



SALDANHABAY
INDUSTRIAL DEVELOPMENT ZONE

STRATEGIC PLAN

2020/21 - 2024/25

Saldanha Bay IDZ
Licencing Company

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EXECUTIVE AUTHORITY STATEMENT

In its second five-year Strategic Plan, the SBIDZ-LC will fully operationalise and become commercially sustainable while continuing to catalyse growth and development through the provision of an enabling, inclusive environment in the Western Cape.

These priorities reflect the current economic, fiscal and societal contexts in South Africa, the Western Cape, and closer to home, the West Coast. They also reflect the entity's alignment and responsiveness to the Western Cape government's renewed commitment to building "A safe Western Cape where everyone prospers", as articulated in the upcoming 2019 – 2024 Provincial Strategic Plan (PSP).

The PSP contains five Vision Inspired Priorities, that demonstrate this government's commitment to ensure a province that is safer, attracts investment, boosts economic growth and creates jobs, empowers people and that transforms the spaces we live in.

These priorities are underpinned by a citizen-centric culture which encourages innovation and embeds the principles of good governance. Strengthened collaboration and partnerships with the private sector, civil society and other

spheres of government will play a pivotal role in delivering more efficient and effective services to ensure that we meet the needs of those living in the Western Cape.

Taking these priorities to heart, the SBIDZ-LC's five-year Strategic Plan sets a tone for an entity receptive and accountable to its role as a transversal value-creating asset for the economy and society at large.

As Minister of Finance and Economic Opportunities, and on behalf of the Western Cape government, I fully endorse the SBIDZ-LC's strategy, programmes and targets as contained in this five-year Strategic Plan. They fully reflect the priorities and policies of the province, and I commit my support to the board and management of the SBIDZ-LC to ensuring its implementation.



Mr David Maynier
Minister of Finance and Economic Opportunities

ACCOUNTING AUTHORITY STATEMENT

The SBIDZ, within the auspices of the national SEZ Programme and part and parcel of this Province's Strategic Plan, remains a vital opportunity for us all to effect the change we sorely need in South Africa's struggling economy and stressed societies.

It has the lawful and technical stature to address and facilitate investment, growth and transformation objectives. It has a credible corporate governance system and a solid operational footing, one which has delivered more than what most thought possible in its first 5 years. It has committed Board members and staff, engaged to a collective vision and purpose, ready for the scale it saw on the horizon in 2014.

This was the focus and accomplishments for the SBIDZ-LC's first and previous planning period.

The planning period ahead will require the same diligent work in a new direction: becoming fully operational and ushering in a new busyness to the too-long quiet West Coast port and hinterland.

This, the Company's next five-year Strategic Plan, is based on a sound analysis of our operational environment, stakeholder expectations, the shifting trends in our markets, and the sentiment to SEZs locally, nationally, and abroad. It sets four strategic priorities which are equally reactive and deliberate to leading where the SBIDZ-LC Board and staff aim to go and how they intend to get there:

Firstly, becoming commercially sustainable is a strategic imperative as we take our duty as a public corporate citizen to heart.

Secondly, to continue to provide catalytic, growth enabling and accessible infrastructure

and facilities to zone tenants and operators that opens markets and builds resilience.

Thirdly, to continue to secure ethical and effective business, government and society partnerships that facilitates investments, participation and a conducive business environment.

Fourthly, to ensure local communities and businesses are engaged, and effectively supported with practise and knowledge to compete regionally and globally.

On behalf of the SBIDZ-LC Board, I would like to extend my sincere appreciation to firstly the CEO, Ms Kaashifah Beukes and the SBIDZ team, upon whose shoulders the actual delivery rests. They have fulfilled these obligations to past expectations in spite of a challenging environment with many dimensions. In addition, they are now putting steps in place to accelerate the pace towards attaining our upgraded commercial and socio-economic goals.

Beyond the immediate team there are a wide range of stakeholders who have all contributed and will need to continue to do so, if we are to achieve success with what is envisaged for the Saldanha Bay environment.

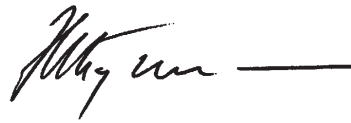
My and the Board's sincere appreciation to them all, starting with our hosting Department of Economic Development and Tourism, headed by Mr Solly Fourie and his team, for their co-operation and support on all matters related to our development and operations and interconnections with the broader maritime economy.

Then locally, nationally and provincially respectively, our programme partners, the Saldanha Bay Municipality, the local business community, labour and civil society, the

DTI, TNPA, the IDC, and other key Provincial Departments, notably Transport and Public Works, Environmental Affairs and Developmental Planning, Health and the Department of the Premier.

For their strategic leadership, guidance and moral support, the Minister of Trade and Industry and Competition, Mr Ebrahim Patel, the Minister of Economic Opportunities, Mr David Maynier, and

the Executive Mayor of Saldanha Bay, Mr Marius Koen and the respective Standing Committees in the Provincial Parliament.

A handwritten signature in black ink, appearing to read 'Johann Stegmann', followed by a horizontal line.

Mr Johann Stegmann
Chairperson of the Board

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the Board and Management of the Saldanha Bay IDZ Licencing Company SOC Ltd under the guidance of Minister David Maynier.
- Takes into account all the relevant policies, legislation and other mandates for which the Saldanha Bay IDZ Licencing Company SOC Ltd is responsible.
- Accurately reflects the Impact, Outcomes and Outputs which the Saldanha Bay IDZ Licencing Company SOC Ltd will endeavour to achieve over the period 2020-2024.

Mr Herman Boneschans
Chief Financial Officer



Signature

Mrs Kaashifah Beukes
Chief Executive Officer



Signature

Mr Johann Stegmann
Accounting Officer



Signature

Minister David Maynier
Executive Authority



Signature

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A

**OUR
MANDATE**

PART A: OUR MANDATE

1 Constitutional mandate

Constitution of the Republic of South Africa, 1996; Constitution of the Western Cape, 1997

The SBIDZ is linked to both the Constitution of the Republic of South Africa, 1996 and the Constitution of the Western Cape, 1997. In terms of Schedule 4 of the Constitution of the Republic of South Africa “industrial promotion” is a functional area of concurrent national and provincial legislative competence. The SBIDZ is a component of the “industrial promotion” functional area.

Section 81 of the Constitution of the Western Cape, 1997 provides that the Western Cape Government must adopt and implement policies to actively promote and maintain the welfare of the people of the Western Cape, including policies aimed at achieving the creation of job opportunities and the promotion of a market-orientated economy. The SBIDZ fulfils the purpose of a Special Economic Zone within the greater Saldanha Bay area and ensures compliance with the Constitution of the Western Cape by continuing to catalyse growth and development through the provision of an enabling, inclusive environment and to fully operationalise and become commercially sustainable.

2 Legislative and policy mandates

2.1 National legislative mandates

Special Economic Zones Act, 2014 (Act 16 of 2014)

The purpose of the Special Economic Zones Act, 2014 (Act 16 of 2014) (SEZ Act) is to provide

for the designation, promotion, development, operation and management of Special Economic Zones, which includes the establishment of a provincial business enterprise to manage each SEZ. The SEZ Act also provides for the functions of the Special Economic Zones operator.

In terms of the SEZ Act, the SBIDZ is an economic development tool to promote national economic growth and export by using support measures in order to attract targeted foreign and domestic investments and technology. The purpose of the SBIDZ includes-

- attracting foreign and domestic direct investment;
- providing the location for the establishment of targeted investments;
- taking advantage of existing industrial and technological capacity, promoting
- integration with local industry and increasing value-added production;
- promoting regional development;
- creating decent work and other economic and social benefits in the region in which it is located, including the broadening of economic participation by promoting small, micro and medium enterprises and co-operatives, and promoting skills and technology transfer; and
- the generation of new and innovative economic activities.

Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended by the BBBEE Amendment Act, 2013 (Act 45 of 2013)

The Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) establishes a legislative framework for the promotion of black economic empowerment. Our vision is to promote sustainable economic growth and job creation within the broader Saldanha Bay Municipality (SBM). The SBIDZ has embraced the

principles and objectives as set out in the BBBEE Act and Codes of Good Practice through the implementation of various enterprise, skills and supplier development interventions/programs.

The regulatory framework for the Industrial Development Zone programme are furthermore enhanced by the following legislation:

- Section 21A of the Customs and Excise Act, 1964 (Act 91 of 1964).
- Relevant provisions of the Value Added Tax Act, 1991 (Act 89 of 1991).
- Report No. 14 promulgated by the International Trade Administration Commission in accordance with the Customs and Excise Act.

2.2 Provincial legislative mandates

Saldanha Bay Industrial Development Zone Licencing Company Act, 2016 (Act 1 of 2016)

In 2016 the Provincial Parliament of the Western Cape passed the Saldanha Bay Industrial Development Zone Licencing Company Act, 2016 (Act 1 of 2016). The Act regulates the operation of the SBIDZ-LC and provides for the objects, functions and governance of the SBIDZ-LC.

In terms of the Act, the objects of the SBIDZ-LC are to establish and fulfil the purpose of a Special Economic Zone within the greater Saldanha Bay area, including, but not limited to—

- promoting, managing and marketing the SBIDZ;
- providing internal infrastructure in the SBIDZ area;
- facilitating the ease of doing business in the SBIDZ area; and
- acquiring and leasing land incidental to the Company's business.

Western Cape Investment and Trade Promotion Agency Law, 1996 (Act 3 of 1996) as amended by the Western Cape Investment and Trade Promotion Agency Amendment Act, 2013 (Act 6 of 2013)

Wesgro was established to promote and support economic growth and related activity within

the Western Cape Province, thus facilitating job creation by creating and keeping more businesses in the Western Cape as well as helping local companies to export to the rest of the African continent and the world. In line with the national InvestSA Initiative, the Department of Economic Development through its trade and promotion agency Wesgro has established the Cape Investor Centre. In light of the sector specific competencies of Wesgro and the SBIDZ LC, and both parties' desire to be a contributing agency in providing services to the Cape Investor Centre, Wesgro and the SBIDZ LC have agreed to collaborate and co-operate with each other in providing services at the Cape Investor Centre for the purpose of creating an enabling investor environment.

2.3 National policy context

The SBIDZ is linked to broader national strategies and policies, including the National Development Plan, National Infrastructure Plan, the Presidential Infrastructure Coordinating Commission (PICC) Rollout Programme, the Industrial Policy Action Plan, Operation Phakisa and the National Infrastructure Plan (SIP5). As a first principle, the SBIDZ fits into and seeks to address the policy priorities of the South African Government.

The SBIDZ in the National Policy Context:

The hierarchy of economic policy in South Africa can be portrayed as follows:



2.3.1 Overarching Policy Environment

National Development Plan: Vision 2030

The National Development Plan: Vision 2030 (NDP) states that the guiding principles of the plan is to “eliminate poverty and to sharply reduce inequality” and focuses on inclusivity in the economy. Three of the top 4 policy proposals (of 9 listed) in the NDP are directly addressed through the SBIDZ. These are:

- “create jobs and livelihoods”
 - “expand infrastructure”; and
 - “transforming urban and rural spaces”.
- The NDP also refers to the economic objectives of the New Growth Path.

2.3.2 Leading Economic Policy

New Growth Path (NGP)

The core drive of the New Growth Path (NGP) is the creation of employment in order to combat poverty and inequality in an inclusive economy and of the four areas of “drivers”, with the “Jobs Drivers” being number one. Similar to the NDP, infrastructure is highlighted as a key priority. The NGP also refers to the sectors prioritised in the Industrial Policy Action Plan.

2.3.3 Industrial Policy

Industrial Policy Action Plan (IPAP)

Dti’s Industrial Policy Action Plan (IPAP) signals the country’s industrial policy intentions as a practical outflow of the National Industrial Policy Framework (NIPF). These action plans support the job-creation ambitions of the NDP and the NGP, and lists Special Economic Zones as one of six “Transversal Focus Areas”. Under the “Sectoral Focus Areas”, the SBIDZ’s focus sector of Oil and Gas is expanded on as a major priority (as well as shipbuilding, which is part of the marine engineering activities proposed in the SBIDZ).

The IPAP is firmly entrenched in Government’s overall policy and plans to address the key challenges of economic and industrial growth and race-based poverty, inequality and unemployment. IPAP 2018 is a product of the Economic Sectors, Employment and Infrastructure Development (ESEID) cluster. The responsibility for its implementation lies with Government as

a whole and a wide range of entities, including SOCs like the SBIDZ LC.

IPAP 2018 focuses on the following ten key themes which inform the work of the Dti and act as a roadmap for the wider industrial effort:

- Grow the economy.
- Strengthen efforts to raise aggregate domestic demand - mainly through localisation of public procurement and intensified efforts to persuade the private sector to support localisation and local supplier development.
- Step up South Africa’s export effort.
- Create and reinforce policy certainty and programme alignment.
- Strengthen ongoing efforts to build a less concentrated, more competitive economic and manufacturing environment in which barriers to entry for new entrants are lowered.
- Build a stronger system of industrial finance and incentives to support and secure higher levels of private sector investment in the productive sectors of the economy and grow exports.
- Press ahead with technology-intensive, value-adding beneficiation projects which fully leverage SA’s comparative resource endowment advantage into a global competitive advantage.
- Optimise technology transfer and diffusion and, working closely with the Department of Science and Technology, further ramp up the effort to commercialise “home-grown” R&D in key sectors.
- Support the further strengthening of energy-efficient production and carbon mitigation efforts and measures in a manner that allows for sustainable adaptation by all the energy-intensive sectors of the economy.
- Understand, grasp and prepare for the foreseeable effects of the Digital Industrial Revolution and emergent disruptive technologies, collaboratively adapting SA’s productive and services sectors to meet the challenges, including those relating to employment displacement.

2.4 Provincial policy context

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 and the Western Cape Spatial Development Framework. Specifically, the SBIDZ falls under Provincial Strategic Goal VIP2, focusing on exports, employment and GDP. Further indicative alignment is provided under section 3.2.

3 Institutional Policies and Strategies over the five year planning period

3.1 Policies

Saldanha Bay Municipality 4th Generation Integrated Development Plan 2017 -2022 2nd Amendment

The Saldanha Bay 4th generation 2017-2022 Integrated Development Plan (IDP) is the Municipality's principal five-year strategic plan that guides decision making and deals with the most critical development needs of the municipal area as well as the most critical governance needs of the organisation. The IDP is adopted by the municipal council within one year after a municipal election and whilst it remains in force for the council's elected term (a period of five years); it is reviewed annually in consultation with the local community as well as interested organs of state and other role players. The IDP should guide and inform all planning and development that the Municipality undertakes within the municipal area towards the fulfilment of the Municipality's constitutional, legislative and developmental mandate.

