



SALDANHABAY
INDUSTRIAL DEVELOPMENT ZONE

CORPORATE PLAN 2019 / 2020

Saldanha Bay IDZ
Licencing Company

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FOREWORD

The Saldanha Bay Industrial Development Zone Licencing Company SOC Ltd (SBIDZ-LC) is a Schedule 3D Provincial Government Business Enterprise operating the Saldanha Bay Industrial Development Zone (SBIDZ) as part of the South African government's strategic initiative to promote and foster new areas of economic growth and development in order to fulfil the vision of the National Development Plan (NDP). The SBIDZ-LC is responsible for the provision of infrastructure, promotion, management and marketing of the SBIDZ.

The SBIDZ will be a new open space for upstream oil, gas and marine repair, fabrication, logistics and related servicing. Situated on the West Coast of South Africa, in the largest and deepest natural port in the Southern Hemisphere, it will operate as a Free Port offering streamlined customs processes and bespoke facilities and services to its tenants and operators.

The legislative mandate at the highest level is derived from the "Industrial Promotion" functional area of the Constitution of the Republic of South Africa, 1996 and the ambits of the Operator Licence conferred to the SBIDZ-LC in 2013 by the National Government of South Africa. Operationally, the SBIDZ-LC is governed by the Saldanha Bay Industrial Development Zone Licencing Company Act, 2016 (Western Cape Provincial Act No. 1 of 2016) and regulated by the Special Economic Zone Act (National Act No. 16 of 2014).

The mandate of the SBIDZ-LC is to promote and facilitate economic activity and sustainable job creation in South Africa, and more specifically at the port of Saldanha Bay. The mandate is also sector specific, in accordance with the conferred Operator Licence: the SBIDZ-LC is mandated to grow the upstream oil, gas and

marine repair, fabrication, logistics and related services industry in South Africa.

In South Africa, SEZ legislation does not supersede the mandates of other legislated entities, thus all SEZs must partner to fulfil their mandates. The SBIDZ is unique as the first SEZ to be designated in a sea port, and so can utilise its industrial promotion mandate and enabling legislation to partner with the Transnet National Ports Authority to offer a unique value offering to the market. The SBIDZ further utilises enabling tax and SEZ programme legislation to partner with the National Department of Trade and Industry (the dti) and the South African Revenue Service (SARS) to enhance the value offering.

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

- The National Development Plan and National Infrastructure Plan;
- The Presidential Infrastructure Coordinating Commission (PICC) rollout programme and the National Infrastructure Plan Strategic Infrastructure Project 5 (SIP5);
- The Industrial Policy Action Plan;
- The Medium Term Strategic Framework 2014-2019;
- Operation Phakisa: Oceans Economy;
- The Western Cape Strategic Plan;
- Project Khulisa: Oil and Gas

The SBIDZ Strategic Plan 2015/16 – 2019/20 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 of the nascent entity since it began operating during 2014. The Corporate Plan 2019/2020 represents the culmination of the entities' first 5 years of operations.

OFFICIAL SIGN-OFF

It is hereby certified that this Corporate Plan:

- Was developed by the management of the SBIDZ-LC, under the guidance of Minister Beverley Schäfer, MEC for Economic Opportunities.
- Was prepared in line with the current Strategic Plan of the SBIDZ-LC.
- Accurately reflects the performance targets, which the SBIDZ-LC will endeavour to achieve, given the resources made available in the budget for 2019/2020.

Herman Boneschans
Chief Financial Officer



Signature:

Kaashifah Beukes
Chief Executive Officer (Acting)



Signature:

Johann Stegmann
Chairperson: Accounting Authority



Signature:

Approved by:
Beverley Schäfer
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
E&P	Exploration & Production
EPZ	Export Processing Zone
ESSA	Employment Services System of South Africa
FID	Final Investment Decision
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
LNG	Liquefied Natural Gas
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
MPRDA	Mining & Petroleum Resources Development Amendment
MTEF	Medium Term Expenditure Framework

NDA	Non-Disclosure Agreement
O&G	Oil & Gas
OGFZ Onne	Oil & Gas Free Zone Onne
OSSB	Offshore Supply Base
PASA	Petroleum Agency South Africa
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Coordinating Commission
PPP	Public-Private Partnership
PT	Provincial Treasury
PwC	Pricewaterhouse Coopers
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
SBIDZ-LC	Saldanha Bay Industrial Development Zone Licencing Company SOC Ltd
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





A

**STRATEGIC
OVERVIEW**

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:

- The ease of doing business
- A competitive environment
- Supporting Infrastructure
- A free-zone, customs efficiency and reduced admin

3 Values

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

Pioneering: We have a shared vision where we believe we shape our own opportunities with what we believe is possible and relentlessly overcoming what others see as not.

Partnership: We work together to grow, showing mutual respect.

Accountability: We take ownership, keeping ourselves accountable to make the right decision, taking the right action to deliver to our fellow people, communities, organisations and country.

Sustainability: We want to create an open space for empowerment and self-development that transforms lives, businesses and economies for the long run.

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 SBIDZ-LC 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 SBIDZ-LC 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 Department of Local Government's

(DLG) Infrastructure and Growth Plan working group for the Saldanha Bay Municipality and Department of Environmental Affairs and Development Planning's (DEADP) 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.

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

With the focus indelibly linked to the oil and gas commodity markets, it is also necessary to reflect on how the market has changed and what trends have emerged since the SBIDZ's inception, and how this has resulted in a shift in timing and investment focus in the sub-sectors.

The 2011 Commercial Feasibility Study drew the following conclusions:

- Logistics and rig repair was considered a short-term investment attraction market

because these sectors had existing operations in South Africa.

- An estimated 40% by type (not volume) of oil, 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.
- And lastly, 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 energy market has evolved over time, and with that has the timing and types of investors the zone attracts within its sector-specific focus. The SBIDZ continuously stays abreast of developments; tracking associated risks to maintain the sustainability of the zone.

Oil prices are expected to hover around \$60-70 per barrel for the foreseeable future. The international "Lower for longer" effect exerts its influence on Africa as much as 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%

"Lower for longer" is the catchphrase currently used to describe the indications that crude oil prices will remain lower than expected for an extended period of time. A 2017 Wood Mackenzie report based on an industry survey indicated a clear consensus that oil prices will remain in the US\$50-60/bbl range in 2017, while more than 75% think it will be in US\$ 60-80/bbl range by 2020.

of the world's oil with an estimated 8% of global untapped proven reserves.

Africa holds natural gas reserves of 513 trillion cubic feet (Tcf) with most production occurring in regions with established infrastructure. Large gas finds and oil potential in East Africa, have sparked a flurry of exploration activity; it has been earmarked as a growth region.

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 and are contextualised for both African and South African oil, gas and maritime markets.

Market Shifts

Long-term demographic shifts

Increased population growth in Africa, a rising number of middle class with high urbanisation rates have resulted in more disposable incomes. This has led to growing demand for imported products. Multi-Purpose Vessels (MPVs) play an important role in providing capacity to transport these goods to customers.

A mix of cargo (containerised, oil and gas, project and conventional cargo) can be transported on the same vessel under a single bill-of-lading. Many of the oil and gas logistics specialists play a key role in the value chain for specialised cargo solutions in the oil, gas, energy and project sectors. This also includes supply of fuel, refit containers and water. One of the biggest target markets in terms of focus for these types of MPVs are the river ports in West Africa.

Ship and vessel repair - moving from rigs to smaller vessels & sustainability

Overall rig count in Africa has declined from an annual average of 145 in 2014 to 85 in 2016 - an

indication of a drop in Exploration & Production (E&P) activities due to oil price declines since March 2011. Consequently, the number of drilling vessels requiring services and maintenance in ports across the continent, including South Africa, has reduced. In many of the traditional service and maintenance ports across Africa, drilling rigs have been cold-stacked.

Rig repair has historically been a high-value, high-economic impact activity to the South African maritime industry. However, the more reliable growth market is in smaller vessel maintenance repair and servicing, such as: offshore supply vessels; offshore construction vessels; anchor handling tugs; offshore platform vessels; military patrol vessels; multi-purpose vessels (MPVs); and offshore mining vessels. Such projects are typically lower in value than drilling rigs, however they are more consistent.

This could ensure the sustainability of the South African ship repair and vessel fabrication sector. To grow further, the South African market requires more dedicated infrastructure such as floating docks, ship-lifts and quaysides for vessel servicing.

Key areas of South African expertise in the sector include: fabrication of military patrol vessels; servicing and repair to all offshore support vessels; and fabrication of tugboats and specialist vessels such as barges.

Investment trends by major offshore fabrication specialists globally have focused on this vessel serving, repair and fabrication market, with proposals for floating docks, new infrastructure and technologies that support this market. In the short-term, opportunities to consider projects around the decommissioning of older generation drilling rigs, and re-certification of rigs that have been cold-stacked still exist in South Africa.

Skills supply

One consequence of rising consumer spending in developing economies is managing an ageing workforce, and replacing or training specialist skill-sets. Many developing markets in Africa have seen a bottleneck in the skills supply in the oil, gas and maritime sector, and South

Africa is no different from its neighbours. In 2016, Pricewaterhouse Coopers (PwC) reported an increase from 10% to 25% in the expatriate percentage of the workforce. This was partly due to increasing market opportunities and developments in countries such as Uganda, Ghana and Tanzania where skills shortage was highest. The majority (35%) of expatriates hold senior and middle management positions, followed by specialist technical roles (25%) such as drilling supervisors.

South Africa has spent much time and resources on skills and training programmes focused on the maritime sector. An increasing number of investments by the private sector are including skills and training programmes, particularly a focus on providing skilled workforce in manufacturing and fabrication activities. As a result, less than 10% of the workforce in oil and gas projects in South Africa are expatriates. However, the challenge will be in locating those skills in Saldanha Bay.

