



SALDANHA BAY
INDUSTRIAL DEVELOPMENT ZONE



CORPORATE PLAN 2018/19



FOREWORD

The SBIDZ is a strategic government initiative, linked to the broader strategic framework of the South African Government, driven by the National Development Plan (NDP) and the National Growth Path (NGP). The SBIDZ is thus a delivery mechanism for South Africa's goals of sustainable economic development and job creation in the localised economy, diversification and transformation of a historically under-developed and under-supported economic sector, and broadening of the regional and national economic base, thereby building in robustness to South Africa's economic base.

It aims to achieve this by utilising existing enabling legislation from the DTI and SARS, and the active support of key programmes such as the PICC and Operation Phakisa, and in partnership with Transnet and many other SOCs, agencies and departments.

In addition, the SBIDZ links to both provincial and local economic development policies and strategies within the Western Cape, including the Western Cape Strategic Plan, the West Coast District Municipality and the Saldanha Bay Municipality (SBM) Integrated Development Plans.

The Saldanha Bay IDZ Licencing Company SOC Ltd (LiCo) was formally awarded the Operator's Licence on 31 October 2013 for the establishment of an Industrial Development Zone (IDZ) in Saldanha Bay specifically focused on upstream oil, gas and marine repair, fabrication, logistics and related servicing. This marked the formal commencement of implementing a 30-year strategic initiative to utilise the existing IDZ enabling legislation to create an enabling environment to promote sustainable economic growth and job creation.

The legislation incorporating the LiCo was assented to by the Premier of the Western Cape on 31 March 2016 and came into operation on 5 August 2016. The finalisation of this legislative process enabled the LiCo to successfully apply to National Treasury for 3D Provincial Government Business Enterprise status. The LiCo was classified as a provincial government business enterprise and listed as a 3D Public Entity on 24 February 2017.

In addition, the SBIDZ is governed by the Special Economic Zones Act, 2014 (Act 16 of 2014), and is linking to Operation Phakisa as an enabling mechanism to provide favourable conditions for facilitating economic development and job creation in South Africa, particularly in its strategic relationship with Transnet National Ports Authority (TNPA) as well as to the Western Cape Government (WCG) Operation Khulisa in support of skills development initiatives in the Western Cape, specifically on the West Coast.

The SBIDZ Strategic Plan focuses on strategic outcomes and goals for the SBIDZ as a whole, within the broader national and provincial strategic context, and is a guideline for the first 5 years in the longer 20-25 year plan for successful development of the specialised SBIDZ.

This strategic Plan covers the period FY2015/16-2019/20.

OFFICIAL SIGN-OFF

It is hereby certified that this Corporate Plan:

- Was developed by the management of the LiCo, under the guidance of Minister Alan Winde, MEC for Economic Opportunities.
- Was prepared in line with the current Strategic Plan of the LiCo.
- Accurately reflects the performance targets, which the LiCo will endeavour to achieve, given the resources made available in the budget for 2018/2019.

Herman Boneschans
Chief Financial Officer



Signature:

Douglas Southgate
Chief Executive Officer (Acting)



Signature:

Johann Stegmann
Chairperson: Accounting Authority



Signature:

Approved by:
Minister Alan Winde
Executive Authority



Signature:



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LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General of South Africa
CCA	Customs Control Area
CHIETA	Chemical Industries Education and Training Authority
CSIR	Council for Scientific and Industrial Research
DEADP	Department of Environmental Affairs and Development Planning
DEDAT	Department of Economic Development and Tourism
DLG	Department of Local Government
DOE	Department of Energy
DST	Department of Science and Technology
DTI	Department of Trade and Industry
EIA	Environmental Impact Assessment
EIR	Environmental Impact Report
EoDB	Ease of Doing Business
ESSSA	Employment Services System of South Africa
GCIS	Government Communication and Information System
GDP	Gross Domestic Product
IDC	Industrial Development Corporation
IDP	Industrial Development Plan
IDZ	Industrial Development Zone
KPI	Key Performance Indicator
LiCo	Saldanha Bay IDZ Licencing Company SOC Ltd
MDA	Manufacturing Development Act
MEC	Member of Executive Council
MERSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NDA	Non-Disclosure Agreement

LIST OF ABBREVIATIONS/ACRONYMS continued

O&G	Oil & Gas
OSB	Oil Supply Base
OSSB	Offshore Supply Base
PASA	Petroleum Agency South Africa
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Coordinating Commission
PT	Provincial Treasury
RoFR	Right of First Refusal
RPL	Recognition of Prior Learning
SAIMI	South African International Maritime Institute
SAMREF	South African Marine Research and Exploration Forum
SAOGA	South African Oil and Gas Alliance
SAPS	South African Police Service
SARS	South African Revenue Services
SBIDZ	Saldanha Bay Industrial Development Zone
SBM	Saldanha Bay Municipality
SCM	Supply Chain Management
SEZ	Special Economic Zone
SIP5	Strategic Integrated Project 5: Saldanha-Northern Cape Development Corridor
SOC	State Owned Company
TCP	Transnet Capital Projects
TETA	Transport Education and Training Authority
TNPA	Transnet National Ports Authority
TPT	Transnet Ports Terminal
WCDEDAT	Western Cape Department of Economic Development and Tourism
WCDM	West Coast District Municipality
WCG	Western Cape Government

PART A: STRATEGIC OVERVIEW

1 Vision

To create an enabling environment to promote sustainable economic growth and job creation.

2 Mission

To make use of the enabling legislation to attract foreign and domestic investment, initially through four key levers that support the development of the upstream oil, gas and marine repair, fabrication, logistics and related servicing cluster:

- Ease of doing business
- Develop a competitive environment
- Infrastructure support
- Freezone and customs efficiency and reduce administrative processes

3 Values

The SBIDZ will implement its mandate with a focus on the following values:

- Having a shared vision
- Passionate ownership
- Going the extra mile
- Empowerment
- Self-development
- Mutual respect
- Collaboration and partnership
- Pioneering spirit
- Sound decision making and judgement

4 Revisions to Legislative and Other Mandates

Legal Framework

The IDZ is a component of the “Industrial Promotion” functional area of concurrent National and Provincial legislative competence, as indicated in Schedule 4 of the Constitution of the Republic of South Africa, 1996. The IDZ is governed by the following legislation, regulations, standards and policy documents:

National

The IDZ programme was gazetted in 1999 as an incentive programme under the Manufacturing Development Act (Act 187 of 1993). The regulations for the IDZ programme



were promulgated in 2000. It was published in Gazette number 1224 of 1 December 2000, as amended by government notice number R1065, published in Gazette number 29320 of 27 October 2006. The overall regulatory framework for the IDZ programme comprises of the following legislation:

The Manufacturing Development Act as amended.
The IDZ Regulations and subsequent amendments.
The Special Economic Zones Act (Act 16 of 2014).
Section 21A of the Customs and Excise Act (Act 91 of 1964), and relevant provisions of the Value-Added Tax Act (Act 89 of 1991).
Report No. 14 promulgated by the International Trade Administration Commission in accordance with the Customs and Excise Act.

In addition to the legislative mandates, the SBIDZ is linked to broader national strategies and policies, including:

The National Development Plan and National Infrastructure Plan.
The Presidential Infrastructure Coordinating Commission (PICC) Rollout Programme.
The Industrial Policy Action Plan.
Medium Term Strategic Framework of 2014-2019.
Operation Phakisa.
National Infrastructure Plan (SIP5).

Provincial:

The SBIDZ in line with the IDZ Regulations is operated by the LiCo as designated in the Government Gazette No. 26988 of 2013, and is jointly funded and supported by the National Department of Trade and Industry (DTI) and the Western Cape Provincial Department of Economic Development and Tourism (WCDEDAT) The LiCo successfully applied to National Treasury to be listed as a Schedule 3D Provincial Government Business Enterprise, making it further subject to the following legislative mandates:

Income Tax Act (Act 58 of 1962).
Preferential Procurement Policy Framework Act (Act (Act 5 of 2000)).
Public Finance Management Act (Act 1 of 1999) and its Regulations.
Companies Act (Act 71 of 2008) and its Regulations.
Saldanha Bay Industrial Development Zone Licencing Company Act (Act 1 of 2016).
Value-Added Tax Act.
Customs and Excise Act.
Customs Duty Act (Act 30 of 2014).
Customs Control Act (Act 31 of 2014).

In addition, by virtue of the provincial Department of Economic Development and Tourism being the overseeing governing body, the SBIDZ is linked to broader provincial strategies and policies, including the Western Cape Infrastructure Framework. Specifically, the SBIDZ links to Project Khulisa which falls under the Provincial Strategic Goal 1, focusing on job creation and opportunities to help improve the province's economy.

The SBIDZ has furthermore been brought on board the DLG's Infrastructure and Growth Plan working group for the Saldanha Bay Municipality and DEADP's Saldanha Bay Municipality IDP Support Group.

Based on the above frameworks, the SBIDZ is responsible for implementing the Strategic Plan for the Saldanha Bay IDZ within the Medium Term Strategic Framework of 2014-2019, supported by the National IDZ/SEZ strategy and Western Cape Provincial Infrastructure strategic planning.

Part A: Strategic Overview*Other*

Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
 Employment Equity Act, 1998 (Act 55 of 1998)
 Labour Relations Act, 1995 (Act 66 of 1995)
 Occupational Health and Safety Act, 1993 (Act 85 of 1993)
 Promotion of Access to Information Act, 2000 (Act 2 of 2000)
 Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
 The Constitution of South Africa
 Skills Development Act, 1998 (Act 97 of 1998)
 Skills Development Levy Act, 1999 (Act 9 of 1999)
 National Treasury Regulation, 2005
 Provincial Treasury Instruction, 2012
 National Environmental Management Act, 1998 (Act 107 of 1998)
 National Ports Act, 2005 (Act 12 of 2005)

5 Updated Situational Analysis

Service Delivery Environment

The SBIDZ operates within an adaptable business model based around the sector-specific focus on upstream oil, gas and marine repair, fabrication, logistics and related servicing. This includes five key sub-sectors: vessel repair and fabrication; exploration and production support; specialised logistics; manufacturing and fabrication; and support/ancillary services.

While the sector-specific focus remains the same, the short, medium and long-term investment attraction focus continues to shift along with the key trends in the market.

In 2011, the SBIDZ undertook a commercial feasibility study to determine investment attraction prospects.

Based on that study the following conclusions were reached. In the short term, logistics and rig repair was a short-term investment attraction market because these sectors had existing operations in South Africa. In addition, an estimated 40% (by type not volume) of the oil and gas and maritime fabrication components could be produced in South Africa. In the medium term, additional investment was expected to be attracted in the areas of small scale fabrication and support services for offshore exploration activities. In the long term, new investment was expected to be attracted in fabrication of components/equipment with higher technology and capital requirements, together with longer-term onshore support activities for offshore production.

Throughout the short, medium and long-term investment attraction analyses, the ancillary services market was expected to continue to grow and develop in response to demand from the operations within the zone.

However, the global oil and gas market has changed and evolved over time, as have the timing and types of investors the SBIDZ attracts within the sector-specific focus.