The IDP reflects that the Municipality has identified as one of its 10 strategic objectives *"the diversification of the economic base of the municipality through industrialization, deregulation, investment facilitation and tourism development whilst at the same time nurturing traditional economic sectors."* Thus, clear linkages between this strategic objective can be drawn with the SBIDZ's stated purpose of (amongst others):

- attracting foreign and domestic direct investment;
- taking advantage of existing industrial and technological capacity, promoting integration

with local industry and increasing value-added production;

- providing the location for the establishment of targeted investments;

Saldanha Bay Municipality Spatial Development Framework (SBM SDF)

The Saldanha Bay Municipal SDF, reviewed and adopted in 2019, is a core component of the IDP and thus the Municipality's economic, sectoral, spatial, social, institutional and environmental vision. It is the principal tool the municipality uses to achieve its desired spatial form. The SDF identifies the SBIDZ as part of a number of development initiatives that influenced industrial development and contributed to the broadening of the economic base of the municipal area.

As such, the SDF reflects that the "identification of areas for future industrial development" as a key strategy towards implementing part of its spatial vision relating to the "promotion of the industrial area, including high-tech economic development, to take advantage of global demand opportunities and encourage local employment and capacity building". This becomes especially pertinent when, taking into account the future growth of the port facility and expected pressures on the industrial land supply, given the potential of the growth in backward and forward linkages.

Saldanha Bay Municipal Infrastructure Growth Plan

The municipality compiled the Saldanha Bay Infrastructure and Growth Plan (IGP) due to the increased economic activities in the municipal area. The Saldanha Bay Municipality's IGP seeks to reflect the status of all infrastructure within each town, list possible major gaps and projects together with estimated cost and funding source and provide a highlevel assessment of the financial capacity of the municipality with regards to the funding of capital projects. Ultimately, the purpose of the plan is to provide an overview of the infrastructure needs of Saldanha Municipality within the broader context of economic, developmental and human settlement related factors. It is within this context that the Saldanha Bay municipal IGP views the SBIDZ and the envisioned developments in The Zone as a determining factor that will shape the economic and basic service delivery infrastructure

status, needs and management within the municipal area.

Western Cape Infrastructure Framework (WCIF)

The Western Cape Government is mandated to coordinate provincial planning under Schedule 5A of the Constitution. As part of this mandate, Western Cape Infrastructure Working Group produced the WCIF, which was adopted in 2013. The WCIF intended to align the planning, delivery and management of infrastructure, provided by all stakeholders (national government, provincial government, local government, State owned Entities and the private sector), to the strategic agenda and vision for the province. The WCIF identifies that the harbour and industrial development in Saldanha will create a need for a substantial transition in infrastructure coordination, administration and provision related to bulk water supply, energy generation, transportation and Information and Communications Technology (ICT).

Western Cape Provincial Spatial Development Framework (PSDF)

The Western Cape PSDF, adopted in 2014, sets out the basis for addressing the Province's spatial agenda. It is not a blue print that can be implemented in the short term, but rather a framework within which:

- coherent and consistent sector and area based plans (e.g. for functional regions or municipalities) can be formulated and rolled-out by the spheres of government and SOEs operating in the Western Cape; and
- Communities and the private sector have greater certainty over where development and investment is heading, and so can respond to opportunities arising.

The PSDF's spatial policies cover three interrelated themes, namely "resources", "spaceeconomy" and "settlement". In adopting a strategic view of the Provincial space-economy, the PSDF identifies three functional regions where significant development trends and/ or development potentials are seen to exist. One of these identified functional regions is the emerging Greater Saldanha Regional Industrial

Complex, with the Saldanha Bay/Vredenburg growth centre at its heart. The PSDF proposes that the advancement of this functional region be supported by specifically targeting the oil and gas sectors as economic sectors to support, facilitating the development of a water demand management system for the region and lastly by seeking to encourage the flow of new regional and bulk economic infrastructure investment into the area in order to leverage private sector and community investments.

Integrated Urban Development Framework (IUDF)

The National Development Plan (NDP) indicated that by 2030 South Africa should observe meaningful and measurable progress in creating more functionally integrated, balanced and vibrant urban settlements. To attain this goal, the Department of Cooperative Governance, has worked with various stakeholders and partners to develop the IUDF to transform and restructure South Africa's urban spaces. The Integrated Urban Development Framework (IUDF) is the South African government's policy position to guide the future growth and management of urban areas. In doing so, the IUDF aims to foster a shared understanding across government and society about how best to manage urbanisation in order to create resilient and inclusive cities and towns, such as Saldanha and Vredenburg. Ultimately, in relation to mandate of the SBIDZ-LC the IUDF calls for government and society to adopt a more resolute, holistic and coordinated approach when deciding on the most appropriate locations for business and industrial development in their city or town.

3.2 Strategies

Western Cape Government Provincial Strategic Plan (PSP) 2019-2024

The PSP sets out the Western Cape Government's (WCG) vision and strategic priorities. It seeks to set out and define the WCG's approach to addressing the economic, social, and development challenges in the Province. These challenges are to be addressed through the WCG's five strategic priorities, known as Vision Inspired Priorities (VIPs). These are:

- VIP 1: Safe and Cohesive Communities;
- VIP 2: Economy and Jobs;
- VIP 3: Empowering People
- VIP 4: Mobility, Spatial Transformation and Human Settlements
- VIP 5: Innovation and Culture

Due to its mandate and nature of work, the SBIDZ sees itself as contributing primarily, but not exclusively to “VIP 2: Economy and Jobs”. This is done by focusing, amongst other things, on attracting direct investment, increasing employment and contributing to the Western Cape Province GDP through increasing value-added production and the generation of new and innovative economic activities specifically within the oil, gas and marine services industries.

The PSP recognises the oil, gas and marine services sectors as priority sectors based on their potential to create jobs and unlock further economic opportunities and comparative advantage. It is with this in mind that the PSP has identified SBIDZ as playing the catalytic role in unlocking the industrial and economic potential of the West Coast.

Saldanha Bay Municipality Local Economic Development Strategy

The SBM LED Strategy sought to provide an overarching long term plan for the entire economy of Saldanha Bay to ensure that all stakeholders' efforts are prioritised and aligned for most beneficial effect on the SBM economy. The SBM LED strategy identified and focused on the key economic sectors that are key to economic growth within the municipal area. From the seven key economic sectors identified by the SBM LED strategy, four of those economic sectors are directly linked to the SBIDZ:

- Oil & Gas storage & processing;
- Engineering, metal fabrication & manufacturing;
- Ports, freight, transport, logistics, services; and
- Property & infrastructure development & construction.

This theme of close alignment with the SBIDZ extends within the LED document to the actual strategies that the Municipality will seek to employ towards achieving its economic objectives. These are:

- Strategy 4: Attract new industrial investors by creating a more enabling environment
- Strategy 5: Maximise the competitive advantages from ports
- Strategy 6: Support local SME to access more opportunities
- Strategy 7: Credible vocational skills development and tertiary education available

It is thus clear, that a significant part of the Municipality's economic strategy is closely aligned to mandate and work of the SBIDZ.

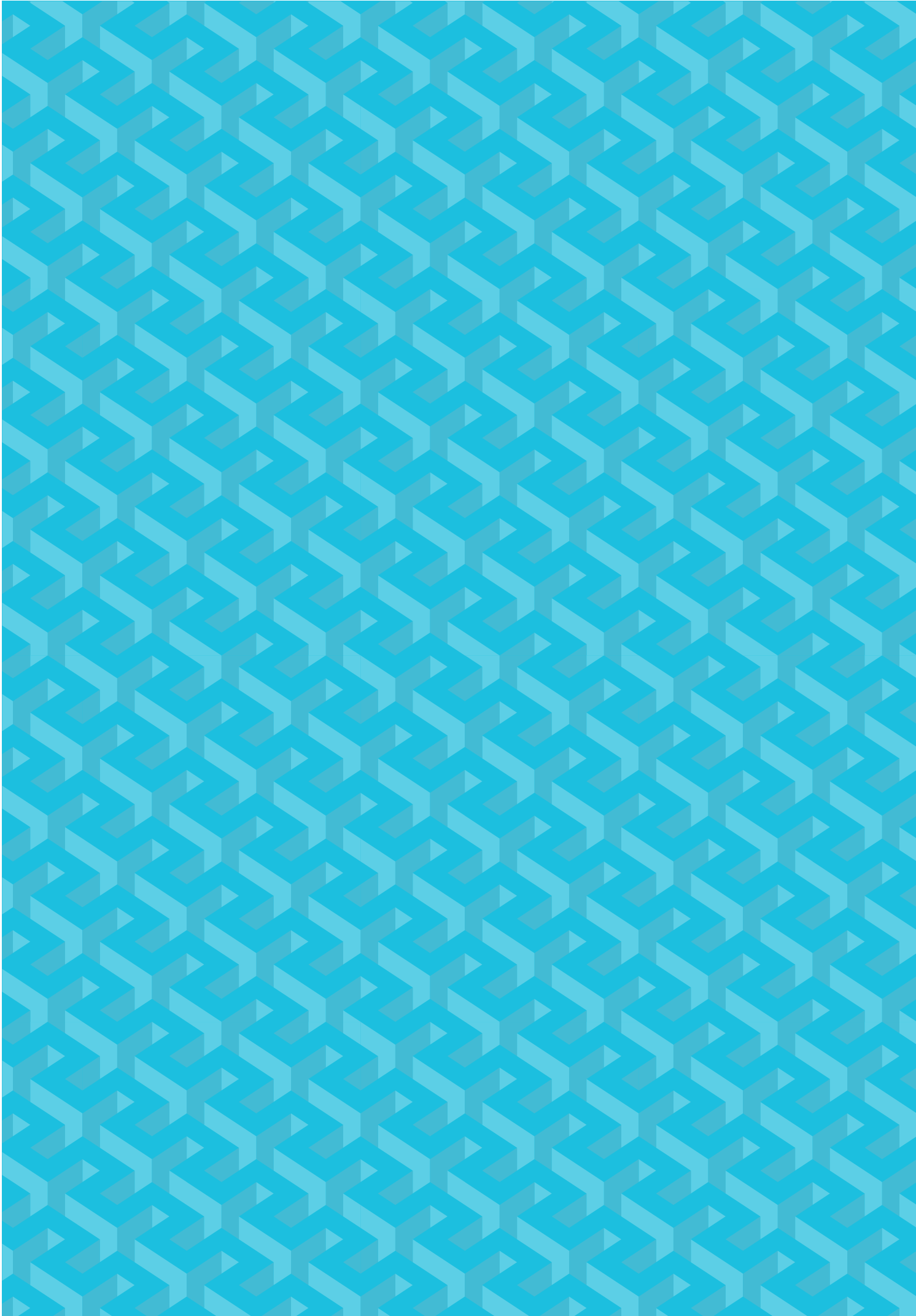
Growth Potential Study of Towns (GPS)-2014

The Western Cape Growth Potential Study of Towns was drafted in 2014 and sought to determine the growth potential and socio-economic needs of settlements in the Western Cape outside of the Cape Town metropolitan area using quantitative data (e.g. factors relating to socio-economic, economic, physical-environmental, infrastructure and institutional aspects). The GPS reflects that a cluster of very high and high potential settlements occurs in the Saldanha Bay region, with Vredenburg (very high growth potential) acting as the main node.

In addition, based on a qualitative component of the research that was done in drafting the GPS, regional interventions that would unlock latent development potential, and assist or influence the local, provincial and national government in making crucial and informed decisions on where to invest in the future was identified. The GPS reflects “business, marketing and skills development” as a key lever towards unlocking the region's development potential, with the growth of the Industrial Development Zone (IDZ) as a cornerstone and catalytic initiative. Lastly, “Infrastructure Development” related to expanding the regional transport network, increasing ICT coverage and upgrading the rail infrastructure is also reflected as a so called “Big Idea” that would further enhance the functional region's latent potential.

4 Relevant Court Rulings

There are no court rulings which are relevant to the SBIDZ or may have a significant impact on its operations.





B

OUR
STRATEGIC
FOCUS

PART B: OUR STRATEGIC FOCUS

1 Vision

Vision for the Zone

We are Africa's premier oil, gas and maritime industrial and services centre, offering a world-class integrated engineering, fabrication, logistics and Freeport environment to zone users and tenants.

Vision for the Organisation

We work with each other and others with integrity, clarity and respect, accepting that we work in the name of all citizens of Saldanha Bay and South Africa.

Vision for the Board

We are a cohesive, informed, decision-making body, working in partnership with Management to ensure the long-term success of the company and the short-term objective to operationalise and build an inclusive economy.

Vision for Partnerships

We are a community of equals, choosing to work together to fulfil our joint visions because we clearly understand the purpose and values of each partner.

2 Mission

We foster responsible investment in the zone as an inclusive and sustainable economic catalyst that sees Saldanha Bay transform over the next 20 years from a fishing village to a thriving city built on a maritime economy creating prosperity for all who live and work here.

3 Values

Pioneering: We know where we have come from and where we are heading. We dedicate ourselves to creating the conditions for our collective success. We achieve what is possible and overcome what others see as impossible.

Partnership Focused: We work together. We grow together. We show mutual respect.

Accountable: We take ownership of our actions. We hold ourselves accountable. We make the right decision and take the right action, to deliver sustainable growth to our organisations, communities and our country.

Sustainability-Driven: We believe in making a difference that matters and that sustains itself after our work is done. We create spaces for empowerment and self-development. Creating sustainable transformation for lives, businesses and economies.

4 Situational Analysis

4.1 Performance Delivery Environment

4.1.1 Expectations of an SEZ's purpose within SA and abroad

4.1.1.1 Expectations from the Saldanha Bay Municipality

The primary expectation across the municipality is that the SBIDZ will create opportunities for economic growth and employment for the people of Saldanha Bay, either through direct employment in the zone, or through small, local

businesses doing business with zone tenants and users. Overall, the expectation is that the SBIDZ will change the lives of Saldanha Bay citizens, for now and generations to come.

The zone will meet this expectation through attracting investments into the zone, facilitating local business and trade, and helping citizens to get ready and capable for the opportunities that will come.

4.1.1.2 Expectations from the Western Cape Provincial Government

The WCG commits to building a values-based competent state that enables opportunity and promotes responsibility in a safer Western Cape.

For the Western Cape Provincial Government, as the operational funder of the company, its expectation is that at some point the SBIDZ will no longer require funding from the state and be self-sufficient. This expectation is driven by the ever present need to fund services to everyone in the province, such as education, healthcare, transportation and safety and security, etc., within a tightening fiscal environment.

4.1.1.3 Expectations from the dti

The dti is the legal and administrative custodian of the SEZ Programme in South Africa and therefore the SBIDZ-LC must respond to their expectation of an SEZ's purpose in South Africa going forward.

