



FREEPORT **SALDANHA**

INDUSTRIAL DEVELOPMENT ZONE

CORPORATE **PLAN**

2023 / 24

LH2
Liquid Hydrogen

LH2
Liquid Hydrogen

Hydrogen-powered

Saldanha Bay IDZ
Licencing Company SOC Ltd
t/a Freeport Saldanha

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FREEPORT
SALDANHA

INDUSTRIAL DEVELOPMENT ZONE

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EXECUTIVE AUTHORITY STATEMENT

Creating the right conditions to enable private-sector-led economic growth that creates jobs is a key priority for the Western Cape Government.

Freeport Saldanha's stated mission to facilitate and foster responsible investment which creates shared prosperity for the area by becoming "Africa's premier maritime, energy, and logistics Freeport" aligns with this priority, as well as the provinces' new 'Growth for Jobs' Strategy going forward.

Critical to this objective is the urgent need to build energy resilience, not only to mitigate the effects of loadshedding and the resulting economic damage, but also because of the immense potential this sector has to attract investment as well as reduce the impact of climate change.

Freeport Saldanha is recognized as having immense green hydrogen potential and is well positioned to explore opportunities to increase demand through production, bulk exports, and by attracting foreign direct investment which will contribute to economic growth and job creation in the context of ensuring a 'Just Energy Transition'.

In line with the Growth for Jobs Strategy, the Freeport is actively exploring new opportunities in Green Hydrogen and to facilitate and attract private investment in the development of this industry in Saldanha, and the greater region, which I welcome.

We also look forward to seeing the economic benefits of the recently signed landmark Memorandum of Understanding, between the Western and Northern Cape, to develop a green hydrogen hub and corridor.

In the year ahead, while there is much work to be done, I look forward to the Freeport Saldanha realising its full potential as a catalyst for investment, economic growth, and job opportunities for Saldanha Bay municipality, the West Coast District municipality, the Western Cape province, and South Africa as a whole.



Ms Mireille Wenger
Minister of Finance and Economic Opportunities

ACCOUNTING AUTHORITY STATEMENT

The 2023/24 Corporate Plan of the Saldanha Bay Licencing Company SOC Ltd marks three discernible changes, some cosmetic and deeply intentional.

Firstly, the company has rebranded to a trading name, “Freeport Saldanha”.

The customs control area designation held since 2019 over nearly 70% of its footprint brings with it an attractive customs regime over land in and around the Port, a first for South Africa in the SEZ Programme. This was tested and re-established in the market demand studies commissioned over 2021 and 2022, because the full rebates of import customs and excise duties to qualifying firms brings significant cash flow benefits for the firms located there. Thus, the Board supported the adoption of the trading name, supported by a comprehensive brand and marketing strategic analysis, primarily as the global recognition and understanding in our markets’ lines up better with “freeport” than with “industrial development zone”.

Secondly, we have incorporated the priorities of the Western Cape’s new Growth for Jobs Strategy in our programmes and subsequent outputs and outcomes over the next three years more succinctly. This was a complex process for the entity, needing to consult and be responsive to local and national strategies and policies and that from which we derive our mandate. Thankfully, our “north star” mission of striving to foster responsible investment and creating shared prosperity for Saldanha Bay as a sustainable pioneer in the region supports the core intents of National, Provincial and Local Government and responds to business’ and societies’ need for a premier location for their investments – be it South African or foreign in origin.

Thirdly, in response to the recovery post-pandemic and structural reforms which has not materialised to the extent hoped, and yet, with Saldanha still poised for great potential, from the investments made thus

far and those that sit, straining, in the investment pipeline, the entity is actively focused on bringing these investments in, unlocking employment and economic growth, getting revenue up and positioning the entity through its tangible and intangible assets for resilience and agility towards the market opportunities we see. Translated into the Corporate Plan, you will see a key new dynamic market being green hydrogen in the Freeport’s focus, having taken firmer shape towards the end of 2022 with pivotal developments between the Western Cape and Northern Cape, the proposed South African Green Hydrogen Commercialisation Strategy, and investors’ announcements, such as Sasol and AMSA, targeting a “Saldanha GH2 Hub” and investment in the Freeport for GH2 production and associated component manufacturing and services.

We continue to engage, with the leadership of the Executive Authority, the Western Cape Government’s Office of the Director-General, the Saldanha Bay Municipality and the DTIC on key intergovernmental matters with Transnet, the Port Authority and DPE, amongst others in the pursuit of securing functional compacts regarding a common, accountable, mutually beneficial destination for the Port and the Freeport.

On behalf of the Board, the Accounting Authority for Freeport Saldanha, I reaffirm our commitment to providing oversight and leadership to the Freeport, with the firm intention of making sure that the entity delivers on the outputs set out in this Corporate Plan, with the knowledge that these will lead to the outcomes and impact that the Freeport aims to achieve, as set out in its five-year Strategic Plan.



Mr Heinrich Mettler
Acting Chairperson of the Board

OFFICIAL SIGN-OFF

It is hereby certified that this Corporate Plan:

- Was developed by the management of Saldanha Bay Industrial Development Zone Licencing Company SOC Ltd t/a Freeport Saldanha, under the guidance of the Board and Shareholder Representative, Minister Mireille Wenger, Minister of Finance and Economic Opportunities.
- Was prepared in line with the current Strategic Plan of Freeport Saldanha.
- Accurately reflects the performance targets which Freeport Saldanha will endeavour to achieve, given the resources made available in the budget for 2023/24.

Mr Doug Southgate
Chief Operations Officer



Signature

Mr Herman Boneschans
Chief Financial Officer



Signature

Mrs Kaashifah Beukes
Chief Executive Officer




Signature

Mr Heinrich Mettler
Accounting Officer



Signature

Minister Mireille Wenger
Executive Authority



Signature



OUR MANDATE

A

PART A: OUR MANDATE

1 Constitutional mandate

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

Freeport Saldanha 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. Freeport Saldanha 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. Freeport Saldanha 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, Freeport Saldanha 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 Freeport 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.

Freeport Saldanha, as per its designation initially sought, is intended to be an oil and gas and marine re-pair engineering and logistics services complex, serving the needs of the upstream exploration and production service companies operating in the oil and gas fields in Sub Saharan Africa. The Freeport will include logistics, repairs and maintenance, as well as fabrication activities. The IDZ designation will also afford the Freeport the ability to offer a contiguous customs-free area. Freeport Saldanha is the implementing vehicle of the Freeport and will be responsible for the provision of infrastructure, promotion, management and marketing of the IDZ.

Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended by the B-BBEE 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). Freeport Saldanha has embraced the principles and objectives as set out in the B-BBEE 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 is 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 entity and provides for the objects, functions, and governance of the entity. In terms of the Act, the objects of the entity are to establish and fulfil the purpose of a SEZ within the greater Saldanha Bay area, including, but not limited to—

- (a) promoting, managing and marketing the Freeport;
- (b) providing internal infrastructure in the Freeport area;
- (c) facilitating the ease of doing business in the Freeport area; and
- (d) 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 Freeport Saldanha, and both parties' desire to be a contributing agency in providing services to the Cape Investor Centre, Wesgro and Freeport Saldanha 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

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

- The National Development Plan;
- The South African Economic Reconstruction and Recovery Plan;
- The National Infrastructure Plan 2050 (Phase 1 and Phase 2 [draft]);
- The Reimagined Industrial Strategy;
- The Presidential Infrastructure Coordinating Commission (PICC) Rollout Programme;
- The Industrial Policy Action Plan;
- Operation Phakisa Oceans Economy;
- Comprehensive Maritime Transport Policy (CMTP).

2.3.1 Overarching Policy Environment

National Development Plan: Vision 2030

The National Development Plan: Vision 2030 (NDP) states that the guiding principle of the plan is to “eliminate poverty and to sharply reduce inequality” and focus on inclusivity in the economy. Three of the top four policy proposals (of nine listed) in the NDP are directly addressed through Freeport Saldanha. These are:

- “create jobs and livelihoods”;
- “expand infrastructure”;
- “transform urban and rural spaces”.

2.3.2 Leading Economic Policy

The South African Economic Reconstruction and Recovery Plan

On 15 October 2020 President Ramaphosa tabled the Economic Reconstruction and Recovery Plan (ERRP) at a joint sitting of Parliament. The ERRP is the culmination of work between government, business, labour and community at NEDLAC, and includes key commitments from each stakeholder to achieve its objectives.

The Plan includes measures to:

- Achieve sufficient, secure and reliable energy supply within two years.
- Create mass employment.
- Increase infrastructure investment.
- Reduce data costs.
- Increased localisation for reindustrialisation and growth.

The National Infrastructure Plan 2050 (Phase 1 and Phase 2 [draft])

Infrastructure development is critical to attaining South Africa’s long-term economic and social goals. The NIP 2050 will ensure that the foundations for achieving the NDP vision for inclusive growth are supported. The NIP 2050 offers a strategic vision and plan that links top NDP objectives to actionable steps and intermediate outcomes. The aim is to promote dynamism in infrastructure delivery and address institutional blockages and weaknesses that hinder success over the longer term. Additionally, the NIP 2050 will guide the way to building stronger institutions that can deliver on infrastructure related aspirations of the NDP.

