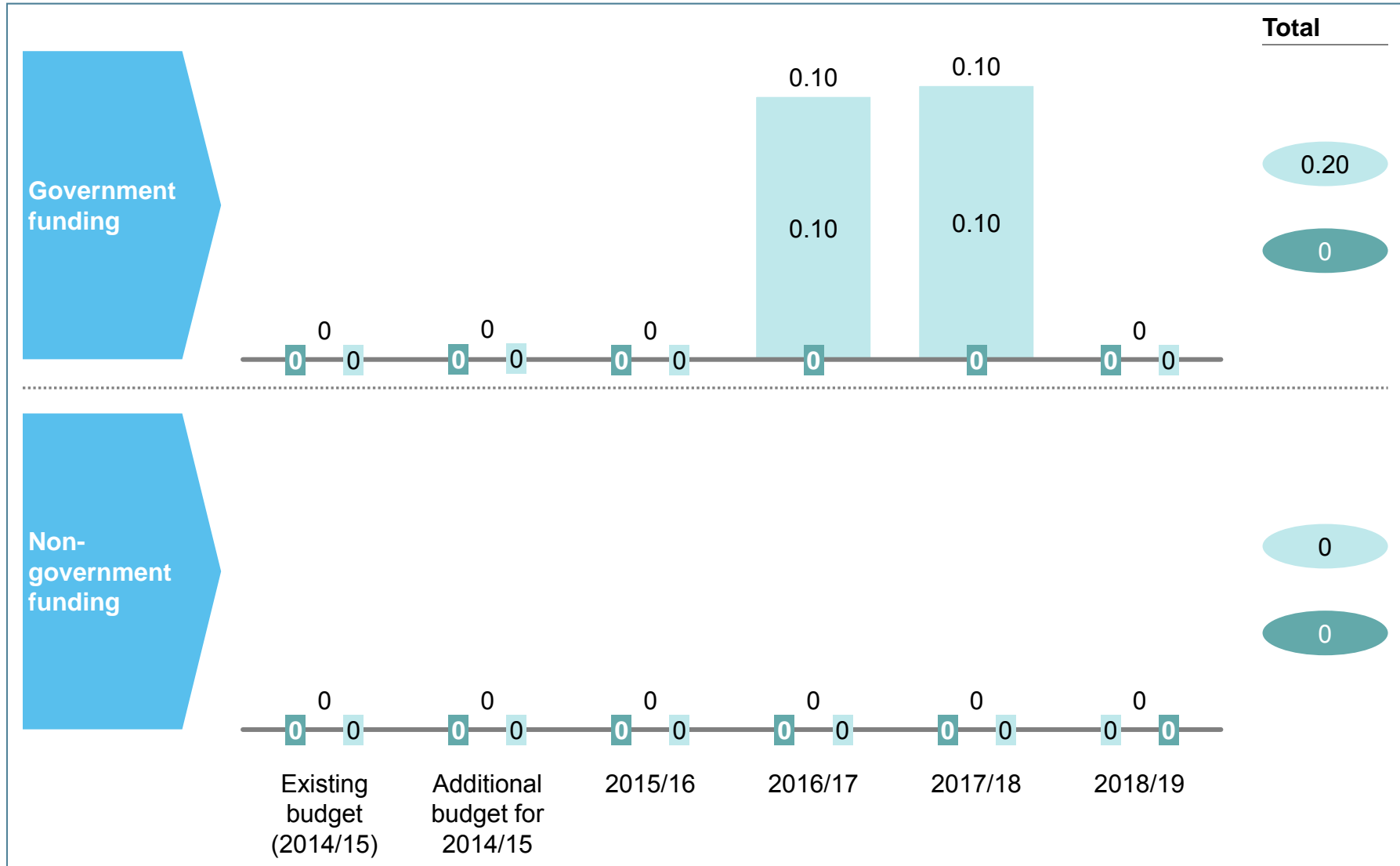
- 2016: Successful inclusion and adoption of preferential procurement in African Maritime Charter
- 2017: Number of bilateral agreements concluded that include maritime procurement



# Initiative 17: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

## Initiative 18: Support local registry of vessels through incentives and encouragement to use SA-flagged ships (1/2)

SA is allowed to carry at least 40% of its trade to market, amounting to at least 60 vessels. At 72 crew per vessel, this amounts to 4,320 direct seafarer jobs

### Initiative concept/details/highlights

- The current regulatory and tax policy is largely favorable for a national ship registry, though currently at risk for requisition or charter on demand
- SA has STCW guaranteed seafarer competency
- ILO 147 on minimum standards for seafarers' working condition
- Opportunity for greater control over country's foreign trade
- A solution to flag-hopping, ensuring protection of resources in SA EEZ
- Ensure at least 40% of cargo is required to be allocated to SA- flagged ships
  - Promote industry-wide participation (e.g., freight forwarders)
  - Add a new requirement in mining license applications to ship using SA vessels
  - Link the Mining BEE Charter to the Transport BEE Charter
  - Ensure all coastal vessels as well as vessels supporting marine operations on the EEZ fly the SA flag and are manned by SA seafarers
  - Invoke cabotage requirements on all coastal cargo, including the supply and operation of offshore support vessels in regional and continental waters (e.g., cabotage policy)