Currently, the SEZ Programme is viewed as a critical tool for the growth and transformation of South Africa's economy, evidenced by the Presidency's target on the dti of R23 billion in investments into SEZs for the past 2019/2020 financial year. All SEZs are under a magnifying glass to show progress in securing investments into South Africa, and having facilities up and running and people employed.

This expectation is not as singular as that though, for the dti itself has broader expectations of the purpose of SEZs (objectives) and what they are meant to achieve (outcomes) (see Figure 1). The draft SEZ Strategic Framework 2020-2030 draws on best practise research from the United Nations Conference on Trade and Development (UNCTAD), the World Bank, the United Nations Development Programme (UNDP), as well as SEZ case studies across the globe.

Figure 1: An optimum SEZ Industrial Ecosystem from DTI's draft SEZ Strategic Framework 2020 - 2030



Sources: Adapted from UNCTAD, World Bank (2019); UNDP (2018); Malaysia, (2016)

Thus the framework has set the following draft vision:

“By 2030, South African Special Economic Zones will be prime catalysts for sound and inclusive Regional Industrial Development”.

With the enabling mission as follows:

“To promote balanced socio-economic and industrial development of the country through Special Economic Zones. This will be achieved through expansion and creation of new industrial hubs, development of industrial infrastructure, promotion of coordinated planning and development, fast and simplified procedures and approval processes for investment related permits, and provision of competitive incentives”.

And a proposed national value proposition of *“The South African SEZs will be the preferred investment destination for target investors for*

access to their markets and to critical inputs. The SEZ programme will support all investors in maintaining their global competitiveness – their success is South Africa’s success. This will include, but not be limited to, world class industry relevant infrastructure; competitive incentives; world class zone services (including green systems and ease of administration) and quality of life benefits”.

Several strategies have been identified and proposed to fulfil the framework’s mission and move towards the determined vision. These include:

- Strategy one: Governance and institutional arrangements in SEZs;
- Strategy two: SEZ infrastructure development;
- Strategy three: Investment promotion and aftercare;
- Strategy four: Stakeholder mobilisation and management;

- Strategy five: Funding and financial sustainability for SEZs;
- Strategy six: SEZ Ecosystem - integration into wider community
- Strategy seven: Enterprise development and empowerment
- Strategy eight: Capacity building and institutional support
- Strategy nine: Regional integration of value chains through cross border SEZs
- Strategy ten: Monitoring and evaluation of SEZ performance

The framework, currently under review for comment, sets out a quintessentially integrated operational delivery environment for SEZ Operators. This new direction for the SEZ Programme recognises the backward, forward and sideways socio-economic potential of SEZs and therefore the associated responsibilities of SEZ Operators and the multitude of different stakeholders who have a contribution to make to outcomes realised.

4.1.1.4 Expectations from the Transnet National Ports Authority

The SBIDZ-LC and the Transnet National Ports Authority (TNPA) concluded a second Memorandum of Understanding (MOU) during the 2019-2020 FY towards strengthening their joint and aligned aims to promote economic growth and development in the SBIDZ area, and further recognize the strategic role of the Port of Saldanha in this growth and development; and lastly, recognize the need for complementary planning and development to ensure the sustainability of the Port and Saldanha Bay.

The mutually agreed shared vision of the Parties, as per the MOU, is:

- the establishment of an Oil and Gas and Marine Fabrication and Repair Complex within the confines of the Port of Saldanha and the SEZ, offering a full-house service to the offshore Oil and Gas industry with a view to providing a range of, nonexhaustive, list of services, such as ship rating, steel work, piping, electrical work, rewinding motors and generators, heavy machine shop and mechanical engineering, engine fitting, rigging, salvage & diving work, dry-dock marine services and offshore supply services;
- to use the enabling legislation for the creation of a single contiguous Customs Controlled Area, thereby providing a 'free-port' equivalent;
- to resolve some key challenges and constraints facing the offshore Oil and Gas and Marine Fabrication and Repair Industry in Saldanha Bay; and
- to make it easy for investors in the SEZ to do business by implementing the ease of doing business value proposition of the SBIDZ-LC.

Following on from this shared vision, the TNPA and SBIDZ-LC have agreed to co-operate with one another in the following areas:

- To identify and disclose planning initiatives and development projects of mutual interest to the Parties, especially in respect of: spatial planning and land use management; economic development of the region; transportation planning; traffic management between the Port and SBIDZ; roads and stormwater; planning and development of special projects initiated by either Party; tourism; heritage resources including land and marine historical areas or artefacts; pollution of port waters via storm-water drains; the Integrated Coastal Management Act; the environment in general; financing; safety; security; provision of services including but not limited to water, rates, electricity and waste management; sharing best practices; co-operating for the benefit of the citizens of the town of Saldanha, the region and the nation; acting as a dispute-resolution mechanism; and any matter deemed appropriate within the context of this MOU;
- To provide a common platform for constructive engagement on the establishment of an Oil and Gas and Marine Fabrication and Repair Complex servicing the offshore Oil and Gas Sector and its effects on the Port and SEZ;
- To give due consideration to a transport link between the Port and SEZ which will enable effective linkage between land owned and managed by the Authority and the SBIDZ-LC;

- To engage each other on the following activities that will promote the ease of doing business for the offshore Oil and Gas and Marine Fabrication and Repair Sector, such as Services and Utilities Outline; Zoning and Land Use Planning and Development Power of Attorney; Building Plans and Control Power of Attorney; Business Activities Registrations, Licencing and Permitting; and Environmental Impact Assessments;
- To foster and promote sound port/SEZ relationships whereby opportunities for networking and partnerships are enhanced;
- To identify those areas where the parties have concurrent or conflicting legislative mandates and harmonize functions emanating from those mandates; and
- To agree on key performance indicators related to, inter alia, the matters set out in this MOU where necessary to further the pursuit of the Parties' aligned objectives.

Thus, the MOU sets a comprehensive expectation between the parties on how it shall work and support each other going forward; and it is an expectation rooted in a shared understanding of each's responsibilities, resources, and needs.

4.1.1.5 Summary of Challenges

The expectations of key programme partners and lessons from best practise abroad is taken

into consideration in setting the strategic focus of the company for the next 5 years and highlight the complex challenges the company will continuously need to manage going forward.

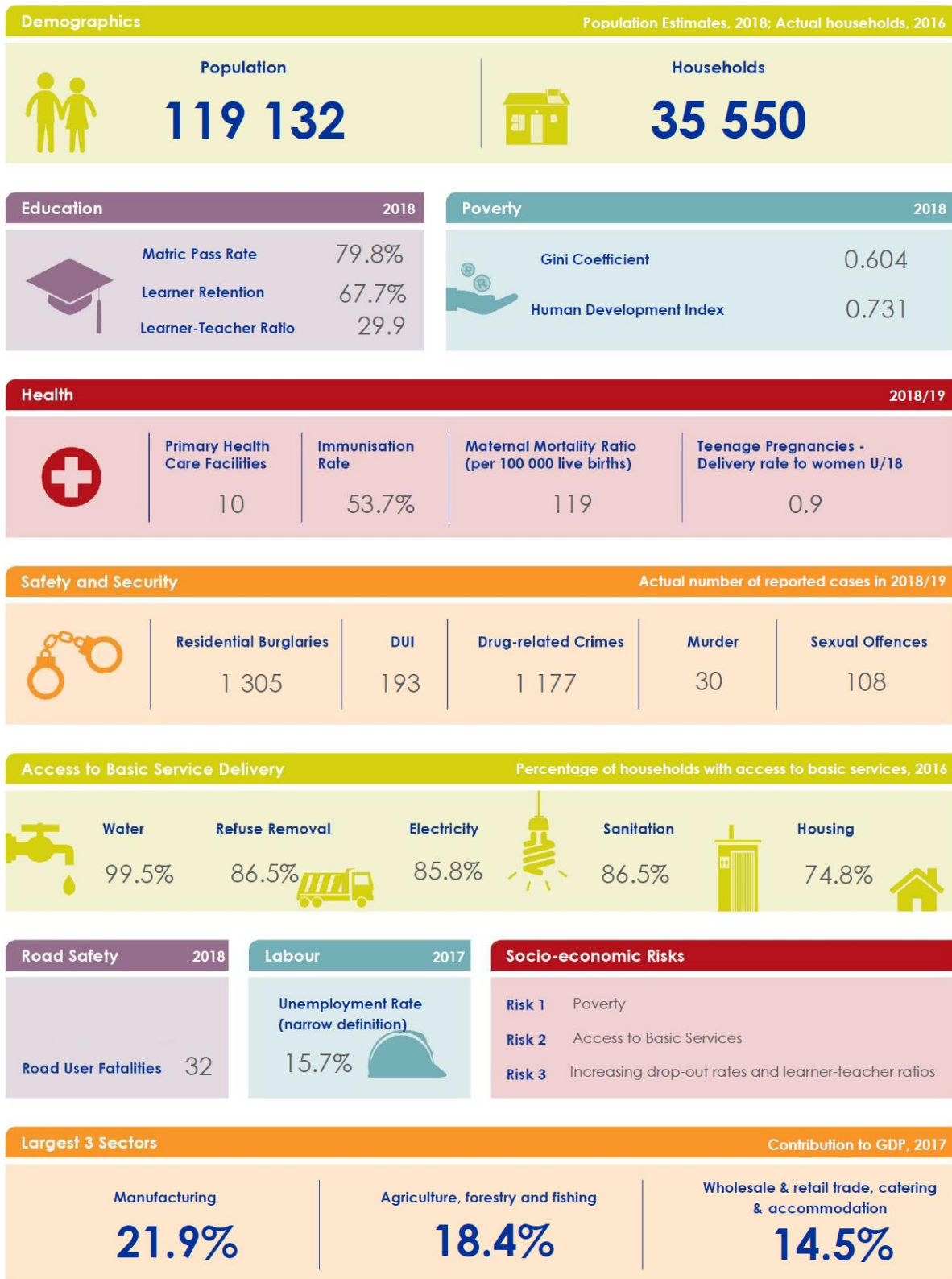
These matters at a high level include such aspects as: sustainability (financially, socially and environmentally), attractive investment proposition, value addition, integrated spatial and connected development (relationships and pathways), transformational with place-based and inclusive benefits, clear business goals, good communication and branding, understanding and effectively channelling local aspirations, energy and water availability, appropriate skills, good governance (corporate and operational), efficiency, dynamism, agility, forward looking, catalytic and the integrating role of the SBIDZ.

4.1.2 Local Environment Analysis

4.1.2.1 Socio-Economic Profile

The socio-economic context is summarised below, adapted from the Socio-Economic Profile of the Municipality by Provincial Treasury (Figure 2) (Provincial Treasury, 2019).

Figure 2: Saldanha Bay Municipality: At a Glance



In addition, a comprehensive qualitative survey undertaken across the seven towns of the Municipality in 2015 revealed key matters to consider in the region's socio-economic context (Figure 3, Figure 4, Figure 5) (Mthente Research and Consulting Services, 2015).