During August 2021, the Department of Public Works and Infrastructure (DPWI) gazetted the draft NIP 2050 phase 1 for public comment. The NIP 2050 phase 1 was prepared by Infrastructure South Africa (ISA) team over a period of six months working closely with sector specialists and other stakeholders. Subsequently, the National Infrastructure Plan 2050 (NIP 2050) Phase 1, published on 11 March 2022 for implementation, detailing the South African Government’s broad vision for infrastructure development in the country. The NIP 2050 seeks to create a foundation to give effect to the National Development Plan, setting out actionable steps and intermediate outcomes intended to lead to inclusive growth and promote job-creation and transformation in South Africa. This first phase of NIP 2050 focuses on four strategic sectors: energy, water, digital infrastructure, and freight transport.

The draft NIP 2050 Phase 2 was gazetted for public comment on 21 October 2022. The NIP 2050 Phase 2 attempts to offer a strategic vision and plan to deliver high-priority distributed infrastructure networks by 2050. It focuses on

distributed infrastructure that links more closely to businesses and communities. Building on the bulk infrastructure sectors prioritised in NIP 2050 Phase 1, this iteration also offers a strategic vision and plan that links NDP objectives to practical steps and intermediate outcomes. To this end, the NIP 2050 Phase 2 focuses mainly on six (6) distributed infrastructure sectors which are: Human Settlements, Municipal trading services, Passenger transport, Road Infrastructure and social infrastructure related to Education and Health.

Comprehensive Maritime Transport Policy (CMTP)

The adoption of the Comprehensive Maritime Transport Policy (CMTP) by Cabinet on 10 May 2017 created a historic opportunity to invigorate the maritime transport sector. The CMTP Implementation Plan 2030 was subsequently developed and is the preferred path to maritime sector transformation and development as envisaged by the CMTP. One of the aims of the CMTP Implementation Plan 2030 is to establish the fundamental pillars on which to base the implementation of the CMTP culminating in South Africa becoming an International Maritime Centre by 2030.

In April 2022, Freeport Saldanha participated in the 2022 Hybrid Mid-term Maritime Policy Conference which was hosted by the National Department of Transport (DoT). The Conference took place five years after the adoption by the Cabinet of the Comprehensive Maritime Transport Plan (CMTP) and sought to review progress on the implementation of the CMTP. At the conference, delegates agreed that the full value of the CMTP is yet to be realised. It is with this in mind and in effort to accelerate the implementation of the CMTP, that the DoT has established six (6) industry championed maritime task forces. Freeport Saldanha's strategy and work align closely with the CMTP's key strategic objectives and as such the Company has continued to be a valued and active stakeholder in the DoT's efforts to accelerate the implementation of the CMTP by nominating representatives to serve on and participate in the work of the CMTP maritime task forces.

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.

2.3.2.1 Industrial Policy

Reimagined Industrial Strategy

The dtic did not develop a new annual Industrial Policy Action Plan (IPAP) for 2020/21 financial year due to the shift in industrial policy initiated by the Department. This shift in Industrial Policy is articulated in the new Reimagined Industrial Strategy (RIS).

The 6th South African Democratic Administration under leadership of President Ramaphosa has stressed the importance of policy implementation as a central feature over the next 5 years. To this end, in June 2019, Cabinet endorsed the RIS. The RIS underlines the role of the state in changing the growth trajectory of the South African economy through supporting improved industrial performance, dynamism and competitiveness. A key pillar of the RIS is the development of Masterplans and central to these Masterplans is a strong social compact between government, industry, and organised labour, where each social partner commits to implement concrete interventions to transform and build the economy.

Masterplans are currently at various stages of development and each Masterplan will be led by an identified National Department. The common theme that is to be entrenched in each Masterplan is "transformation", with an emphasis on driving industry transformation by supporting new and emerging entrants to the market, particularly black industrialists, the youth, and women. The process to develop a Masterplan includes:

- A Comprehensive review of the South African value chain's present position and policies.
- Completing an industry SWOT and drawing lessons from international successes.

- Developing policy and regulation recommendations for government.
- Proposing programmes for collective action (industry, government and labour).
- Developing development targets for industry; and
- Establishing an institutional structure to drive implementation.

Once developed, Executive Oversight Committees (EOCs) and Industry Reference Groups (IRGs) will be set up to monitor the implementation of the commitments reflected in each Master Plan. Currently the dtic is responsible for the development and execution of the following Master Plans:

- Car Manufacturing.
- Clothing, textile, leather and footwear.
- Poultry.
- Sugar.
- Steel and Furniture; and.
- Chemicals and Plastics.

Additional Master Plans, such as the Oceans Economy Masterplan, is currently in development led by the Department of Forestry, Fishing and Environment (DFFE).

2.4 Provincial policy context

In addition, by virtue of the Provincial Department of Economic Development and Tourism being the overseeing governing body, Freeport Saldanha is linked to broader provincial strategies and policies, including the Western Cape Provincial Strategic Plan (PSP), the Western Cape Recovery Plan, the Western Cape Provincial Spatial Development Framework (PSDF), the Western Cape Infrastructure Framework (WCIF) and the Western Cape Growth Potential of Towns Study. These provincial strategies and policies are further expanded upon under point 3.

Specifically, Freeport Saldanha falls under **Provincial Strategic Goal VIP2**, focussing on exports, employment, and GDP, as per the recently concluded Western Cape Government Provincial Strategic Plan (PSP) 2019 – 2024. Freeport Saldanha also aligns with the Saldanha Bay Municipality Local Economic Development Strategy and the Growth Potential Study of Towns (GPS) -2014.3.2.

3 Institutional Policies and Strategies over the five-year planning period

3.1 Policies

3.1.1 Western Cape Provincial Strategic Plan 2019-2024

The PSP sets out the WCG’s 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; and
- VIP 5: Innovation and Culture.

Due to its mandate and nature of work, Freeport Saldanha 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 Freeport Saldanha as playing a catalytic role in unlocking the industrial and economic potential of the West Coast.

3.1.2 Western Cape Recovery Plan

The economic impact of the Global COVID-19 pandemic on South Africa and the Western Cape necessitated that the WCG review its provincial plans and budgets.

The WCG subsequently developed a Western Cape Recovery Plan (WCRP), based on four themes:

- **COVID RECOVERY:** The pandemic is still with the country and its citizens; existing health measures must continue, and new ones put in place, and the secondary impacts of COVID-19 on the delivery of health services must also be dealt with.
- **JOBS:** The economic impact of COVID-19 has been severe, and recovery can only occur if the economy grows and citizens generate income.
- **SAFETY:** This is the overarching theme for the PSP, and it is equally relevant going forward. It is inextricably linked with Wellbeing, as Safety cannot be achieved if basic human needs are not met.
- **WELLBEING:** Government must ensure that the basic human needs of citizens are realised, as guaranteed in the Constitution.

A concept that is central to the above themes is **dignity**. The citizen is at the centre of everything that the WCG does as government, and what is delivered, and how it is delivered must uphold the dignity of every individual, household, and community.

The national Economic Reconstruction and Recovery Plan identifies priorities for the economic recovery from the socio-economic consequences of the pandemic. The Western Cape Recovery Plan shares numerous priority interventions with the national plan, including infrastructure development, export promotion, energy security and the green economy, tourism recovery and growth, mass public employment interventions, and increasing food security.

Freeport Saldanha resides within the “**Jobs**” theme of the WCRP and contributes to all five focus areas of the theme through the work of the company.

These focus areas are:

- Accelerate Ease of Doing Business.
- Boost infrastructure.
- Boost investment and exports.
- Scale up work opportunities and skills for people without jobs.
- Economic resilience.

This contribution to these five focus areas is evidenced by the Company’s investment promotion mandate, the investment pipeline established, and infrastructure developed, where some investments are already realised and in operation in the Zone. In addition, Freeport Saldanha in its 5-Year Strategic Plan and Corporate Plans commits the Company to taking a more activist role regarding enabling, catalytic marine infrastructure in the Zone and port, namely through the Cost Benefit Analysis and Environmental Impact Assessment for marine services infrastructure currently underway. Lastly, investors in the Zone will be import and export facing, as their operations come online over the next years.

Freeport Saldanha also contributes to the “Scale up of work opportunities and skills for people without jobs” through its development programmes. This is to a lesser degree as the Freeport undertakes industry-targeted skills development as a strategic link between local citizens and the maritime and energy markets in the Zone to create a pipeline of competent, accessible, and competitive skills capacities.

In the long term, through the Saldanha Bay Innovation Campus programme, Freeport Saldanha will also contribute to the “Economic Resilience” focus area, as a just transition to lower carbon economies is enabled by competitive investment into research, design and innovation into lower carbon-needing and -producing technologies in industrial systems, such as those that will be located in the Zone. In addition, Freeport Saldanha reports and participates in the Jobs theme, contributing to the short- to medium-term MTEF 2021–24 response plan.