Stronger demand for localised fabrication and manufacturing facilities

Traditionally the South African oil, gas and maritime sector has seen investments from multinationals in the logistics sector, followed by cyclical demand for rig repair and maintenance activities.

Over the past five years, many companies investing in the South African market have focused on establishing a centralised fabrication and manufacturing base to support their activities on the African continent. This is partly driven by the growth in the East African market (European companies need a localised base for both West and East Africa), and partly because of recognised and long-standing relationships with reputable South African suppliers and service providers.

South Africa has many potential competitors on the African continent, a few being Namibia, Mozambique, Tanzania and Kenya. However, South Africa provides a good location for both the West and East African markets, and is still considered relatively politically and economically stable to most African countries. Despite the

recent downgrades by international ratings agencies, South Africa remains an attractive investment destination within the context for the upstream oil, gas and marine industries due to the strong financial and business services sector; existing physical infrastructure in terms of utilities and roads and ports networks; recognised strong regulatory environment for doing business; and protection of intellectual property.

Many of the companies in the oil and gas services sector operates in difficult environments across the African continent. They look to South Africa as a place from which to service their African operations. In comparison, the decline in oil prices has resulted in reduced infrastructure investments and constraints on investments (e.g. in terms of finances and movement of capital) on behalf of governments in countries such as Angola and Nigeria. These place further restrictions on the operating environment where supply constraints in basic services to large-scale utilities already exist.

While the decline in the oil price has resulted in investments with reduced capital expenditure in the fabrication sector in South Africa over the past two years, the trend still shows an overall increase in the number of companies looking to establish their facilities here.

LNG and crude oil pipelines will drive services demand

BP's 2017 Energy Outlook Report stated that the energy demand for refined crude oil products was expected to grow by 30% until 2035 – despite global GDP expected to double in the same outlook period. This demand is expected to result in an additional 700,000 bpd of refined crude which is already under construction or in advanced development, though countries should not be considering building new crude oil refineries unless they are in a low cost refinery area.

However, this presents a number of challenges for regions such as West and East Africa where there are significant proven reserves of crude oil, but the business justification and capital requirements for a new refinery are too high. Many countries require crude oil pipelines to get

the resources to market – resulting in a number of viable crude oil pipeline projects. An example is the East Africa Crude Oil Pipeline – a 1448km 24" diameter pipeline from Hoima to Tanga with \$3.5bn committed capital from Total (Total's second priority project in Africa after Angola).

Mozambique's Area 4 and Area 1 could increase the country's GDP by 375%, with Final Investment Decision (FID) for Area 1 (Anadarko-operated) planned for 2018, and FID for Area 4 (ENI-operated) for 2020/21. In addition, Standard Bank estimates that if all regulatory and policy delays are dealt with in East Africa, there are 19 projects around natural gas and pipelines that could have a combined investment value of \$77bn.

Projects such as these will create a demand for services industries, and many South African companies already contract to major players who are certified suppliers to companies such as Anadarko and ENI.

Sustainable South African maritime companies

In any downturn, there are those who survive and those who do not. The South African oil, gas and maritime market has been no different in the current commodity price cycle. While some companies have been unable to diversify and meet the challenges of lower oil prices, others have ensured that their businesses have remained sustainable.

Traditionally, South African companies have been dependent on the international market or value chain for project or contract opportunities in rig repair, logistics, fabrication, and support services markets throughout the continent. These companies normally wait for sub-contracting opportunities to come to them, rather than actively seeking out projects. Now, as a result of the price pressures and reduced capital expenditure from lower oil prices, many South African companies have proactively sought out new business opportunities, partnerships and joint ventures to sustain their businesses.

This will result in more sustainable companies that are better able to ride out the challenges

that a cyclical commodity-based services industry creates.

Development policies that spur new entrants and opportunities

The South African Government has embarked on a number of developmental policies that address unemployment, poverty and equality to promote inclusivity and shared economic growth. For example, the Black Industrialists Policy is an instrument to enhance transformation and ensure meaningful participation of black people in the mainstream of the South African economy (BI Policy, 2015). A black industrialist includes co-operatives, incorporated in terms of the Companies Act (2008), owned by Black South Africans, as defined by the B-BBEE Act, who: creates and owns value-adding industrial capacity; and provides long-term strategic and operational leadership to a business. A Black industrialist can also be a natural person.

Competitive Landscape

The African oil, gas and maritime market is complex and there are many determining factors as to why companies would consider Saldanha Bay over and above other operational ports on the continent.

New developments in the Saldanha Bay infrastructure space, particularly those related to the port infrastructure have the ability to place the port as a recognised global oil and gas services hub. These include the development and appointment of an Operator for TNPA's 20 year Offshore Supply Base (OSSB) concession in April 2018. The OSSB includes 294m of quayside and 20ha or back-of-quay development land. Future new-build developments such as a new 380m deep-water repair quay (Berth 205) and a 1,000m finger terminal for marine repair and fabrication projects (Jetty at Mossgas) in the port will also be relooked by TNPA and the SBIDZ-LC, in response to the market shifts noted above since the advent of the projects in Operation Phakisa in 2014.

There are a number of ports across sub-Saharan Africa that have the ability to compete with the Port of Saldanha Bay and the SBIDZ in

terms of infrastructure and services for the oil, gas and maritime industry, however very few ports in sub-Saharan Africa have purpose-built, dedicated oil and gas infrastructure. South Africa has also established a reputation as a capable services base despite having minimal domestic Exploration & Production (E&P) activities.

Descriptions on the primary port competitors in the oil and gas landscape are included here for information purposes. Smaller port developments and countries in sub-Saharan Africa have not been discussed in this report.

Namibia

Namibia is South Africa's and Saldanha Bay's closest competitor in terms of an operational services industry for the offshore oil and gas industry, particularly the ports of Walvis Bay and Luderitz. The Port of Walvis Bay forms part of the city's larger export processing zone (EPZ) and Namports has established it as an investor-friendly business destination. While Walvis Bay has invested in a number of floating docks to service vessels, the main focus of the port remains container volumes and there is no dedicated deep-water repair quay. Proposed legislation introduced in 2017 around local content and labour laws has also given investors pause until the compliance requirements become clearer.

Nigeria

Nigeria has 12 active export processing zones, as well as the Oil & Gas Free Zone Onne (OGFZ Onne), which is a dedicated hub for oil and gas operations and a logistics centre for West and Central Africa. OGFZ Onne has established a sound reputation over the last few years and has worked hard to address issues of corruption and inefficiencies in customs and logistics, attracting over 200 companies from 45 countries. Infrastructure includes almost 3km of quayside space, warehousing, laydown areas and office space. Nigeria's demand for port infrastructure and hinterland support for the oil and gas sector was established over a number of years based on demand from domestic offshore E&P activities, as opposed to servicing the region as an oil and gas hub.

Despite this, the biggest challenge is that the depth alongside the quay is only 10-12m, which means that the newer generation drilling rigs are still required to berth at alternative facilities. A number of projects to expand the deep-water facilities in various ports across Nigeria have either focused on container capacity (e.g. Lagos Free Trade Zone Container Terminal project) or have been suspended (e.g. Lekki deepsea port project).

Ghana

Ghana's Port of Takoradi has been part of the country's backbone infrastructure with a dedicated oil berth and vessel repair facilities in a dry dock (798m). The ship repair industry has also seen strong activity over the last decade, with main activities such as docking of vessels up to 450 tons, steel works, sand blasting, painting, machinery, mechanical, hydraulics, propulsion systems, electrical equipment, propeller repairs and preparing the vessels for class certification.

However, possibly the biggest project in West Africa to date, is the current construction of Tema Port in Ghana. While the port facility will be multi-purpose and service a number of different industries and sectors, there are planned dry docking facilities and services for offshore oil and gas projects – including those of the Jubilee and TEN drilling projects.

Ghana has also established a strong reputation for attracting private sector investment into the economy, and is expected to become a competitor to South Africa in servicing drilling rigs in West African waters in the next few years. For now however, the demand of services from the domestic drilling programme is sufficient to keep the new developments in Tema Port occupied.

Angola

Angola is the second biggest producer of oil and gas in Africa after Nigeria. Despite numerous intentions to invest substantial capex into port infrastructure, new refinery capacity and pipelines, and the recent changes in the political landscape in Angola coupled with the

decline in the oil price, have resulted in the majority of these projects being cancelled or suspended.

The Luanda and Lobito Ports are small and often saturated with cargo coming into the country waiting to clear customs. The Port of Cabinda currently has limited oil and gas activity. Recent construction on the public-private partnership (PPP) on the Port of Caio in Cabinda province will add some capacity to Angola's ability to service the domestic oil and gas industry, and is expected to come online in the first quarter of 2019. Despite the intention of servicing the domestic oil and gas industry, the ports main focus will be centred on mining exports, commodities and trade. There are no planned deep-water repair quays for now, despite the port having deep-water multipurpose terminals. Other port infrastructure related to oil, gas and maritime include dry docks, fabrication yards and fabrication of offshore platforms and decks. Local content is also significant, however, the ease of doing business factor is a challenge to many companies.

Mozambique

Mozambique's domestic natural gas discoveries have seen the development of the country's ports expand exponentially to meet the infrastructure demands in previously undeveloped areas. The ports of Pemba and Nacala are continuously undergoing development to meet the needs of the offshore industry. In 2015, construction commenced on the Pemba Logistics Base. There are also numerous gas pipeline projects planned across the country. The Coral FLNG project is one of the biggest natural gas discoveries globally – considered a mega-project for 2018 in oil and gas.

The biggest challenge in Mozambique is the continuously changing environment and legislation by the national government and the Empresa Nacional de Hidrocarbonetos (ENH).

South Africa has the potential to subcontract in the logistics, construction, fabrication and service support across the many planned oil and gas projects in Mozambique, including the port developments and Coral FLNG project.