Figure 3: Key Findings from Socio-Economic Assessment of the 7 towns of SBM

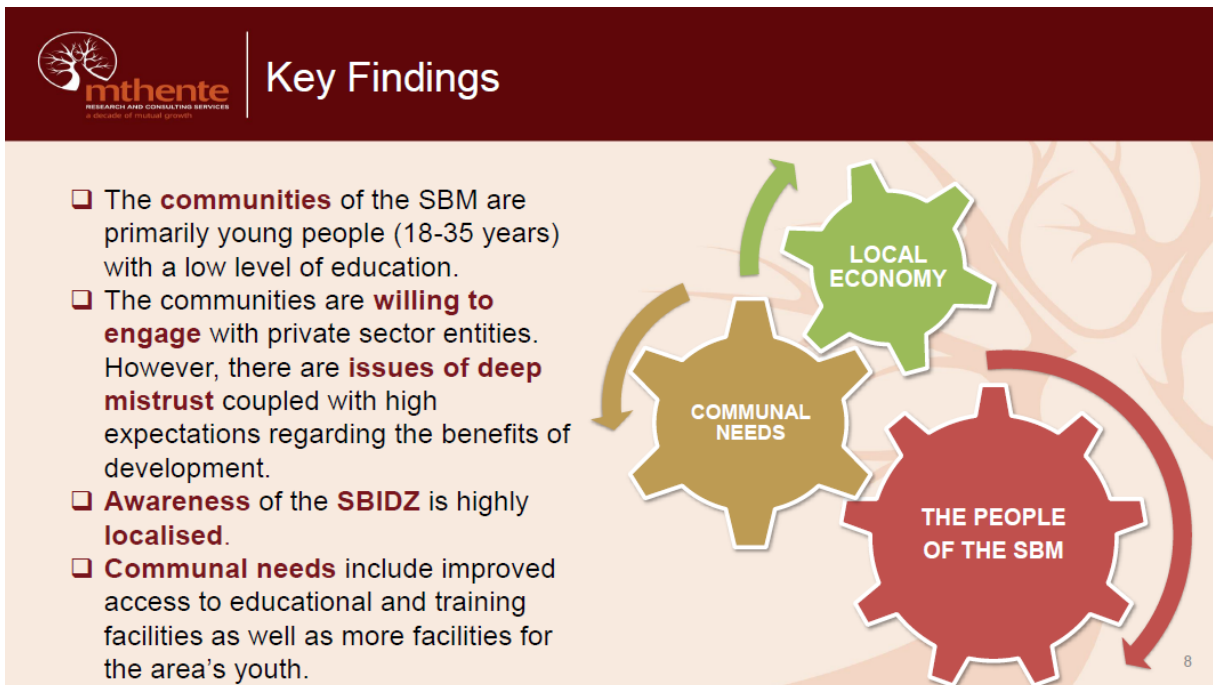


Figure 4: Needs, Aspirations and Visions for the Future

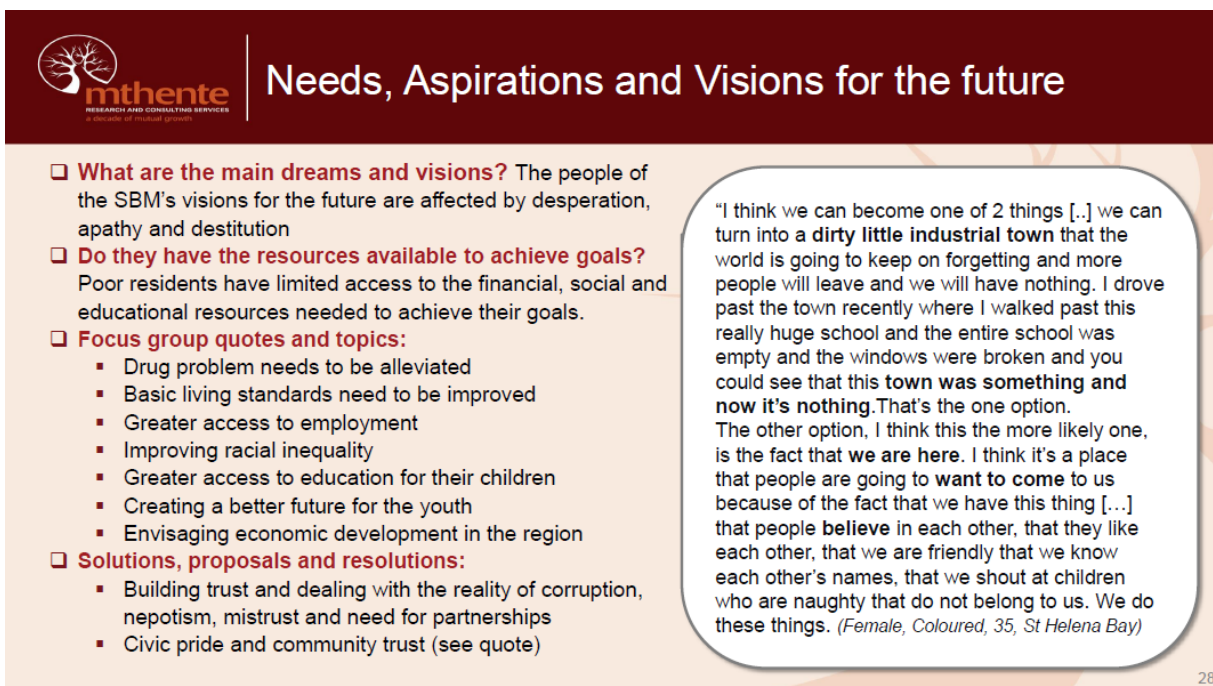
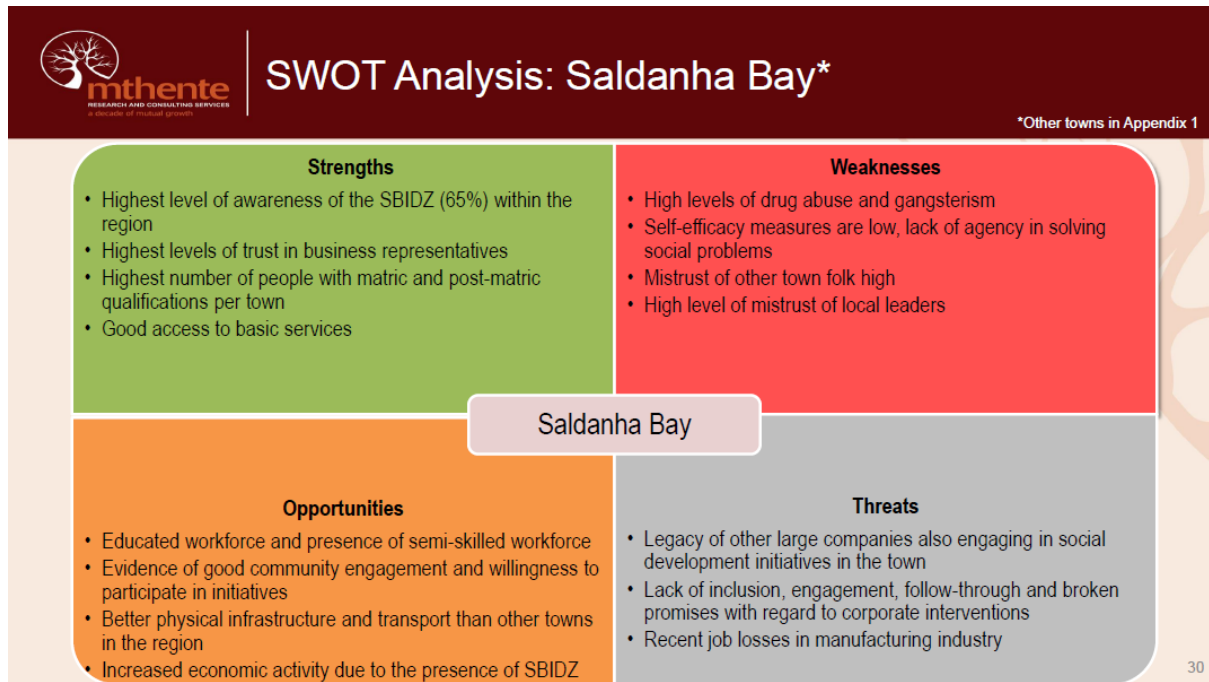


Figure 5: SWOT Analysis of the town of Saldanha Bay

4.1.2.2 Natural and man-made advantages

Saldanha Bay has the undeniable advantage of its natural and man-made characteristics:

- South Africa is on one of three global trade routes (Suez, Panama, SA), with the Port of Saldanha within one day of a global trade route (Figure 6).
- The bay has the largest and deepest port in the Southern Hemisphere, thus it is able to accommodate, within reason, a variety of vessel sizes and shapes in the bay and next to quayside.
- It has good road infrastructure to Cape Town and Johannesburg, therefore people

and goods can fairly quickly and easily come in and out when demand requires it.

- It has good rail infrastructure into the hinterland of South Africa, therefore minerals, metals, and agricultural products can easily be brought in for further processing and/or export, and likewise, imported goods can easily be transported into the rest of SA.
- It is within 2 hours drive from Cape Town, and thus has access to a metropolitan city that can serve the needs of people and business alike. Also, Saldanha has a good quality of life in comparison to our competitors.

Figure 6: Unique proximity to global maritime traffic and trade routes



These advantages make Saldanha Bay an excellent location for development for many different sectors and industries. However, there are some fundamental structural constraints and opportunities to the potential of the region's development that must be considered in taking a view on the overall potential of the region going forward. The following are informed from a recently completed Strategic Economic and Financial Framework study on behalf of SBM, SBIDZ and the GIZ (StratEcon, 2019).

4.1.2.3 Constraints

- *Water* is a major fixed constraint for development of any kind, within the current engineering and design paradigm of water supply in South Africa.
- The availability of *suitable land or sea*, where relevant to a particular industry, is another fixed constraint. Suitability is highly dependent on environmental status and zoning.
- *Skilled labour* and *electricity supply* are short-term constraints that can be overcome through interventions.

4.1.2.4 Opportunities

- *Ability to use treated effluent water / groundwater:* Saldanha Bay, like many parts of South Africa, is water constrained. The degree to which industries can use either

treated effluent water or groundwater, rather than potable water, would be a major opportunity to attract industries into the region, and an opportunity to meet the SDGs.

- *Distance to relevant markets:* For some industries it is important to be close to their target market. Saldanha Bay offers this possibility for some specific industries, e.g. local-area tourism, maritime-based industries like boat building and repair.
- *Low rents relative to other areas:* The cost of land, either directly through land prices or indirectly through rents, can be a major cost item for some industries. Rents and land costs in the Saldanha Bay area are low relative to Cape Town. This factor is not relevant for all industries. Further low rents may need to be offset against the possibility of higher transport costs, for example. For the zone, this is a need in initially as we are attracting industries to the zone.
- *Potential to cluster the industry:* International experiences show the productivity benefits that can be generated from the clustering of similar industries. The creative industries, design and high-tech construction industries all lend themselves to such clustering benefits. Clustering would be more of a factor for maritime components or boat building, for example.

- *Climate (including wind) and lagoon are important:* Saldanha Bay has sunshine, wind, the Langebaan peninsula and sea access. These, for some industries, are unique attractions. They are irrelevant for others and, for some, a nuisance.
- *Iron ore terminal (red dust) has little impact:* An environmental factor unique to the area is the existence of iron emissions from the iron ore terminal. This can be a major deterrent to attracting some industries – aluminium craft manufacturing and tourism being examples.

4.1.2.5 Additional Constraints

- *No effect on the water table:* Water-intensive industries could use treated effluent or ground water, as stated previously, but this is also a potential constraint if these industries could possibly lower the water table, which could result in underground saltwater contamination.
- *Possibility for incremental capital expenditure:* Some industries are able to start small and grow when success becomes evident. This reduces upfront capital requirements and associated risks. They are consequently easier to start. Other industries, while possibly desirable, require large initial capital expenditure. These are more difficult for local authorities to incentivise because they are not able, for example, to provide capital guarantees.
- *Little solid waste:* Solid waste needs disposal, with toxic and non-toxic waste posing different challenges. Given adequate infrastructure and the right conditions, some waste can be incinerated to produce energy. Solid waste, typically in places like Saldanha Bay, is buried in landfill. This poses constraints but these are not insurmountable with proper legal and operational policy.
- *Little air pollution:* Air pollution is always a problem in urban areas. It is less so in sparsely populated or rural areas. It is also less of a problem in wind prevalent areas like Saldanha Bay. Therefore, in this instance, the air pollution of particular importance is that which may affect urban areas on wind free days or which has

negative externalities on other industries. At least three examples are evident in this area. Red dust from the iron ore terminal is known to have prevented the relocation of aluminium fabricators to the area because aluminium welding and iron ore dust are incompatible. The visual impact of air pollution, even if there are few associated health impacts, would constrain both tourism and the expansion of the retirement industry.

- *Little water pollution:* The Saldanha Bay area is fresh water constrained and the resource is precious. Potential freshwater pollution is not an affordable luxury. Similarly, the waters of the Langebaan peninsula and Saldanha Bay are a unique and fragile ecosystem. Any potential pollution would have significant negative externalities both environmental and on existing industries that require good water quality.

4.1.2.6 Summary of Challenges

The context of the Saldanha Bay municipal region and that trade-offs will be made with respect to its natural and man-made advantages, constraints, opportunities and social contexts, to develop the full potential of the region, including people and environment, highlight the complex challenges the company will continuously need to manage going forward. And further, that the development of the trade-offs and any remedial steps will form part of the SBIDZ's holistic delivery programme going forward.

4.1.3 SEZ Performance in South Africa and Africa

4.1.3.1 South Africa

In South Africa, the new SEZ Policy (2012) & SEZ Act, 2014 (Act No. 16 of 2014) sought to focus on addressing the challenges experienced in the IDZ Programme after the dti initiated a review of its IDZ policy in 2007. The IDZ Programme had been in place since 2000 and challenges cited included: poor governance, poor stakeholder coordination, no proper funding mechanism, lack of IDZ incentives, lack of integrated marketing, and modest performance of IDZs.

Despite this, SEZs have certainly attracted investment into SA and created jobs, however, the data does not inform on whether those regional economies have grown, become more inclusive and sustainable since 2000 due to the SEZs. Therefore, there remains ambivalence as to the overall benefits of SEZs in SA in broad public opinion.

4.1.3.2 Africa

In UNCTAD's view, there is little systematic research on the impact of SEZs, and few countries have a comprehensive process for monitoring and evaluating SEZ performance. UNCTAD advocates for a sustainable development impact assessment of SEZs, where the direct and indirect economic contributions, fiscal and financial sustainability, technology and skills contributions, social and environmental impacts, support to regional integration, and policy experimentation and learning opportunities are considered in such a comprehensive assessment framework.

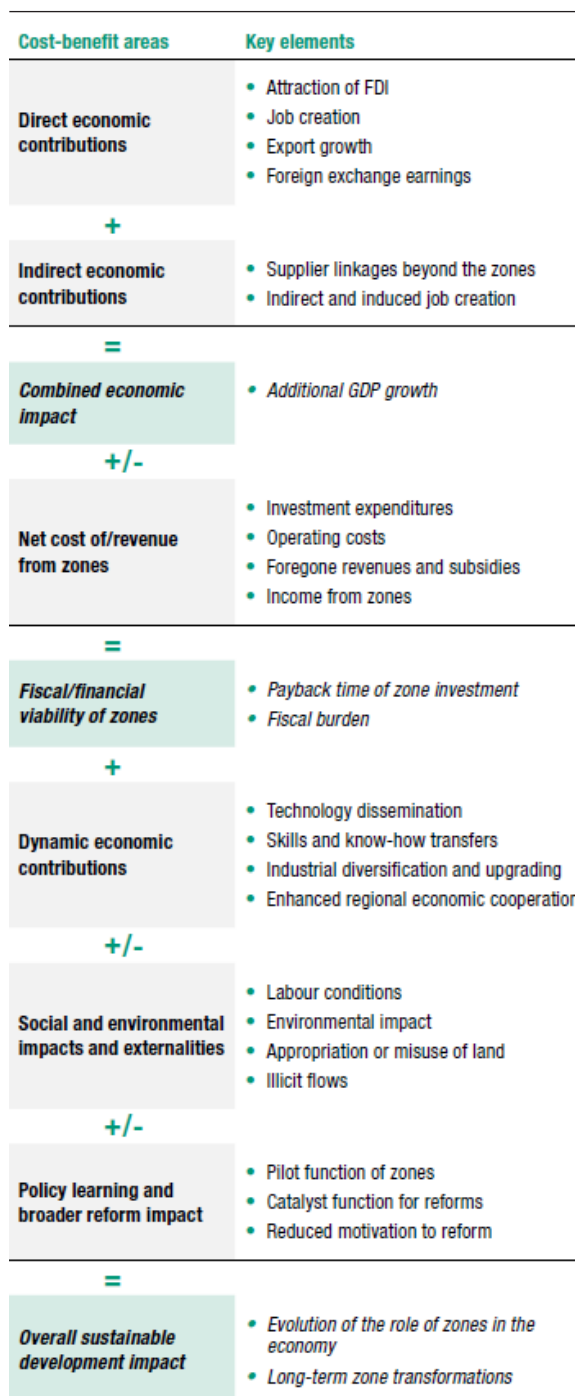
Following from this view, UNCTAD has created a "profit and loss" framework to determine the success or failure of SEZ Programmes, which looks at the key elements of areas of impact and performance, where hopefully the expected indirect and direct economic contributions from zones can be measured and monitored over time (Figure 7).

The framework was developed for governments charged with administering an SEZ Programme, but it does provide the SBIDZ-LC, as operators, with useful guidance as to what we can and should choose to measure our performance, what strategies we can and should adopt, and the collaboration required with others to achieve a KPI - and the universal goals overall.

The framework aims to relate the traditional indicators for zone success (FDI, direct jobs, exports, foreign exchange, indirect and induced jobs, and supplier linkages, GDP) with new considered indicators (the cost of zones, payback time, tax benefits, skills development, technology transfers, industrial diversity, economic transformation, labour conditions,

environmental impacts, proper land use, and policy reforms) to achieve an overall sustainable development impact.

Figure 7: UNCTAD's SEZ sustainable development "profit and loss statement"



Source: UNCTAD, 2015

Further to this, Table 1 provides a range of elements zones should have inside their perimeter to create inclusive and sustainable environments for business-owners and employees alike, with the view that creating this type of operational environment is beneficial to economies, society and the environment on the whole, and ultimately aids the “profit and loss statement” strategy.