While logistics continues to be a consistent targeted market, the majority of the tenants who have signalled interest in the SBIDZ are based in the manufacturing and fabrication sector, with an emerging market focus on vessel fabrication. There has been a decline in the number of rigs undergoing repairs and maintenance due to the decline in offshore exploration and production. The key market trends driving the evolving investment types are explained in more detail below.



Context

South Africa boasts extensive world-class infrastructure in terms of transport networks, electricity and water resources – all conducive to attracting investment. The capabilities of companies established within the mining sector have filtered into the upstream industries. This has contributed to internationally-recognised fabrication and manufacturing capabilities within the South African market.

Although South Africa faces a challenging economic environment with the recent downgrades and announcement of a technical recession, the upstream (OGM) market continues to offer sustainable opportunities for market players. Many of the international companies operating in Africa operate in more challenging economic and political environments, and while these are possible potential future threats requiring continued monitoring, there has been no perceivable impact or slow-down on investors looking to the SBIDZ as a base for their operations.

For the next one to two years as the oil price remains 'lower for longer', there will continue to be lower than expected numbers of rig repairs and maintenance projects in ports across the country. However, recent discussions and negotiations seem to indicate a slight upturn in the number of repair contracts in the market. In response to this market condition, South Africa should also start positioning itself to undertake re-certification (many of the rigs have been cold-stacked and will require re-certification before they can be contracted for projects), as well as decommissioning of older generation vessels.

Sustainable market opportunities include non-rig related vessel servicing and repairs. These projects may not be considered as 'glamorous' as the big rig repair projects, but they are more consistent and can repair a variety of vessels. The recent acquisition of a new, state-of-the-art floating dock, Dormac 1, by Dormac underpins the demand in this market and is expected to address some of the missed opportunities that South Africa has not capitalised on in terms of ship and vessel repair.

Elsewhere in Africa, the majority of the contracts and projects put out to the market are dollar-based (USD) and not based on local currencies. South Africa-based companies can, however, price their costs in Rands, but quote the contracts in dollars, ensuring their cost competitiveness. Further, the biggest challenge the majority of African markets face is their shortage of foreign currency. This is not the case in South Africa as the Rand remains a liquid currency supported by financial and capital markets. This also ensures that local labour is more cost-competitive.

Technology is going to play an increasingly important role in assisting the global oil and gas industry to remain competitive in the face of changing policy and regulations, as well as the impact of commodity cycles and global economics.

Key market trends

Recognising that the worldwide energy market experiences fluctuations that always have an effect on the sector, the LiCo continuously stays abreast of developments, tracking associated risks to maintain the sustainability of the SBIDZ.

Oil prices are expected to hover around \$40-50 per barrel for the foreseeable future. The international 'lower for longer' effect exerts its influence on Africa as much as on the rest of the world.

The continent is still considered the next frontier market in terms of untapped proven reserves. In 2016, Africa supplied about 12% of the world's oil and had an estimated 8% of global untapped proven reserves.

Part A: Strategic Overview*Market growth and expansion*

The bulk of the port of Saldanha's competitive advantage in 2012 and 2013 was focused around activities and services in the West African market. At the time, South African companies were securing 50% of rig repair contracts originating from vessels in West Africa. However, this has since shifted to a much more diverse repair and investment base.

In terms of rig repair, the South African ports of Ngqura, Cape Town and Saldanha Bay have serviced rigs originating from Brazil, West Africa, the Middle East and South East Asia. Brazil does not have sufficient port capacity to repair all the rigs operating in the area, and the majority of the rigs from South East Asia or the Middle East are on tow to new contracts in areas such as the Gulf of Mexico, the North Sea or West Africa. In terms of the on-tow contracts, the scope for the repair work will be finalised while the vessel is en route to its contract. South Africa is a good port of call and well located to be able to undertake the scope of work for the new contract. Similarly, for rigs operating in West Africa and moving to contracts in East Africa, South Africa is a good port of call for refit activities.

Similarly, in terms of investment for logistics and manufacturing facilities by international market players, South Africa had traditionally seen investment from markets such as the USA, UK and Europe. While these markets remain strong investment areas for operational facilities in South Africa, there is increasing interest and investments from the Middle East, South East Asia and China, particularly in the areas of manufacturing and fabrication. Activities such as rig and vessel fabrication have shifted globally to countries such as Singapore and South Korea. Many of the companies based in these markets look to Africa for new opportunities.

Strategy

Through extensive engagements with the international and domestic market, the LiCo have recognised a demand to provide a world-class hub with competitive advantage such as a Free Port, which meets the needs of the sector. In doing so, the LiCo can facilitate growth and development in South Africa.

The LiCo have worked through the regulatory environment to create a compelling offer and continue to do so. The SBIDZ has capitalised on government willingness to support economic growth and secure necessary start-up funding. The focus on partnerships (e.g. Operation Phakisa in section 3) has resulted in the Ease of Doing Business (EoDB) model which the LiCo continues to refine. The LiCo have built enabling infrastructure and will continue to do so. The LiCo will continue to develop the business model holistically.

Ultimately, The LiCo aims to migrate to a position of self-sustained commercial viability.

African Market Linkages

Sub-Saharan Africa is the main target market of the SBIDZ, largely due to proximity of the market.

Currently, within the African market, components of the Marine Repair industry are spread between various African countries such as Namibia, Ghana and Mozambique, and bunkering activities take place in Nigeria and Gabon, with oil terminals in Mozambique and Tanzania.

In addition, in relation to rig repair, there are a number of opportunities for the SBIDZ to develop floating rig fleet in Africa, and with new order books coming online in the next two years there are a number of future (5yrs) opportunities for the SBIDZ to develop infrastructure.

The SBIDZ will be unique, by becoming a centralised provider of bulk parts and services, with a coordinated supply chain contribution that will fill a specific role within the industry.



International Market Linkages

The SBIDZ hub is modelled on key international competitors and contributors to the upstream oil, gas and marine repair, fabrication, logistics and related servicing industries, specifically Singapore and Norway.

Apart from the market demand created within the African market, there is also increasing demand for repair works, refitting and conversions for vessels on tow from South-East Asia past the South African coastline.

The SBIDZ will increase South Africa's international market share by modelling the hub on international competitors, thus achieving high density socio-economic impacts, where commercial activities are clustered to simultaneously encourage efficacy within the terrestrial space, the business value chain and viable sustainability to both business, government and society in the long-term.

5.1 The Performance Delivery Environment

Our “go-to market” Value Proposition Considerations

The success of the SBIDZ depends to a very large degree on its ability to service the end-user market's needs in a manner that exceeds the current available offering in the market.

Customers in the oil and gas industry are highly sensitive to quality of services and products and the speed and reliability of delivery; but significantly less sensitive to price.

Therefore, the SBIDZ must specifically offer certainty of delivery of a product or service within set timeframes and certainty that the product and service meets the high quality standards needed for this health, safety and environmentally conscious industry.

This means that a key strategic driver of the SBIDZ is the 'Ease of Doing Business' approach, which ensures that meeting the customer needs is central to all services being offered to the investors.

Local Macro Economic Considerations

Saldanha Bay is a critical resource for the sustainable growth and development of the Western Cape, with the Saldanha Bay estimated contribution to the Regional GDP at 32% in 2013, and an estimated growth rate of 2.7% over the period 2015-2020, as indicated in National Treasury's MERO report for 2015.

Saldanha Bay is the strongest local municipality within the wider District.

Moving forward, the SBIDZ initiative is a large component of the estimated growth over the period, particularly as it links to the national SIP 5 project, the Saldanha Bay-Northern Cape development corridor, which has a key objective of strengthening maritime support capacity for oil and gas.

In addition, the Saldanha Bay community also has clear socio-economic needs, which will impact on the SBIDZ vision for an industry cluster supported by local content. The SBIDZ initiative is therefore strongly focused on local skills development and enterprise development initiatives, in order to support the sustainability of the SBIDZ in the longer-term.

Part A: Strategic Overview

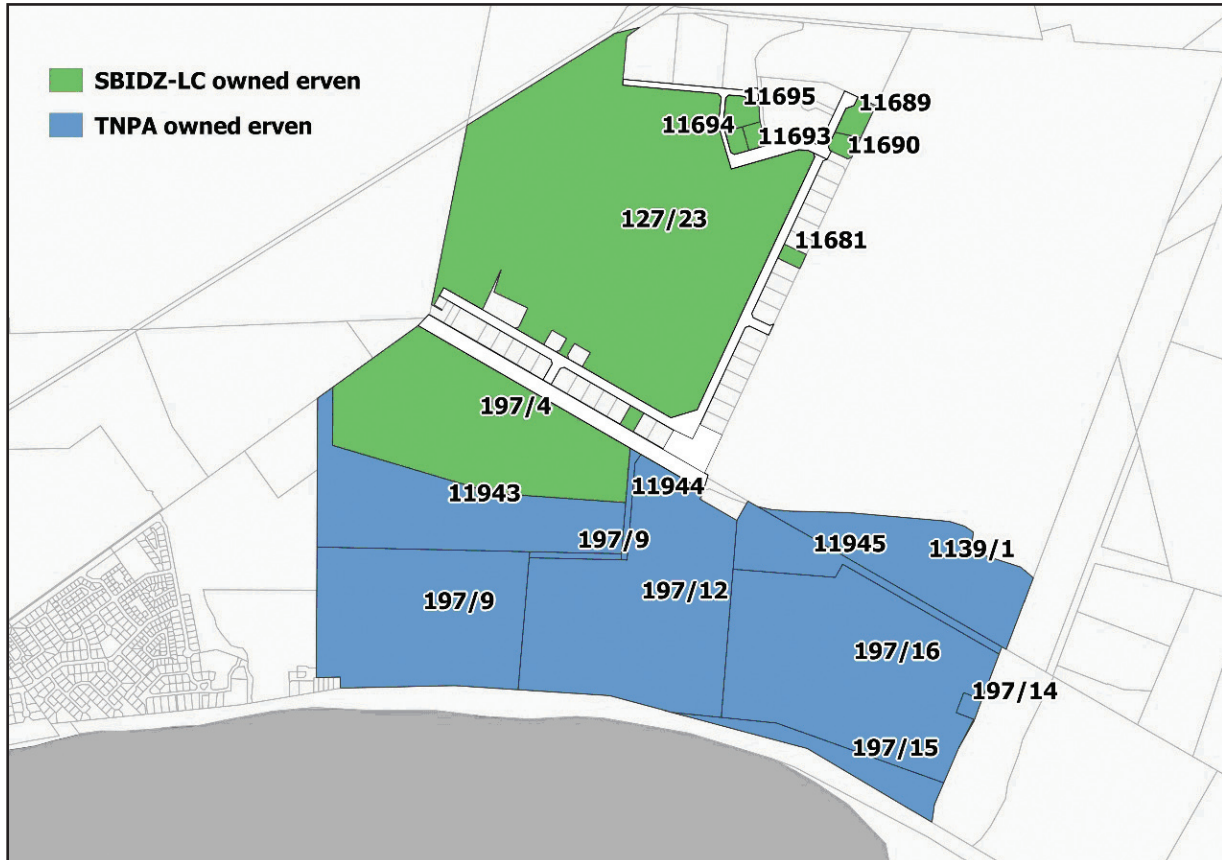
Local and provincial government are currently engaged in a process of establishing a “Whole of Society Approach” (WOSA) that seeks to institutionalise and embed a collaborative approach to service delivery within Saldanha. We are part of this process and look forward to partnering with government, the private sector, civil society and development organisations in the programme when it is implemented. It is imperative that we develop strategic partnerships with relevant institutions or organisations, because if broader social issues are not addressed it will directly impact on the long-term success and sustainability of the zone. The LiCo will leverage existing infrastructure and resources to facilitate design of these projects

5.2 Organisational Environment

The LiCo’s specialist team is structured to ensure the unique demands of setting up the SBIDZ are met effectively and efficiently. Each business unit has an executive assigned, and they have distinctive focuses which together create a robust management approach.