40% of SA minerals allocated to SA-flagged ships. All coastal operations on SA-flagged vessels manned by SA seafarers

### Implementing agency

- PetroSA, DMR

### Key stakeholders identified

- DoT
- The dti
- Treasury
- Chamber of Mines or mining houses

### Required resources

- Investment: R1,300m

### Implementation timeframe

- Start date: Sept 2014
- End date: Sept 2017

### Key performance indicators

- 2016: 5% of minerals on SA Ships, 100% of coastal operations shipped by SA



## Initiative 18: Support local registry of vessels through incentives and encouragement to use SA-flagged ships (2/2)

There is zero SA participation in vessel ownership due to lack of access to ship financing. There is thus a need to access affordable ship finance in order to allow for competitive participation in the shipping market.

### Initiative concept/details/highlights

- Ensure there is available funding for acquisition of ships to service the cargo and marine support contracts
- Ensure South African DFI capability to fund shipping transactions
- Pilot funding of a government vessel (DOT) by DBSA
- Invoke cabotage requirements on all coastal cargo
- Implement a tax waiver for coastal shipping operations, similar to the international regime.
- Ensure cost efficient maritime administration

- All SA government replacement vessels and fishing fleet funded by DFI
- Commercial banks create products for shipping finance

### Implementing agency

- DBSA

### Key stakeholders identified

- DOT
- dti
- Treasury
- SAMSA

### Required resources

- Investment: R1,2bn

### Implementation timeframe

- Start date: Sept 2014
- End date: Sept 2017

### Key performance indicators

- 2015: 2 ships funded by DBSA
- 2017: 1 ship per year funded locally

## Initiative 18: Leverage cargo and marine coastal operations (1/3)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<b>1</b> ▪ <b>Allocate 40% of all mineral cargo for transportation by SA-flagged vessels</b> <ul style="list-style-type: none"> <li>– Review section 26 of Mineral and Petroleum Amendment bill to include transportation in the definition of value add</li> <li>– Review the Mineral Resources BEE Charter to include transportation by SA flagged vessels in section 2.2</li> <li>– Align sections 3.6.2 and 3.7 of Transport BEE Charter to section 26 of Mineral Resources BEE Charter</li> </ul>	18.08.2014	18	▪ DG Mineral Resources
	18.08.2014	18	▪ DG Mineral Resources
	18.08.2014	18	▪ DG of DMR and DG of DOT
<b>2</b> ▪ <b>Implement cabotage on coastal, regional and continental waters</b> <ul style="list-style-type: none"> <li>– Develop a cabotage policy for coastal, regional (SADC) and continental waters</li> <li>– Conduct research into the most suitable cabotage model</li> <li>– Assess the impacts of the cabotage policy</li> <li>– Develop a cabotage implementation plan</li> <li>– Consult SADC on regional implementation</li> <li>– Evaluate continental application continentally</li> <li>– Legislate for cabotage</li> </ul>	18.08.2014	14	▪ DG Transport
	18.08.2014	4	▪ ST/Lab
	18.08.2014	8	▪ DG Transport
	18.08.2014	12	▪ SAMSA CEO
	18.08.2014	14	▪ DG Transport
	18.08.2014	14	▪ DG Transport
	18.08.2014	30	▪ DG Transport
<b>3</b> ▪ <b>Ensure that all coastal operations are carried out using SA-flagged vessels</b> <ul style="list-style-type: none"> <li>– Review the number of vessels required for the coastal operations</li> <li>– Reconcile with the capacity required for PetroSA operations</li> <li>– Explore using South African flagged ships</li> <li>– Check whether contract duration could be extended for BEE investment into the vessels</li> <li>– Explore the possibility of owning vessels for PetroSA imports (as per the energy security master plan)                             <ul style="list-style-type: none"> <li>▪ Unpack the Energy Master Plan (DOE/CEF)</li> </ul> </li> <li>– Evaluate an option of starting a Marine Offshore Department within PetroSA                             <ul style="list-style-type: none"> <li>▪ SAMSA COO to consult with PetroSA on the Marine Offshore capability requirements</li> </ul> </li> <li>– Market the Offshore Supply Base to continental operations by industry</li> <li>– Implement proper monitoring arrangement for enforcement of cabotage</li> </ul>	18.08.2014	4	▪ ST
	18.08.2014	2	▪ ST
	18.08.2014	4	▪ PetroSA
	01.02.2015	26	▪ PetroSA Supply Chain
	01.01.2015	30	▪ PetroSA
	18.08.2014	18	
	01.01.2015	30	▪ PetroSA
	18.08.2014	18	
	01.11.2014	38	▪ PetroSA
	01.01.2015	12	▪ SAMSA