It provides some interesting and novel strategies in SEZ design, some of which the SBIDZLC has

already initiated directly or with partners (e.g. skills training, the CSTC, Grow-Net/West-Net, the Project Management Team working group on infrastructure projects, a Zone Labour Charter, SLAs with SBM, MOU with TNPA, Environmental Management, PFMA compliance, external auditing by the AGSA); and some of which are in planning stages (e.g. the SMME Cowork Hub, the Innovation Campus, the Maritime Cluster Economy strategy with DEDAT and SBM).

Table 1: “In-Zone” Elements for Sustainable Economic Zones

	Policies/standards	Infrastructure assistance	Administrative assistance
	Maintains and enforces policies and standards, including:	Provides services or specialists to insure compliance/offer assistance, including:	Provides guidance and training to companies, covering how to:
General Approach	<i>Create multi-stakeholder partnerships to identify opportunities and develop an action plan</i>		
Labour	<ul style="list-style-type: none"> • Minimum wage • Working hours and benefits • Respecting right of unions to be active within the zone • Gender equality and related issues • Incentives for third-party certifications 	<ul style="list-style-type: none"> • Labour inspectors • Conflict resolution specialists • Reporting hotlines • Gender focal points 	<ul style="list-style-type: none"> • Improve labour conditions • Engage in social dialogue
Environment	<ul style="list-style-type: none"> • Emissions • Waste disposal • Energy use • Incentives for third-party certifications • Promoting circular economy 	<ul style="list-style-type: none"> • Centralized effluent treatment • Water reclamation systems • Recycling services • Hazardous waste management services • Alternative energy sources • Reporting hotlines • Enabling circular economy 	<ul style="list-style-type: none"> • Further reduce natural resource use • Reduce waste • Increase recycling • Improve energy efficiency • Adopt renewable energy
Health & Safety	<ul style="list-style-type: none"> • Employee health and safety protection • Incentives for third-party certifications 	<ul style="list-style-type: none"> • Medical clinic • Fire brigade • Reporting hotlines 	<ul style="list-style-type: none"> • Prevent health and safety emergencies
Corruption	<ul style="list-style-type: none"> • Anti-corruption standards and policies 	<ul style="list-style-type: none"> • Hotlines • Information on reporting corruption 	<ul style="list-style-type: none"> • Build capacity to detect and avoid corrupt business practices
Economic linkages	<ul style="list-style-type: none"> • Employer support for staff training and development 	<ul style="list-style-type: none"> • Assistance with local sourcing 	<ul style="list-style-type: none"> • Identify and upgrade local suppliers

Source: UNCTAD, 2015

4.1.3.3 Summary of Challenges

The varying performance of SEZs in South Africa and abroad is noted, and in particular the trend towards the development and setting of reliable and valid indicators, including a framework of economic / development impact accounting. These highlight the challenges of reliable and valid measurement of a zone's performance over time.

4.1.4 Market Environment Analysis

4.1.4.1 South Africa Oil and Gas Market

The major gas discovery made in early 2019 by Total underscores South Africa's upstream potential. However, regulatory uncertainty (the Mineral & Petroleum Resources Development Act (MPRDA) Amendment Bill in particular) remains a major stumbling block stifling the sector's development. Despite some planned investments in the downstream infrastructure, some market analysts do not expect significant improvements in the near term. As a result, South Africa will remain a major importer of both crude oil and refined fuels until 2028.

Table 2: South Africa Oil & Gas SWOT, 21 May 2019

Strengths	<ul style="list-style-type: none"> • Leading country in the synthetic oil industry. • Second largest downstream sector in Africa. • One of the most stable and low-risk investment environments in Africa.
Weaknesses	<ul style="list-style-type: none"> • Limited proven hydrocarbon reserves. • Inefficient and outdated downstream sector. • Lack of gas import infrastructure. • Lack of foreign major participation in shale gas exploration. • Disappointing drilling results in Ikhwezi project (PetroSA). • Unstable regulatory environment is hindering exploration efforts (MPRDA Amendment Bill).
Opportunities	<ul style="list-style-type: none"> • Considerable offshore exploration opportunities with major companies involved in upstream activity, as illustrated by recent Total's discovery on Block 11B/12B. • Coal-bed methane potential in the Karoo, with positive pilot production displaying upside potential. • The potential development of the Liquid Natural Gas (LNG) Independent Power Producers (IPP) Programme presents notable upside to gas imports. • The proposed separation of oil and gas regulation from legislation covering the mining industry could provide greater regulatory clarity. • Shale gas resources in the Karoo Basin are thought to be among the largest in the world. • Glencore's entry into the country's downstream could see fresh commitment of capital to ageing assets.
Threats	<ul style="list-style-type: none"> • Growing demand for refined fuels could lead to greater imports of petroleum production and put pressure on balance of payments. • Increasing pressure on refining margins and more stringent fuels standards could lead some operators to exit South Africa's downstream market. • Public opposition to hydraulic fracturing could hinder the development of shale gas despite growing support from the government. • Unsustainability of domestic Gas-to-Liquid (GTL) plant operations through lack of feedstock.

Source: Fitch Solutions Macro Research

4.1.4.2 sub-Saharan Africa Oil and Gas Market

Recovering oil prices have been offering some measure of relief to sub-Saharan Africa (SSA), which was among the regions worst hit by the recent global commodities slump (Fitch Solutions). Over the next quarters, international oil and gas companies are forecasted to show renewed interest in frontier plays in East Africa, particularly Kenya and Uganda, translating into exploration picking up as stronger balance sheets and marginally higher oil prices feed into increased spending and drilling activity in under-explored areas.

However, substantial new investment will be needed to offset substantial oil production decline rates throughout the region. The outlook on gas is markedly brighter, with production set for strong gains over the next 10 years, supported by the development of major gas resources discovered both in East and West Africa. The downstream market (i.e. refinery capacity) remains unattractive due to underwhelming demand growth combined with a host of financial, regulatory and infrastructure barriers to investment.

Refiners face various headwinds including small and fragmented market, the pervasive use of fuel subsidies, financing constraints and the unreliability of crude feeds, which undercut overall profitability. Investments in the upgrade or expansion of existing facilities are possible – and have been undertaken in certain markets in Africa, but it is not foreseen that major new capital commitments will be made to the region's downstream sector over the coming years.

4.1.4.3 Global Oil and Gas Market

One sees the following key trends (Fitch Solutions):

- There will be an increase in capex growth for 2019 as companies take advantage for higher oil prices and seek to increase efficiency gains and shareholder confidence and boost profitability by increasing spending levels.
- Fiscal prudence continues among public-listed oil companies as more scrutiny

impacts project selection. Sub-USD 40.0/bbl break-evens are the target new oil projects, demanding low infrastructure costs or excellent asset quality.

- Cost inflation continues onshore in the US, pressuring the efficiency gains and profitability. A portion of higher costs have been offset by improved drilling and completion productivity, but further gains will prove increasingly difficult to come by. This will weigh on investment in 2019 for all except the majors.
- We anticipate more spending offshore from 2019 as reconfigured projects employing lower costs enable development of previously uneconomic deep-water acreage.
- LNG-oriented gas projects are a growing target as the less carbon-intensive fuel is increasingly favoured by markets to increase electrification, minimise air pollution and transition to a lower carbon economy.
- A dovish dollar policy (an inclination against increasing interest rates) adds to foreign exchange stability giving breathing room to dollar-denominated debts within emerging markets easing payment demands and freeing more cashflow to spend on new projects.

As decarbonisation continues to gain momentum, there will be little incentive to slow or reverse the process. The shift away from oil and gas is a social matter, more so than an economic one. Environmental issues are becoming increasingly politicised and greening the production and consumption of oil and gas may not be enough to change its image or substantially slow demand destruction.

4.1.4.4 Maritime

4.1.4.4.1 South Africa Freight Transport & Shipping Market

A modest uptick in household spending, agricultural output and manufacturing activity will result in a rebound in trade growth over the coming years. That said, growth will remain below potential a 10-year forecast period (from 2019) given the structural headwinds facing the

economy, high unemployment and ongoing disruption to manufacturing and mining output from volatile power supply (Fitch Solutions).

Regarding the shipping industry, one sees growth in the South African shipping industry

accelerating in the coming quarters as household import demand rises (consumption) and infrastructure improvements come online. Box throughput growth will outperform tonnage throughput at all of the country's major port.

Table 3: South Africa Freight Transport & Shipping SWOT, 09 July 2019

Strengths	<ul style="list-style-type: none"> • One of Africa's powerhouses, South Africa has a large population, a well-developed economy and a strong, export-orientated metals and minerals mining sector, all of which contribute to strong freight transport demand. • The country has taken its first steps to develop a high-speed rail network, releasing capacity for freight rail purposes. • Toll roads and public private partnerships have been piloted and are likely to expand as the state seeks to improve highways that are already the most developed in Africa. • South African ports give high levels of international connectivity to global shipping routes, as well as to key inland commercial areas.
Weaknesses	<ul style="list-style-type: none"> • Insufficient generation capacity has led to power shortages in recent years, with an adverse effect on the economy and freight transport sector. • Although more open and transparent than a number of regional peers, corruption is an issue. • The port of Durban has been struggling to maintain volumes as it invests in significantly expanding capacity. • South Africa's freight transport network, in particular rail, is struggling to cope with the demand placed on it by the country's commodities exporters.
Opportunities	<ul style="list-style-type: none"> • Because of its role as a regional transit hub, local freight companies have an opportunity to expand across Southern Africa. • There is significant potential to boost transport of coal for export to India should planned investment materialise. • Port and rail infrastructure development will remain the focal investment point in the transport sector as the government prioritises the expansion of the country's freight logistics capacity.
Threats	<ul style="list-style-type: none"> • A hard landing in China would have a detrimental impact on South Africa's freight volumes, given the size of its iron ore and coal exports to China. • Further industrial action such as that experienced in the wake of the Marikana massacre could disrupt freight transport operations. • Policy uncertainty and a volatile political environment.

Source: Fitch Solutions Macro Research

4.1.4.4.2 Western Cape Provincial Vessel Fabrication, Repairs and Maintenance Market

Some performance highlights of the Provincial maritime industry include (StratEcon, 2018):

- R6.0bn to direct GDP between 2015 and 2018
- Average direct employment of 6 800 jobs over four years
- Further 5 200 indirect and induced jobs in the province
- Contributes 1.8% to Western Cape Manufacturing Output
- Majority of revenue is export revenue

Table 4: Maritime industry economic contribution 2015 - 2017

Maritime Repair and Fabrication	2015	2016	2017	2018	Total	Average
Repair & Maintenance Turnover	2 953	2 455	2 646	3 233	11 287	2 822
Fabrication Turnover	665	660	869	481	2 664	666
Total Turnover (Rm, Nominal Prices)	3 607	3 115	3 515	3 714	13 952	3 488
Direct Gross Domestic Product (Rm)	1 543	1 349	1 491	1 690	6 073	1 518
Gross Geographic Product (Rm)	3 330	2 918	3 237	3 629	13 114	3 279
Gross Domestic Product (Rm, Nominal Prices)	3 886	3 412	3 795	4 219	15 312	3 828
Gross Domestic Product (Rm, 2018 Prices)	4 553	3 761	3 975	4 219	16 509	4 127
Change in Real Direct Gross Domestic Product		-18%	5%	8%		
Western Cape Jobs	13 320	10 960	11 530	12 390		12 050
<i>Direct</i>	7 550	6 170	6 420	7 090		6 810
<i>Indirect and Induced</i>	5 770	4 790	5 110	5 300		5 240
South African Jobs	15 000	12 360	13 030	13 890		13 570

Source: StratEcon, 2018

- Fabrication does not include Operation Biro
- Numbers restated since 2017

The Repairs and Maintenance sub-sector, forms 81% of the Provincial maritime industry, and nominal turnover increased from R2.95bn in 2015 to R3.23bn in 2018 with 6 750 direct jobs and 4 700 indirect and induced jobs in 2018.

The Fabrication sub-sector saw lower turnover and was more volatile than the Repairs and Maintenance sub-sector (very dependent on new orders for vessels). This sub-sector is export

driven in the Province, i.e. it averaged R625m over the last four years & exports increase by almost R1bn more when pleasure craft are included in the analysis. The largest contributor over the past 4 years has been "Other vessels, warships and lifeboats" with 38% of market share (excludes Operation Biro, which will add a further R1.5bn over six years from 2019 onwards).

Table 5: Maritime industry change in Turnover 2015 - 2017

Turnover	2015	2016	2017	2018	Total	Average
Repair & Maintenance	2 953	2 455	2 646	3 233	11 287	2 822
Fabrication	665	660	869	481	2 664	666
Total Turnover (Rm, Nominal Prices)	3 607	3 115	3 515	3 714	13 952	3 488
Repair & Maintenance as % of Total Turnover	82%	79%	75%	87%	81%	81%
% Change in Repair & Maintenance		-17%	8%	22%		
% Change in Fabrication		1%	32%	-45%		
Real Turnover (Rm, 2018 Prices)	4 227	3 433	3 683	3 714		
Annual Change in Real Turnover		-19%	7%	1%		
Pleasure Craft Turnover (Rm, Nominal Prices)	961	1 042	929	1 090	4 022	1 005