3.1.3 Western Cape Growth for Jobs Strategic Framework¹

The Growth for Jobs (G4J) Strategic Framework is the foundation for the development of the new Growth for Jobs Strategy and Implementation Plan for the Western Cape. Taking into consideration South Africa's profound socio-political challenges, the development of this Framework has been based upon sound research and analysis, including a detailed growth diagnostic commissioned by the WCG.

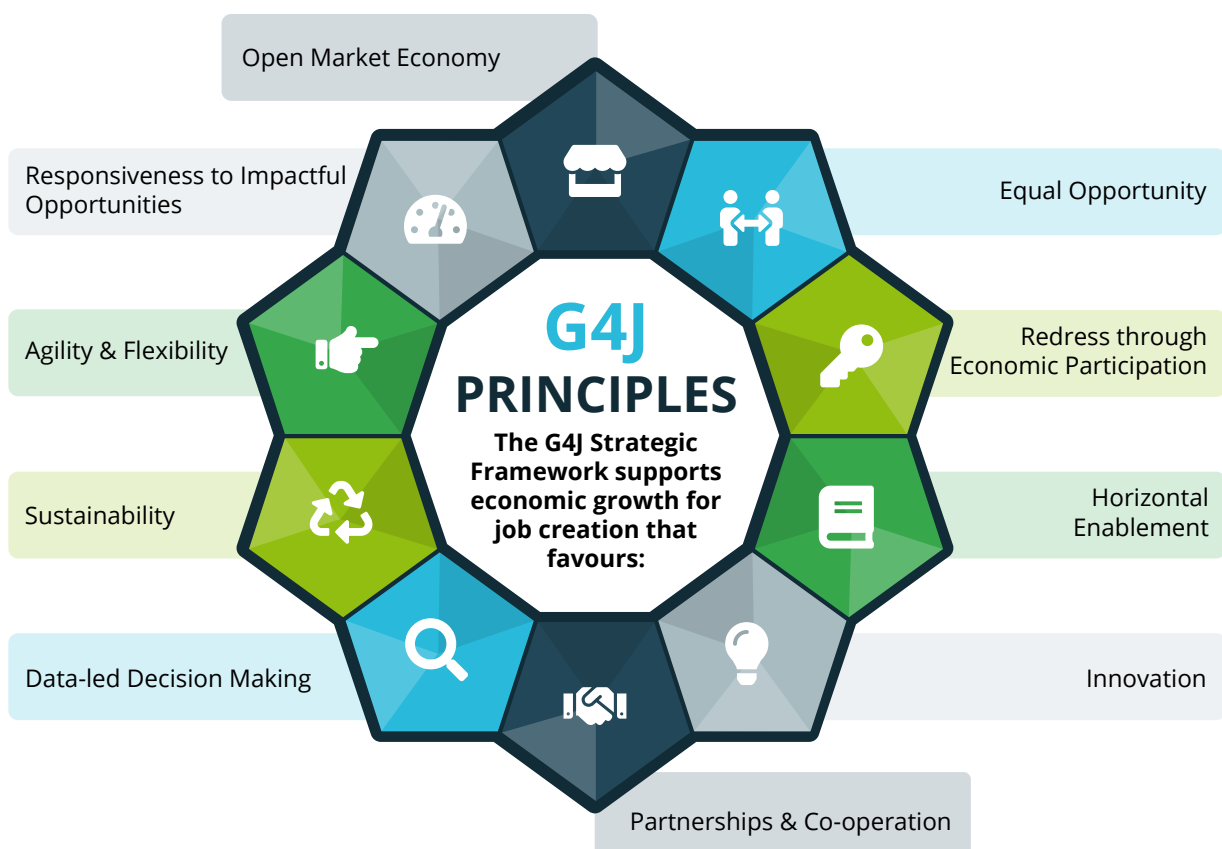
The G4J strategic framework reflects a bold vision for the economy of the province that is: *"for the economy of the Western Cape to achieve break-out economic growth in order to drive sufficient employment and opportunity, and which*

is sustainable, resilient, diverse, and thriving - generating confidence, hope and prosperity for all."

To achieve this, the WCG's goal is that by 2035, the Western Cape will be a R1 trillion inclusive economy, growing at between 4% and 6% per annum, which will stimulate sufficient employment and opportunity to improve lives. This will be achieved through enabling a competitive business environment driven by private sector-led opportunities and market growth.

To guide the WCG in its approach towards achieving this vision and goal, the Strategic Framework has also identified ten (10) key principles that act as beacons to inform choices, decisions, and actions. They guide what should be inside and outside of its scope. These principles are depicted in figure 1 below:

Figure 1: Underpinning principles of the Growth for Jobs Strategic Framework



Source: G4J Strategic Framework

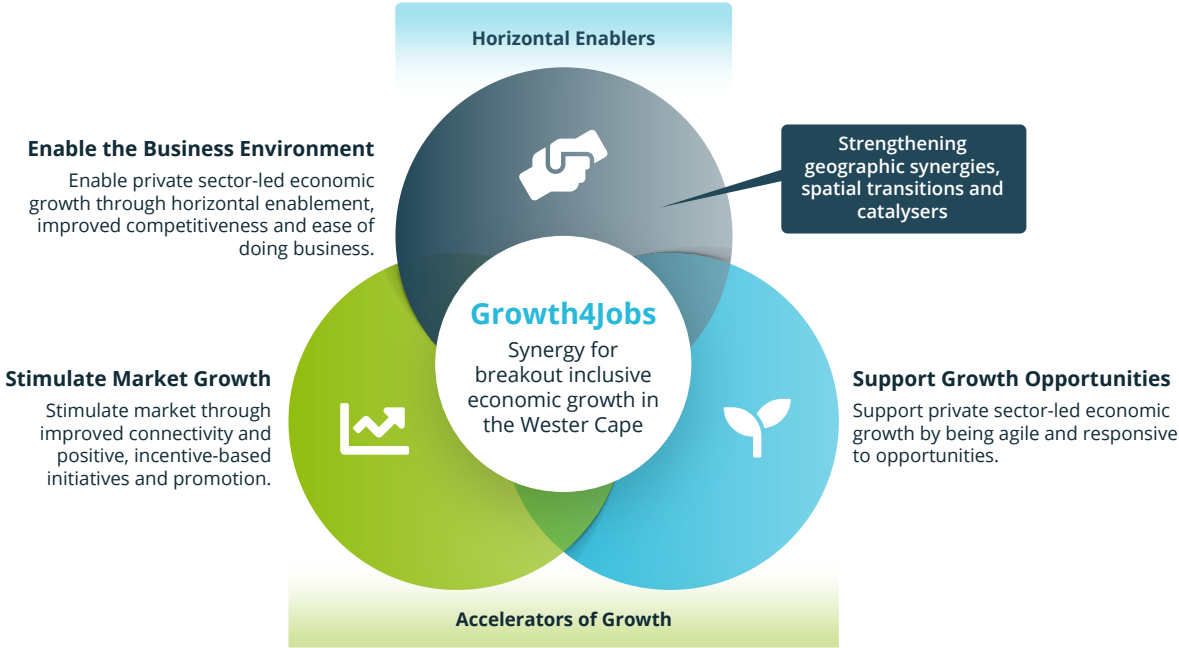
¹ Growth for Jobs Strategic Framework 2022

To achieve breakout economic growth, led by the private sector, substantial investment must occur, employment created, and productivity levels (of both capital and labour) improved. The G4J strategic framework recognises that these are the three universal drivers of growth. These three pillars are:

- enabling the business environment;
- supporting growth opportunities; and
- stimulating market growth.

The pillars along with the focus areas for each pillar are reflected through figure 2 below.

Figure 2: Key Pillars of the Growth for Jobs Strategic Framework



Source: G4J Strategic Framework

Freeport Saldanha’s alignment with and contribution to the G4J strategic framework is evidenced by the Company’s investment promotion mandate, the investment pipeline established, and infrastructure developed, where investments are already realised and in operation in the Zone.

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 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 marine and energy industries.

3.1.4 Western Cape Provincial Spatial Development Framework

The Western Cape Provincial Spatial Development Framework (PSDF), adopted in 2014, sets out the basis for addressing the province’s spatial agenda. It is not a blueprint 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 are heading, and so can respond to opportunities arising.

The PSDF's spatial policies cover three interrelated themes, namely "resources", "space-economy" 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 to 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 to leverage private sector and community investments.

3.1.5 Western Cape Infrastructure Framework

The WCG 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).

It should be noted that the Western Cape Provincial Department of Transport and Public Works (DTPW) is currently leading a process to revise and update the WCIF. Freeport Saldanha is participating in this process as a key stakeholder.

3.1.6 West Coast District: Joint District and Metro Approach Plan

The Western Cape Government's (WCG) has adopted the Joint District and Metro Approach (JDMA) in response and in alignment to National Government's District Development Model (DDM). The objectives of the DDM are to

- Coordinate a government response to challenges of poverty, unemployment, and inequality particularly amongst women, youth and people living with disabilities.
- Ensure inclusivity by gender budgeting based on the needs and aspirations of our people and communities at a local level.
- Narrow the distance between people and government by strengthening the coordination role and capacities at the District and City levels.
- Foster a practical intergovernmental relations mechanism to plan, budget and implement jointly to provide a coherent government for the people in the Republic; (solve silo's, duplication and fragmentation) maximise impact and align plans and resources at our disposal through the development of "One District, One Plan and One Budget".
- Build government capacity to support to municipalities.
- Strengthen monitoring and evaluation at district and local levels.
- Implement a balanced approach towards development between urban and rural areas.
- Exercise oversight over budgets and projects in an accountable and transparent manner.