## Initiative 18: Leverage cargo and marine coastal operations (2/3)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<p><b>4</b> ▪ <b>Ensure that all product picking tankers along the coastline are SA-flagged</b></p> <ul style="list-style-type: none"> <li>– Develop in depth understanding of the requirements to move fuel along the coast</li> <li>– Oil majors and terminal operators to accept SA flagged vessels</li> <li>– Ensure contract duration that allows for investment into the vessel</li> <li>– Implement proper monitoring arrangements</li> </ul>	<p>18.08.2014</p> <p>01.01.2014</p> <p>01.01.2014</p> <p>30.03.2015</p>	<p>18.08.2014</p> <p>01.01.2014</p> <p>01.01.2014</p> <p>30.03.2015</p>	<ul style="list-style-type: none"> <li>▪ SAPIA</li> <li>▪ SAPIA</li> <li>▪ SAPIA</li> <li>▪ SAMSA</li> </ul>
<p><b>5</b> ▪ <b>Ensure that all coastal and trans-shipment cargo moves on SA vessels</b></p> <ul style="list-style-type: none"> <li>– Conduct a needs analysis by quantify the intra port volume movement</li> <li>– Conduct a needs analysis by quantifying cargo that moves by road between coastal areas.</li> <li>– Conduct an options analysis on how to meet the validated needs</li> <li>– Develop SA port short sea shipment marketing plan</li> <li>– Implement cabotage on all coastal cargo</li> </ul>	<p>01.09.2014</p> <p>01.09.2014</p> <p>09.09.2014</p> <p>10.10.2014</p> <p>01.04.2015</p>	<p>1</p> <p>4</p> <p>4</p> <p>11</p> <p>8</p>	<ul style="list-style-type: none"> <li>▪ Transnet</li> <li>▪ SA Shipper's council</li> <li>▪ Transnet, additional</li> <li>▪ Transnet, additional</li> <li>▪ SAMSA</li> </ul>
<p><b>6</b> ▪ <b>Improve efficiencies in the trans-shipment process and logistics management</b></p> <ul style="list-style-type: none"> <li>– Develop a trans-shipment policy with all incentives and enablers</li> <li>– Develop cargo freight stations to leverage (customisation) on trans-shipment cargo</li> <li>– Develop a regional (Sub Saharan Africa) cargo clearing facility</li> <li>– Introduce inter-terminal barge service to connect trans-shipment to relevant vessels</li> </ul>	<p>01.09.2014</p> <p>01.09.2014</p> <p>01.09.2014</p> <p>01.09.2014</p>	<p>1</p> <p>82</p> <p>82</p> <p>82</p>	<ul style="list-style-type: none"> <li>▪ Transnet</li> <li>▪ Transnet, Coega IDZ</li> <li>▪ Transnet, DIRCO, DTI</li> <li>▪ Transnet</li> </ul>