By using the vehicle of an IDZ to facilitate sustainable economic growth in the Saldanha Bay Area, the LiCo will enable the required level of infrastructure development and support to capitalise on the unique value proposition of an upstream oil, gas and marine repair, fabrication, logistics and related servicing cluster to support the African continent, thus ensuring sustainable economic development not only for the area, but for a sizeable contribution to the national GDP of the country.

The SBIDZ designated areas includes a component of the Transnet National Ports Authority (TNPA) Land for direct access and usage, governed by an MOU between the SBIDZ and TNPA, which will enable the creation of the first Freeport within South Africa.

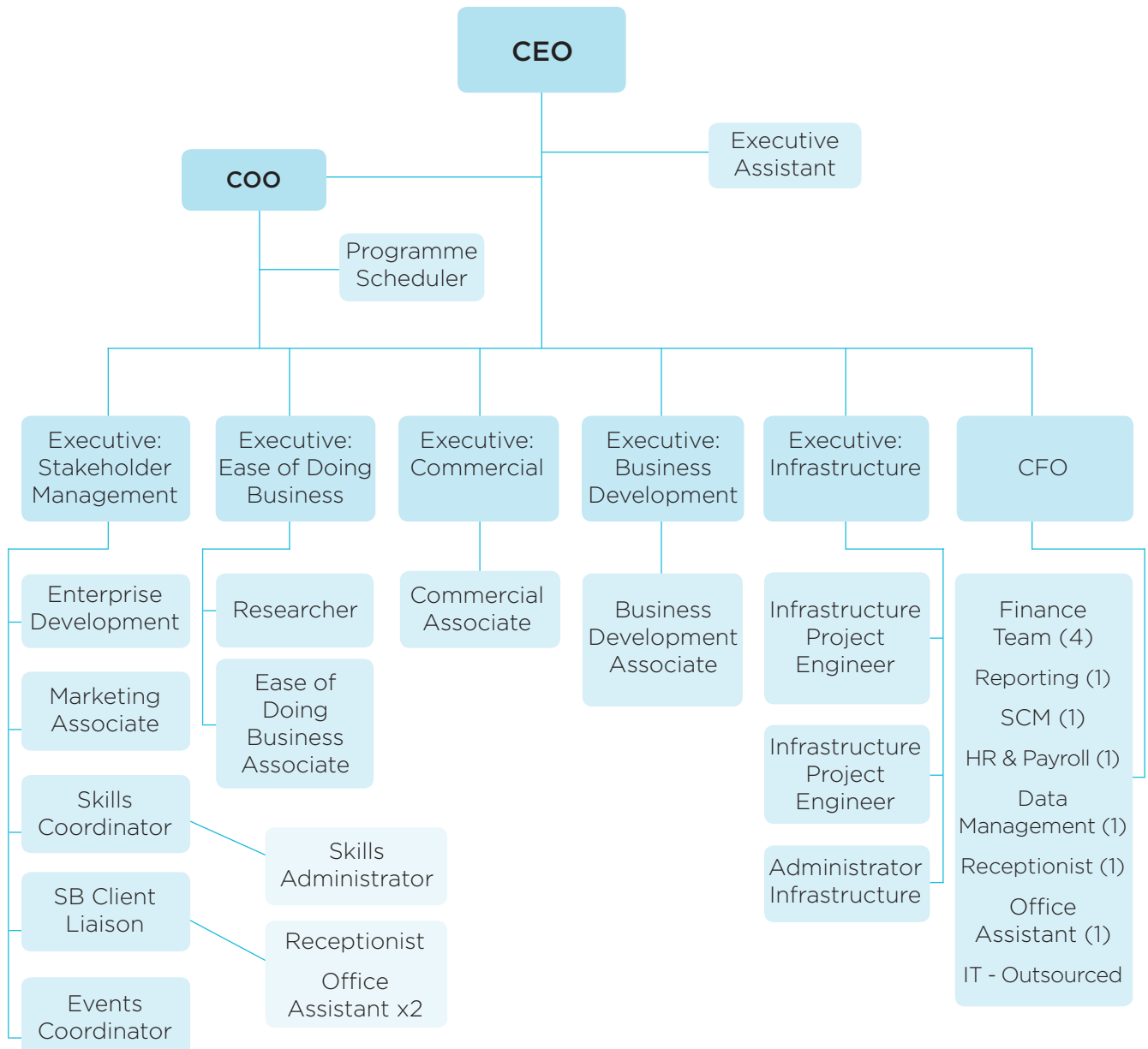


The LiCo is responsible for implementing the Strategic Plan for the SBIDZ within the Medium Term Strategic Framework of 2014-2019, supported by the National IDZ/SEZ strategy and Western Cape Provincial Infrastructure strategic planning



ORGANOGRAM

Board & Sub Committees



Part A: Strategic Overview

6 Strategic Outcome Oriented Goals

Strategic Outcome Oriented Goal	Promote sustainable economic growth and job creation
Goal Statement	<p>To create an enabling environment to promote sustainable economic growth and job creation by:</p> <ul style="list-style-type: none"> Facilitating a cumulative contribution to National GDP by investors within the SBIDZ of R16.133 billion by the end of the FY 2019/2020 Facilitating a cumulative contribution to the Western Cape GDP of investors in the Zone of R13.7 billion by the end of the FY 2019/2020

Budget Overview

High Level Budget: Total

Description	Audited 2016/17	Estimated outcome 2017/18	2018/19	2019/20	2020/21
	R'000	R'000	R'000	R'000	R'000
Operational expenditure	47,290	54,234	66,294	86,256	80,506
Capital expenditure	128,925	264,070	186,511	226,537	733
TOTAL EXPENDITURE	176,215	318,304	252,805	312,793	81,239
Staff Compliment		35			

High Level Budget: Administration

Description	Audited 2016/17	Estimated outcome 2017/18	2018/19	2019/20	2020/21
	R'000	R'000	R'000	R'000	R'000
Operational expenditure	18,826	24,145	25,812	27,869	29,321
Capital expenditure	1,043	101,070	650	686	733
TOTAL EXPENDITURE	19,869	125,215	26,462	28,555	30,054
Staff Compliment		15			

High Level Budget: Operations

Description	Audited 2016/17	Estimated outcome 2017/18	2018/19	2019/20	2020/21
	R'000	R'000	R'000	R'000	R'000
Operational expenditure	28,464	30,089	40,482	58,387	51,185
Capital expenditure	127,882	63,000	185,861	225,851	-
TOTAL EXPENDITURE	156,346	93,089	226,343	284,238	51,185
Staff Compliment		20			

7 Overview of 2018/19 Budget

7.1 Income and Expenditure Estimates

Summary of provincial payments and estimates by economic classification: Saldanha Bay IDZ Licencing Company (SOC) Ltd					
Economic classification R0'000	Outcome	Estimate	Medium-term estimate		
	Audited 2016/17	Outcome 2017/18	2018/19	2019/20	2020/21
Revenue					
Non-tax revenue	179,481	218,304	252,805	312,793	81,239
Sale of goods and services other than capital assets	9	-	4,497	20,993	41,773
of which:					
Admin fees	9	-	-	-	-
Rental revenue	-	-	4,497	20,993	41,773
Other non-tax revenue	105	1,074	-	-	-
Interest	105	1,074	-	-	-
Transfers received	179,367	217,230	248,308	291,800	39,466
Social contributions received (social security funds only)	-	-	-	-	-
Other government units	179,367	217,230	248,308	291,800	39,466
Department of Economic Development and Tourism	30,224	46,955	55,632	64,587	37,966
Earmarked conditional grants	13,427	107,275	5,240	-	-
Department of Trade and Industry	127,882	63,000	185,861	225,851	-
Special projects	7,834	-	1,575	1,362	1,500
Total revenue	179,481	218,304	252,805	312,793	81,239
Expenditure					
Current expenditure	47,290	54,234	66,294	86,256	80,506
Compensation of employees	20,030	24,714	26,444	28,031	29,713
Salary & Wages	20,030	24,714	26,444	28,031	29,713
Goods and services	27,260	29,520	39,850	58,225	50,793
Administrative fees	4,557	2,226	2,361	2,503	2,652
Advertising	2,874	2,375	2,375	2,375	2,375
Minor Assets	9	-	-	-	-
Audit cost: External	1,178	1,254	1,329	1,409	1,493
Catering: Departmental activities	652	343	343	343	343
Communication (G&S)	217	255	272	287	305
Computer services	914	1,531	1,524	1,720	1,823
Consultants and professional services:					
Business and advisory services	3,890	4,314	4,314	4,314	4,314
Legal services	128	156	166	176	186
Entertainment	5	76	76	78	78
Fleet services (including government motor transport)	43	111	119	125	130
Consumable supplies	304	86	86	86	86
Consumable: Stationery, printing and office supplies	253	486	515	546	578
Operating leases	2,405	2,836	3,006	3,187	3,378
Property payments	308	6,299	16,197	33,905	25,880
Travel and subsistence	2,487	4,209	4,209	4,209	4,209
Training and development	6,947	2,504	2,501	2,504	2,504
Venues and facilities	89	459	457	458	459
Rental and hiring	-	-	-	-	-
Capital Expenditure	128,925	164,070	186,511	226,537	733
Machinery and equipment	1,043	1,070	650	686	733
Land	-	100,000	-	-	-
Bulk Infrastructure	127,882	63,000	185,861	225,851	-
Total expenditure	176,215	218,304	252,805	312,793	81,239

Part B: Programme and Sub-Programme Plans**PART B: PROGRAMME AND SUB-PROGRAMME PLANS**

The SBIDZ initiative is comprised of 2 programmes:

- Administration
- Operations

8 Programme 1: Administration

Purpose

Administration has the overarching objective of implementing best practice governance in support of the operations.

The programme has a complex role due to its need to balance the business needs and requirements of the operations, whilst at the same time undertaking a crucial governance function within the Entity, providing a treasury function to ensure optimum spending and utilisation of financial resources within the Entity.

Further, the Administration Programme is required to be agile and support a world class approach to doing business, whilst at the same time balancing the legislative requirements of a public entity. It is a skill to achieve this balance, which is vital to the optimal performance of the overall programme.