Tanzania

Tanzania is one of the few countries in East Africa (apart from Mozambique with a number of proven gas discoveries) that had active Exploration activities in the past 12 months. Further, the government in Tanzania has embarked on an aggressive investment strategy to build capacity in the country's ports infrastructure. The majority of this investment is focused on four new container and multi-purpose terminals in Mtwara Port, but there will be added capacity to service the regional oil and gas activities even though construction is yet to commence. Mtwara Port has an oil terminal (Kurasani) with 76,500 m³ storage capacity which is managed by Oilcom Tanzania. The aim of this complex is to become the destination of choice for companies seeking storage and distribution of petroleum products in the region.

Market Positioning

The SBIDZ's market positioning is a collective response to meeting the needs of companies operating in the sub-sectors in projects across a number of regions. It is also driven by positioning SBIDZ-LC as an easy-to-do business port coupled with a number of natural and developed competitive advantages.

From a regional target market perspective, the focus of the SBIDZ has shifted along with the demand in the offshore and onshore oil, gas and maritime projects. In 2011, the only market the SBIDZ found feasible was the West African oil, gas and maritime market. This has shifted substantially since 2011, with the recent high-value upstream and downstream oil and gas projects in East Africa, the repair and maintenance on passing vessels from regions such as South East Asia to the Gulf of Mexico and North Sea, and the key shifts discussed previously.

Projects such as the Hoima-Tanga Crude Oil Pipeline (Uganda-Tanzania) and the Coral FLNG projects have reached FID. In the case of the Coral FLNG project, estimates state that the project could see Mozambique's GDP grow by over 300% over the next 10 years.

The SBIDZ will continue to provide a value proposition to the West African market, and

in the future will also supply services to the domestic oil and gas market once the discussions and legislation around the Mining & Petroleum Resources Development Amendment (MPRDA) Bill, 2002 (Act No. 28 of 2002) is finalised.

The SBIDZ-LC's main value proposition in positioning the SBIDZ in the regional market, is the ease-of-doing business for investors.

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 provide services and a business environment to the end-user 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. Ultimately, it is this approach which will enable the SBIDZ-LC to migrate to a position of self-sustained commercial viability and leverage that business acumen towards achieving sustainable economic growth and job creation.

Local Macro Economic Considerations

Saldanha Bay is a critical resource for the sustainable growth and development of the Western Cape. Contributing 30.7% to GDP in 2015 (Provincial Treasury, MERO 2017), the municipality is the largest contributor to the West Coast region's economy.

Saldanha Bay GDP performance per sector, 2006 - 2017

Sector	Contribution to GDP (%) 2016	R million value 2016	Trend		Real GDP growth (%)				
			2006 - 2016	2013 - 2017	2013	2014	2015	2016	2017e
Primary sector	17.4	1 448.4	2.3	5.7	5.2	5.1	0.0	-0.7	18.8
Agriculture, forestry & fishing	16.9	1 403.0	2.5	5.8	5.4	5.2	0.1	-0.7	19.3
Mining & quarrying	0.5	45.4	-1.8	1.2	0.7	4.4	-2.4	-1.9	5.0
Secondary sector	27.8	2 313.8	0.7	0.4	1.0	1.0	-0.3	-0.6	0.8
Manufacturing	21.5	1 790.0	0.3	0.0	0.3	0.4	-0.6	-1.1	1.1
Electricity, gas & water	1.2	102.0	-0.8	-0.7	-1.5	-1.2	-1.4	-1.1	1.7
Construction	5.1	421.8	4.1	2.6	5.4	4.6	1.8	2.2	-1.0
Tertiary sector	54.8	4 559.4	3.0	2.2	3.3	2.9	2.0	2.0	1.1
Wholesale & retail trade, catering & accommodation	14.7	1 222.0	3.3	2.2	3.2	2.4	2.7	2.8	-0.2
Transport, storage & communication	8.8	734.0	-0.6	-0.8	0.2	1.2	-2.6	-2.1	-0.5
Finance, insurance, real estate & business services	14.8	1 230.0	4.2	3.5	3.7	3.7	3.9	3.3	2.9
General government	10.4	863.2	3.6	2.2	4.4	3.6	1.3	1.3	0.3
Community, social & personal services	6.1	510.2	3.3	2.9	4.8	2.4	2.2	2.6	2.3
Total Saldanha Bay	100.0	8 321.7	2.2	2.3	3.0	2.7	1.1	0.9	3.8

Source: Quantec Research, 2017 (e denotes estimate)

Looking at the 10-year trend between 2006 and 2016, manufacturing albeit the largest contributor to the local economy (21.5%), saw near negligible growth (0.3%), whilst the majority of the tertiary sector and construction saw the highest average growth rates over this period, with agriculture, forestry and fishing seeing a good but lower 2.5% over the period. (Provincial Treasury, Draft 2018 Socio-economic Profile: Saldanha Bay Municipality). However, though growth in the agriculture, forestry and fishing sector shrunk into negative

territory in 2016 due to the severe drought, the estimated growth rate for 2017 is a healthy 19.3%.

Considering the job market, agriculture, forestry and fishing sector contributed the most jobs (2016: 17 972; 36.3%), followed by the wholesale and retail trade, catering and accommodation sector (7 864; 15.9%) and the finance and businesses (5 370; 10.8%) sector. Combined, these three sectors contributed 31 206 or 63.0% of the 49 564 jobs in 2016.

Saldanha Bay employment growth per sector, 2006 - 2017

Sector	Contribution to GDP (%) 2016	Number of jobs 2016	Trend		Employment (net change)				
			2006 - 2016	2013 - 2017e	2013	2014	2015	2016	2017e
Primary sector	36.4	18 028	-4 117	1 989	1 806	-413	1 440	-624	-220
Agriculture, forestry & fishing	36.3	17 972	-4 107	1 990	1 807	-412	1 437	-623	-219
Mining & quarrying	0.1	56	-10	-1	-1	-1	3	-1	-1
Secondary sector	14.1	7 009	-701	361	108	127	132	61	-67
Manufacturing	10.0	4 968	-896	100	72	29	115	-50	-66
Electricity, gas & water	0.1	72	26	10	2	1	1	3	3
Construction	4.0	1 969	169	251	34	97	16	108	-4
Tertiary sector	49.5	24 527	6 515	3 327	707	696	802	409	713
Wholesale & retail trade, catering & accommodation	15.9	7 864	2 070	1 382	212	170	384	177	439
Transport, storage & communication	2.7	1 331	179	-17	28	-47	51	-61	12
Finance, insurance, real estate & business services	10.8	5 370	1 570	821	180	149	232	127	133
General government	9.9	4 912	1 331	172	-3	275	-65	102	-137
Community, social & personal services	10.2	5 050	1 365	969	290	149	200	64	266
Total Saldanha Bay	100.0	49 564	1 697	5 677	2 621	410	2 374	-154	426

Source: Quantec Research, 2018 (e denotes estimate)

Only the agriculture, forestry and fishing (-4 107) and manufacturing (-896) sectors in the Saldanha Bay municipal area reported an average decrease in jobs between 2006 and 2016. There were job losses reported in the agriculture, forestry and fishing sector in 2014, 2016 and 2017 due to the severe drought. This is a major cause for concern considering the significant contribution of this sector to the Saldanha Bay economy. The sector which reported the largest increase in jobs between 2006 and 2016 was wholesale, retail and trade (2 070), followed by financial and business services (1 570), and community and social services (1 365).

Manufacturing, being the largest contributor to the economy, with 10% of the labour market presenting an opportunity to the West Coast to transform its economic positioning with the SBIDZ. Research indicates stronger correlations to successful SEZ programmes when they are supported by mature and growing tertiary sectors in the local economy (Farole, Sharp, 2017). Further, with the recent announcement of a “game-changing” gas deposit in the Southern

Cape’s Outeniqua basin, and concerted efforts by National Government to address investor certainty in legislation pertaining to offshore exploration and production, the local economy has a further impetus to address systemic challenges in their structure, productivity and competitiveness.

However, there are clear socio-economic needs, as reported in the Provincial Treasury’s draft 2018 Socio-economic Profile of the Saldanha Bay Municipality, which will impact on the SBIDZ vision for an industry cluster supported by local, competitive, competent 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.

Local and provincial government have established 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 its first forays into dealing with

the complex challenges in Saldanha have born some fruit. We have also institutionalised this approach through an innovative socio-economic cooperative agreement with the local authority during the previous year in the pursuit of WOSA. It is imperative that we develop strategic partnerships, such as this, 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. We will leverage existing infrastructure and resources to facilitate design and delivery of these projects.

5.2 Organisational Environment

The SBIDZ-LC'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 SBIDZ-LC 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.