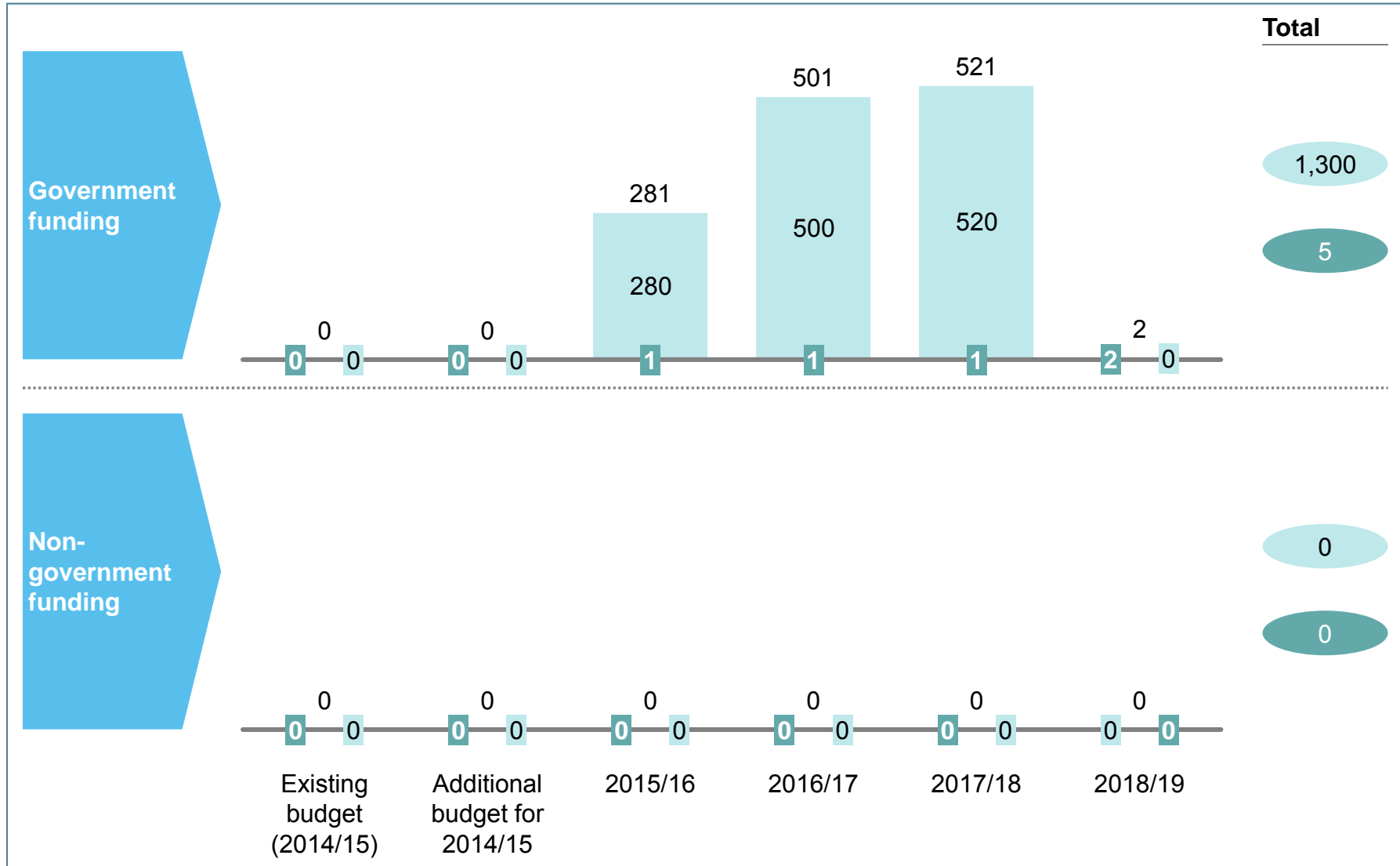
## Initiative 18: Leverage cargo and marine coastal operations (3/3)

Detailed Activities	Planned start date	Length of Activity Wks	Responsibility
<b>7</b> ▪ <b>Ensure DFI's participate in shipping finance</b> <ul style="list-style-type: none"> <li>– DBSA to develop internal competence (knowledge and requirement) for ship finance</li> <li>– DBSA to collaborate with PIC and IDC for shipping finance</li> <li>– BRICS Bank to have a shipping division</li> </ul>	18.08.2014	18	▪ DBSA
	18.08.2014	22	▪ DBSA
	01.09.2014	32	▪ Rudi (DPME)
<b>8</b> ▪ <b>Review the taxation environment to cover local operations</b> <ul style="list-style-type: none"> <li>– Conduct an impact study of the taxation on coastal shipping</li> <li>– Engage Treasury regarding tax on coastal operating fleets</li> <li>– Prepare submissions to Treasury to motivate for concessions on coastal operating vessels (corporate and PAYE tax)</li> </ul>	18.08.2014	6	▪ Treasury
	30.09.2014	2	▪ SAMSA
	18.10.2014	6	▪ SAMSA
<b>9</b> ▪ <b>Ensure a capable, effective and cost efficient maritime administration</b> <ul style="list-style-type: none"> <li>– Conduct a comparative study on the cost of registering a vessel in SA</li> <li>– Conduct a capacity requirement study for the support of registered ships</li> <li>– Conduct a comparative study on the compliance with international conventions</li> <li>– Conduct a comparative study on the efficiency of registration process</li> <li>– Implement necessary efficiency measures for SA registry</li> </ul>	18.08.2014	8	▪ SAMSA
	18.08.2014	8	▪ SAMSA
	18.08.2014	8	▪ SAMSA
	18.08.2014	8	▪ SAMSA
	18.08.2014	8	▪ SAMSA
<b>10</b> ▪ <b>Invoke cabotage on coastal cargo</b> <ul style="list-style-type: none"> <li>– Identify all cargo that is moving coastally</li> <li>– Implement a system that prevents international ships transporting coastal cargo</li> <li>– Ensure availability of port infrastructure for handling coastal cargo</li> </ul>	18.08.2014	2	▪ Moshe M. (Transnet)
	30.08.2014	36	▪ Moshe M. (Transnet)
	30.08.2014	36	▪ Moshe M. (Transnet)

# Initiative 18: Budget

R Million

Capex  
Opex



SOURCE: MTM lab projections

# Contents: Marine Transport and Manufacturing



- Context
- Vision and potential
- Challenges
- Initiative recommendations
- Detailed initiative plans
- **Monitoring and evaluation**