Programme Structure

The programme is structured to include the following functions:

- Governance
- Financial Management
- Human Resource
- Supply Chain Management
- Information Technology
- Legal

Funding

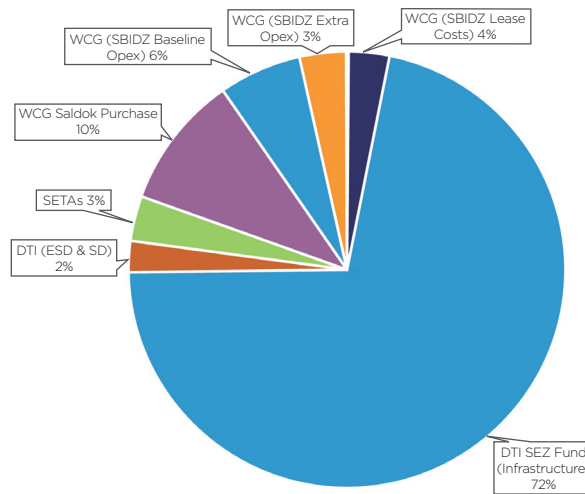
Operations are funded by the Western Cape Government, whilst Infrastructure is funded by the National Government by way of the Special Economic Zone (SEZ) Fund.

Western Cape Government has also funded the purchase of the Saldok land from the IDC.

Skills and Enterprise Development are funded from various sources as it does not form part of the formal funding programme.



Below is a depiction of the funding model



Governance

The operations and management of the LiCo is governed primarily by the provisions of the Companies Act, the Saldanha Bay Industrial Development Zone Licencing Companies Act (Provincial Legislation), the company's Memorandum of Incorporation (MOI) and Shareholder's Compact. The LiCo is also subject to and regulated by the PFMA and the Special Economic Zones Act. The LiCo has a Board of Directors (Board) which is responsible for the governance, management and control of the LiCo's business affairs. The Board is the accounting authority and fulfils the fiduciary responsibilities as provided for in the PFMA and the Companies Act. The Board also gives effect to the LiCo's corporate plan. To ensure that it complies with its duties, the Board has delegated the necessary authority to management to handle the day-to-day operations while the directors monitor their performance.

Composition of the Board of Directors

The Board until recently consisted of members representing the National, Provincial and Local spheres of Government, and the Saldanha Bay community, with one representative nominated by the Saldanha Bay Municipality, two representatives nominated by the Western Cape Government (of which one is reserved for TNPA), two representatives nominated by National Government (one from the DTI and one from the IDC) and two directors representing the broader Saldanha Bay social and economic community (of which one is vacant). However, to enable the LiCo to professionally and expertly deal with the next phases of the SBIDZ project, notably the initiation of operations and conclusion of the TNPA SBIDZ site and related port matters, the right mix of knowledge and expertise was urgently needed on the LiCo Board.

Both King III and the King IV Report on SOE's make it very clear that the LiCo Board needs to be composed of the right kind of ethics, skills, experience, diversity, knowledge and independence, the ability to implement and govern wisely.

As a result, the Shareholder of the LiCo (WCG represented by the MEC for Economic Opportunities) has decided to reconstitute the Board as follows.

- Five institutional representatives (officials), one each from the Dti, IDC, TNPA, SBM and WCG, of adequate calibre and also non-conflicted as the core members of the LiCo Board, representing the public sector interest;

Part B: Programme and Sub-Programme Plans

- One person from the Saldanha Social community, an adequate representative of due calibre;
- One person from the Saldanha Economic community, an adequate representative of due calibre from the broader business sector and of due calibre (In process of being filled);
- One nominated representative from the SAOGA Board of Directors with the requisite sector-specific expertise (In process of being filled);
- Two proven accomplished broader business practitioners with relevant expertise; and (in process of being filled)
- Two executive directors, one being the CEO and the other the CFO in line with King III/IV to improve collective accountability.

The reconstituted Board is still in line with what was agreed between National Government and the WCG i.e. that the structure of the LiCo Board should be representative of the three spheres of government.

Board Remuneration

In terms of the Saldanha Bay Industrial Development Zone Licencing Act, the Provincial Minister responsible for Economic Development in consultation with the Provincial Minister for Finance shall determine the remuneration, allowance and reimbursements payable to the Directors not in government service, which will be reviewed on an annual basis. Currently none of the Directors receive remuneration except for the independent committee members and the Board Member representing the Saldanha Bay Social community. Provincial Treasury rates are being used to compensate the committee members and the Board Member. With the upgrade of the Board, the Board Member representing the Saldanha Bay Economic/Business Community, the representative from the SAOGA Board of Directors and the two additional business practitioners will have to be appropriately remunerated.

Board Committees

The Board is authorised to form committees as and when necessary to facilitate efficient decision making, and to assist the Board in the execution of its duties. The committees do not perform any management functions or assume any management responsibilities.

The LiCo has two Sub-Committees; namely the Audit, IT and Risk Sub-Committee and the Human Resources, Remuneration and Social and Ethics Sub-Committee.

Human Resources, Remuneration and Social and Ethics Committee

The Human Resource and Remuneration and the Social and Ethics Sub-Committees functions as one sub-committee of the Board. The Sub-Committee consists of three non-executive directors and has clearly defined charters for both components. The purpose of the Human Resource and Remuneration Sub-Committee is to review, consider and recommend matters relating to general staff policy, including remuneration and development, the formulation of remuneration and human resource policies, the performance management system and related performance incentives. The role of the Social and Ethics Sub-Committee is amongst others to review and manage social and ethics issues in the LiCo and overseeing the monitoring, assessing and measurement of the LiCo's activities relating to social and economic development.



Internal Audit and Audit Committees

The Audit, IT and Risk Committee consists of three non-executive directors and two independent members, and has a clearly defined charter. The committee is a sub-committee of the Board and accordingly operates as an extension of its mandate. The purpose of the committee is to assist the Board in discharging its duties in relation to financial reporting, asset management, risk management, supply chain management, information technology issues, internal control systems, processes and procedures, and to measure the quality of both the external and internal audit functions.

The Internal Auditors and External Auditors, as well as certain members of the Executive Management, are invited to attend meetings.

(a) Internal Audit

The Board is responsible for the appointment of the Internal Auditor. Sizwe Ntsaluba Gobodo (SNG) has been appointed as the Internal Auditor of the LiCo until 30 October 2019, when their contract expires. The Internal Auditor operates under the direction of the Audit, IT and Risk Committee which approves the scope of work to be performed. Significant findings are reported to the Executive Management and the Audit, IT and Risk Committee. Corrective action is taken to address internal control deficiencies identified in the execution of the work.

(b) External Audit

The Auditor-General of South Africa (AGSA) is responsible for performing the annual audit of the company. The Audit Committee examines and reviews the annual financial statements of the company and other relevant financial reports.

(c) Internal Control

The SBIDZ maintains internal controls and systems designed to provide reasonable assurance of the integrity and reliability of the Annual Financial Statements and to safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented with appropriate segregation of duties.

Risk Management Plan

The Accounting Authority has overall accountability for ensuring effective risk management and sets strategic direction and determines risk appetite. It maintains oversight of the top risks facing the LiCo through periodic review to satisfy itself that the risks are being adequately mitigated. This oversight is managed by the Audit, IT and Risk Committee as appropriate to the subject area.

The overall strategic direction on risk management is set centrally, with the Accounting Authority responsible for guiding management through the risks facing the organisation. The Accounting Authority revises the risks register at least once a year. The Audit, IT and Risk Committee co-ordinates a once-yearly assessment process on all Strategic Business Units per their top risks identified.

This bottom-up and top-down approach enables the organisation to consider the potential impact of different types of risks on processes, activities and stakeholders. Successful enterprise risk management can positively affect the likelihood and consequences of risks materialising, as well as deliver benefits related to better informed decision making. The LiCo

Part B: Programme and Sub-Programme Plans

will continue the initiative to embed risk management in standard processes and strategy. In addition, a structured risk data collection and analysis process as well as improving alignment of assurance activities, will be implemented.

Risk management is incorporated into the management of each section within the LiCo. The following policies and documentation are in place to assist in risk management.

- Shareholder's Compact
- Board and Committee Charters
- Materiality Framework
- Risk Assessment
- Financial Regulations
- Delegation of Power
- Personnel
- Procurement
- I.T. Policy
- Budget
- Memoranda of Agreement and Service Level Agreements
- Fraud Prevention Plan
- Financial Plan (as per income and Expenditure Estimates)
- Integrated Business Plan

Fraud Prevention Plan

The objectives of Fraud Risk Management Strategy are:

- To reduce the risk of fraud and corruption from occurring;
- To provide for mechanisms of detection of fraud and misconduct when it occurs;
- To outline corrective actions and remedy the harm caused by fraud and misconduct;
- To raise awareness of the principles and benefits of effective fraud risk management process and to obtain staff commitment to the principles of fraud risk management.
- To outline actions to be taken to address fraud and corruption at structural and operational level.

As instances of fraud remain a constant threat to public trust and confidence, it becomes essential to recognize fraud risk management as an integral part of strategic management and the LiCo is therefore adopting a comprehensive approach to the management of fraud risks.

Management's agenda is to focus on efforts to:

- Understand the fraud risks that can undermine the institution's business objectives;
- Determine whether fraud prevention programmes and controls are actually effective in reducing instances of fraud;
- Gain insight into better ways of designing and evaluating controls to prevent, detect and respond appropriately to fraud;



Internal Control

The Board acknowledges its responsibility for ensuring that the LiCo implements and monitors the effectiveness of internal, financial and operating controls to guard against material misstatements and losses.

The internal and external auditors independently appraise the adequacy and effectiveness of the internal controls.

Company Secretary

In terms of the Companies Act every state-owned company must appoint a person to serve as company secretary. The LiCo appointed a company secretary on 24 August 2016.

The company secretary's duties include, but are not restricted to:

- (a) providing the directors of the LiCo collectively and individually with guidance as to their duties, responsibilities and powers;
- (b) making the directors aware of any law relevant to or affecting the LiCo;
- (c) reporting to the board any failure on the part of the LiCo or a director to comply with the Memorandum of Incorporation or rules of the LiCo or the Companies Act;
- (d) ensuring that minutes of all shareholders meetings, board meetings and the meetings of any committees of the directors, or of the LiCo's audit committee, are properly recorded in accordance with the Companies Act;
- (e) certifying in the LiCo's annual financial statements whether the LiCo has filed required returns and notices in terms of the Companies Act, and whether all such returns and notices appear to be true, correct and up to date;
- (f) ensuring that a copy of the LiCo's annual financial statements is sent, in accordance with the Companies Act, to every person who is entitled to it; and
- (g) carrying out the functions of a person designated in terms of section 33(3) of the Companies Act.

In addition to various statutory functions, the Board Secretariat with the assistance of the Company Secretary ensures that the Board of Directors are provided with induction training as well as guidance on duties and responsibilities.

In consultation with the Board Chairperson, the Board Secretariat ensures that the contents of the agenda are relevant to the Board of Directors' decision-making. The information required for each board meeting is sent to the Directors in a timely manner to enable them to acquaint themselves with the information and to consider Company information in terms of their statutory and fiduciary responsibility.

The Board Secretariat acts as the primary point of contact between the Board of Directors and the Company.

Materiality Framework

All significant events, risks and other aspects are evaluated in the Annual Financial Statements and annual report.