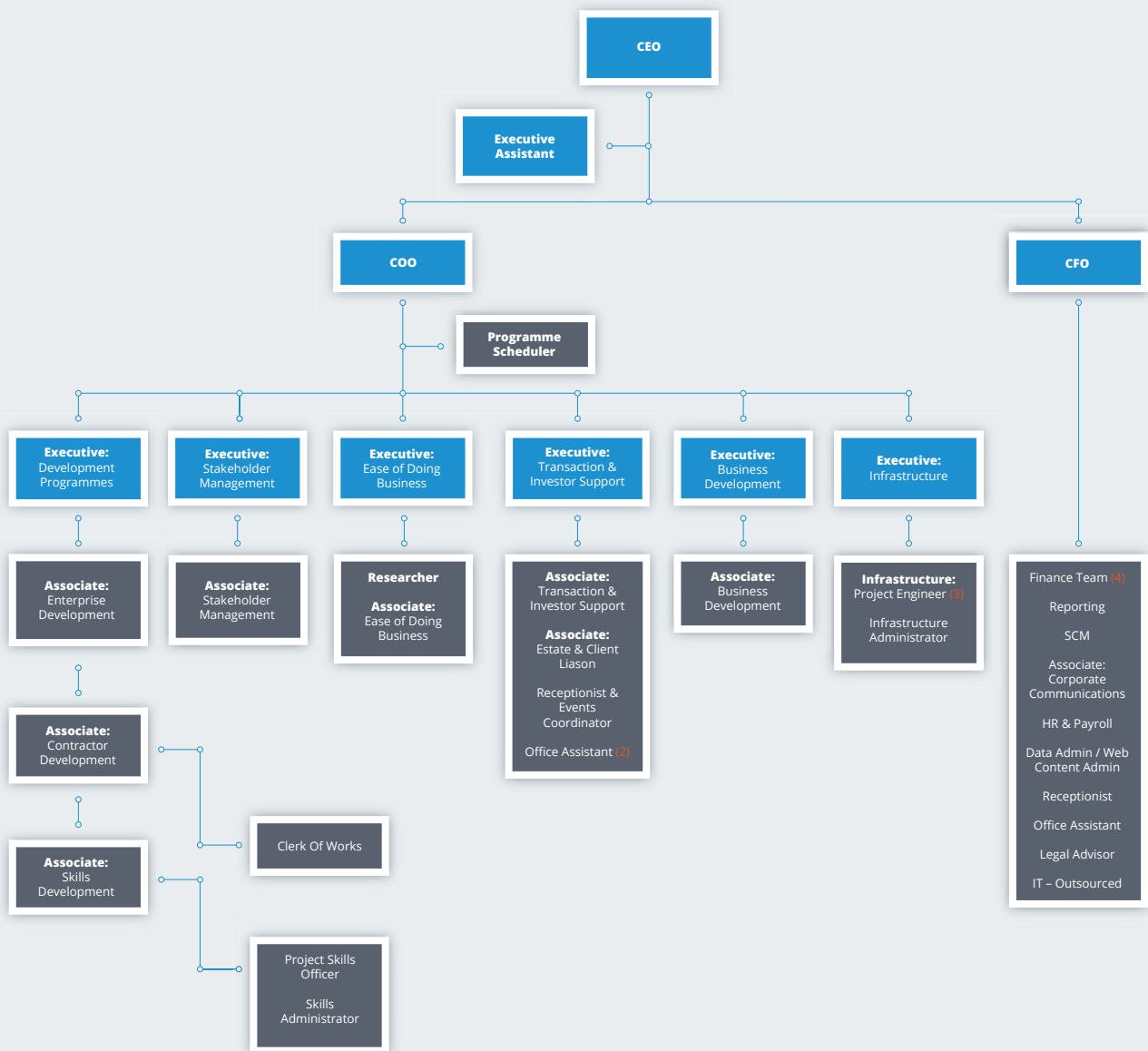
The SBIDZ designated areas includes a component of the Transnet National Ports Authority (TNPA) Land for direct access and usage, governed by a Heads of Agreement (HoA) between the SBIDZ and TNPA, which will enable the creation of the first Freeport within South Africa.



The SBIDZ-LC 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 & Committees



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 2017/18	Estimated outcome 2018/19	2019/20	2020/21	2021/22
	R'000	R'000	R'000	R'000	R'000
Operational expenditure	46 451	69 615	90 182	100 514	130 527
Capital expenditure	138 289	156 265	201 169	108 190	773
TOTAL EXPENDITURE	184 740	225 880	291 351	208 704	131 300
Staff Compliment					

High Level Budget: Administration

Description	Audited 2017/18	Estimated outcome 2018/19	2019/20	2020/21	2021/22
	R'000	R'000	R'000	R'000	R'000
Operational expenditure	17 051	24 612	24 537	26 157	27 603
Capital expenditure	87 784	24 647	650	686	773
TOTAL EXPENDITURE	104 835	49 259	25 187	26 843	28 376
Staff Compliment					

High Level Budget: Operations

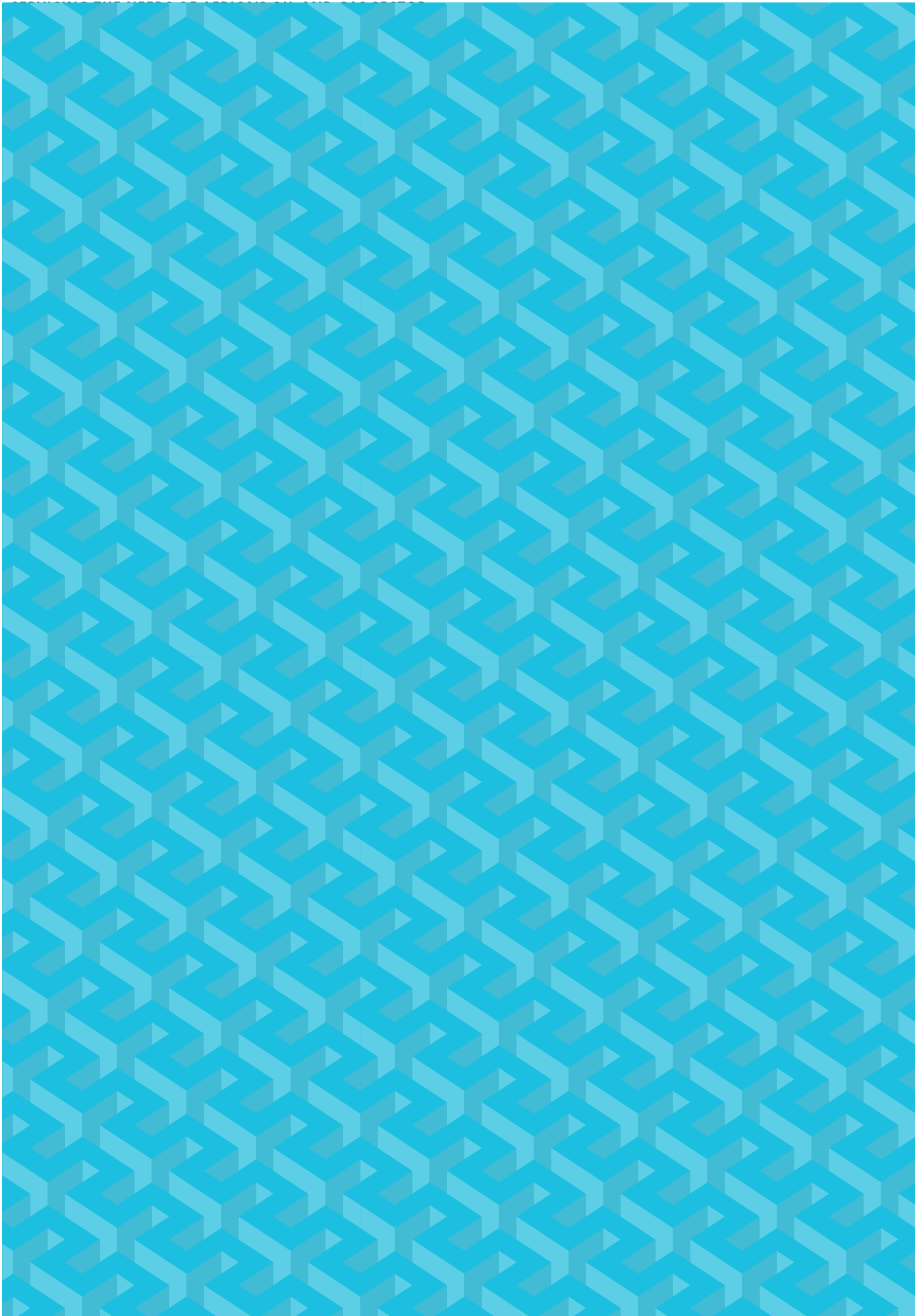
Description	Audited 2017/18	Estimated outcome 2018/19	2019/20	2020/21	2021/22
	R'000	R'000	R'000	R'000	R'000
Operational expenditure	29 400	45 003	65 645	74 357	102 924
Capital expenditure	50 505	131 618	200 519	107 504	-
TOTAL EXPENDITURE	79 905	176 621	266 164	181 861	102 924
Staff Compliment					

7 Overview of 2019/20 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 2017/18	Outcome 2018/19	2019/20	2020/21	2021/22
Revenue					
Revenue and interest	1 227	1 039	3 217	23 600	69 000
Rental revenue	-	199	3 217	23 600	69 000
Interest	1 227	840	-	-	-
Transfers received	193 102	224 841	301 706	198 642	91 792
Department of Economic Development and Tourism	48 156	55 632	74 187	77 566	78 254
Earmarked conditional grants	7 275	12 594	-	-	-
Working capital	-	-	27 000	13 572	13 538
Department of Trade and Industry	50 505	131 618	200 519	107 504	-
Other funds	53	1 000	-	-	-
Special projects	87 113	23 997	-	-	-
Total revenue	194 329	225 880	304 923	222 242	160 792
Expenditure					
Current expenditure	46 451	69 615	90 182	100 514	130 527
Compensation of employees	21 525	29 116	33 168	34 993	36 918
Salary & Wages	21 525	29 116	33 168	34 993	36 918
Goods and services	24 926	40 499	57 014	65 521	93 609
Administrative fees	9 935	2 021	2 288	2 414	2 547
Advertising	3 136	991	3 019	3 185	3 359
Minor Assets	80	10	20	21	22
Audit cost: External	772	1 300	1 500	1 853	1 955
Catering: Departmental activities	73	296	383	404	426
Communication (G&S)	112	267	170	179	188
Computer services	799	1 077	1 320	1 393	1 469
Consultants and professional services	3 476	2 165	2 065	2 179	2 299
Legal services	-	123	180	189	200
Entertainment	7	81	91	96	102
Fleet services	38	84	84	88	93
Consumable supplies	15	26	24	26	27
Consumable: Stationery,printing and office supplies	309	509	508	536	565
Operating leases	3 446	9 832	31 467	38 448	63 638
Property payments	354	7 308	5 336	5 496	7 209
Travel and subsistence	2 008	4 056	5 357	5 636	5 946
Training and development	291	2 284	2 889	3 048	3 216
Operating payments	-	7 859	-	-	-
Venues and facilities	75	210	313	330	348
Rental and hiring	-	-	-	-	-
Capital Expenditure	138 289	156 265	201 169	108 190	773
Machinery and equipment	671	650	650	686	773
Land	87 113	23 997	-	-	-
Bulk Infrastructure	50 505	131 618	200 519	107 504	-
Total expenditure	184 740	225 880	291 351	208 704	131 300