## KEY PERFORMANCE INDICATORS

# Overall KPIs for the MTM lab

#	KPI description	KPI owner	Baseline	Target				
				2014/15	2015/16	2016/17	2017/18	2018/19
<b>Overall Key Performance Indicator</b>								
1	<b>Market growth</b> Strategic marketing campaign Promote South Africa as an integrated maritime hub	TISA DDG TISA	There are efforts to promote SA industries by various organisations, however there is a need for an integrated maritime campaign to promote SA capabilities.	Put together a strategic campaign targeted at Angola, Kenya, Namibia, Nigeria, Mozambique and Tanzania	Promote SA value proposition in four countries and obtain successful projects in each country visited	Promote SA value proposition in three countries and obtain successful projects in each of the 3 countries visited		
	<b>Public procurement and localisation programme</b> Increase government spend on local boat- and ship builders from 10% to 90%.	Department of Trade and Industry DG Industrial Policy	Based on the MTEF budget allocations Government and SOCs intend spending ~ R7,9bn over the next 5 years on working boats. General feedback from industry experts disputed the SA allocation of 4,7% hence stipulated a realistic value at 30% local content. If we apply this assumption, 70% of budget was spent on vessels from outside SA. If applied to current demand projections of ~R7,9bn, ~ R5,5bn worth of potential industrial opportunities could be lost to South Africa.	Increase government spend on local boat- and ship builders from 30% to 35%. (5% improvement at a value of ~ R389m)	Increase government spend on local boat- and ship builders from 35% to 55%. (20% improvement at a value of ~ R1.58bn)	Increase government spend on local boat- and ship builders from 55% to 75%. (20% improvement at a value of ~ R1.58bn)	Increase government spend on local boat- and ship builders from 75% to 90%. (15% improvement at a value of ~R1,185m)	
	Train 2550 TVET college graduates on an 18-month Workplace Experiential Learner Programme (in scarce & critical skills) over the next 5 years	DHET Adrienne Bird, DDG: Special Projects Unit						
	Create dedicated Occupational Teams for MTM Sector (Professional, Trades (Artisans), Operators & Seafarers)							
	Establish Trade RPL/CBMT/Centres of Specialisation in Saldanha Bay and Richards Bay, and associated activities							
	Train 7332 learners as Artisans over the next 5 years							
	Increase usage of ESSA system & targeted career awareness services as a high value recruitment tool for MTM							

## KEY PERFORMANCE INDICATORS

# Specific performance indicators for each key area (1/7)

#	KPI description	KPI owner	Baseline	Target				
				2014/15	2015/16	2016/17	2017/18	2018/19
<b>Overall Key Performance Indicator</b>								
1.1	Strategic Marketing Campaign Number of countries visited	DTI Director General	Annual trade mission to 3 out of 7 countries per year		4 x country visits	3 x country visits		
1.2	Strategic Marketing Campaign South African Integrated Maritime Value Proposition	Department of Trade and Industry DG Industrial Policy	New initiative	1 x Strategic Marketing Guide for the 7 countries, Marketing Collateral (DVD, brochure & promotional industry) Funding Packages				
1.3	Strategic Marketing Campaign Number of awarded projects per country				1 x successful project per country	1 x successful project per country	1 x successful project per country	1 x successful project per country
1.4	Increase local manufacturing capacity to 80% Finalized supply development and localization implementation plan	Department of Trade and Industry DG Industrial Policy	45 Boatbuilding companies An average of 38% local components per project An average of 62% imported components per project	Develop OEM local input suppliers (T1 and T2 suppliers) from a baseline by 10% (Roll out supplier interventions)	Develop OEM local input suppliers (T1 and T2 suppliers) from a baseline by 5% (Roll out supplier interventions)	Develop OEM local input suppliers (T1 and T2 suppliers) from a baseline by 10% (Roll out supplier interventions)	Develop OEM local input suppliers (T1 and T2 suppliers) from a baseline by 10% (Roll out supplier interventions)	Develop OEM local input suppliers (T1 and T2 suppliers) from a baseline by 7% (Roll out supplier interventions)
1.5	Set up a central agency of government under DPE or DOT to coordinate procurement, technical standards and utilization of the government fleet	DG DOT	Currently there is no coordination around the planning, coordination and utilization of the public maritime fleet.	Stakeholder engagement held.	Continuation of stakeholder engagement Technical Task Team formed. 30% completion of all activities as per recommendations	100% completion of all activities as per recommendations		
1.6	Develop a support programme for the rollout of maritime designation for boatbuilding.	Department of Trade and Industry Chief Director Fleet Procurement	Boatbuilding: designations of maritime components for public procurement are in process. Finalization to be secured upon National Treasury endorsement.	Boat building designated sectors rolled out to all spheres of government in relation to National Treasury issuing instruction notes in this regard Task Team formulated. Finalize training schedule with relevant departments 50% of activities as stipulated in 3ft plan to be achieved	Remaining 50% of activities in 3ft plan to be completed			
1.7	Investigate how fishing licenses and a fishing fleet renewal programme can feed into the localisation strategy.	SAMSA	There are ~1700 privately owned fishing vessels in SA. No licensing requirements linked to the re-capitalization of privately owned fishing vessels.	Terms of Reference completed Appointment of service provider finalized.	Research and Implementation Plan completed. Endorsement/ Approval for implementation plan completed 100% completion of all activities as per recommendations	Annual monitoring of impact	Annual monitoring of impact	Annual monitoring of impact