Part B: Programme and Sub-Programme Plans

8.1 Strategic Objectives and Annual Targets

Strategic Objective Table	
Strategic Objective 1.1	To achieve and Maintain the Highest Level of Good Corporate Governance
Objective statement	To maintain a high standard of good corporate governance through achieving an unqualified audit opinion
Baseline	Unqualified Audit

Strategic objective	Performance indicator	PSG	Audited/Actual performance			Estimated performance	Medium-term targets		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
1.1	Audit opinion from AGSA for the previous financial year		Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion

8.2 Performance Indicators and Annual Targets

Programme	Performance indicator	PSG	Audited/Actual performance			Estimated performance	Medium-term targets		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
1.1	Unqualified Audit Report	PSG 1	-	-	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report
1.2	Number of frameworks reviewed to monitor and manage co-operative agreements.	PSG 1	-	-	-	4 Frameworks Implemented	4 Frameworks reviewed	4 Frameworks reviewed	4 Frameworks reviewed
1.3	Number of frameworks reviewed to monitor and manage tenant lease agreements	PSG 1	-	-	-	1 Framework Implemented	1 Framework reviewed	1 Framework reviewed	1 Framework reviewed

8.3 Quarterly Targets

Performance indicator	PSG	Reporting period	Annual target 2018/19	Quarterly targets				
				1st	2nd	3rd	4th	
1.1	Unqualified Audit Report	PSG 1	Annual	Unqualified Audit Report	-	Unqualified Audit Report	-	-
1.2	Number of frameworks reviewed to monitor and manage co-operative agreements.	PSG 1	Annual	4 Frameworks reviewed	-	-	-	4 Frameworks reviewed
1.3	Number of frameworks reviewed to monitor and manage tenant lease agreements	PSG 1	Annual	1 Framework reviewed	-	-	-	1 Framework reviewed



8.4 Reconciling Performance Targets with the Budget

Summary of provincial payments and estimates by economic classification: Saldanha Bay IDZ Licencing Company (SOC) Ltd - Administration					
Economic classification R0'000	Outcome	Estimate	Medium-term estimate		
	Audited 2016/17	Outcome 2017/18	2018/19	2019/20	2020/21
Revenue					
Non-tax revenue	-	-	-	-	-
Sale of goods and services other than capital assets					
<i>of which:</i>					
Admin fees					
Other non-tax revenue	-	-	-	-	-
Interest - Department of Economic Development & Tourism					
Interest - Department of Trade and Industry					
Transfers received	-	-	-	-	-
Social contributions received (social security funds only)-					
Other government units	-	-	-	-	-
Department of Economic Development and Tourism					
Accumulated reserves					
Department of Trade and Industry					
Special Projects/Donations received					
Total revenue	-	-	-	-	-
Expenditure					
Current expenditure	18,826	24,145	25,812	27,869	29,321
Compensation of employees	7,364	9,656	10,332	10,952	11,609
Salary & Wages	7,364	9,656	10,332	10,952	11,609
Goods and services	11,462	14,489	15,480	16,917	17,712
Administrative fees	4,557	2,063	2,188	2,319	2,458
Advertising	111	285	285	285	285
Minor Assets	9	-	-	-	-
Audit cost: External	1,178	1,254	1,329	1,409	1,493
Catering: Departmental activities	43	67	67	67	67
Communication (G&S)	184	204	217	229	243
Computer services	901	1,189	1,261	1,336	1,416
Consultants and professional services:					
Business and advisory services	999	1,424	1,424	1,424	1,424
Legal services	128	107	114	121	128
Entertainment	-	3	3	5	5
Fleet services (including government motor transport)	36	98	105	111	116
Consumable supplies	50	26	26	26	26
Consumable: Stationery,printing and office supplies	247	486	515	546	578
Operating leases	2,405	2,836	3,006	3,187	3,378
Property payments	308	2,789	3,285	4,194	4,437
Travel and subsistence	194	529	529	529	529
Training and development	112	1,129	1,126	1,129	1,129
Rental and hiring	-	-	-	-	-
Capital Expenditure	1,043	101,070	650	686	733
Machinery and equipment	1,043	1,070	650	686	733
Land	-	100,000	-	-	-
Total expenditure	19,869	125,215	26,462	28,555	30,054

Part B: Programme and Sub-Programme Plans

9 Programme 2: Operations

Purpose

The Operations Programme delivers on the implementation of the SBIDZ, thus enabling the overarching strategic goals of economic growth and job creation.

Specifically, the Operations Programme focuses on the key deliverables and work-streams that drive the activities within the Zone, in order to attract and retain key investors in the upstream oil, gas and marine repair, fabrication, logistics and related servicing industries.

Programme Structure

The programme is structured within the following work-streams:

- Ease of Doing Business
- Business Development
- Commercial Management
- Infrastructure Development
- Stakeholder Management
 - * Skills Development
 - * Enterprise Development
 - * Innovation

The main focus areas of each work-stream are included below:

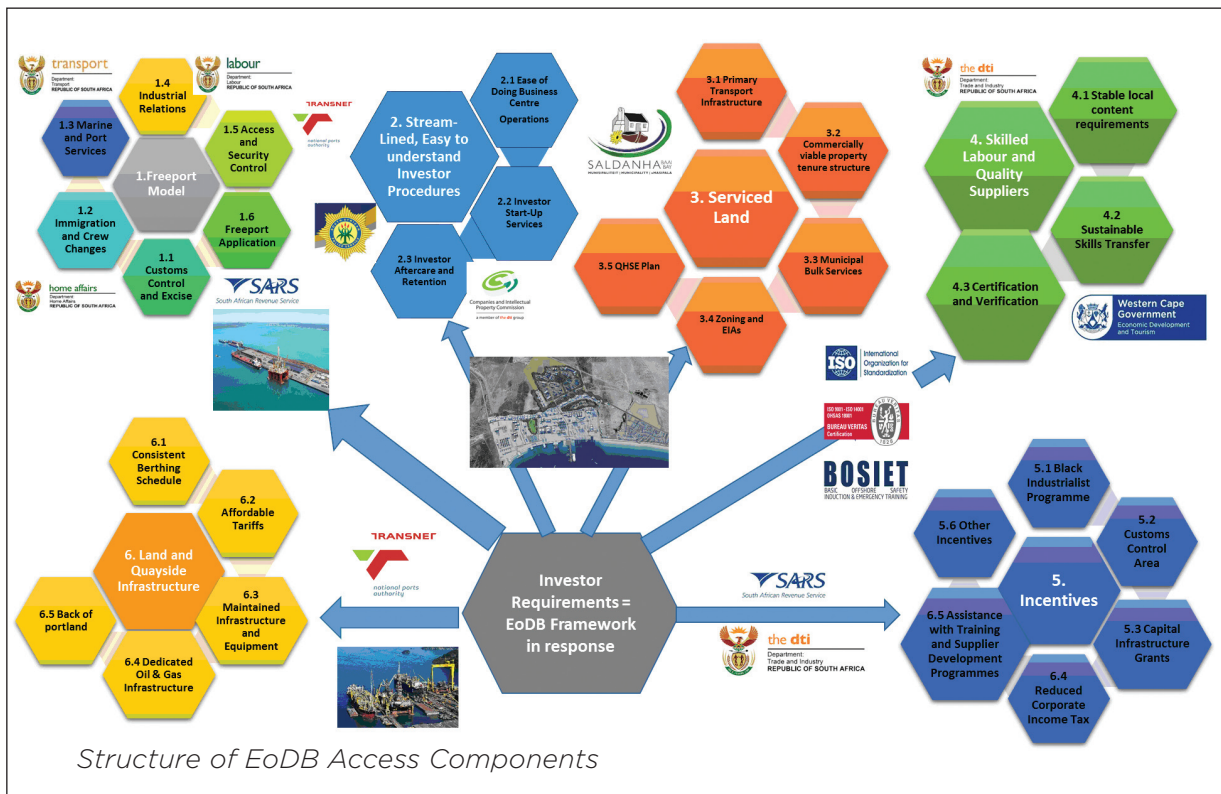
Ease of Doing Business

The main overarching strategic driver of the Industry enablement of the investor to easily conduct business. This is the key differentiator in the industry as there is a direct link between the ability to service the end-user market and the propensity for the Industry to invest.

Ease of Doing Business seeks to implement an efficient and quality driven business environment in order to have a competitive edge.

An 'ease of doing business approach' is best incorporated through ensuring the ease of access for industry, via various mechanisms, including a contiguous CCA and a quality investor support programme, as indicated in the figure below:

- Free port model
- Stream lined investor procedures
- Serviced land
- Skilled labour and quality suppliers
- Land and quayside infrastructure
- Incentives



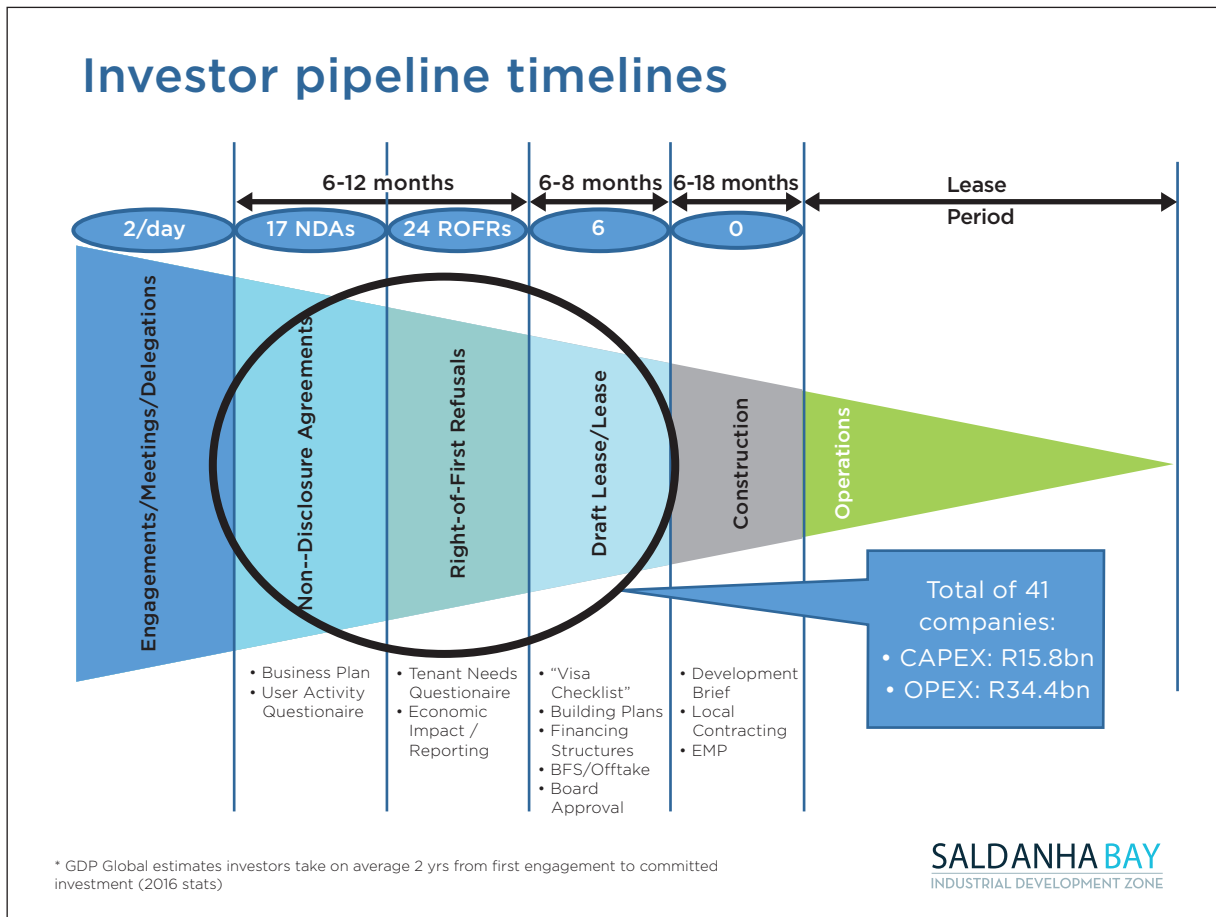
The business unit has recently concluded the “5x5 Voice of the Customer Global Best Practise Benchmark Survey” which has provided crucial input into the Ease of Doing Business Framework, which guides the implementation of the approach.