B

**PROGRAMME
AND SUB-
PROGRAMME
PLANS**

PART B: PROGRAMME AND SUB-PROGRAMME PLANS

The SBIDZ initiative is comprised of the following 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:

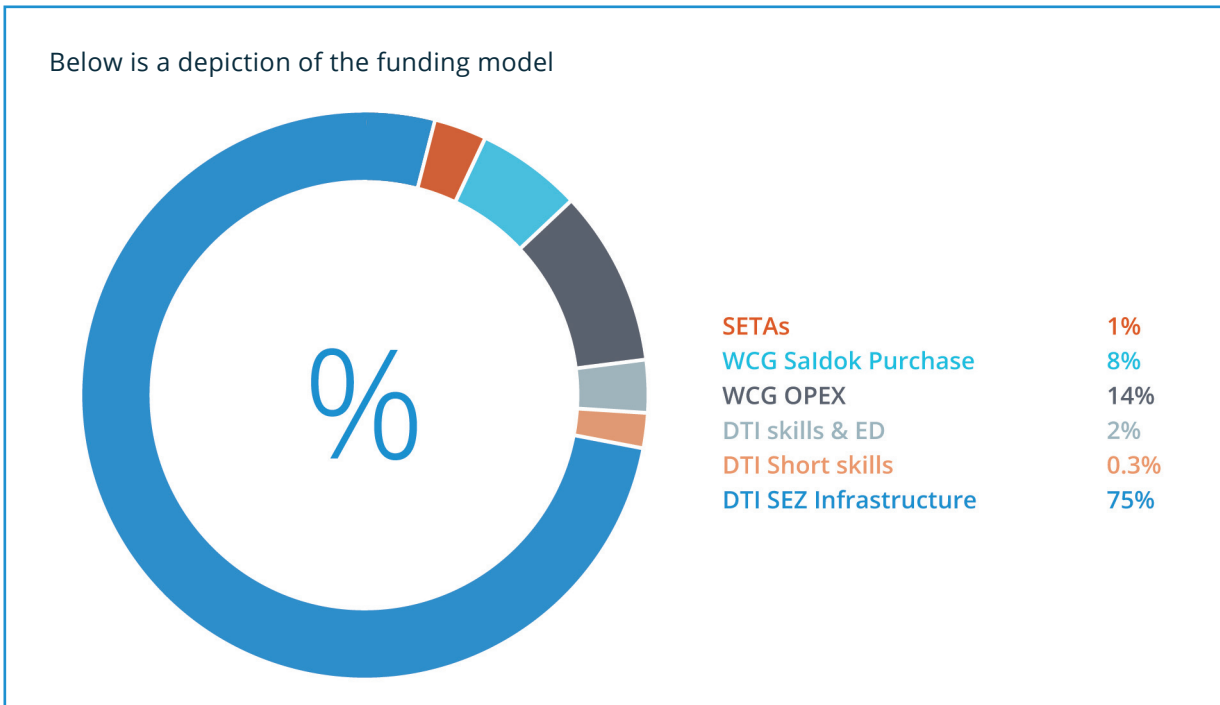
- Governance
- Legal
- Financial Management
- Human Resource
- Supply Chain Management
- Information Technology
- Corporate Communications

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.



Governance

The operations and management of the SBIDZ-LC 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 SBIDZ-LC is also subject to and regulated by the PFMA and the Special Economic Zones Act. The SBIDZ-LC has a Board of Directors (Board) which is responsible for the governance, management and control for the SBIDZ-LC'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 SBIDZ-LC'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 Board monitors overall performance.

Composition of the Board of Directors

In response to the Board's new focus, a decision was taken by the Shareholder of the SBIDZ-LC (WCG represented by the MEC for Economic

Opportunities) 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 SBIDZ-LC Board, representing the public sector interest;
- One person from the Saldanha Social community, adequately representative and of due calibre;
- One person from the Saldanha Economic community, adequately representative of the broader business sector and of due calibre;
- One nominated representative from the SAOGA Board of Directors with the requisite sector-specific expertise;
- Two proven accomplished broader business practitioners with relevant expertise;
- Two executive directors, the CEO and CFO, which is 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 SBIDZ-LC 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 in government service receive remuneration, except for the independent committee members and the Board Members representing the Saldanha Bay social community and the broader business practitioners. Provincial Treasury rates are used for this compensation.

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.

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

Human Resources, Remuneration and Social and Ethics Committee

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 terms and conditions for the appointment of any new director that is not in the employ of the public service, a municipality, a public or a municipal entity. Furthermore, the Board subject to the SBIDZ-LC's memorandum of incorporation and in consultation with the Provincial Minister for Finance shall determine any remuneration, allowance and reimbursements payable to the Directors, which determination shall be reviewed on an annual basis. None of the Directors in

government service receive remuneration. The SBIDZ-LC only pays remuneration to the independent committee members, the Board Member representing the Saldanha Bay social community, the Board Member representing the SAOGA Board of Directors and the broader business Board Member. Provincial Treasury rates are being used to compensate the Board and committee members. The Board Member representing the Saldanha Bay Economic/Business Community and the second broader business representative will be appropriately remunerated when appointed to the Board of Directors.

Audit, IT & Risk Committee

The Audit, IT and Risk Committee consists of three non-executive directors and two independent members, and has a clearly defined charter. 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 Audit Committee examines and reviews the annual financial statements of the company and other relevant financial reports.

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. SizweNtsalubaGobodo Grant Thornton has been appointed as the Internal Auditors of the SBIDZ-LC until 30 October 2019, when their contract is due for review. 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.

(c) Internal Control

The SBIDZ-LC 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.

The Board acknowledges its responsibility for ensuring that the SBIDZ-LC 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.

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 SBIDZ-LC 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 an annual assessment

process on all Strategic Business Units as 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 SBIDZ-LC 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 SBIDZ-LC. 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 SBIDZ-LC 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;

Company Secretary

In terms of the Companies Act all companies must appoint a person to serve as company secretary. The SBIDZ-LC 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 SBIDZ-LC 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 SBIDZ-LC;
- (c) reporting to the Board any failure on the part of the SBIDZ-LC or a director to comply with the Memorandum of Incorporation or rules of the SBIDZ-LC or the Companies Act;
- (d) ensuring that minutes of all shareholders meetings, Board meetings and the meetings of any committees of the directors are properly recorded in accordance with the Companies Act;
- (e) certifying in the SBIDZ-LC's annual financial statements whether the SBIDZ-LC 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 SBIDZ-LC'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

This framework establishes standards and provides guidance on the concepts of materiality and significance with regard to Sections 50(1) (c), 55(2) and 54(2) of the PFMA and Treasury Regulation 28.3.

Material omissions or misstatements of items are material if they could, individually or collectively influence the decision or assessments of user made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1.5% of total income recognised. This materiality is from management's perspective and does not correlate with the auditor's materiality.

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		
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
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		
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
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 institutional agreements monitored	PSG 1	-	-	4 Frameworks Implemented	4 Frameworks reviewed	2 Frameworks reviewed	2 Frameworks reviewed	2 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	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 institutional agreements monitored	PSG 1	Annual	2 Frameworks reviewed	-	-	-	2 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 2017/18	Outcome 2018/19	2019/20	2020/21	2021/22
Revenue					
Revenue and interest	1 227	1 039	3 217	23 600	69 000
Rental revenue	-	199	3 217	23 600	69 000
Interest	1 227	840	-	-	-
Transfers received	193 102	93 223	101 187	91 138	91 792
Department of Economic Development and Tourism	48 156	55 632	74 187	77 566	78 254
Earmarked conditional grants	7 275	12 594	-	-	-
Working capital	-	-	27 000	13 572	13 538
Department of Trade and Industry	50 505	-	-	-	-
Other funds	53	1 000	-	-	-
Special projects	87 113	23 997	-	-	-
Total revenue	194 329	94 262	104 404	114 738	160 792
Expenditure					
Current expenditure	17 051	24 612	24 537	26 157	27 603
Compensation of employees	8 963	11 704	12 848	13 555	14 301
Salary & Wages	8 963	11 704	12 848	13 555	14 301
Goods and services	8 088	12 908	11 689	12 602	13 302
Administrative fees	2 380	1 711	1 959	2 067	2 181
Advertising	184	277	394	416	438
Minor Assets	80	10	20	21	22
Audit cost: External	772	1 300	1 500	1 853	1 955
Catering: Departmental activities	20	78	53	56	59
Communication (G&S)	88	260	168	177	186
Computer services	772	977	1 200	1 266	1 335
Consultants and professional services	927	290	360	380	401
Legal services	-	80	180	189	200
Entertainment	-	3	3	3	4
Fleet services	34	73	67	70	74
Consumable supplies	15	26	24	26	27
Consumable: Stationery, printing and office supplies	280	423	435	459	484
Operating leases	1 798	2 832	3 268	3 448	3 638
Property payments	354	547	491	518	554
Travel and subsistence	162	455	498	525	554
Training and development	222	905	1 069	1 128	1 190
Rental and hiring	-	-	-	-	-
Capital Expenditure	87 784	24 647	650	686	773
Machinery and equipment	671	650	650	686	773
Land	87 113	23 997	-	-	-
Total expenditure	104 835	49 259	25 187	26 843	28 376