## KEY PERFORMANCE INDICATORS

# Specific performance indicators for each key area (2/7)

#	KPI description	KPI owner	Baseline	Target				
				2014/15	2015/16	2016/17	2017/18	2018/19
<b>Overall Key Performance Indicator</b>								
1.8	<b>Propose inclusion of preferential procurement clause in the African Maritime Charter</b> Successful inclusion and adoption of Preferential Procurement in African Maritime Charter		There is no specific reference to local content within the AMC.	Completed position paper(motivation for the inclusion of preferential procurement clause in the African Maritime Charter, outline the status of the boat building sector in the content/region, state the objectives of preferential procurement in the sector, supply and demand capacity in the region)	Position Paper to be signed by African Head of States through the African Union process. (Q1: Paper to be submitted to the AU sub-committee. Q2: The AU subcommittee to present the paper to the AU maritime working group. Q3: AU maritime working group to present the paper to the technical working committee. Q4: Ministerial committee to take consideration of the submitted paper)			
1.9	<b>Use this clause to actively pursue specific trade agreements covering, ship building, ship repair, maintenance, oil rig repair/maintenance with targeted member states</b> Number of bilateral agreements concluded that include maritime procurement							
1.10	<b>Leverage cargo and marine coastal operations</b> Increasing the amount of minerals exported on SA ships. Achieving 100% of coastal operations by SA in 2016	SAMSA COO	Zero percent of local cargo transported by SA flagged cargo ships		5% of minerals on SA ships, 100% of coastal operations by SA	7.5% of minerals on SA ships	10% of minerals on SA ships	15% of minerals on SA ships
1.11	<b>Funding, incentives and support for shipping</b> 2 ships funded by DBSA by end of 2016. Ensuring 1 ship per year funded locally.	SAMSA COO	There is zero participation in vessel ownership due to lack of access to ship financing.		2 ships funded by DBSA	1 ship per year funded locally	1 ship per year funded locally	1 ship per year funded locally

## KEY PERFORMANCE INDICATORS

# Specific performance indicators for each key area (3/7)

#	KPI description	KPI owner	Baseline	Target				
				2014/15	2015/16	2016/17	2017/18	2018/19
<b>Overall Key Performance Indicator</b>								
2.1	<b>Infrastructure &amp; operations alignment and implementation of government policy</b> DPME publishes ministerial progress quarterly against LAB milestones Administration system	DPME	Lack of cohesion and communication - working in silos	Lab project plan presented for approval and published Set accountability guidelines				
2.2	<b>Prioritise Transnet and TNPA funding allocation towards marine manufacturing</b> Reprioritisation of maintenance and refurbishment investments in Transnet's corporate plan towards marine manufacturing	DPE/Transnet	No funding to marine manufacturing	Prioritise funding for marine manufacturing Alignment with Transnet Corporate Plans				
2.3	<b>Supportive funding and revenue model for new-build infrastructure and major refurbishment</b> Sign-off and approval of the financial model by DPE and Transnet by end of 2014 through a media release by the Min.of Public Enterprises and Transnet Communications Dep.	DPE/Transnet	No supportive funding and revenue model in place	Completed and approved funding and revenue model. Alignment with Transnet Corporate Plans				
2.4	<b>Maintain and refurbish existing facilities</b> Investment in maintenance and refurbishment of existing facilities as per the plan	TNPA	Schedule of required maintenance completed	Approve Capex funding	Execute repairs and refurbishment	Execute repairs and refurbishment	Execute repairs and refurbishment	Execute repairs and refurbishment
2.5	<b>Unlock investment in new and existing port facilities</b> Time from tender submission to final contract agreement Number of tenders that have not resulted in award	TNPA						
2.6	<b>Implement Strategic Prioritised Projects - Saldanha</b> Commissioning (EIA, detailed design, appoint contractors & operators) facilities and infrastructure for oil & gas industry Facility Operator/s appointed for Berth 205 and Mossgas Jetty	TNPA	No dedicated facilities	Combine and complete FEL3 & FEL 4 and suite of RFP documents	Completed EIA and detailed designs Appointed operators of facilities Appointed contractors to execute construction	Continue construction	Commission infrastructure	
2.7	<b>Implement Strategic Prioritised Projects - Richards Bay</b> Upgraded and refurbished repair facility Appoint facility operator for berth and floating dock	TNPA	No dedicated facilities	Combine and complete FEL 2 & 3 and suite of RFP documents	Completed detailed designs Appointed operators of facilities Appointed contractors to execute construction	Commission infrastructure		
2.8	<b>Implement Strategic Prioritised Projects - East London</b> Upgraded and refurbished slipway to enable boat building	TNPA	Existing facility in state of disrepair	Combine and complete FEL 2 & 3 and lease documents documents	Completed detailed designs for repairs and upgrade Appointed Lessee Appointed contractors to execute construction and commission infrastructure			