Part B: Programme and Sub-Programme Plans

Business Development

The Business Development work-stream focuses on investment promotion activities in the IDZ, as well as on concluding key Memorandum of Agreements with a specific focus on increasing the value proposition and future investment into the Zone.

Depicted below is the current investor pipeline along with the anticipated timelines



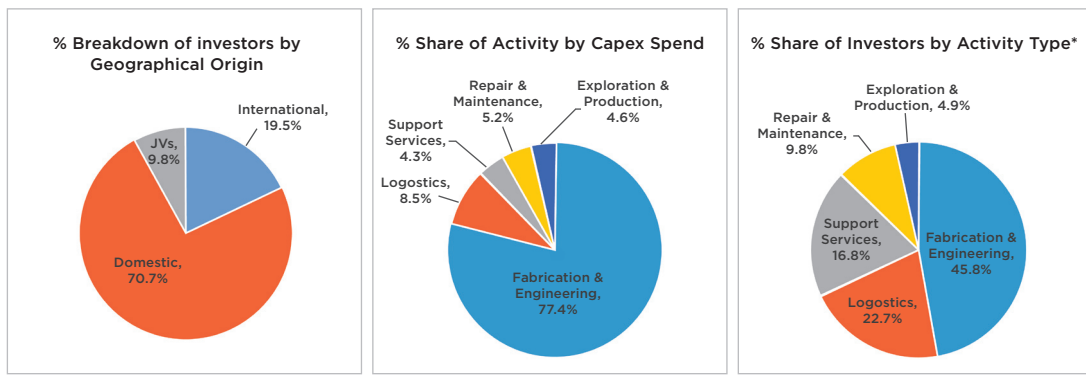
The specific communication and marketing approach linked to investor attraction has been implemented to focus on attracting investment within specific tiers.

The business development work stream has targets linked to obtaining investor interest in the Zone, either through signing a right of first refusal or non-disclosure agreement, until such a time as an investor is prepared to physically locate in the Zone.

This timeframe is determined in line with the SBIDZ macro infrastructure development programme, as the Zone is currently implementing bulk-infrastructure. It is anticipated that the first investors will locate within in the Zone during the next financial year



Prospective investor numbers to date (June 2017)



Note:

- International companies are with no existing presence in South Africa to date
- Domestic companies are registered entities with operations in the country
- JVs are partnerships between international and domestic companies

Note:

- Total Capex Spend for 2017/18-2019/2020 is 15.8bn

Note:

- Based on the total number of committed and pipeline investors - 41

Based on estimates as at 31 July 2017

SALDANHA BAY
INDUSTRIAL DEVELOPMENT ZONE

Commercial Management

The Commercial Management work-stream focuses on investor retention, which includes three main focus areas:

Investor Leasing

Given that the first investor is expected to locate in the SBIDZ in FY2018/19, the commercial function is currently focused on developing a strategic framework which highlights all possible investor requirements, in order to develop a best practice investor leasing model and leasing approach for all investors.



Part B: Programme and Sub-Programme Plans

Estate Management

The commercial work-stream will also be responsible for developing a framework and approach to managing the SBIDZ estate going forward, which will then be implemented under the current Strategic Plan.

This covers

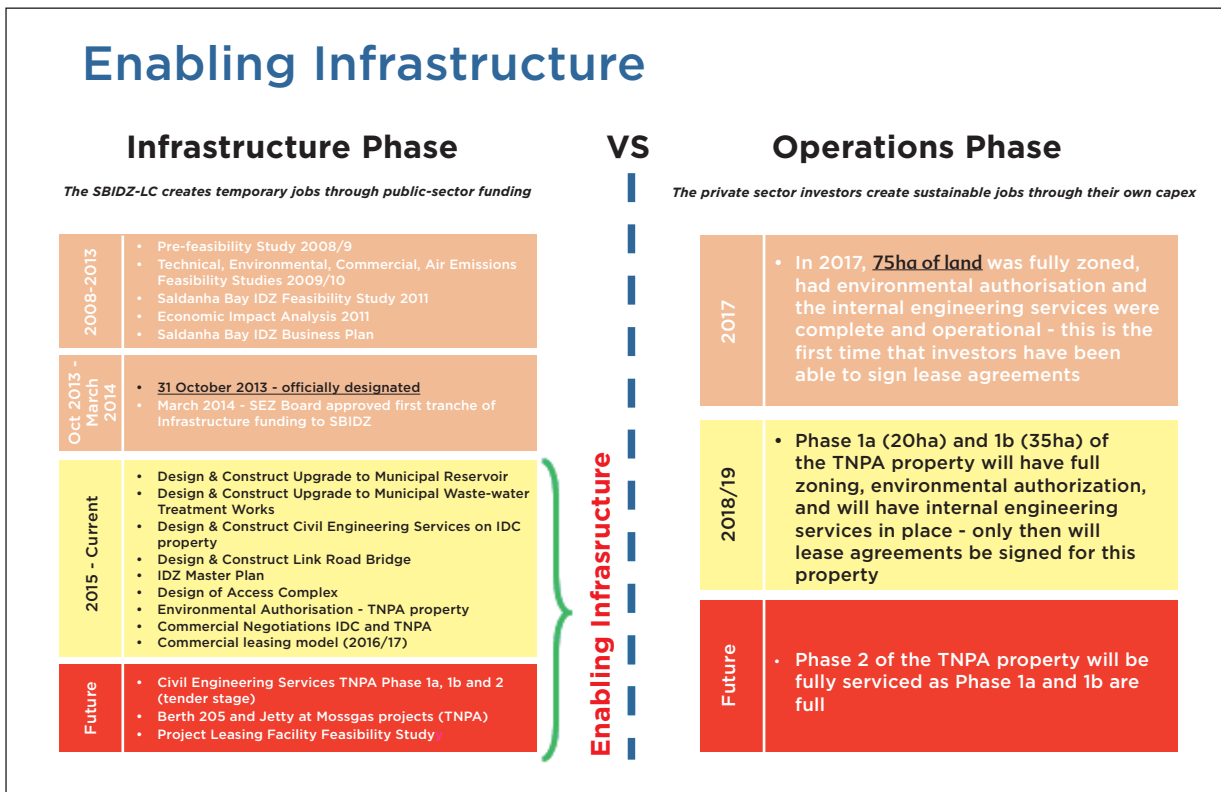
- Estate Access
- Estate Maintenance
- Estate Safety & Security
- Estate Utilities
- Other
 - * ICT Broadband
 - * Canteen & Conferencing
 - * Common Parking
 - * Transport
 - * Waste Management

The main target for the commercial work-stream in the short-term will link to developing an overarching framework which determines the approach to managing all commercial components of the Zone.

Infrastructure Development

Infrastructure development within the LiCo includes the development of internal bulk services in support of investors who locate in the Zone

Infrastructure creates the physical environment in which to accommodate investors and operators - the table below depicts this relationship





Currently, the internal services are underway to prepare the Zone for investor location over the next 5 year period. The development is broken down into key phases, and the table below is indicative of past, present, and future delivery

Completed projects

Internal Engineering Services (Saldok land)
Upgrade Saldanha Bay Waste Water Treatment Works

Completion date

Q4 2016/17
Q3 2017/18

Current Projects

Link road and Bridge
Extension to Besaansklip Reservoir
Erection of Saldok Security fence

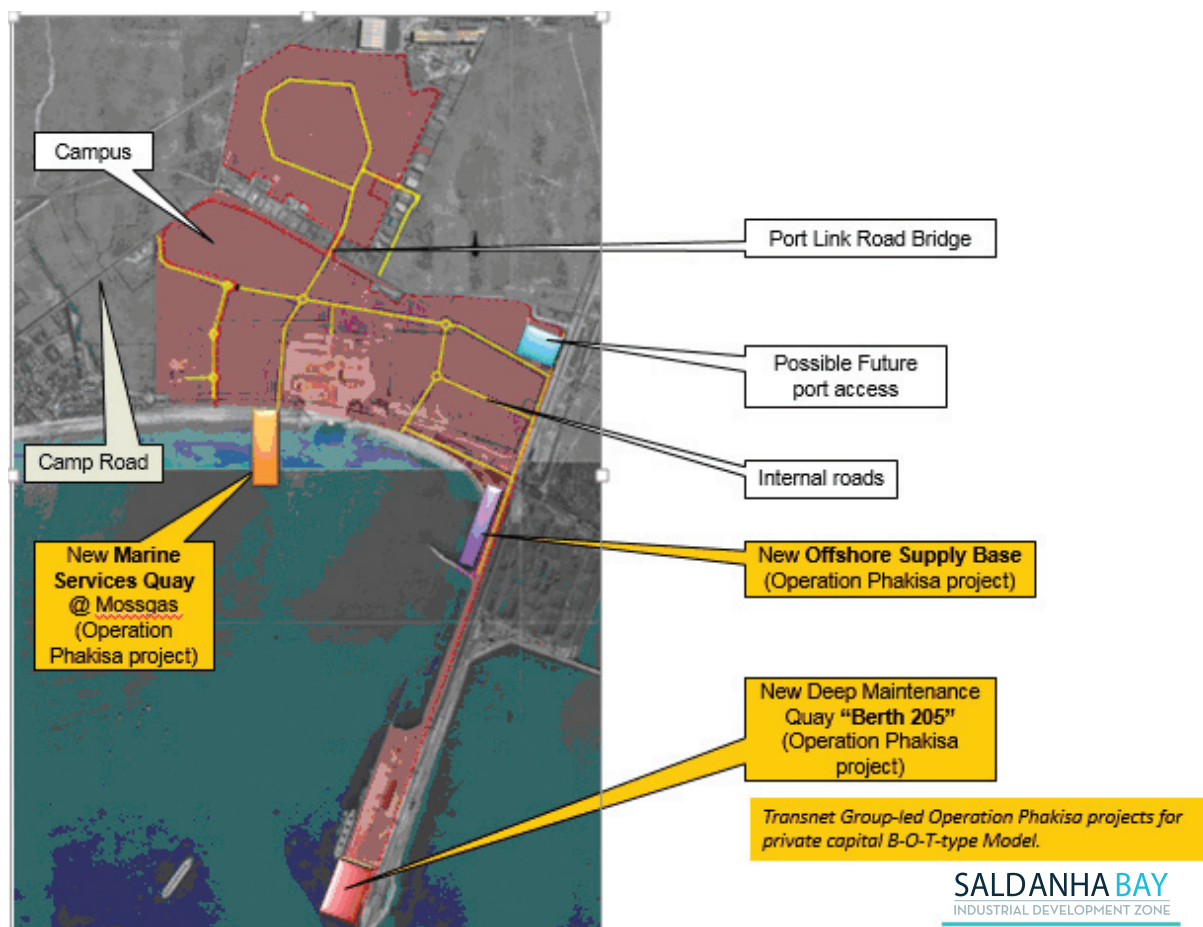
Q3 2017/18
Q4 2017/18
Q1 2018/19

Future Projects

Access and Ease of Doing Business Complex
Internal Engineering Services (Port land)

Q4 2018/19
Q4 2019/20

The infrastructure delivery is also closely associated with the delivery of key Phakisa projects which are to be delivered by the TNPA.