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
- Transaction and Investor Support
- Infrastructure Development
- Stakeholder Management
 - * Innovation Campus
- Development Programmes
 - * Skills Development
 - * Enterprise Development
 - * Contractor Development

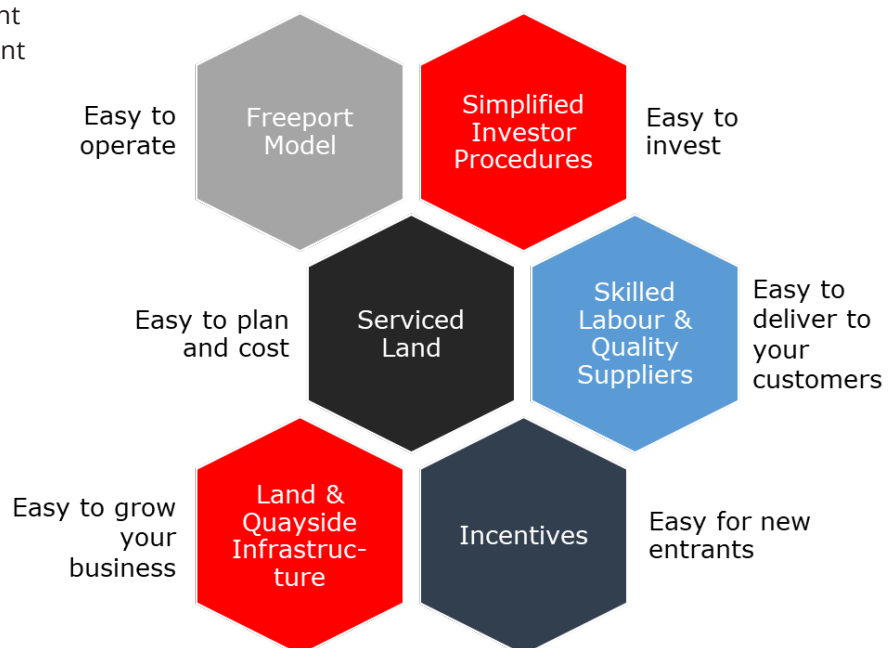
The main focus areas of each work-stream are included below:

Ease of Doing Business

The EoDB work stream aims to establish a world-class, proactive way of operating in the zone and port that makes doing business in Saldanha easier for all, because doing so will ensure, and increase, the SBIDZ's comparative advantage to its targeted markets.

Consistency, certainty and fairness are the primary deciding factors in port calls across the globe, with price increasingly becoming part of that decision-making matrix as markets become more and more cost competitive. The SBIDZ-LC must establish a reputation that engenders trust and repeat visits to the port.

With a long-term view of the realised and touted public and private investments in the SBIDZ, the entire value chain is considered in the EoDB work stream, such as estate management, port operations, tenant services, services from the public sector, adjacent business offering, local skills, transportation, energy, water, local environment, and more.



Materially, the EoDB work stream focusses on six key elements of the SBIDZ's long-term sustainability and value offering:

- Freeport Model
- Stream lined investor procedures
- Serviced land
- Skilled labour and quality suppliers
- Land and quayside infrastructure
- Incentives

Business Development

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

The SBIDZ has established a robust and growing tenant pipeline, with 6 signed leases (as at Q3 2018-2019) with an investment size of R3 billion in sectors including Vessel Fabrication, Aluminium LPG Cylinder Manufacturing, Support Services, Vessel Servicing and Repair, Fuel Blending and Storage, Oil Recycling and Lubricant Blending.

A further 5 (as at Q3 2018-2019) leases are in advanced negotiations, with an investment size of R656 million in sectors including HVAC Pipe Manufacturing (Oil & Gas, Marine), Equipment Servicing and Repair, Supporting Logistics, Offshore data centre (Bespoke for Oil & Gas), LPG Gas Cylinder Maintenance and Distribution, Oil and Gas Equipment Fabrication (Africa market).

Transaction and Investor Support

With the advent of signed leases, Transaction and Investor Support fulfils a vital role in realising the commercial interest of the tenant and the SBIDZ-LC. To support the ramp up of the SBIDZ-LC's operations, in synergy with the business development and the infrastructure development process, the SBIDZ-LC will be undertaking targeted tenant support activities, such as investments into generic top structures and estate management functions, to unlock the pipeline further and support the revenue

generating potential of the SBIDZ-LC, building on the best practise leasing model developed previously.

During Q4 2018-2019, the SBIDZ-LC received confirmation from the DTI towards generic top structures funding of some R180 million towards two of its signed tenants' capital programmes. A further 4 applications were in progress of submission towards the end of 2018-2019.

Infrastructure Development

To date, Infrastructure Development, focused on the provision of the relevant external and internal bulk services to enhance the zone's value proposition. This included conducting and obtaining a blanket Environment Authorisation on certain common activities for the sectors and investing in local and internal infrastructure.

Currently, the internal services are underway to prepare the zone for investor location over the next 5 year period. The table below is indicative of past, present, and future delivery. As tenants and funding for tenant structures is secured, the unit will ostensibly undertake various projects over multi-year timeframes, as determined by project scope.

Completed Projects

- Internal Engineering Services (Saldok land)
Q4 2016/17
- Upgrade Saldanha Bay Waste Water Treatment Works
Q3 2017/18
- Link road and Bridge
Q3 2017/18
- Extension to Besaansklip Reservoir
Q4 2017/18
- Erection of Saldok Security fence
Q1 2018/19

Current Projects

- Access and Ease of Doing Business Complex
Q3 2019/20
- Internal Engineering Services (Port land)
Q4 2019/20

Future Projects

Various Tenant Structures
Q4 2021/22

The Phakisa projects, are included in tenant structures as the modality of their delivery is subject to a Transaction Advisory process, initiated by the TNPA in January 2019 and targeted for release October 2019.

Stakeholder Management

The SBIDZ Stakeholder Management work-stream is responsible for engaging with and facilitating relationships with key stakeholders on behalf of the SBIDZ, as well as for assisting the team in managing stakeholder approaches.

Given the need to create an effective economic hub for the oil, gas and maritime sectors, it is imperative that the SBIDZ attracts a variety of investors in fabrication, maintenance, repair and supply services. In addition, the SBIDZ must establish mechanisms to engage civil society at large. This, together with the formal legislative framework within which the SBIDZ-LC operates, means that there is a vast number of stakeholder relationships the SBIDZ-LC must develop and manage for the beneficial, sustainable implementation of the SBIDZ initiative and mandate. Each of these stakeholder relationships needs to be defined and managed in the most effective manner by the SBIDZ-LC to ensure the longevity of key partnerships and mutual outcomes and synergies.

Key of these stakeholders, is that of the TNPA, and the past year saw additional formal structure to that relationship with the lease agreement having been concluded. Elsewhere, the SBIDZ-LC continues to utilise mechanisms established with the business community and the Community Skills and Training Committee, to drive and structure the skills and enterprise development programmes.

Innovation Campus

The Stakeholder work-stream is 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 oil, gas and marine repair and fabrication industries.

Economic growth and job creation is only sustainable if it is competitive. Due to the fast pace technological disruption that is affecting the industry and the labour market, sustainable job creation cannot only be rooted in intensive low cost labour, but must also be redirected to the growing areas of employment. In order to avoid massive imports of skills due to large quality and quantity gaps, we need to invest in research and training programmes that are demanded by the industry.

The innovation campus will invest in knowledge skills such as engineering, mechatronics, sub-sea technology, mathematics and computer job families to build a workforce with future proof skills. It creates a dynamic environment where industry is included in the learning process to provide the skills in niche specialised areas of work that are aligned with the private sector. This creates a well trained workforce, people at the forefront of the job market and global competitiveness. In order for the SBIDZ to become a world class oil, gas, and marine Fabrication & Repair centre, it is necessary that it remains at the forefront of innovation and current world technical expertise, and further it needs to be acknowledged for this.

The motivation for the establishment of the Innovation Campus in conjunction to the Saldanha Bay IDZ is to create a platform for a more concentrated effort to create visibility and promotion as an attractive business and research destination within the oil & gas, and marine Fabrication & Repair arena on the international scene, and more especially on the Southern tip of Africa.

This will include the strengthening of long-range oriented basic research as a basis for innovation, and to provide enterprises with highly-skilled personnel in areas considered important for future industry development. More importantly, the Innovation Campus is intended to make it attractive for research-oriented enterprises to establish activities in South Africa, with specific

location in Saldanha Bay. The intention of the Innovation Campus is to establish capacity and support research, and sophisticated training, intended to build national capabilities in the arena of oil & gas, and marine Fabrication & Repair Services, as a national industrial priority sector, and to develop the scale and focus necessary for South Africa to achieve international standing in these areas.