Figure 8: Turnover by sub-sector in Western Cape

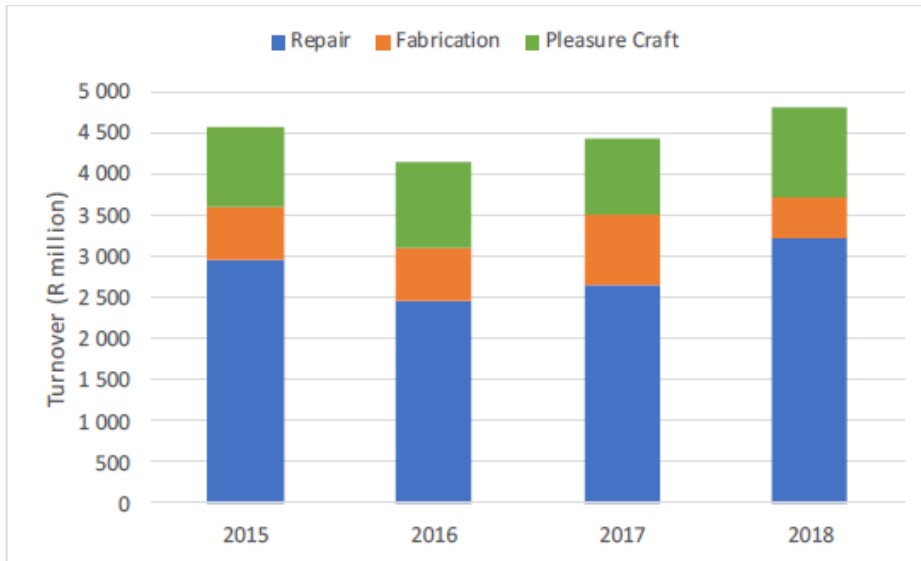
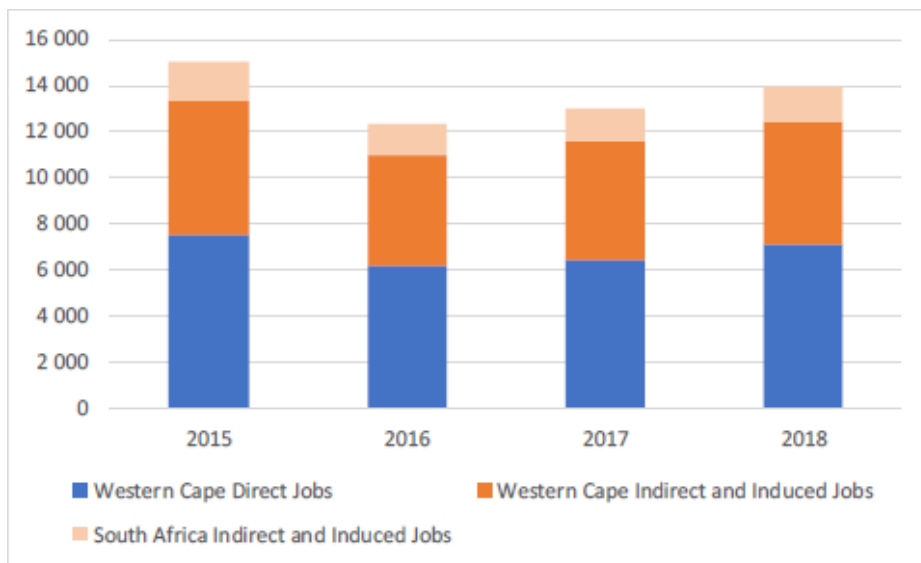
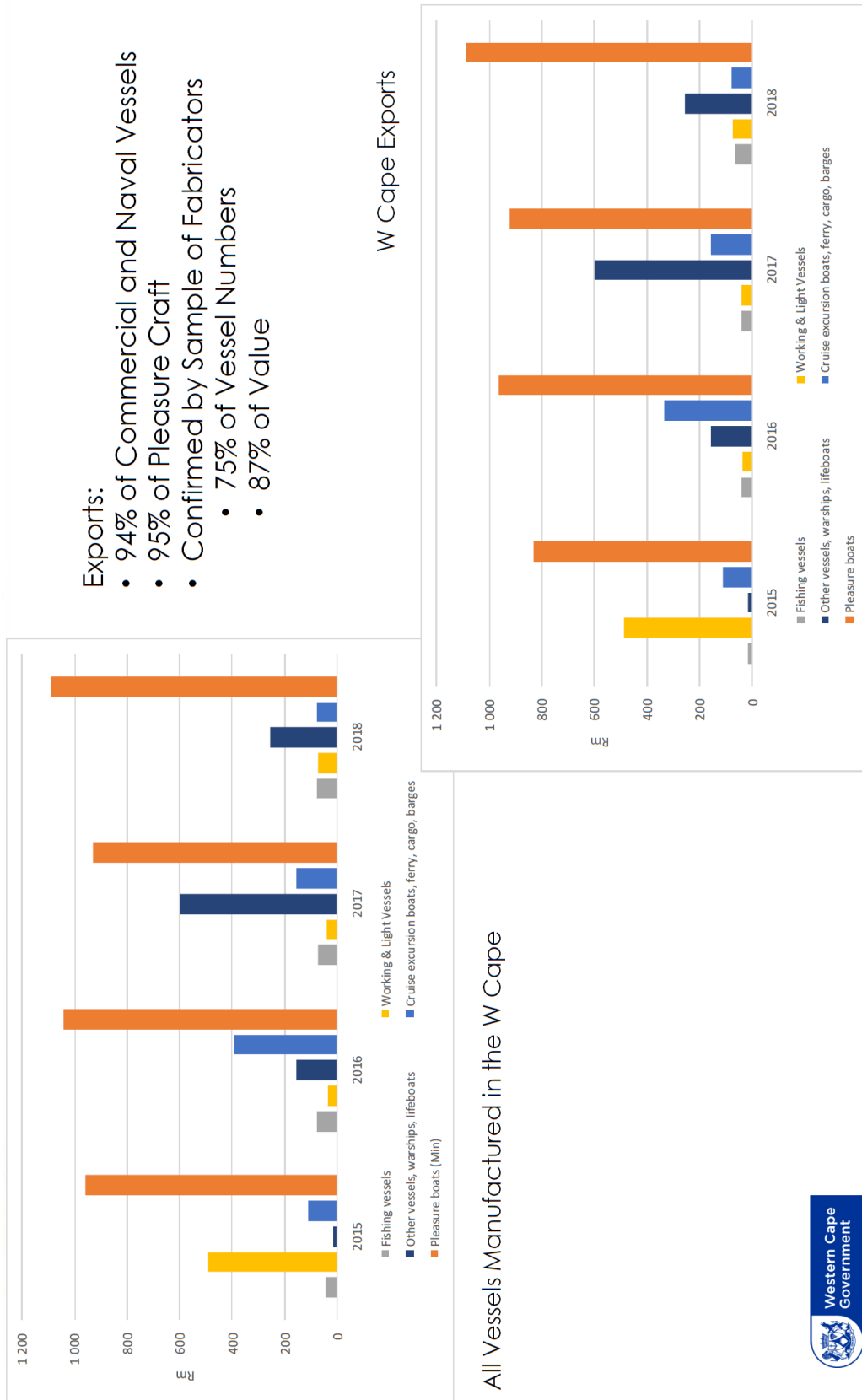


Figure 9: Western Cape and South Africa Jobs



Source: StratEcon, 2018

Figure 10: Western Cape Fabrication, 2015 - 2019



Source: StratEcon, 2018



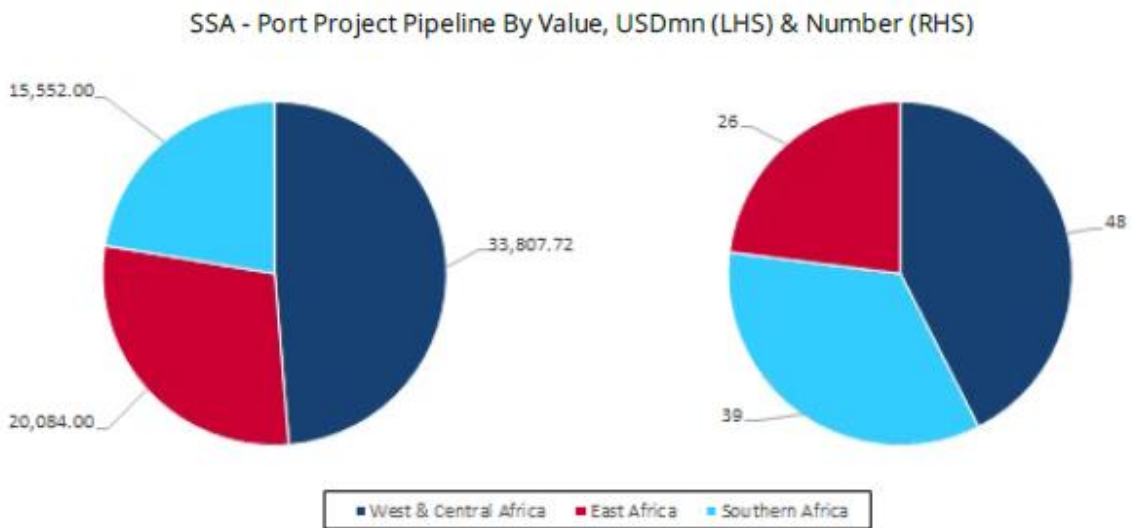
4.1.4.4.3 West & East Africa Port Infrastructure

West and Central Africa will offer considerable investment potential in the port sector over the coming years, backed by the largest port project pipeline, by value and number, of all the Sub-Saharan Africa (SSA) sub-regions (Fitch Solutions). Port development plans are largely targeted at Greenfield projects and the expansion of existing facilities needed to cope with expected increases in demand from the construction of new onward infrastructure to inland areas and landlocked markets. Nigeria is the major focus of project activity, with the government planning a number of new large-scale ports, although Cote d'Ivoire, Ghana and Cameroon also have substantial port project pipelines, ensuring that investment opportunities are spread throughout the region. The highlight that the ambitious nature of many

of the port developments, combined with the risks inherent in construction operations in these markets, means that this large pipeline is unlikely to be fully realised.

West and Central Africa will be the primary focus of investor interest in ports across sub-Saharan Africa (SSA) over the coming years, backed by a robust project pipeline in the sub-region. West and Central Africa offers the largest pipeline of port projects of all the SSA sub-regions, with 48 projects currently planned or under construction, with a total value of USD33.8bn, accounting for nearly half of the total value of port projects currently planned or under construction across all of SSA (Figure 11). While West Africa is home to some of the most advanced ports in the region, particularly in Cote d'Ivoire and Senegal, port facilities remain underdeveloped in a number of other countries, notably Nigeria.

Figure 11: West Africa Dominates Port Project Pipeline, 2019 (Fitch Solutions)



Source: Fitch Solutions Key Projects Database

As such, the need to improve the quality of ports in those regions is therefore a major driver of investment plans, in addition to the need to meet rising demand from rapidly growing populations across the region and improve transport infrastructure to facilitate

trade with underserved landlocked areas. Rail development plans are targeted at boosting access to landlocked markets, and this will also require investment in port facilities to meet increased demand and transshipment traffic.

Figure 12: Major developments planned or underway in West & Central Africa, 2019

WEST & CENTRAL AFRICA - PORT PROJECTS RELATED TO INLAND INFRASTRUCTURE DEVELOPMENT						
Country	Project Name	Sub-Sector	Project Type	Value (USDmn)	Companies	Status
Guinea	Simandou Iron Ore Export Deep Water Port, Conakry	New Port	Dry Bulk	4000	Aluminum Corporation of China (Chinalco), Government of Guinea, Rio Tinto, International Finance Corporation (IFC)	At planning stage
Senegal	Port du Futur, Bargny	New Port	Container Terminal	1883	Government of Senegal, DP World	At planning stage
Ghana	Tema Port Expansion Project	Port Expansion		1500	Standard Bank, AECOM, China Harbour Engineering Company (CHEC), Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, Bank of China, Industrial and Commercial Bank of China (ICBC), International Finance Corporation (IFC), APM Terminals, Bollore Africa Logistics, Meridian Port Holdings, Ghana Ports & Harbours Authority (GPHA)	Under construction
Congo (DRC)	Banana Deep Water Port	New Port	Quay	1000	Government of Democratic Republic of the Congo, Congo (DRC) Ministry of Transport, China Ocean Shipping Company (COSCO), DP World	Contract Awarded
Benin	Port of Cotonou Modernization and Extension	Port Expansion	N/A	822	Government of Benin	At planning stage
Cote d'Ivoire	Abidjan Second Container Terminal (TC2) Project	Port Expansion	Container Terminal	590	China Harbour Engineering Company (CHEC), Maersk, Government of Cote d'Ivoire, Port of Abidjan, Bouygues Construction, Bollore, APM Terminals, Exim Bank of China	At planning stage
Cote d'Ivoire	Abidjan Port Ore Terminal Project	Port Expansion	Dry Bulk	109	Government of Cote d'Ivoire	At planning stage

Source: Fitch Solutions Macro Research

Considering the extent of services and manufacturing demand that would be generated by these traditional oil and gas-centred African markets, it is interesting to note that the bulk of these port projects are focused on containerisation and dry bulk cargo handling capacity - only Banana Deep Water Port in the Congo (DRC) is for new quays, which will be an integrated greenfield port, industrial and logistics zone (Figure 12).

This is perhaps indicative of countries and markets discounting the ability to set up and operate successful maritime services, logistics and manufacturing bases in these countries industrial sectors.

4.1.4.5 Summary of Challenges

Noting the SWOT, status and trends of the oil, gas and maritime markets in South Africa and abroad, the strategic focus of the SBIDZ going

forward will be centred on Africa over the next 5 years to strengthen the zone's positioning. And further, that lower carbon strategies be explored with innovative approaches to zone waste management policies, circular economies, and new standards for the shipping industry. Pursuing innovation of the industry itself is a key enabler to both strengthening the company's positioning in and for Africa and lower carbon strategies.

To support the strategic focus on African markets and as an economic enabler for South Africa, the strategic focus must be inclusive of liaison with South African, Provincial and local industry bodies and business associations. And further, assess the Repairs and Fabrication potential within the nascent maritime industry, both from an investment potential and demands placed on support facilities such as a dry dock, quay facilities, and the like.

4.2 Internal Environment Analysis

4.2.1 Accounting Authority

Policy formulation and oversight

The SBIDZ-LC Board is committed to the highest standards of integrity and ethical behaviour. The code of conduct outlines the values and behaviours that govern their way of working across the business. It fosters values-based decision-making, and demonstrates how the policies and practices align with the values. The values define the way the Board and employees think, work and act. The company is committed to shared growth which means having a positive impact on society and delivering shareholder value. This is an indication of good corporate citizenship.

Strong ethical leadership and corporate governance is driven through the Board Charter, which is the foundation of the governance principles and related practices. The charter clearly sets out the matters reserved for the Board. Board members' roles are clearly articulated and outlines the mandate of all board and sub-committees. All company policies are discussed and approved by the Board.

Supervising management

Through the Board and its three Board Committees, SBIDZ-LC is able to provide the necessary management supervision. The various committees are able to provide the required

focus on specific areas of the company, namely the: Audit, IT and Risk Committee; Human Resources, Remuneration, Social and Ethics Committee and Investment Committee.

The internal governance framework has been defined to manage risks. Independent internal audit provides internal assurance to the Board regarding effectiveness of internal controls and governance. External auditors provide assurance on the company's capability.

Financial reporting is provided to the Board and reviewed in the Audit, IT and Risk and Investment Committees. The Audit, IT and Risk Committee is responsible for financial results and annual budgets.

Ensuring accountability

The Board and its Committees aim to meet quarterly. The responsibilities of the Committee's mandate include internal controls, operational risk, compliance, internal and external audit, accounting and external reporting. External auditors also provide assurance to the users of the annual financial statements, owners, regulators and legislators. External auditors are appointed and are accountable to the Board. The Chairperson and Chief Executive Officer lead engagements with the regulators and Shareholder.

The Board is accountable to the Shareholder and is responsible for creating and delivering shareholder value. The right balance is ensured in promoting long-term growth and delivering short-term performance.