Through the work coordinated in this regard by the WCG's Department of Local Government (DLG) a holistic JDMA plan has been developed for municipalities within the West Coast District. This plan has been approved by all Municipalities in the district, the WCG and National Government through the Department of Cooperative Governance and Traditional Affairs (COGTA). Freeport Saldanha has been included in the economic section of this plan as a strategic project for the west coast district area.

3.1.7 Saldanha Bay Municipality 4th Generation Integrated Development Plan 5th review (2022/23) 2017 - 2022 2nd Amendment

The Saldanha Bay 4th generation 2017-2022 Integrated Development Plan (IDP) is the Saldanha Bay Municipality's (SBM) 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.

Freeport Saldanha will create opportunities for economic growth and employment for the people living in the SBM municipal area and beyond, either through direct employment in the zone, or through small, local businesses doing business with zone tenants and users. It is the firm belief of the Municipality that Freeport Saldanha will change the lives of Saldanha Bay citizens, for now and generations to come. This belief is underscored by the economic projections from the jointly conducted economic research study called the Saldanha Bay Municipality Socio-Economic Futures (SBM SEF), which identified and reaffirmed the IDZ's potential importance to the local economy. The SBM SEF report will form the basis for economic logic informing the key strategic informant to the Municipality's and Freeport Saldanha's strategic planning.

It is with this in mind that the Municipality has placed Freeport Saldanha and its development at the core of its long-term development strategy by addressing it through its Strategic Objective 1, which aims "to diversify the economic base of the municipality through industrialization, de-regulation, investment facilitation and tourism development whilst at the same time nurturing traditional economic sectors".

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, de-regulation, 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 Freeport Saldanha'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.

3.1.8 Saldanha Bay Municipality Spatial Development Framework

The Saldanha Bay Municipal Spatial Development Framework (SDF), reviewed and adopted in 2019 and reviewed annually as part of the Municipality's integrated development planning process, 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 Freeport Saldanha 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, considering 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.

3.1.9 Saldanha Bay Municipal Economic Recovery Plan 2020

The pandemic has dealt a heavy blow to economic growth which caused a significant decline in the vibrancy of the economy and resulted into massive job losses. Following engagement at multiple levels, SBM crafted a Municipal Economic Recovery Plan (MERP) with the objectives of:

- To maintain a very high level of energy, water supply and municipal services;
- Investment retention and promotion;
- Supporting local businesses;
- Creating business opportunities via localization; and
- Direct job creation through EPWP and CWP.

The framework of action in the MERP has the overarching theme of Rebuilding the Economy, and has three action areas, namely: New Investment and Investor Retention, Localisation and SMME Support (working with local business organisations), and Value Chain Analysis and Support (enhancing longer term competitiveness).

As the single most important development that will take place in the Saldanha Bay Municipal area over the next 10 to 20 years, Freeport Saldanha plays a catalytic and critical short-, medium- and long-term recovery mechanism towards each of these action areas through its construction programme, the positive spill over benefits between businesses in the zone and outside of the zone, job creation and the long-term wholesale restructuring of the economic structure towards a deep and solid industrial base.

3.1.10 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 high-level 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 Freeport Saldanha 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.

3.1.11 COGTA 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 Freeport Saldanha 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

3.2.1 DTIC SEZ Strategic Framework 2020-2030: Draft

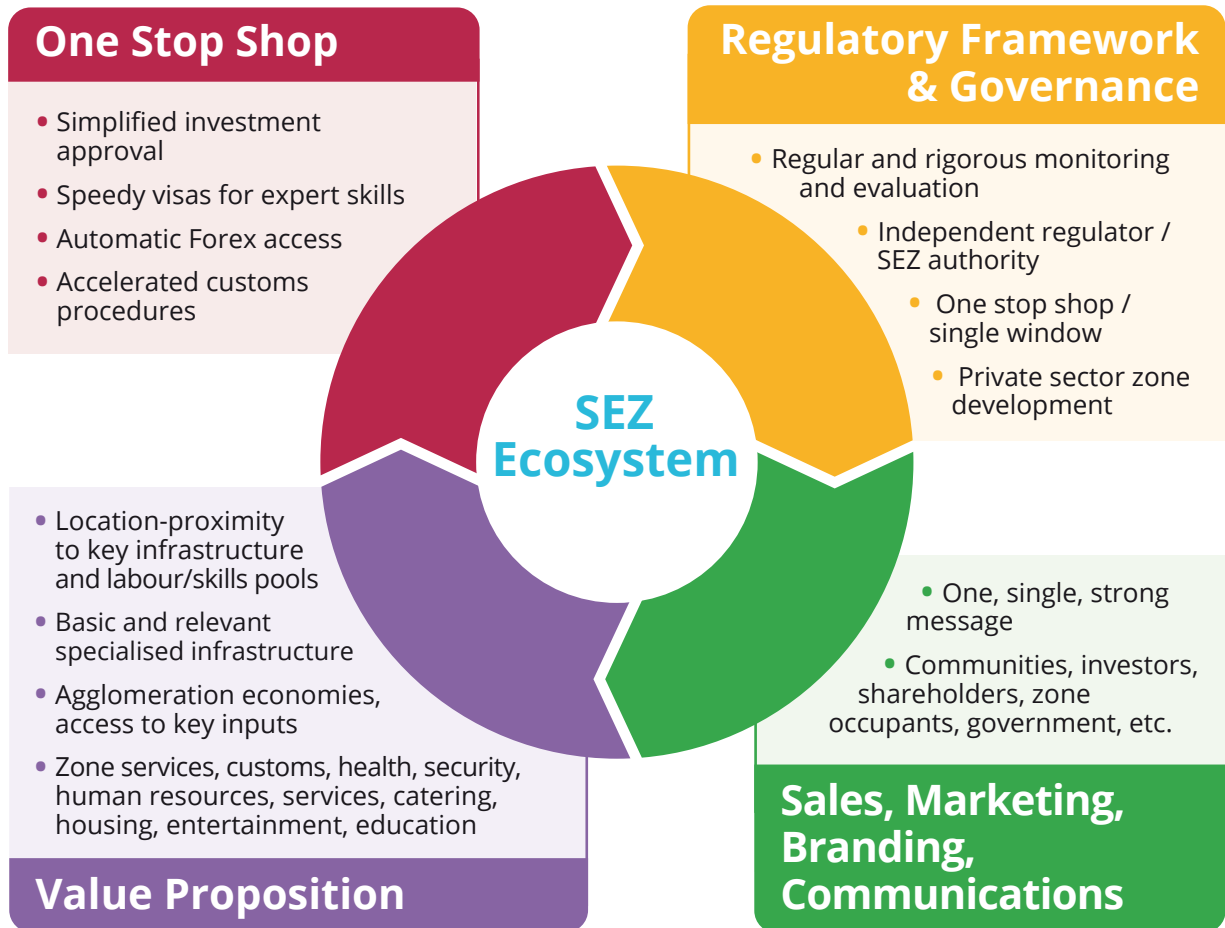
The draft SEZ Strategic Framework 2020-2030 draws on best practise research from the United Nations Conference on Trade and Development (UNCTAD), the World Bank, the United Nations Development Programme (UNDP), as well as SEZ case studies across the globe.

The framework notes the following: *“Provision of relevant and high-quality infrastructure, and competitive incentives, at a desirable location, is no longer sufficient for the South African SEZ programme to succeed.... the probability of*

success is significantly increased when the SEZ implementation and delivery process is viewed as a portfolio or an ecosystem of linked and mutually dependent implementation actions, occurring in a

dynamic environment. It is the effectiveness of these elements that are, as noted above, fast becoming an important deciding factor in terms of locational investment decisions."

Figure 3: DTIC SEZ Industrial Ecosystem, 2020-2030



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

Thus, the framework has set the following draft vision: *“The South African SEZ programme will, through the development of competitive and world class SEZs in South Africa, have a significant and lasting impact on sustainable reduction in poverty and inequality, and increased inclusivity in the South African economy, improving the quality of life for all.”*

With the enabling mission as follows: *“The South African SEZ programme will, by 2030, ensure that all designated SEZs and those in the current pipeline have been supported by means of infrastructure delivery, incentives delivery and zone services to the extent required to deliver measured economic, social and environmental benefits to citizens. The programme*

will continue to identify SEZ opportunities annually and will ensure economic and social inclusivity in all procurement and supply chains for black South Africans, and women in measurable ways.”