Part B: Programme and Sub-Programme Plans

Stakeholder Management

The LiCo Stakeholder Management work-stream is responsible for managing strategic partnerships, including DTI, WCDEDAT, TNPA and IDC, as well as for assisting the team in managing stakeholder approaches.

Specifically, within South Africa, one of the key challenges being faced is the lack of national knowledge linked to the upstream oil, gas and marine repair, fabrication, logistics and related servicing industries. Part of the role of the SBIDZ is therefore to form national strategic partnerships and alliances, to raise awareness on the industry agendas. Currently the LiCo uses existing platforms to develop these linkages, for example their current participation in Operation Phakisa.

In addition, a key short-term focus and requirement of the stakeholder management work-stream is in the development of functional relationships with local industry and the community in the West Coast and SBM, particularly given the provincial focus on developing the West Coast economy. The stakeholder management target for the current APP therefore links directly to building local relationships as a first priority.

Skills Development

The IDZ skills development work-stream is driven through a civil society partnership with the Community Skills and Training Committee, through which the IDZ commits to facilitating the training of approximately 520 individuals on an annual basis, in line with skills requirements linked to the upstream oil, gas and marine repair, fabrication, logistics and related servicing industries.

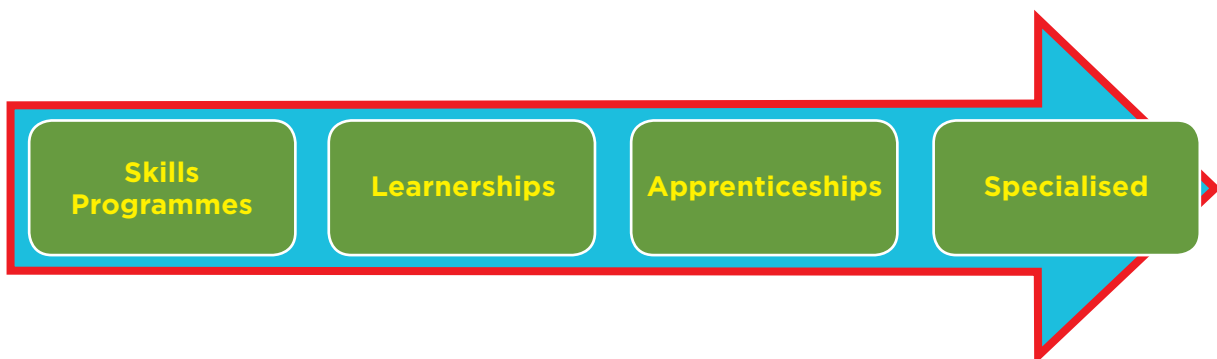
The skills development initiatives are currently not funded and therefore are largely dependent on the LiCo facilitating funding and training interventions, on a case-by-case basis

The skills intervention intends to create **an accountable, inclusive and community driven** skills development strategy:

Form **strategic partnerships** with:

- Three Spheres of government
- Public and Private training providers
- Funders
- Workplaces and employers

Progression approach to skills development:



Current skills development interventions include:

- Artisan Experiential Learning Programme (Apprenticeship)
- Department of Labour: Employment Services System of South Africa (ESSA)
- Occupational Readiness Programme (ORP) with DEDAT
- Recognition of prior Learning (RPL) with SAOGA
- Train-the -trainer (Mentoring & Coaching) with SAOGA
- Engineering & Construction related skills programmes (SEZ Fund & MERSETA)
- Career Awareness

Enterprise Development

As with skills development, Enterprise Development is not funded via our operational funding, and is funded on an ad-hoc basis. It is however a strategic imperative to ready the local business community to support investors in the Zone.

Enterprise Development Key Activities



Business Forum

10 Member Based Organisation
Monthly meetings on progress, opportunities and development of SMMEs



Supplier Development Workshops

SEDA – 3 training sessions with 35 SMMEs with a total of 105 SMMEs having received training
UWC ; Productivity SA; ABSA



TOGAS!

Held once a month; Educating the SB Community about the Oil & Gas and Marine Services Sector; Started in 2015, 6 sessions held thus far in 2017 with an 60 -100 SMMEs attendance

Topics range from Commercial diving, certification and accreditation to fabrication and construction , investor trends etc.



Oil and Gas Readiness

Assessment planned for 2017 (600 businesses will feed into it)
Supplier Development programs for Oil & Gas businesses in the next financial year
DEDAT on-board to support

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INDUSTRIAL DEVELOPMENT ZONE

Innovation Campus

The Stakeholder Management work-stream is also responsible for facilitating the development of an Innovation Campus within the SBIDZ, which will be a world-class innovation hub and learning centre for the upstream oil, gas and marine repair, fabrication, logistics and related servicing industries. The first step of the development of the Innovation Campus would be to develop a bankable Business Plan which identifies key requirements, needed value propositions and key partners.

Part B: Programme and Sub-Programme Plans

9.1 Strategic Objectives and Annual Targets

Strategic Objective 2.1	To establish a Special Economic Zone within the great SBM area
Objective Statement	1 400 direct and 600 indirect jobs facilitated within the Western Cape Province as a result of the SBIDZ by the end of the FY 2019/2020
Baseline	25,152 jobs in the WC Province 2014

Strategic objective	Performance indicator	PSG	Audited/Actual performance			Estimated performance	Medium-term targets		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2.1	Number of direct and indirect jobs facilitated within the Western Cape Province as a result of the SBIDZ	PSG 1	-	7	46	425	850	2000	3000

9.2 Performance Indicators and Annual Targets

Programme	Performance indicator	PSG	Audited/Actual performance			Estimated performance	Medium-term targets		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2.1	Completion of phase 1 of the GTAC Freeport Business Case Project	PSG 1	-	-	-	-	Phase 1 Completion	Phase 2 Completion	Phase 3 Completion
2.2	Number of pipeline investors with NDS's and/or RoFR	PSG 1	-	-	-	34	31	25	16
2.3	Number of signed tenants with the SBIDZ	PSG 1	-	-	-	3	6	9	6
2.4	Number of tenant lease agreements designed and approved	PSG 1	-	-	-	3	1	1	1
2.5	Completion of infrastructure phases	PSG 1	-	-	-	Phase 1a Bridge and site clearance	Phase 1a: Generic top structures Phase 1b: Selected buildings	Phase 2: Port land development	-
2.6	Completion of the Innovation Campus Bankable Business Plan	PSG 1	-	-	-	1 Feasibility Study	1 Draft Business Plan	Completion of a Bankable Business Plan	Capital Funding Partnerships
2.7	Appointment of a service provider to manage the Estate Security	PSG 1	-	-	-	-	1	-	-
2.8	Number of beneficiaries participating in the skills development programme per annum	PSG 1	-	-	-	520	520	520	520
2.9	Number of charters developed for key stakeholders	PSG 1	-	-	-	5	10	10	10
2.10	Drafting of a labour zone arrangement	PSG 1	-	-	-	1 Framework	50% Draft charter	100% Final signed charter	-



9.3 Quarterly Targets

Performance indicator		PSG	Reporting period	Annual target 2018/19	Quarterly targets			
					1st	2nd	3rd	4th
2.1	Completion of phase 1 of the GTAC Freeport Business Case Project	PSG 1	Annual	Phase 1	-	-	-	Phase 1
2.2	Number of pipeline investors with NDA's and/or RoFR	PSG 1	Quarterly	31	31	31	31	31
2.3	Number of signed tenants with the SBIDZ	PSG 1	Annual	6	-	-	-	6
2.4	Number of tenant lease agreements designed and approved	PSG 1	Annual	1	-	-	-	1
2.5	Completion of infrastructure phases	PSG 1	Annual	Phase 1a: Generic top structures Phase 1b: Selected buildings	-	-	-	Phase 1a: Generic top structures Phase 1b: Selected buildings
2.6	Completion of the Innovation Campus Bankable Business Plan	PSG 1	Annual	1 Draft Business Plan	-	-	-	1 Draft Business Plan
2.7	Appointment of a service provider to manage the Estate Security	PSG 1	Annual	1	-	-	-	1
2.8	Number of beneficiaries participating in the skills development programme per annum	PSG 1	Quarterly	520	10	10	10	490
2.9	Number of charters developed for key stakeholders	PSG 1	Annual	10	-	-	-	10
2.10	Drafting of a labour zone arrangement	PSG 1	Annual	50% Draft Charter	-	-	-	50% Draft Charter

Part B: Programme and Sub-Programme Plans

9.4 Reconciling Performance Targets with the Budget

Summary of provincial payments and estimates by economic classification: Saldanha Bay IDZ Licencing Company (SOC) Ltd - Operations					
Economic classification R0'000	Outcome	Estimate	Medium-term estimate		
	Audited 2016/17	Outcome 2017/18	2018/19	2019/20	2020/21
Revenue					
Non-tax revenue	-	-	-	-	-
Sale of goods and services other than capital assets					
<i>of which:</i>					
Admin fees					
Other non-tax revenue	-	-	-	-	-
Interest - Department of Economic Development & Tourism					
Interest - Department of Trade and Industry					
Transfers received	-	-	-	-	-
Other government units	-	-	-	-	-
Department of Economic Development and Tourism					
Accumulated reserves					
Department of Trade and Industry					
Universities and technikons					
Special Projects					
Donations received					
Total revenue -	-	-	-	-	-
Expenditure					
Current expenditure	28,464	30,089	40,482	58,387	51,185
Compensation of employees	12,666	15,058	16,112	17,079	18,104
Salary & Wages	12,666	15,058	16,112	17,079	18,104
Goods and services	15,798	15,031	24,370	41,308	33,081
Administrative fees	-	163	173	184	194
Advertising	2,763	2,090	2,090	2,090	2,090
Catering: Departmental activities	609	276	276	276	276
Communication (G&S)	33	51	55	58	62
Computer services	13	342	263	384	407
Consultants and professional services:					
Business and advisory services	2,891	2,890	2,890	2,890	2,890
Legal services	-	49	52	55	58
Entertainment	5	73	73	73	73
Fleet services (including government motor transport)	7	13	14	14	14
Consumable supplies	254	60	60	60	60
Consumable: Stationery,printing and office supplies	6	-	-	-	-
Property payments	-	3,510	12,912	29,711	21,443
Travel and subsistence	2,293	3,680	3,680	3,680	3,680
Training and development	6,835	1,375	1,375	1,375	1,375
Venues and facilities	89	459	457	458	459
Rental and hiring	-	-	-	-	-
Capital Expenditure	127,882	63,000	185,861	225,851	-
Machinery and equipment	-	-	-	-	-
Bulk Infrastructure	127,882	63,000	185,861	225,851	-
Total expenditure	156,346	93,089	226,343	284,238	51,185



PART C: LINKS TO OTHER PLANS

The SBIDZ is strategically linked to the following key initiatives and Partners:

Industrial Development Corporation of South Africa Limited

The SBIDZ is being established on the LiCo's property (previously IDC Saldok property), in line with mutual mandated strategic objectives of the two state-owned companies to drive the broader goals of economic development and job creation; as well as in line with the designation of the SBIDZ under the MDA.