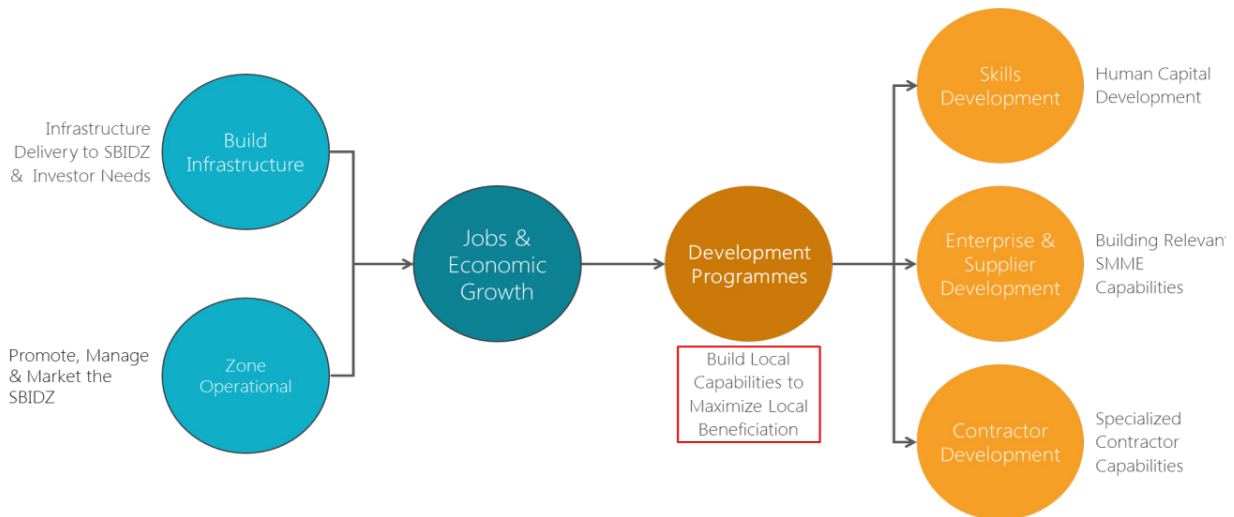
The first step of the development of the Innovation Campus would be to develop a bankable Business Plan which identifies key requirements, needed value propositions and key partners. This is the targeted goal for this work stream for the financial year ahead, based on the pre-feasibility study completed previously.

Development Programmes

The achievement of our vision will support economic growth, industrialisation and sustainable job creation. Therefore the SBIDZ-

LC's play a pivotal, catalytic role in the socio-economic transformation of Saldanha Bay and the country at large.

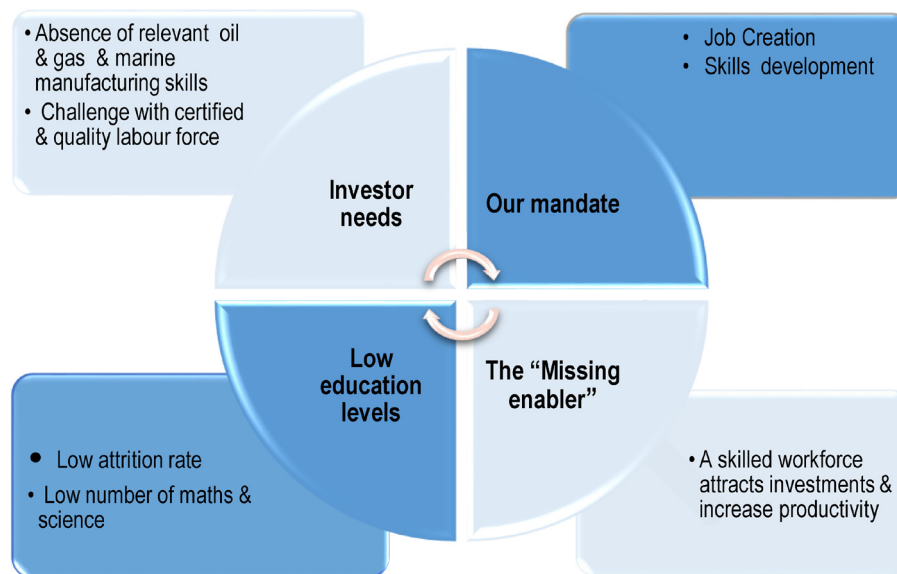
It is against this backdrop that the SBIDZ-LC established a new unit focusing on development programmes. The overarching goal of the Development Programmes unit is to maximize local economic development and empowerment, through increased participation and beneficiation of citizens and businesses in Saldanha Bay. The three central pillars of its focus are skills development, enterprise development and contractor development, in a demand driven context and informed by the opportunities that emerge from the global Oil and Gas Service, Marine Fabrication and Repair industries. Utilizing the SBIDZ-LC's in-depth knowledge and understanding of the industry and investors' requirements, the unit aims to ready the workforce and business community appropriately to deliver world-class services to the global maritime industry.



Skills Development

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

The skills development initiatives are currently unfunded through the SBIDZ, and therefore are largely dependent on the IDZ facilitating funding and training interventions, on a case-by-case basis, with funding currently secured through the DTI, CHIETA and MERSETA skills development programmes.



Skills development interventions include:

- Artisan Experiential Learning Programme (Apprenticeship)
- Department of Labour: Employment Services System of South Africa (ESSA)
- Recognition of prior Learning (RPL)
- Engineering & Construction related skills programmes (SEZ Fund & MERSETA)
- Learnerships, Apprenticeships and Skills Programmes in the oil & gas and the marine Manufacturing Sector (CHIETA)
- Career Awareness
- Logistics, safety, hydraulics and pneumatics (TETA)
- Small business human capital development

The complex and diverse character of the skills development ecosystem necessitates the development of strategic stakeholder relations with key players in the skills arena. The success

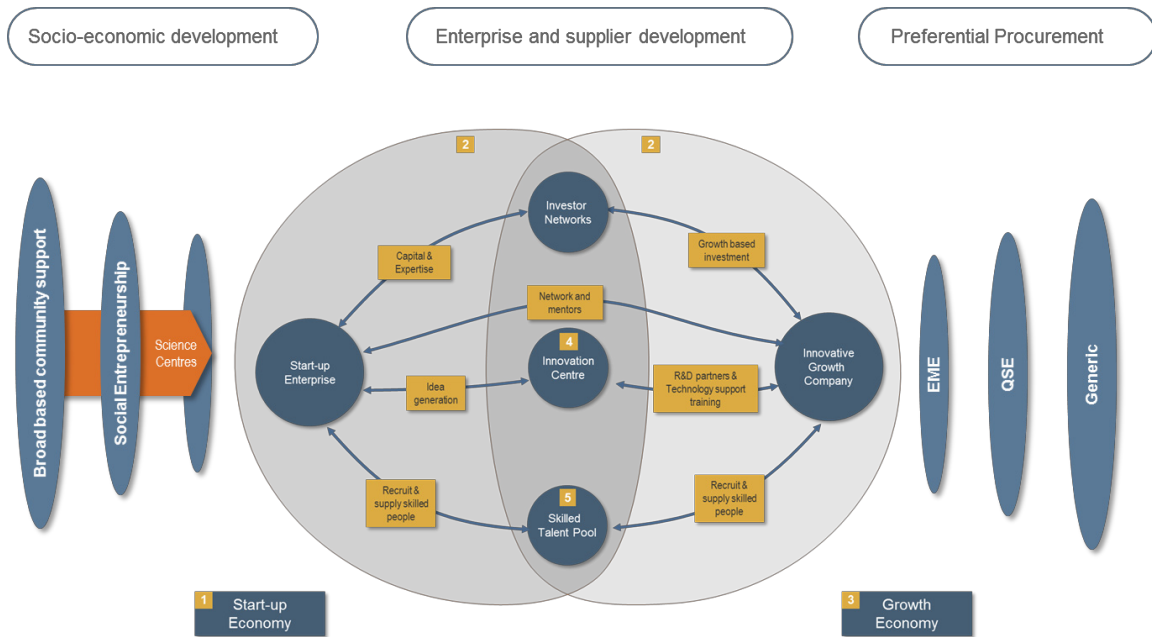
of our skills development strategy hinges on sound partnership and cooperation with the relevant private and public sector institutions and structures. It is for these reasons that the skills development unit has active representation and working relationship on the following structures.

- Community Skills and Training Committee
- Operation Phakisa Marine Manufacturing Skills Working Group
- Operation Phakisa Oil & Gas Skills Working Group
- Project Khulisa Oil & Gas Technical Advisory Forum
- Merseta Western Cape Regional Executive Committee
- Assessment, RPL and Mentorship Technical Advisory Forum
- BRICS Future Skills Working Group

Enterprise Development

The Enterprise Development unit remains an unfunded mandate within the SBIDZ-LC, but with partnerships, engages various platforms to reach its strategic objective in rendering a database of compliant, competitive local business at a state of readiness for the oil and gas industry. The strategy is to also establish an eco-system for tenant of the SBIDZ-LC to form part of, as and when they become ready to setup in the zone.

Enterprise and Supplier Development - An Integrated Model



Contractor Development

The contractor development mandate is in direct response to the SBIDZ and investor infrastructure needs. This unit has the responsibility to build special contractor capabilities amongst local construction companies. The objective is to increase the quality, productivity and competitiveness of local construction enterprises to enable the maximisation of their participation in our current and future infrastructure projects.

The SBIDZ intends to leverage this programme towards its sustainable economic development and job creation mandate through the contractor development function within the Development Programmes unit.