## KEY PERFORMANCE INDICATORS

### Specific performance indicators for each key area (4/7)

#	KPI description	KPI owner	Baseline	Target				
				2014/15	2015/16	2016/17	2017/18	2018/19
<b>Overall Key Performance Indicator</b>								
3.1	Train 2550 TVET college graduates on an 18-month Workplace Experiential Learner Programme (in scarce & critical skills) over the next 5 years Number of college graduates trained	DHET OT's Lead Coordinator/	0					
	Assign Implementing Agents to manage and implement the recurring 18-month programme in the regions identified (Western Cape and Kwa-Zulu Natal) Number of implementing agents identified	DHET OT's Lead Coordinator	2	3	4	5	6	6
3.2	For each Phakisa Trade (Artisan) Occupation, identify workplaces and assess the capacity of each to Learner: Mentor ratio applicable.(assumed that Initiative SC-10 has identified the exact Trades deemed scarce and critical for Operation Phakisa, and the projected needs over the 5 year period) Number of workplaces identified for placement	DHET OT's Lead Coordinator			34	54	35	37
3.3	Recruitment and selection of 2550 TVET graduates for workplace-based learning programme Number of students identified for recruitment and selection	DHET OT's Lead Coordinator			1062	1708	1120	1210
3.4	Place Learners with Host Companies (public and private) for the 18-month programme, and conduct the programme against the required SETA standards, with monthly oversight, problem-solving, facilitation and financial administration by Implementing Agents. Number of students placed.	DHET OT's Lead Coordinator			531	854	560	605
3.5	Initiative 10: Create dedicated Occupational Teams for MTM Sector (Professional, Trades (Artisans), Operators & Seafarers) Number of new OT's developed	DHET Adrienne Bird, DDG: Special Projects Unit						
	An Operation Phakisa Occupational Coordinating Team is established within DHET to address problems of curriculum relevance and alignment between institutional (theoretical) and workplace (practical) learning as well as work placement problems at a systemic, national level Established OPCCT	DHET Adrienne Bird, DDG: Special Projects Unit	0	4	7	15	15	15

## KEY PERFORMANCE INDICATORS

### Specific performance indicators for each key area (5/7)

#	KPI description	KPI owner	Baseline	Target				
				2014/15	2015/16	2016/17	2017/18	2018/19
<b>Overall Key Performance Indicator</b>								
3.6	Initiative 11: Establish Trade RPL/CBMT/Centres of Specialisation in Saldanha Bay and Richards Bay, and associated activities Number of training/assessment centres developed	DHET Doc Prinsloo/Indlela (NAMB)						
	Upgrade or construct Centres of Specialisation for categories of qualification identified as scarce and critical to the industry Number of training structures that will be erected and equipped		0			6	6	
3.7	Employed persons with relevant experience identified on RPL processes to enable competency for each Phakisa occupation , this beginning with task of COS's Number of individuals identified for RPL/CBMT					500	900	1600
3.8	Train 3826 learners as Artisans over the next 5 years Number of students trained	DHET						
	Assign Implementing Agents to manage and implement the recurring 18-month programme and CBMT in the regions identified (Western Cape and Kwa-Zulu Natal) Number of implementing agents assigned							
3.9	Train 3826 Grade 9 -12 candidates on a full-term 40-Month Artisan Trade Development Programme in the scarce and critical occupations identified to support the sector Number of students placed in the workplace with a host company				797	1282	840	907
3.10	Place 3826 TVET graduates in workplaces for an 18-month programme in the regions identified (Western Cape and Kwa-Zulu Natal) Number of students placed in the workplace with a host company							
3.11	Train 12752 semi-skilled candidates on 6-month short courses in the scarce and critical occupations identified to support the sector Number of training intervention programmes				3188	3188	3188	3188