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

- **Strategy One:** Improve legal and regulatory environment to ensure South African SEZs are globally competitive by building in flexibility to the Act and to linked regulations in order to stay ahead, without compromising on good governance;

- **Strategy Two:** Deliver world class industry relevant infrastructure to target industries and build low carbon and environmental compliance into all master plans. The SEZ programme will work directly with relevant South Africa sectors and their master plans for optimum planning and implementation outcomes;
- **Strategy Three:** Proactive opportunity and investor stance- this requires an opportunity scan annually, proactive and coherent marketing and information implementation nationally and at the SEZ level;
- **Strategy Four:** Stakeholder management and national buy-in. Ensure business, communities, politicians, academic institutions and other essential stakeholders are on board and in agreement and that all stakeholders are regularly engaged and consulted;
- **Strategy Five:** Improve funding capability- introduce a fund wherein the DTIC SEZ fund is only one of a number of co-founders;
- **Strategy Six:** Build the essential ecosystem- SEZs are not only about location, incentives and infrastructure; and
- **Strategy Seven:** Invest in people- Skills, training and capacity need improved coordination and organisation to meet the needs of investors and their supply chains.

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.

3.2.2 Western Cape Climate Change Response Strategy

The WCG has identified the need to act locally – in a transversal, bold and at unprecedented scale - to reduce society's collective Greenhouse Gas (GHG) emissions and adapt to global climate change.

Building on the 2008 Western Cape Climate Change Response Strategy and Action Plan, the 2014 Climate Change Response Strategy (CCRS) is aligned with the National Climate Change Response Policy and geared to strategically direct and mainstream climate change actions and related issues throughout relevant Provincial transversal agendas. In line with the National Climate Change Response Policy, the Strategy takes a two-pronged approach (adaptation and mitigation) to addressing climate change:

- **Adaptation:** To reduce the climate vulnerability and develop the adaptive capacity of the Western Cape's economy, its people, its ecosystems, and its critical infrastructure in a manner that simultaneously addresses the province's socio-economic and environmental goals.
- **Mitigation:** To contribute to national and global efforts to significantly reduce GHG and build a sustainable low carbon economy which simultaneously addresses the need for economic growth, job creation and improving socio-economic conditions.

To attract and retain key investors in the gas, energy and related servicing industries Freeport Saldanha has to understand, align and leverage the focus areas as set out in the CCRS which includes:

- Energy Efficiency and Demand Side Management.
- Renewable Energy development.
- The Built Environment.
- Sustainable Transport.
- Water Security and Efficiency.
- Biodiversity and Ecosystem Goods and Services.
- Coastal and Estuary Management.
- Food Security and Healthy Communities.

3.2.3 Western Cape Growth Potential Study of Towns 2018

The Western Cape Growth Potential Study of Towns 2018 (GPS18) serves as a 5-year information update of the GPS which had been drafted in 2013 and released in 2014. The Growth Potential Study (GPS) is one of the crucial instruments needed to develop capabilities for effective spatial decision-making and implementation. Although the study was originally conducted as an informant to the Western Cape Provincial Spatial Development Framework (PSDF), and still is, the GPS has wider application, serving as a support tool to inform strategic objectives, policy making and spatially targeted investment. It furthermore strengthens allocative decisions for integrated management, service delivery and spatial alignment within the Provincial and Municipal spheres of government in the Western Cape.

The GPS 18 classifies Saldanha Bay Municipality as a Municipality which has “High” Development Potential due in large part to the existence and development of one of the most important export harbours in the country which is located in the Town of Saldanha. The Harbour is of great importance to the economy of the Western Cape and the country, as it is South Africa’s largest natural deep-water port. The bay is partly protected by a 3.1km long artificial breakwater. Given these features, Saldanha Bay is ideally positioned as a centre for industrial development, with Freeport Saldanha acting as a catalyst to expand the industrial potential of the harbour and attract international investment.

3.2.4 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 Freeport:

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

This theme of close alignment with Freeport Saldanha 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 current economic strategy is closely aligned to the mandate and work of Freeport Saldanha.

It should be noted that the SBM has recently appointed a service provider to draft its new economic development strategy, with Freeport Saldanha set to participate as a key informant and stakeholder in this process.

4 Relevant Court Rulings

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

OUR STRATEGIC FOCUS

B

PART B: OUR STRATEGIC FOCUS

1 Vision

Our vision is to be Africa's premier maritime, energy, and logistics Freeport, offering a world-class integrated shipyard, engineering, fabrication, logistics, services Freeport environment to zone users and tenants.

2 Mission

We strive to foster responsible investment and create shared prosperity for Saldanha Bay as a sustainable pioneer in the region.

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 Local Environment Analysis

The macroeconomic context summarised below is sourced and adapted, where required, from the 2022/23 Provincial Economic Review and Outlook released in September 2022 (PERO 2022) and the 2022/23 Municipal Economic Review and Outlook (West Coast District) which was released in November 2022 (MERO 2022), both issued by the Provincial Treasury. The MERO employs a variety of data sources to provide a detailed analysis of the socio-economic trends displayed across the municipal areas within the Western Cape. National economic and employment data are sourced from Statistics South Africa (Stats SA), while the Western Cape gross domestic product per region (GDPR) and employment data are obtained from Quantec Research. To discuss the various indicators, the most recent available data sources are used.

4.1.1.1 Global Economic Outlook²

After the short-lived impact of the Omicron variant, the path to global economic recovery was interrupted by Russia's invasion of Ukraine. The invasion led to a humanitarian crisis in Eastern Europe, severe sanctions against Russia, and a rapid increase in selected commodity prices such as oil and fertilisers. The imposed sanctions are bound to exacerbate rising global inflation and interest rates further. In addition to the war, China initiated wider-ranging and frequent COVID-19 lockdown measures, which will slow economic activity in China and cause renewed supply chain bottlenecks worldwide. The Russian-Ukraine war has severely set back global economic recovery by

² PERO 2022

0.4 percentage points from the April 2022 outlook to 3.2 per cent in 2022 and by 0.7 percentage points to 2.9 per cent in 2023.

In advanced economies, supply shortages in selected sectors are expected to last until 2023. Supply chain bottlenecks are projected to ease as production responds to higher prices and new capacity becomes operational. A large portion of advanced economies (Europe) are in close geographical proximity to Russia and Ukraine, highly reliant on Russian fossil fuels and impacted by millions of refugees that pose coordination and organisational challenges. Inflation has become a central concern and is projected to remain elevated for longer than previously forecasted. Fiscal support is set to generally decline in 2022 and 2023 as emergency measures to cushion the impact of the pandemic are gradually diminished. Advanced economies are projected to expand by 2.5 per cent in 2022 and 1.4 per cent in 2023.

The global economic growth prospects have deteriorated based on high and rising inflation accompanied by tighter monetary policy. The risk of stagflation, a possible recession and financial systemic collapse remain. An extended Russian-Ukraine war will fuel global commodity prices, food shortages and social unrest. Global food shortages will likely be caused by rising costs in fuel, fertiliser, sunflower oils and wheat.

The causes of high and rising global inflation can be traced to massive increases in money supply, most notably in the US and UK, disrupted supply chains, sanctions imposed on Russia and the disruption of Ukraine food exports. In an increasingly globalised economy, policy interest rates are synchronised, thus increasing the relevance of global events and economic fundamentals on the South African monetary policy and economy.

4.1.1.2 South African Outlook³

The South African outlook on economic expansion is hampered by increasing inflation and interest rates, high unemployment, power shortages, and slow reform momentum. High government debt, along with elevated debt service costs, are expected to constrain much-needed public investment.

South Africa is expected to grow sluggishly at 1.7 per cent in 2022 and 0.3 per cent in 2023. Major

growth contributions are expected from the Agriculture (0.3 percentage point), Manufacturing (0.4 percentage point), Trade (1.1 percentage point) and Transport (0.5 percentage point) sectors. The growth outlook for the Agriculture sector (8.8 per cent) in 2022 remains positive, with an expected substantial jump in sunflower harvests (35 per cent), but with reductions in expected maize (-11 per cent) and soybean (-4 per cent) crops. Animal product revenue is expected to increase by 4.5 per cent on the back of increased volumes and higher beef prices.