4.2.2 Human Resources

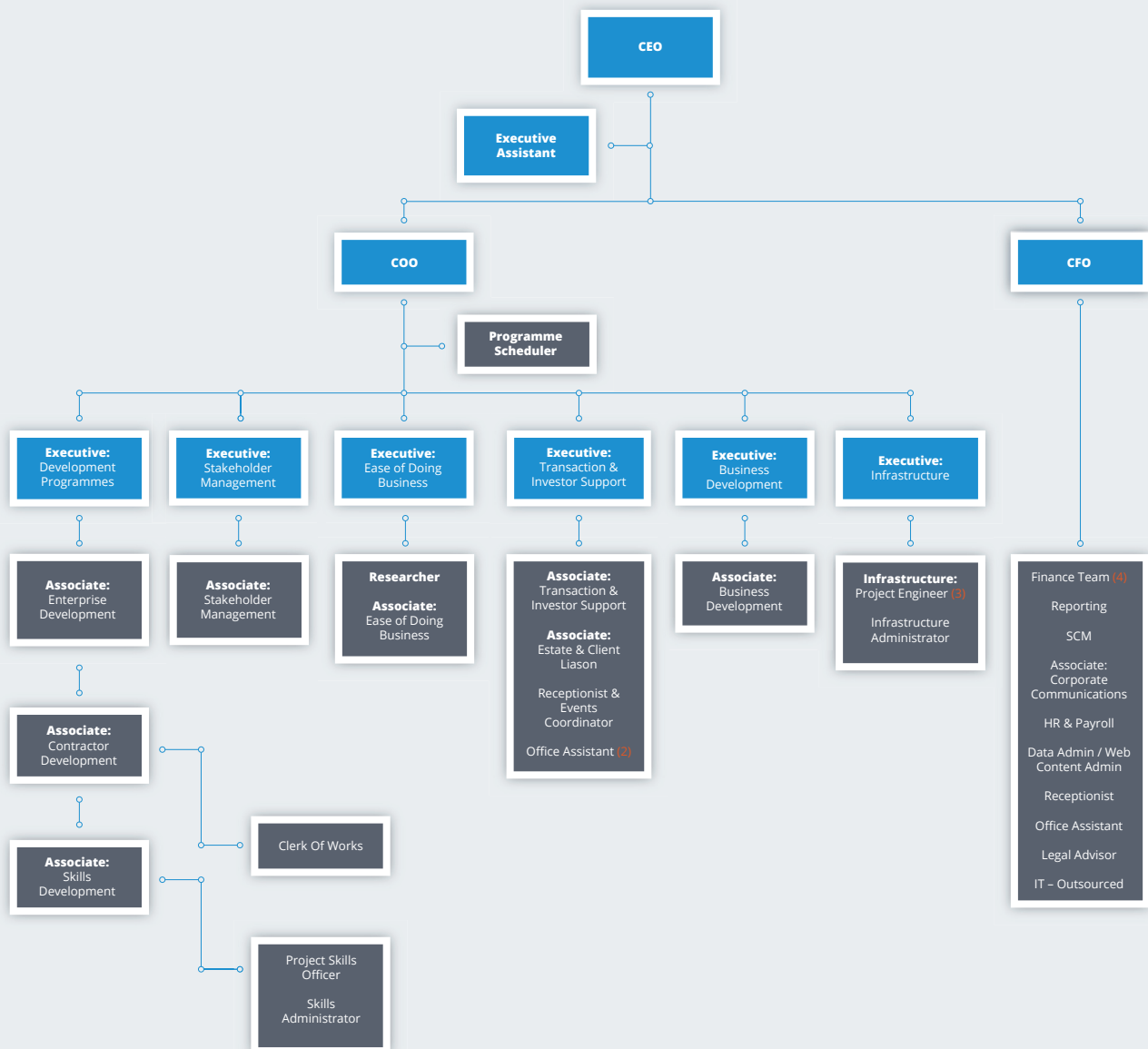
SBIDZ-LC's staff are structured to ensure setting up the zone effectively and efficiently.

There are two programmes in the SBIDZ namely, Administration and Operations. The goals and objectives of the business functions are clearly documented and aligned with the strategic goals of the entity.

Going forward, it is anticipated that the number of staff may marginally increase, particularly once the SBIDZ-LC becomes a fully functioning estate that will require support and maintenance. This process will take place gradually over the period 2020/21 – 2024/25, with due responsive to the company's ability to deliver against its strategic priorities and its fiscal environment.

The current organogram is included below:

Figure 13: SBIDZ Organogram



4.2.3 Information Communication and Technology

The Audit, IT and Risk Committee govern technology and information in a way that supports the company's setting and achieving of its strategic objectives. The Committee's responsibilities include overseeing results of management's implementation. This includes: integration, business resilience, monitoring for responsiveness to cyber security and social media risks, third-party and outsourced service provider risks, value delivered from technology investments and projects, disposal of obsolete technology and information, ethical and responsible use and compliance with laws.

The Information Technology policy and frameworks are approved by the Board and reviewed annually to ensure that it is in keeping with industry best practice.

4.2.4 Financial Resources

A fundamental financial objective of the foreseeable future is to achieve self-sustainability. Tied to the aforementioned is the equally important objective of operating an efficient zone to facilitate the attraction of domestic and international investors.

The Administration Programme 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 company, providing a

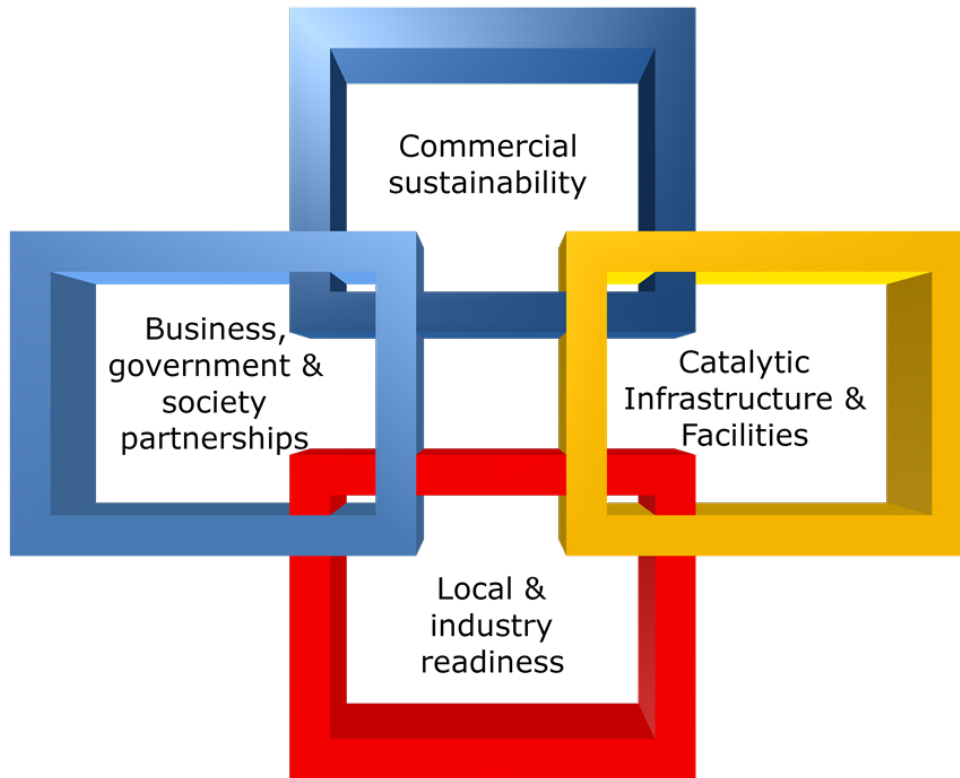
treasury function to ensure optimum spending and utilisation of financial resources. Functions of the unit include: budget maintenance, supplier maintenance, audit maintenance, tax management, annual financial statements, ensuring compliance with SCM legal framework and other relevant legislation, fixed assets management, cash management, financial management, securing funding for operational needs and capital projects and reporting to stakeholders. The reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long term prospects. The successful execution of these functions will continue to improve the drive to commercial sustainability.

The SBIDZ-LC's budget for fiscal year 2020/21 is as projected in the Corporate Plan.

4.3 Strategic Priorities over 5-Year Planning Period

The strategic priorities of the company over the five-year period are fourfold (Figure 14):

- Firstly, to fully operationalise and become commercially sustainable,
- Secondly, to provide catalytic, growth enabling and accessible infrastructure and facilities,
- Thirdly, to secure effective business, government and society partnerships, and
- Fourthly, to ensure communities and businesses are engaged, and effectively supported with skills, practise and knowledge to compete regionally and globally.

Figure 14: SBIDZ Five-Year Strategic Priorities, 2020 - 2024

4.3.1 Policy and Priority Alignment

The Province has put forth a comprehensive policy response and holistic approach to economic development, as put forward in the Strategic Framework for the Provincial Strategic Plan 2019 - 2024 (PSP), and within that, the Economy and Jobs Vision-Inspired Priority (VIP2).

The company supports the intended wider outcomes of the PSP and VIP2, particularly with reference to the zone's long-term potential to support economic growth and development in the West Coast, and draws the following to attention:

Firstly, the four strategic priorities of the company, taken together, will create a conducive, enabling business environment in and around

the zone, and will facilitate positive value-adding outcomes and impacts to the local and provincial economy and societies. Narrowing in on VIP2 alignment, this addresses key challenges of an unclear and inefficient regulatory environment and difficult access to key resources, services, facilities, both public and private, in a proactive manner.

Within the context of constrained provincial economic growth and increasing pressures for public services, the company's committed to becoming independent of provincial funding over the period is indicative of policy and priority alignment to the condition of the public fiscus, and speaks to the company's values of being a responsible, accountable public corporate citizen, but also to its vision of becoming a pioneering entity for generations to come in Saldanha Bay and beyond.

4.3.2 Enablers

To achieve our strategic priorities, we require the following:

4.3.2.1 External Enablers

An enabling environment with funding support from relevant departments and institutions specifically in respect of SEZ Funding, provincial operational funding, funding for developmental programme initiatives, and project financing from development financing institutions, as applicable.

Strong relationships with the primary partners, specifically, DEDAT, DEA&DP, Saldanha Bay Municipality, TNPA, the dti, and Treasury (both Provincial & National).

Future and current port infrastructure, in respect of access to current infrastructure, and the new 500 metre finger jetty, a floating dock, and a dedicated services berth as a minimum.

A fully operational Freeport over the designated Customs Control Area, with standard operating protocols in place with SARS, Department of Home Affairs, Department of Labour, and TNPA Port Security.

Access to national SEZ and dti investment incentives.

The implementation of the Zone Labour Charter between Trade Unions and zone tenants and operators.

4.3.2.2 Internal Enablers

Ensuring good corporate governance, with robust strategic planning and risk management.

Strategically positioning to international and local investors.

Maintaining and growing the current high performance team by ensuring continued investment in human capital.

Continued measurement of performance targets by the use of an appropriate economic model.

Ensuring effective integration between the business units by use of internal management structures, such as the Executive Committee, the Executive Team, the joint operations control, and the use of appropriate technology.

Provision of infrastructure for civil engineering services in the zone, investor buildings, the Project Leasing Facility, the Access Complex and Innovation Campus by use of contractor and professional panels.

Ensuring sufficient bulk utilities infrastructure for both short- and long-term planning by way of the utilities demand model closely linked to the investor model.

Ensuring access to suitable land, by pre-zoning and conducting enabling environmental authorisations, and ensuring the provision of utilities to individual sites, as well as security and maintenance services over the zone.

Ensuring dynamic tenant management with appropriate rental models.

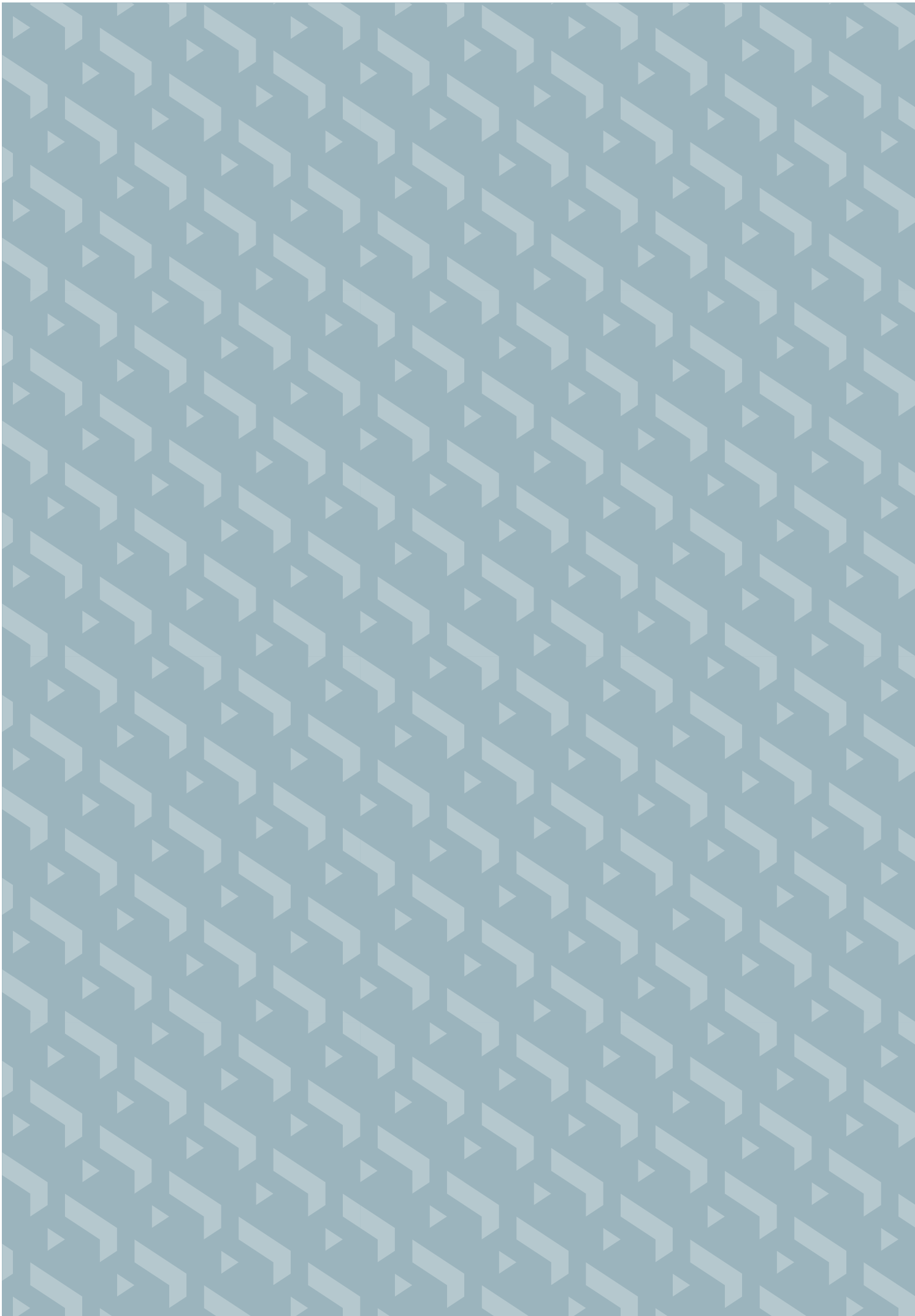
Supporting the Innovation Campus in order that it become a world-class research and development hub through partnerships with local and internal industry, community, academia and government, as applicable.