## KEY PERFORMANCE INDICATORS

### Specific performance indicators for each key area (6/7)

#	KPI description	KPI owner	Baseline	Target				
				2014/15	2015/16	2016/17	2017/18	2018/19
<b>Overall Key Performance Indicator</b>								
3.12	Increase usage of ESSA system & targeted career awareness services as a high value recruitment tool for MTM Increased Number of ESSA system users	DoL Dep Dir / Sonia Hornsby						
	Opportunities for work and/or learning for each Phakisa Occupation registered on ESSA system with DOL, and local or international work seekers sourced. Number of opportunities registered	DoL Dep Dir / Sonia Hornsby		1500	2050	4200	5150	7100
3.13	Marketing and registration campaigns to increase ESSA usage amongst potential Operation Phakisa employee groups (Professionals, Trades & Plant and Machine Operators), and in targeted areas (Saldanha Bay and Richards Bay, Western Cape and Kwa-Zulu Natal) People reached via marketing campaigns facilitated for the increase of the ESSA usage wrt employees	DoL Dep Dir / Sonia Hornsby		20000	50000	90000	120000	200000
3.14	Marketing and registration campaigns to increase ESSA usage amongst Operation Phakisa industry/companies, and in targeted areas (Saldanha Bay and Richards Bay and across Western Cape and Kwa-Zulu Natal). Companies reached via marketing campaigns facilitated for the increase of the ESSA usage wrt industry/companies	DoL Dep Dir / Sonia Hornsby		500	1200	1750	2500	3000
3.15	Mandate a minimum 30% towards additional recruitment of unskilled, semi-skilled and trades from ESSA on all public procurement tenders issued pertaining to Operation Phakisa activities Number of individuals recruited from the ESSA system	DoL Dep Dir / Sonia Hornsby		5%	10%	15%	20%	25%

## KEY PERFORMANCE INDICATORS

### Specific performance indicators for each key area (7/7)

#	KPI description	KPI owner	Baseline	Target				
				2014/15	2015/16	2016/17	2017/18	2018/19
<b>Overall Key Performance Indicator</b>								
3.16	Increased seafarer throughput Increase throughput to 720 officers (STCW III/I + STCW II/I) and 1200 ratings per year	DHET Mr Gwebinkundla Qonde/DG	i. 161 graduated officers (2013). ii. Appointment of team for facilitation of establishment of the Institute. iii. Senior manager appointed for TVET curriculum development iv. TETA 2014/2015 funding support for cadet berths to value of R 13.9 million.	i. 300 cadets with training berths. ii. 50 ratings with training ii. Skills Development Fund Established iii. Market strategy for training berths and seafarers completed. iv. Train-the-trainers immediate, medium term and long-term plan completed. v. 14 trainees on train-the-trainer immediate plan. vi. 70 officers employed. vii. 20 ratings employed.	i. building and facilities 100% complete at DUT, CPUT, NMMU and TVETs; ii. 63 TVET instructors completed train-the-trainer program. iii. HR capacity targets achieved per training institute iv. 300 cadets with training berths . v. 80 officers employed. vi. 30 ratings employed. vii. Targets as set in Market Strategy for training berths 100% achieved.	i. 300 cadets with training berths. ii. 90 officers employed. iii. 1st batch of 1200 ratings employed. iv. Targets as set in Market Strategy for training berths 100% achieved. v. Train-the-trainers long-term plan in operation with report on programme.	1st batch of 720 officers trained and employed. 2nd batch of 1200 ratings trained and employed.	2nd batch of 720 officers trained and employed. 3rd batch of 1200 ratings trained and employed.
3.17	Coordinating institute	DHET Mr Gwebinkundla Qonde/DG	Feasibility and viability study for a comprehensive Maritime Institute	Establishment of Maritime Institute 100% complete with annual targets complete.	Coordinating Institute's targets 100% achieved.	Coordinating Institute's targets 100% achieved.	Coordinating Institute's targets 100% achieved.	Coordinating Institute's targets 100% achieved.
3.18	Career Development-Career Paths	DHET Mr Gwebinkundla Qonde/DG	i. task team setup ii. Plan for careers path mapping 100% complete	Planned targets 100% achieved	Planned targets 100% achieved	Planned targets 100% achieved	Planned targets 100% achieved	Planned targets 100% achieved
3.19	Career Development-Research and Awareness	DST Dr Phil Mjwara/DG	MRIKT roadmap development initiated in 2013; Industry awareness programmes hosted by SAMSA and other entities	i. MRIKT Roadmap 100% complete. ii. Awareness strategy 100% complete.	i. MRIKT roadmap targets 100% achieved. ii. Awareness strategy targets 100% achieved.	i. MRIKT roadmap targets 100% achieved. ii. Awareness strategy targets 100% achieved.	i. MRIKT roadmap targets 100% achieved. ii. Awareness strategy targets 100% achieved.	i. MRIKT roadmap targets 100% achieved. ii. Awareness strategy targets 100% achieved.