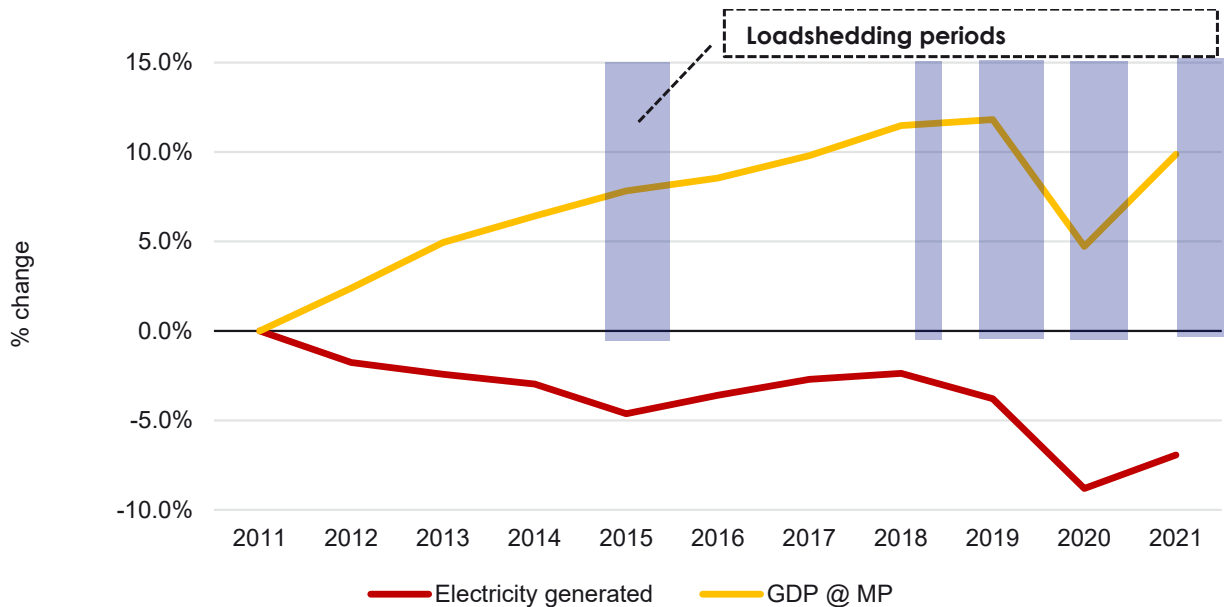
Supported by growth in real personal consumer spending and a return to in-personal experiences, the Trade sector (8.4 per cent) is expected to increase substantially in 2022. The Mining sector is bracing itself for another tough year. Pressured with load-shedding and a three-month strike in the gold sector, the Mining sector is expected to contract by 1.6 per cent in 2022. Potential growth in the Finance sector is hampered by rising business interruption claims while credit extension is limited by over indebtedness and rising interest rates. The Finance sector is expected to contract by 1.2 per cent in 2022.

South Africa's largest obstacle to more robust economic growth is a lack of reliable electricity supply accompanied by above-inflationary electricity price increases. Since late 2007, South Africa became subjected to rolling electricity blackouts, which have persisted. The reasons for loadshedding vary from wet coal, sabotage, diesel shortages, the collapse of coal silos, state capture, lack of maintenance leading to plant breakdowns and unlawful strike action.

The average electricity generated in South Africa in 2021 was 6.9 per cent less than at the end of 2011, (see Figure 4). Over the same period, the economy expanded cumulatively by 9.9 per cent. The estimated economic cost of loadshedding on the national economy is substantial. The Efficient Group have conservatively estimated the South African economy to be between 8 to 10 per cent smaller as a direct consequence of loadshedding, while Alexander Forbes estimated the cost of stage 6 loadshedding at R4 billion per day. The impact of loadshedding on the national economy has led to an estimated 1 million fewer job opportunities.

3 PERO 2022

Figure 4: Cumulative electricity generated and GDP in South Africa, 2011 - 2021



Source: PERO 2022

In summary, the outlook of the South African economy faces both global and domestic risks, which includes:

- A risk of high and increasing inflation with subsequent monetary policy tightening, fuelled by a long-term Russian-Ukraine war and global price disruptions.
- Ongoing power outages accompanied by above inflation electricity price increases in South Africa.
- Weak economic growth, growing unemployment and subsequent socio-economic decline with potential social unrest and escalating crime rates.
- A global stock market crash, a recession and rising policy interest rates in advanced economies could potentially cause large-scale capital outflows from emerging market and developing economies with significant currency depreciation

4.1.1.3 Western Cape Outlook⁴

Compared to the rest of South Africa, the Western Cape has a more service-orientated economy with a relatively strong contribution from the Finance sector and a unique dependence on the Tourism and Wine industries. In 2021, the Western Cape was the third largest regional economy in South Africa, accounting for 14.2 per cent of the South African economy, behind Gauteng (35.2 per cent) and KwaZulu-Natal (16.2 per cent).

Over the past decade, the Western Cape was among only three provinces that increased its contribution (0.2 percentage points) to national GDP. Relative GDP contribution gains were also made by Gauteng (0.7 percentage points) and the Northern Cape (0.1 percentage points). In the Western Cape, the GDP contribution of the Finance sector (31.3 per cent vs 25.2 per cent) is substantially larger than the national economy, whilst the Mining (0.2 per cent vs 5.6 per cent) and Personal services (10.7 per cent vs 16.8 per cent) sectors make significantly smaller contributions to total GDP.

Between 2012 and 2021, the average estimated economic expansion of the Western Cape (1.2 per cent) was marginally higher than South Africa (1.0 per cent). The 2020 recession (-6.2 per cent) made a substantial dent in the average growth of the Western Cape economy. Between 2012 and 2019, the average annual growth rate of the Western Cape was 1.6 per cent.

South Africa suffers among the highest levels of inequality in the world. Inequality manifests itself through a skewed income distribution and regional disparities caused by low growth, unequal education levels and rising unemployment. Inequality in South Africa and the Western Cape is persistent and growing. Between 2012 and 2020, income inequality, measured by the Gini coefficient, increased substantially in the Western Cape (0.25 points) and among all municipal districts. In 2020, the estimated inequality of South Africa (0.635) was higher than the Western Cape (0.625). Within the Western Cape, the Overberg (0.629) and Garden Route (0.629) districts had the highest levels of inequality, with the Central Karoo (0.601) as the least unequal municipal district in the Province.

4 MERO 2022

5 PERO 2022

An overall improvement in human development is observed across the entire Western Cape, with HDI levels increasing in all districts between 2012, 2016 and 2020, meaning that all districts enjoyed improvements in either education levels, health and living conditions, or a combination thereof. The City of Cape Town's HDI of 0.781 is the highest in the Province. At 0.721, the Central Karoo District had the lowest HDI score in the Province.⁵

The Western Cape largely tracks the national economy but marginally exceeded national growth over the past decade. The Finance sector in the Western Cape plays a relatively more important role in the Western Cape, while the Mining and Personal services sectors are relatively more important to the South African economy. Over the past decade GDP per capita declined in the Western Cape, which was exacerbated by the 2020 recession and large-scale net-immigration. Although the Province's GDP is estimated to have recovered, the employment levels are still lower than pre-pandemic levels.

Over the past five years the largest contribution to growth was made by the Finance, Personal services and Agriculture sectors. Each of the five rural districts and the Cape Metro have unique economic characteristics. In 2021, the agriculture sector made the largest economic contribution in the West Coast District, while the Government sector was the most prominent in the Central Karoo District. Due to a strong performance in the agriculture sector, the West Coast District had the highest average economic growth over the last decade and in 2021. In the last decade, the agriculture sector made the most significant growth contribution to total exports in the Province. However, future export growth will require sufficient infrastructure maintenance and investment. International tourist arrivals have recovered to pre-pandemic levels to some extent in 2021 and the first months of 2022. The Western Cape is a significant producer of wine globally. However, in the last decade, the area under wine grapes and wine exports has declined. The Western Cape is expected to expand by 2.2 per cent in 2022 and 0.3 per cent in 2023. Notable growth contributions are expected from the Trade, Transport, Agriculture and Manufacturing sectors in 2022.

Fixed capital stock has declined since 2020, while growth in Net Fixed Capital Formation was at relatively lower levels between 2017 and 2019 and has declined since 2020. GDP and employment in the Construction sector declined over the last five years. However, the latest upward trend in building plans passed and improvement in the Western Cape BER-RMB Building and Construction Confidence Index points to a mild recovery in the Construction sector. Greenfield investments with associated employment opportunities created over the last decade underline the scale of fixed investment required to solve the unemployment challenge.

GDP per capita is a useful indicator to measure overall standard of living, economic prosperity, and describing how regional populations experience economic benefit. It divides a region's Gross Domestic Product by its population. It also helps to compare the wealth between different countries and regions. The Western Cape's economic prosperity (GDP per capita) declined over the past decade. The decline is due to population growth (18.9 per cent) exceeding GDP growth (11.7 per cent) over the same period. The sluggish expansion of GDP can largely be attributed to the slow growing national economy, a severe drought (2015 - 2019); the Cape Metro water crisis (2017/18), the 2020 recession and loadshedding (since 2015). In 2021, real GDP per capita was 9.2 per cent lower than in 2013. The highest GDP per capita level (R99 258) over the past decade was in 2013, while the lowest level (R87 332) was in 2020.

Between the first quarters of 2017 and 2022, only three sectors in the Province recorded employment gains. The Finance sector (47 779) contributed the most employment opportunities followed by the Transport (26 701) and Mining (3 805) sectors. Over the same period, the Construction sector (-71 468) lost the most employment opportunities followed by Private households (-33 836) and Community services (-28 682).