Ensuring inclusion through development programmes initiatives that match industry requirements with local employment opportunities by way of skills training, enterprise development, contractor support, the SMME hub and by supporting local content.

4.3.3 Assumptions

Key assumptions to the Strategic Plan are as follows:

- Continuity of government funding for the medium and long-term, as applicable.
- Continued support of the strategic government partners.
- Future investment in port infrastructure.
- Appropriate interpretation of the free port model via the Customs Control Area legislative and regulatory framework.
- Continued use of investment incentives.
- Continued support of organised labour.





C

MEASURING
OUR
PERFORMANCE

PART C: MEASURING OUR PERFORMANCE

1 Institutional Performance Information

1.1 Impact

To create an enabling, inclusive, sustainable environment.

1.2 Outcomes

For the Western Cape, it is estimated that the SBIDZ would contribute R9.0bn to direct regional Gross Domestic Product (GDP-R) and R28.1bn to total GDP-R. On average 4,300 direct jobs would be sustained annually with a further 6,000 indirect and induced jobs, so that on average 10,300 total jobs would be sustained in the province.

In terms of specific strategic outcomes, the SBIDZ would create an enabling environment to promote sustainable economic growth and job creation by:

- Facilitating a cumulative contribution to the National GDP by investment within the IDZ of R34.9 billion by the end of the financial year 2024/5;
- Facilitating a cumulative contribution to the Western Cape GGP by investment within the IDZ of R28.1 billion by the end of the financial year 2024/5;
- Facilitating the creation on average of 12,400 direct, indirect and induced jobs throughout South Africa by the end of the financial year 2024/5.

1.3 Explanation of planned performance over the five year planning period

Table 6: Five-year indicator, outcome and target matrix

Indicator #	Outcome	Output Indicators	Baseline	Five-year target
1.1	Promote sustainable economic growth and job creation	A cumulative contribution to the National GDP by investment within the IDZ by the end of the financial year 2024/5.	Nil	R34.9 billion
1.2	Promote sustainable economic growth and job creation	A cumulative contribution to the Western Cape GGP by investment within the IDZ by the end of the financial year 2024/5.	Nil	R28.1 billion
1.3	Promote sustainable economic growth and job creation	The creation of direct, indirect and induced jobs throughout South Africa by the end of the financial year 2024/5.	Nil	12,400

1.4 Risk Management

1.4.1 Top Strategic Risks

Strategic risk is defined as risks that affect or are created by an organisation's business strategy and strategic objectives, or lack thereof (Deloitte, 2013).

Table 7: Top Strategic Risks

Risk	Cause	Effect	Impact	Mitigation Measure
Lack of investment from entire quad-helix model (i.e. government, academia, industry, community)	Lack of communication, co-operation and financial support between each party – in particular the WCG, TNPA, the dti and SBM.	Misunderstanding and misalignment regarding the needs and requirements from each party.	Zone cannot reach full potential and achieve all objectives.	Strong secretariats to manage relationships with key government partners, with regular meaningful engagement.
Energy crisis in South Africa	Inability for Eskom to supply the energy needs of economy.	Inconsistent energy supply results in industry not being able to operate at maximum efficiency.	OG&M industry cannot operate at maximum profitability	Mitigate by policy that allows investors redundancy within the zone.
Lack of OG&M regulation	Formal O&G regulations are foreign to South Africa because of infancy of OG&M sector.	Bureaucracy and ambiguity results in increased red tape and time to process operations.	OG&M industry loss of operation time.	Lobby both Province and National around key legislative issues and regulatory interpretation.
Low carbon emission future	Growing environmental consciousness of global society.	Decreased preference for fossil fuels.	Decreased investment into O&G operations.	Concentrate also on conversion and decommissioning, oil to gas shifts, and ship recycling.
Foreign investment into South Africa does not materialise	Geo-political instability, low credit rating of SA.	Decreased FDI into South Africa.	Decreased financial capital to invest in OG&M service industry.	Make sure that the offering is world class and also dollar-based where possible.
Economic fluctuations result in a decrease in the oil price	Increased supply and decreased demand.	Decrease in the price per barrel of oil.	Decreased investment into oil exploration.	Limit exposure to investors relying solely on the oil price for their business model, i.e. diversity into fabrication, processing, repair and logistical support, and decommissioning.
Lack of interest in innovation development by OG&M industry at Saldanha Bay	Innovative capabilities of international clusters outclass the capabilities of Innovation Campus.	Loss of interest in Saldanha Bay.	Decreased investment into Innovation Campus initiatives.	Strongly lobby both international expertise and other international centres of excellence to remain relevant. Implement an appropriate business model which leverages community, international governments and the private sector in the operation of the innovation space.

Risk	Cause	Effect	Impact	Mitigation Measure
Technological innovation	Digital disruption improving productivity while keeping costs low.	Increased automation and mechanisation.	Less than expected job opportunities within the OG&M services industry for the community.	As a relatively new industry to SA all jobs will be new and will have taken the 4IR into account. Concentrate on readiness of local skills to take advantage of new opportunities.

1.4.2 Top Tactical Risks

Tactical risk is the probability of loss due to changes in business conditions in real time, or over the short term (less than a year) (Spacey, 2015).

Table 8: Top Tactical Risks

Risk	Cause	Effect	Impact	Mitigation Measure
Immigration of foreign workers	Impact of foreign, skilled workers being preferred for OG&M service industry jobs.	Community instability.	Community disapproval of OG&M Operations.	Build in mechanisms with investors for scarce skills transfers with sunset clauses.
In-migration of foreign workers	International oil operators importing their own skilled workers from foreign nations.	Opportunity to share invaluable expertise and knowledge with local South African working community.	South African workforce becomes more internationally relevant.	Continue with the use of the DOL's ESSA database to promote local recruitment by both IDZ, tenants and zone users.
Increased marine vessel traffic	Increased exploration in SA and Africa and increased maintenance and repair services offered from zone.	Disruptions for other existing port users and the environment.	Increased pollution, service time, and decreased priority of the zone for other existing port users.	Compliance to existing environmental legislative and regulatory frameworks as SBIDZ Operator and port tenant.
Increase in offshore mining activity	Increased exploration in SA and Africa and increased maintenance and repair services offered from zone.	Disruptions for local community and the environment.	Increased pollution, service time, and decreased priority of the zone for other existing port users .	Compliance to existing environmental legislative and regulatory frameworks as SBIDZ Operator and port tenant.
Untested deep waters of SA	Lack of experience with deep water rigs needed in SA.	No to slow preparedness for domestic and foreign O&G operators intending to operate in SA.	Increased breakages, thus delays, decreased economic activity could trickle down towards the zone.	Effective development programmes, linked to technology spaces such as the Innovation Campus and its education focus.
Time required to source fabrication equipment / fabricated parts	Lack of fabrication skills and resources in SA.	Outsourcing of OG&M industry needs to international sources.	Decreased investment into the zone.	Effective development programmes, with partners from other mature but struggling sectors, e.g. mining OEMs, to facilitate transversal skills and resources development.

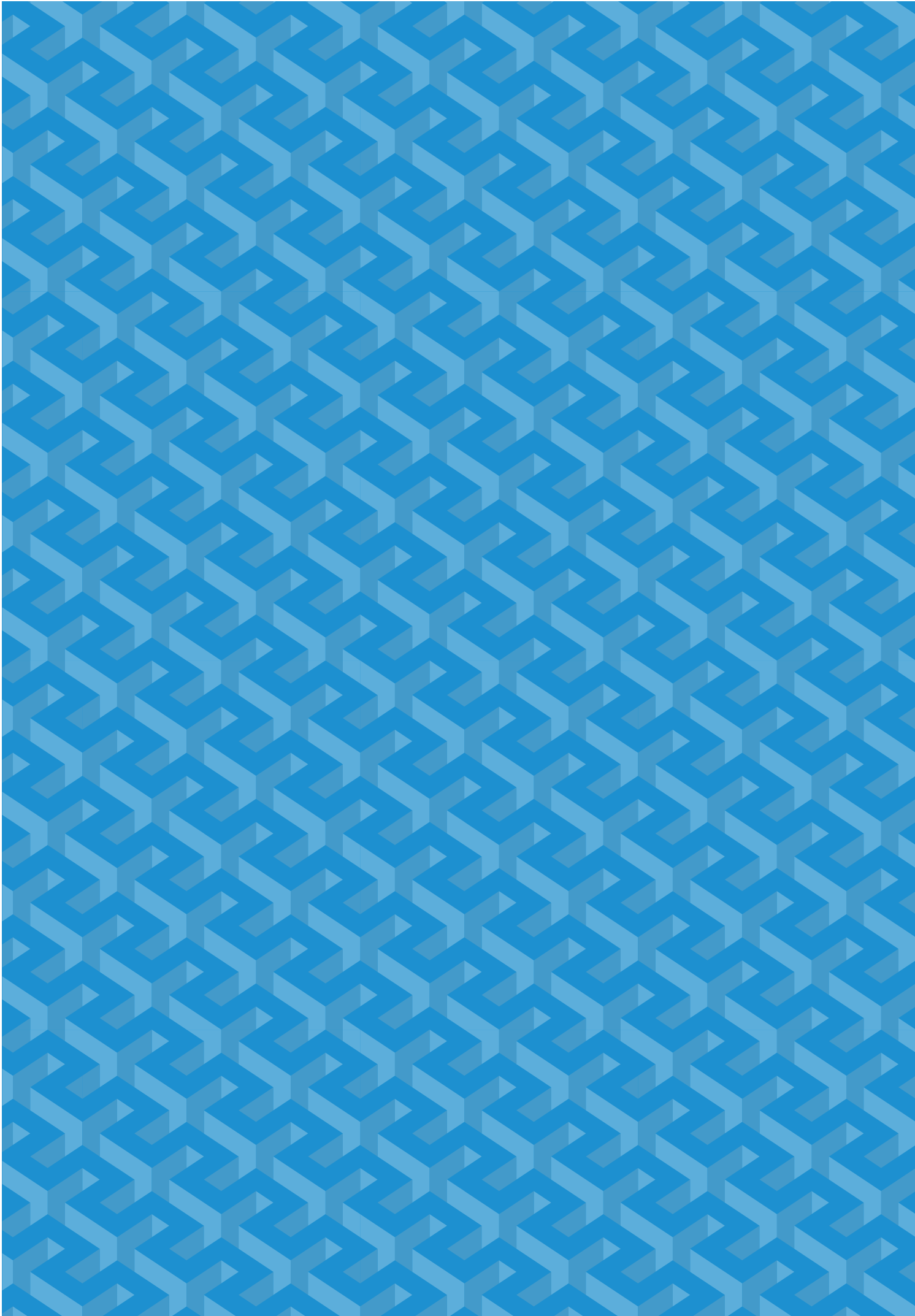
Risk	Cause	Effect	Impact	Mitigation Measure
Corruption	Lack of established regulation in South Africa regarding OG&M exploration.	Loss of financial investment.	Decreased FDI into zone initiatives.	Ensure good corporate governance, and an ethical organisation. Lobby for effective and ethical legislation and regulations in upstream petroleum development industry.

1.4.3 Top Implementation Risks

Implementation risk is the potential for a development or deployment failure (Spacey, 2017).

Table 9: Top Implementation Risks

Risk	Cause	Effect	Impact	Mitigation Measure
Time taken to build the zone and its services	Slow service delivery by contractors.	Delayed implementation of zone initiatives.	Zone suffers financial loss for each working day/month its facilities and services are not operational.	Contractor panels for faster delivery. Consultant panels for faster delivery. Smart integrated systems to track and manage critical paths.
Inadequate infrastructure (e.g. skills, resources)	Infancy of OG&M sector within South Africa.	Lack of skills and knowledge of services to meet the requirements of OG&M industry.	Outsourcing of OG&M industry needs to international sources.	Plan to manage the knowledge transition from foreign to local.
Larger ships = larger complications = more specialised/technical skills and materials required	South Africa's inability to supply growing OG&M service needs.	Outsourcing of OG&M industry needs to international sources.	Lower domestic and foreign investment into the zone.	New industry to SA so all expansion, however small is an opportunity to leverage for development and participation over time.
Retaining skilled workforce (long enough for skills transfer)	Generational (i.e. millennial) influence of younger workforce.	Skills and knowledge is lost rather than transferred.	Outsourcing of employees to meet OG&M service industry needs.	Set frameworks in place to both manage the transfer and retain same.
Time required to source fabrication equipment / fabricated parts	Lack of fabrication skills and resources in SA.	Outsourcing of OG&M industry needs to international sources.	Lower domestic and foreign investment into the zone.	Effective development programmes, with partners from other mature but struggling sectors, e.g. mining OEMs, to facilitate transversal skills and resources development.
Time taken to establish an operational port infrastructure model (e.g. min. 5-9 years)	Bureaucracy and acquiring of resources required to establish port infrastructure.	Increased time before accumulation of revenue.	OG&M industry loss of operation time.	Proactively partner with TNPA and national government to deliver the correct infrastructure faster and smarter with appropriate business models.





D

TECHNICAL
INDICATOR
DESCRIPTIONS

PART D: TECHNICAL INDICATOR DESCRIPTIONS

Overall for the Company

Indicator # 1	Contribution to National GDP, Western Cape GGP and Job Creation
Definition	The SBIDZ would create an enabling environment to promote sustainable economic growth and job creation by: <ul style="list-style-type: none"> - Facilitating a cumulative contribution to the National GDP by investment within the IDZ by the end of the financial year 2024/5; - Facilitating a cumulative contribution to the Western Cape GGP by investment within the IDZ by the end of the financial year 2024/5; - Facilitating the creation of direct, indirect and induced jobs throughout South Africa by the end of the financial year 2024/5.
Purpose	Measure the contribution made to the South African economy overall through the SBIDZ programme and the prioritisation of the Saldanha Bay region.
Source of data	Statistical data from the SBIDZ SAM Economic Model.
Method of Calculation / Assessment	SBIDZ SAM Economic Model by an independent service provider.
Assumptions	Capital and operating expenditure over the five-year financial period by the SBIDZ-LC, the Western Cape Government, Transnet and tenants and customers of the zone represents flows of the economic transactions that take place within the economy.
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Western Cape
Reporting Cycle	Annual progress against the five-year target
Desired performance	Achievement of the target.
Indicator Responsibility	Chief Executive Officer

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