Transnet Ports Authority

SBIDZ and TNPA share a vision to develop the Oil and Gas Services Complex through dedicated infrastructure and resources, and key collaboration. Specifically, dedicated infrastructure and resources that form part of the collaboration include:

- Conclusion of the TNPA-SBIDZ lease agreement made possible by IDZ designation, which is currently in process
- An Off Shore Supply Base terminal to service off shore operations. The extension of the General Maintenance Quay into the Offshore Supply Base, for which construction has commenced
- Dedicated deep water quay access to accommodate Rigs and Vessel Repair industry. The construction of a 380m long berth (Berth 205), offering 21m of water depth south of the existing MPT. Berth 205 will also support OSB cargo movement. The transaction Advisory Period is in process for this project.
- Dedicated shallow water access to accommodate the Vessel Building Industry and shallower Rigs. The construction of a 500m long jetty adjacent to the Mossgas factory to enable launching and testing of Vessels, and repairs and maintenance to shallow rigs. The transaction Advisory Period is in process for this project.

Links to the Long Term Infrastructure and Other Capital Plans

Ongoing link to National and Provincial strategy;

- The SBIDZ is an outcome of the Nine Point National Development Plan.
- Is a Presidential Project and forms part of SIP 5 coordinated by the IDC
- Is directly relevant for Operation Phakisa, in particular:
 - The new-build programmes led by TNPA (OSSB, Berth 205 & Mossgas Jetty).
 - Skills Working Group (SAIMI).
 - Local Content Working Group (DTI & CSIR).
 - Gas Pipelines Working Group (DOE).
 - Promote Awareness of the Oil and Gas Industry Working Group (PASA).
 - South African Marine Research and Exploration Forum (SAMREF) (DST).
- The SBIDZ is an output of PSG1.
- Is indirectly relevant for PSG2, PSG3 & PSG4 as it presents opportunities to leverage broad socio-economic goals simultaneously.
- Is a key component of DEDAT's Khulisa Marine Fabrication & Repair, and Oil & Gas.
- Is a key component of the Premier's Apprenticeship Game Changer.

Annexure A

ANNEXURE A: Amendment to 5 Year Strategic Plan Amendment to the 2015 - 2019 Strategic Plan

PART B: STRATEGIC OBJECTIVES

The strategic objective statement changed from 6 020 direct and indirect jobs as indicated in the 5 year strategic plan, to 2 000 direct and indirect jobs.

Current Strategic objective Statement

Strategic Objective 1.1	To establish a Special Economic Zone within the great SBM area
Objective Statement	6 020 direct and indirect jobs facilitated within the Western Cape Province as a result of the SBIDZ by the end of the 2019/2020 financial year.
Baseline	25,152 jobs in the WC Province 2014

Updated Strategic Objective Statement

Strategic Objective 2.1	To establish a Special Economic Zone within the great SBM area
Objective Statement	1 400 direct and 600 indirect jobs facilitated within the Western Cape Province as a result of the SBIDZ by the end of the FY 2019/2020
Baseline	25,152 jobs in the WC Province 2014

ANNEXURE B: Technical Indicator Definitions

PROGRAMME: ADMINISTRATION

Strategic Objective Performance Indicator	Audit opinion from AGSA for the previous financial year
Short definition	The AGSA conducts their annual audit on various transactions to ensure that all governance arrangements are in place, in order for the SBIDZ LC to obtain an unqualified audit opinion.
Purpose/importance	To ensure the entity delivers on its mandate effectively and efficiently. Strengthens governance structures
Source/collection of data	The signed off audit report by the AGSA
Method of calculation	The signed off audit report by the AGSA
Data limitations	None
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Annual
New indicator	No
Desired performance	To achieve target as indicated
Indicator responsibility	Chief Financial Officer

Programme Performance Indicator 1.1	Unqualified Audit Report
Short definition	An opinion expressed by the Auditor General of South Africa that the financial statements presents fairly, in all material respects, the financial position, financial performance and cash flow.
Purpose/importance	To ensure the entity delivers on its mandate effectively and efficiently. Strengthens governance structures
Source/collection of data	The signed off audit report by the AGSA
Method of calculation	The signed off audit report by the AGSA
Data limitations	None
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Annual
New indicator	No
Desired performance	To achieve target as indicated
Indicator responsibility	Chief Financial Officer

Programme Performance Indicator 1.2	Number of frameworks reviewed to monitor and manage co-operative agreements
Short definition	To ensure that the required conditions relating to the agreements signed with IDC, TNPA, Afrisam and SBM are effectively monitored.
Purpose/importance	To ensure the entity delivers on its mandate
Source/collection of data	Agreements and subsequent reports
Method of calculation	Simple Count
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annual
New indicator	Yes
Desired performance	To achieve target as indicated
Indicator responsibility	Chief Financial Officer

Annexure B

Programme Performance Indicator 1.3	Number of frameworks reviewed to monitor and manage tenant lease agreements
Short definition	To ensure that the required conditions relating to the tenant lease agreements are effectively monitored.
Purpose/importance	To ensure the entity delivers on its mandate
Source/collection of data	Agreements and subsequent reports
Method of calculation	Simple Count
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annual
New indicator	Yes
Desired performance	To achieve target as indicated
Indicator responsibility	Chief Financial Officer

PROGRAMME: OPERATIONS

Strategic Objective Performance Indicator	Number of direct and indirect jobs facilitated within the Western Cape Province as a result of the SBIDZ
Short definition	Facilitation of direct and indirect jobs
Purpose/importance	Demonstrates job creation due to the successful establishment of the SBIDZ
Source/collection of data	Statistical data from the Economic Model
Method of calculation	Direct and indirect jobs created that can be directly attributed to the economic impact of the SBIDZ initiative
Data limitations	Require information from consultants
Type of indicator	Outcome
Calculation type	Cumulative
Reporting cycle	Annual
New indicator	Yes
Desired performance	To achieve target as indicated
Indicator responsibility	CEO

Programme Performance Indicator 2.1	Completion of Phase 1 of the GTAC Freeport Business Case Project
Short definition	To develop Phase 1 of the business case for a Freeport in Saldanha Bay
Purpose/importance	Business case for South Africa's first oil and gas Freeport at the SBIDZ in the Port of Saldanha Bay
Source/collection of data	Signed off Freeport discussion document and ToR from the appointed service provider
Method of calculation	Each document count as one
Data limitations	Require information from consultants
Type of indicator	Outcome
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	To achieve target as indicated
Indicator responsibility	Executive: Ease of Doing Business

Programme Performance Indicator 2.2	Number of pipeline investors with NDA's and/or RoFR
Short definition	To retain the signed right of first refusals and NDA's from interested investors in the Oil and Gas and Marine Repair Cluster, with the SBIDZ.
Purpose/importance	To retain the interest of the potential investor, whilst developing infrastructure
Source/collection of data	Signed agreement.
Method of calculation	Each signed agreement will count as one
Data limitations	Economic climate will impact on retaining the interest of the potential investor
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Target as indicated or higher performance
Indicator responsibility	Executive: Business Development

Programme Performance Indicator 2.3	Number of signed tenants with the SBIDZ
Short definition	Number of tenants with signed lease agreements with the SBIDZ
Purpose/importance	Formal leasing agreement with tenants will result in revenue generation
Source/collection of data	Signed agreement.
Method of calculation	Each signed agreement will count as one
Data limitations	Economic climate will impact the number of potential investors
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	To achieve target as indicated or higher performance
Indicator responsibility	Executive: Business Development

Programme Performance Indicator 2.4	Number of tenant lease agreements designed and approved
Short definition	Design and approve tenant lease agreements for sub-leased land and for land owned by the SBIDZ
Purpose/importance	To provide a best practice agreement to sign with all types of tenants
Source/collection of data	SBIDZ approved tenant lease template
Method of calculation	Each approved tenant lease template will count as one
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	To achieve target as indicated
Indicator responsibility	Executive: Commercial

Annexure B

Programme Performance Indicator 2.5	Completion of infrastructure phases
Short definition	Completion of phase 1a and 1b of the infrastructure development which includes the generic top structures, selected buildings and the Port land development
Purpose/importance	To provide structures in the zone for the self-sustainability of the SBIDZ in the medium - long term
Source/collection of data	Completion certificates from the appointed service providers
Method of calculation	Qualitative
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	To achieve target as indicated
Indicator responsibility	Executive: Infrastructure Development

Programme Performance Indicator 2.6	Completion of the Innovation Campus Bankable Business Plan
Short definition	Completion of a draft business plan
Purpose/importance	Buy in from potential funders and stakeholders
Source/collection of data	Feasibility framework
Method of calculation	Simple Count
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	To achieve target as indicated
Indicator responsibility	Executive: Stakeholder Management

Programme Performance Indicator 2.7	Appointment of a Service Provider to manage the Estate Security
Short definition	To manage the estate security on the SBIDZ owned land
Purpose/importance	To manage access control and internal security for the SBIDZ owned land
Source/collection of data	Signed agreement with the Service Provider
Method of calculation	Simple count
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	To achieve target as indicated
Indicator responsibility	Executive: Commercial

Programme Performance Indicator 2.8	Number of beneficiaries participating in the skills development programme per annum
Short definition	Learners are identified via the following; ESSA system at the Department of labour; the Community Skills and Training Committee; Local newspapers and direct community engagements are optional.
Purpose/importance	Develop an approach to upskill local labour to meet investor requirements. This will ensure that investors are supported by enough local skills to attract them to the SBIDZ.
Source/collection of data	Registration confirmation from the various tertiary institutions and/or signed agreements.
Method of calculation	Each Beneficiary registered in a development programme will count as one
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	To achieve target as indicated
Indicator responsibility	Executive: Stakeholder and Skills Coordinator

Programme Performance Indicator 2.9	Number of charters developed for key stakeholders
Short definition	Number of charters concluded with key stakeholders such as: Government sector, private sector, public sector, international partners and donors, land owners, regulators, agencies and organisations and/or key communication partners.
Purpose/importance	Facilitate improvements with communications and socio-economic goals of the SBIDZ.
Source/collection of data	Signed charters
Method of calculation	Each signed agreement will count as one
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	To achieve target as indicated
Indicator responsibility	Executive: Stakeholder

Programme Performance Indicator 2.10	Drafting of a labour zone arrangement
Short definition	50% of a draft charter in discussion phase
Purpose/importance	To provide a best practice labour zone agreement, to sign with all tenants
Source/collection of data	SBIDZ approved labour zone agreement framework
Method of calculation	Approved agreement will count as one
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	To achieve target as indicated
Indicator responsibility	Executive: Stakeholder Management



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