9.1 Strategic Objectives and Annual Targets

Strategic Objective 2.1	To establish a Special Economic Zone within the great SBM area
Objective Statement	1400 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 2018/19	Medium-term targets		
			2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
2.1	Number of direct and indirect jobs facilitated within the Western Cape Province as a result of the SBIDZ	PSG 1	30	367	538	850	600	2350	3000

9.2 Performance Indicators and Annual Targets

Programme	Performance indicator	PSG	Audited/Actual performance			Estimated performance 2018/19	Medium-term targets		
			2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
2.1	Completion of Phase 3 of the GTAC Freeport Business Case Project	PSG 1	-	-	-	Phase 1 Completion	Phase 3 Completion	-	-
2.2	Number of pipeline investors with NDS's and/or RoFR	PSG 1	-	-	46	31	25	16	10
2.3	Number of signed tenants with the SBIDZ	PSG 1	-	-	3	6	9	8	10
2.4	Completion of infrastructure phases	PSG 1	-	-	Phase 1a Bridge and site	Phase 1a: Generic top structures	Phase 2: Port land development	Phase 3: Tenant Structures	Phase 3: Tenant Structures
2.5	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	Phase 1 Development
2.6	Number of beneficiaries participating in the skills development programme per annum	PSG 1	-	-	526	520	520	520	520
2.7	Number of charters developed for key stakeholders	PSG 1	-	-	4	10	10	10	10
2.8	Drafting of a labour zone arrangement	PSG 1	-	-	1 Framework	50% Draft charter	100% Final signed charter	-	-

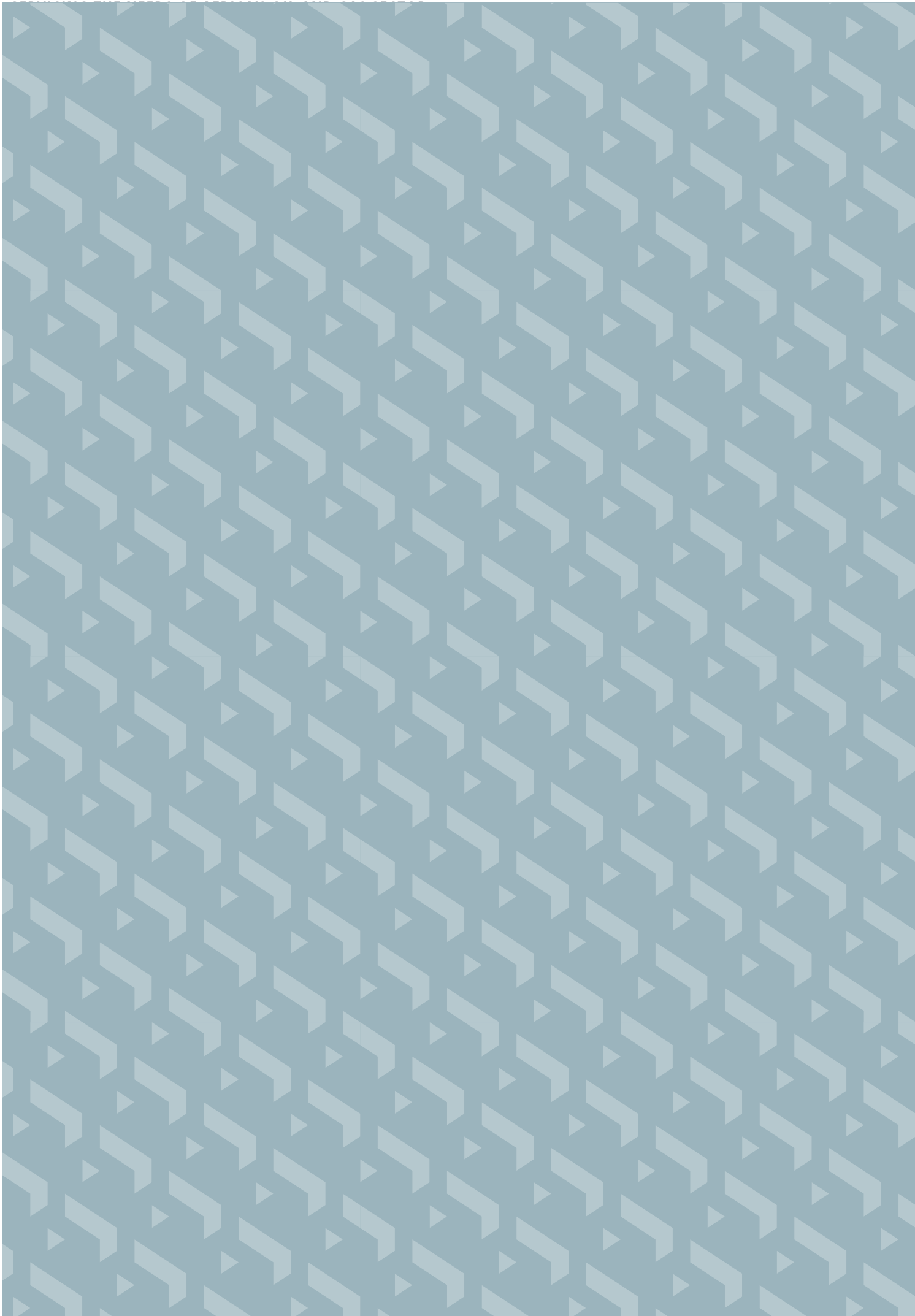
9.3 Quarterly Targets

Performance indicator	PSG	Reporting period	Annual target 2019/20	Quarterly targets				
				1st	2nd	3rd	4th	
2.1	Completion of Phase 3 of the GTAC Freeport Business Case Project	PSG 1	Annual	Phase 3	-	-	-	Phase 3
2.2	Number of pipeline investors with NDA's and/or RoFR	PSG 1	Annual	25	-	-	-	25
2.3	Number of signed tenants with the SBIDZ	PSG 1	Annual	9	-	-	-	9
2.4	Completion of infrastructure phases	PSG 1	Annual	Phase 2: Port land development	-	-	-	Phase 2: Port land development
2.5	Completion of the Innovation Campus Bankable Business Plan	PSG 1	Annual	Completion of a Bankable Business Plan	-	-	-	Completion of a Bankable Business Plan
2.6	Number of beneficiaries participating in the skills development programme per annum	PSG 1	Quarterly	520	50	50	50	370
2.7	Number of charters developed for key stakeholders	PSG 1	Annual	10	-	-	-	10
2.8	Drafting of a labour zone arrangement	PSG 1	Annual	100% Final signed Charter	-	-	-	100% Final signed Charter

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 2017/18	Outcome 2018/19	2019/20	2020/21	2021/22
Revenue					
Revenue and interest	-	-	-	-	-
Rental revenue					
Interest					
Transfers received	50 505	131 618	200 519	107 504	-
Department of Economic Development and Tourism	-	-	-	-	-
Earmarked conditional grants	-	-	-	-	-
Department of Trade and Industry	50 505	131 618	200 519	107 504	-
Other funds	-	-	-	-	-
Special projects	-	-	-	-	-
Total revenue	50 505	131 618	200 519	107 504	-
Expenditure					
Current expenditure	29 400	45 003	65 645	74 357	102 924
Compensation of employees	12 562	17 412	20 320	21 438	22 617
Salary & Wages	12 562	17 412	20 320	21 438	22 617
Goods and services	16 838	27 591	45 325	52 919	80 307
Administrative fees	7 555	310	329	347	366
Advertising	2 952	714	2 625	2 769	2 921
Catering: Departmental activities	53	218	330	348	367
Communication (G&S)	24	7	2	2	2
Computer services	27	100	120	127	134
Consultants and professional services	2 549	1 875	1 705	1 799	1 898
Legal services	-	43	-	-	-
Entertainment	7	78	88	93	98
Fleet services	4	11	17	18	19
Consumable: Stationery, printing and office supplies	29	86	73	77	81
Operating leases	1 648	7 000	28 199	35 000	60 000
Property payments	-	6 761	4 845	4 978	6 655
Travel and subsistence	1 846	3 601	4 859	5 111	5 392
Training and development	69	1 379	1 820	1 920	2 026
Operating payments	-	5 198	-	-	-
Venues and facilities	75	210	313	330	348
Rental and hiring	-	-	-	-	-
Capital Expenditure	50 505	131 618	200 519	107 504	-
Machinery and equipment	-	-	-	-	-
Bulk Infrastructure	50 505	131 618	200 519	107 504	-
Total expenditure	79 905	176 621	266 164	181 861	102 924





C

LINKS TO
OTHER PLANS

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 SBIDZ-LC'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 National Ports Authority

The SBIDZ and TNPA share a vision to develop an Oil and Gas and Marine Repair and Fabrication Complex on land within the Port of Saldanha Bay and for the SBIDZ to service the offshore Oil and Gas and repair industry and realise sustainable economic growth and job creation 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 Phase 1(a) lease agreement made possible by the IDZ designation, which was concluded on 8 March 2018. In terms of the lease agreement TNPA made available to the SBIDZ 35 hectares of Port land for the purpose of establishing an Oil and Gas and Marine Repair and Fabrication Complex.
- 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: 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 - Indirect service delivery
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 - Indirect service delivery
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 institutional agreements monitored
Short definition	To ensure that the required conditions relating to the agreements signed with TNPA 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 - Indirect service delivery
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 1.3	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 - Direct service delivery
Calculation type	Non-cumulative
Reporting cycle	Annual
New indicator	No
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 - Direct service delivery
Calculation type	Cumulative
Reporting cycle	Annual
New indicator	No
Desired performance	To achieve target as indicated
Indicator responsibility	CEO

Programme Performance Indicator 2.1	Completion of Phase 3 of the GTAC Freeport Business Case Project
Short definition	To develop Phase 3 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 - Direct service delivery
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	No
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 - Indirect service delivery
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	No
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 cumulative
Short definition	Number of tenants with signed lease agreements with the SBIDZ cumulative
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 - Direct service delivery
Calculation type	Cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	To achieve target as indicated or higher performance
Indicator responsibility	Executive: Business Development

Programme Performance Indicator 2.4	Completion of infrastructure phases
Short definition	Completion of Phase 2 Portland 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 - Indirect service delivery
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 2.5	Completion of the Innovation Campus Bankable Business Plan
Short definition	Completion of a Bankable 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 - N/A
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	To achieve target as indicated
Indicator responsibility	Executive: Stakeholder Management

Programme Performance Indicator 2.6	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 - Direct service delivery
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	To achieve target as indicated
Indicator responsibility	Executive: Stakeholder and Skills Coordinator

Programme Performance Indicator 2.7	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	Charters, Memorandum of Understanding, Service Level Agreements
Method of calculation	Each signed agreement will count as one
Data limitations	None
Type of indicator	Output - Indirect service delivery
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	To achieve target as indicated
Indicator responsibility	Executive: Stakeholder Management

Programme Performance Indicator 2.8	Drafting of a labour zone arrangement
Short definition	Completed signed Charter
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 - Indirect service delivery
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	To achieve target as indicated
Indicator responsibility	Executive: Stakeholder Management

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