4.1.1.4 West Coast District Economy⁶

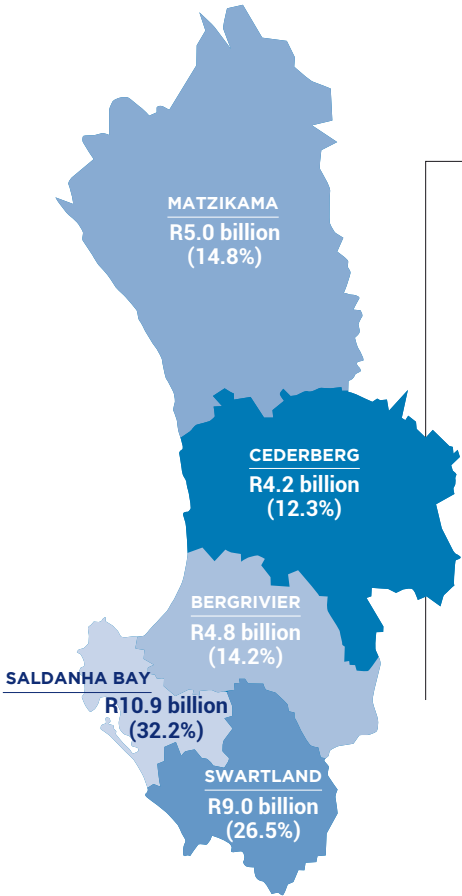
Valued at R33.9 billion in 2020, the West Coast District (WCD) economy accounted for 4.9 per cent of the Western Cape economy during the year. Between 2016 and 2020, the District's economy recorded a near stagnant average annual growth rate of 0.1 per cent. This rate was higher than the average annual contraction of 0.4 per cent experienced in the Province over the same period (Figure 5). The improved performance of the District relative to the Province over the period could potentially be attributed to its reliance on the agriculture sector. Although drought conditions are likely to have adversely impacted the sector in the District, the downturn in economic activity amid COVID-19 restrictions. Conversely, the Provincial economy largely depends on industrial activity, which was significantly constrained by lockdown restrictions.

In 2020, the Saldanha Bay municipal area was the leading contributor to GDP at 32.2 per cent. This was followed by the Swartland municipal area at 26.5 per cent during the year. The Matzikama and Bergrivier municipal areas had similar contributions in 2020 at 14.8 per cent and 14.2 per cent respectively. However, the Bergrivier municipal area's average annual growth outweighed that of the Matzikama municipal area between 2016 and 2020, which suggests that it may soon surpass the Matzikama municipal area's GDP contribution. The Cederberg municipal area registered the smallest contribution to the WCD economy in 2020 at 12.3 per cent (Figure 5).

Between 2016 and 2020, the Saldanha Bay municipal area was the only municipal area that recorded an average annual contraction (minus 0.2 per cent). The remaining municipal areas, apart from the Matzikama municipal area, which remained stagnant between 2016 and 2020, recorded growth rates between 0.1 per cent and 0.7 per cent over the same period (Figure 5).

6 MERO 2022

Figure 5: WCD GDPR contribution and average growth rates per municipal area, 2022



MUNICIPALITY	R value 2020	Trend	
		2011 – 2020 (%)	2016 – 2020 (%)
● Matzikama	R5.0 billion (14.8%)	1.2%	0.0%
● Cederberg	R4.2 billion (12.3%)	2.4%	0.7%
● Bergrivier	R4.8 billion (14.2%)	1.8%	0.3%
● Saldanha Bay	R10.9 billion (32.2%)	1.2%	-0.2%
● Swartland	R9.0 billion (26.5%)	1.6%	0.1%
West Coast District	R33.9 billion (100.0%)	1.5%	0.1%
Western Cape	R691.0 billion	1.0%	-0.4%



WEST COAST
R33.9 billion

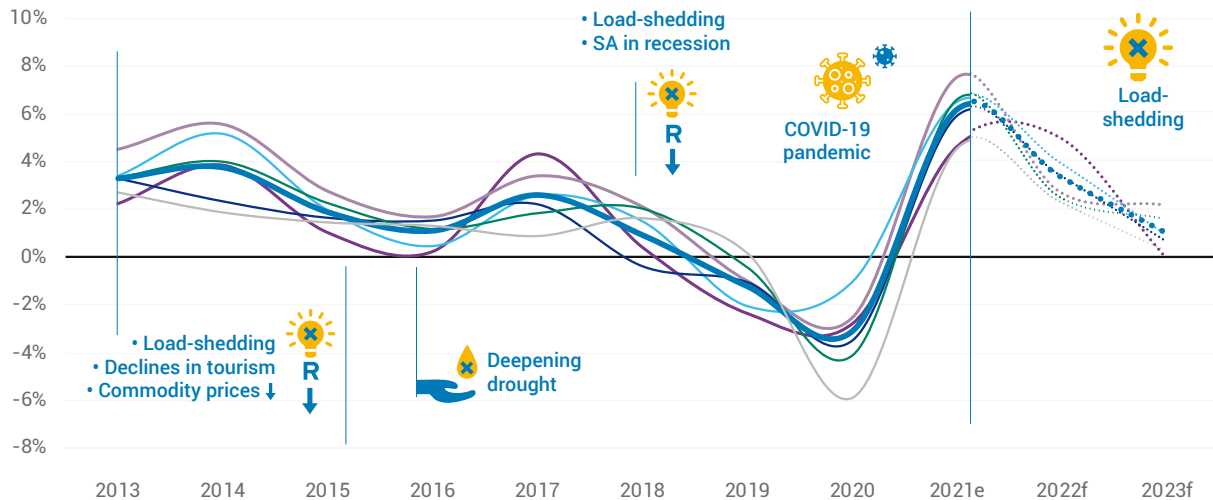
WESTERN CAPE
R691.0 billion

Source: Quantec Research, 2022; Urban-Ecor based on Quantec, SARb, Stats SA and BFAP, 2022 (e denotes estimate, f denotes forecast)

Source: MERO 2022

The historical GDP growth rate trends recorded in the respective municipal areas, in addition to the WCD and Province, are illustrated in Figure 6 below.

Figure 6: WCD GDP growth per municipal area, West Coast District, 2013 -2023



	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022f	2023f
Western Cape	2.7%	1.9%	1.5%	1.3%	0.9%	1.6%	0.1%	-5.9%	4.6%	2.3%	0.3%
West Coast District	3.3%	3.8%	1.9%	1.1%	2.6%	0.9%	-1.2%	-3.1%	6.2%	3.4%	1.1%
Matzikama	2.3%	3.9%	1.0%	0.3%	4.3%	0.4%	-2.3%	-2.7%	4.7%	4.9%	0.1%
Cederberg	4.5%	5.5%	2.7%	1.7%	3.4%	2.1%	-1.0%	-2.5%	7.5%	2.7%	2.2%
Bergrivier	3.4%	5.2%	2.0%	0.5%	2.6%	1.5%	-2.1%	-1.0%	6.5%	3.9%	1.0%
Saldanha Bay	3.3%	2.3%	1.7%	1.5%	2.2%	-0.4%	-1.1%	-3.5%	6.0%	3.4%	0.7%
Swartland	3.3%	4.0%	2.2%	1.2%	1.8%	2.0%	-0.5%	-4.1%	6.6%	2.5%	1.6%

Source: MERO 2022 – Quantec Research, 2022; Urban-Econ based on Quantec, SARb, Stats SA and BFAP. 2022 (e denotes estimate. f denotes forecast)

Despite recording strong growth rates in 2013 and 2014, growth in the WCD slowed significantly in 2015 to reach 1.9 percent. This decline in annual growth can be ascribed to a slowdown in international merchandise trade brought about by the depreciation of emerging market currencies against the US dollar and subdued global economic growth.

Growth in the District continued to deteriorate in 2016 to reach 1.1 percent, which reflects the slowdown in annual growth across all municipal areas and the Province during the same year. Given the reliance of the WCD on citrus fruit exports, the economic performance of the WCD was adversely impacted by drought conditions in the Province coupled with restrictions on citrus fruit exports imposed by the European Union

(EU). Non-alloy steel commodities are among the leading commodities exported by the WCD, and these were impacted by a downturn in global steel demand during that year.

Following a sharp increase in growth in 2017 (2.6 percent), annual growth in the WCD declined in 2018 and 2019. In 2018, the WCD recorded a growth rate of 0.9 per cent before experiencing a contraction of 1.2 per cent in 2019. The poor performance of the District's economy in 2018 and 2019 can be ascribed to recorded periods of load-shedding and was further exacerbated by the poor performance of the national economy. The impact of these occurrences is also evident in the subdued performance of the Provincial economy in both 2018 and 2019 (Figure 6).

In 2020, the WCD and its respective municipal areas recorded steep contractions in annual growth. During the year, the District's economy contracted by 3.1 percent. However, this contraction was less than the 5.9 per cent contraction recorded in the Provincial economy during the same year. These contractions were driven by the onset of the COVID-19 pandemic and lockdown measures to contain its spread. However, as noted previously, the fact that the WCD economy performed better than the Provincial economy in 2020 was likely due to its reliance on the agriculture sector, which was not as restrained by lockdown measures.

Estimates for 2021 indicate a steep recovery in GDP growth in the District. During this year, the WCD is estimated to have recorded a growth rate of 6.2 percent, which is higher than the 4.6 per cent recorded in the Province during the same year. In addition, all municipal areas are estimated to have recorded growth rates of 4.7 per cent and higher, with the Cederberg municipal area recording the highest growth rate at 7.5 percent. This was followed by the Swartland and Bergrivier municipal areas, which recorded estimated growth rates of 6.6 per cent and 6.5 per cent respectively in 2021. The recovery in GDP growth in 2021 could be ascribed to the easing of COVID-19 restrictions. Furthermore,

given the District's reliance on steel exports, the WCD economy further benefitted from recoveries in global steel and coal demand during the year.

In the 2022 and 2023 forecast periods, GDP growth in the WCD is expected to slow to 3.4 per cent and 1.1 per cent respectively. Although this trend is reflected in the slowdown in the Provincial growth over the same period, the WCD is anticipated to record higher annual growth rates in both years. The slowdown in GDP growth in 2022 can be ascribed to the return of economic activity to a stable level following the high growth rates recorded in 2021. Rising inflation owing to fuel price increases and stemming from the Russia- Ukraine conflict is likely to restrain consumption expenditure. In addition, load-shedding in 2022 and the expected continuance thereof in 2023, exchange rate volatility as well as continued geopolitical tensions in Europe are expected to further exert downward pressure on growth. Lastly, fears of a global economic recession weighed on 2023 forecasts.

Figure 7 ahead provides an overview of the sectoral contributions to the WCD economy in 2020, in addition to their respective growth rates between 2016 and 2020, along with estimates for 2021 and forecasts for 2022 and 2023.

Table 1: WCD GDP performance per sector (%)

SECTOR	R million value 2020	Trend		Real GDP growth		
		2011 – 2020	2016 – 2020	2021e	2022f	2023f
PS Primary Sector	R7 637.5 (22.5%)	3.6%	2.2%	7.7%	10.1%	0.2%
Agriculture, forestry & fishing	R7 154.9 (21.1%)	3.7%	2.4%	8.6%	9.8%	0.5%
Mining & quarrying	R482.6 (1.4%)	1.1%	-0.7%	-16.0%	20.1%	-8.7%
SS Secondary Sector	R8 155.5 (24.1%)	-0.1%	-1.7%	6.4%	1.1%	1.0%
Manufacturing	R6 506.3 (19.2%)	0.6%	-0.5%	8.7%	0.5%	1.3%
Electricity, gas & water	R543.4 (1.6%)	-2.9%	-3.8%	2.0%	2.1%	-0.7%
Construction	R1 105.8 (3.3%)	-1.9%	-6.4%	-4.0%	4.0%	-0.6%
TS Tertiary Sector	R18 078.8 (53.4%)	1.6%	0.2%	5.5%	1.3%	1.5%
Wholesale & retail trade, catering & accommodation	R4 647.4 (13.7%)	0.7%	-1.9%	7.7%	7.7%	2.5%
Transport, storage & communication	R1 753.9 (5.2%)	-1.4%	-4.1%	4.4%	7.2%	1.3%
Finance, insurance, real estate & business services	R4 952.3 (14.6%)	2.8%	2.6%	4.9%	-1.6%	0.5%
General government	R3 498.1 (10.3%)	2.4%	1.5%	1.5%	-3.3%	2.2%
Community, social & personal services	R3 227.1 (9.5%)	2.3%	1.2%	8.5%	-1.1%	1.1%
Total West Coast District	R33 871.8 (100.0%)	1.5%	0.1%	6.2%	3.4%	1.1%

Source: MERO 2022 – Quantec Research, 2022; Urban-Econ based on Quantec, SARB, Stats SA and BFAP. 2022 (e denotes estimate, f denotes forecast)

Valued at R18.1 billion in 2020, which signified a GDP contribution of 53.4 percent, the tertiary sector was the leading contributor to the WCD economy during that year. It is thus clear that economic growth in the WCD is thus largely dependent on the performance of the tertiary sector. The tertiary sector is estimated to have recorded a growth rate of 5.5 per cent in 2021. Despite all individual sectors, apart from the general government sector, recording strong recoveries in growth, the high growth rate recorded in the tertiary sector can mostly be ascribed to the high growth rate in the trade sector (7.7 percent) given its GDP contribution. This could be as a result of the recoveries in trade and tourism activities following the easing of COVID-19 restrictions.

In 2020, the secondary sector contributed 24.1 per cent to the WCD economy. Activity in the secondary sector was dominated by the manufacturing sector, which accounted for the largest contribution to GDP at 19.2 per cent during the year. The secondary sector is estimated to have grown by 6.4 per cent in 2021, marginally above the 6.2 per cent growth rate recorded in the WCD during the same year. This high growth rate could be ascribed to the strong growth rate estimated to have been recorded by the manufacturing sector (8.7 per cent in 2021).

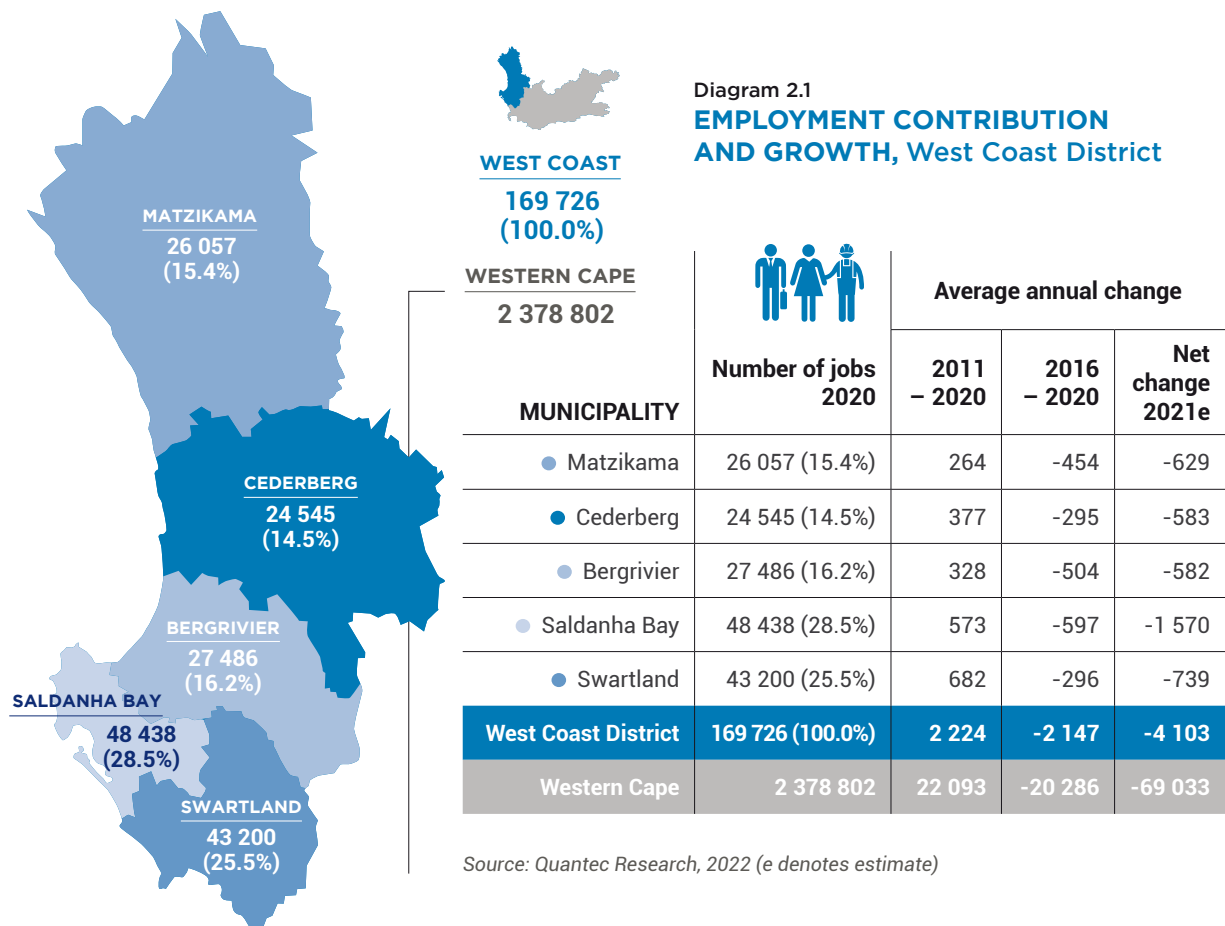
Manufacturing activities also benefitted from the easing of COVID-19 restrictions on industrial activity, recoveries in global supply chains and a strong increase in global steel demand during the year.

Valued at R7.6 billion in 2020, the primary sector was the smallest contributor to the WCD economy at 22.5 per cent during the year. Within the primary sector, the agriculture sector dominated activity with a contribution to GDP measuring 21.1 per cent in 2020. The primary sector is estimated to have recorded the highest growth rate in 2021 out of the three main economic sectors at 7.7 percent. This can be attributed to the strong growth rate recorded in the agriculture sector at an estimated 8.6 per cent during the year. The agriculture benefited from recoveries in the agro-processing demand following the resumption of manufacturing activity in addition to increased international prices for agricultural commodities.

In the 2022 forecast period, growth in the tertiary and secondary sectors is expected to slow to 1.3 per cent and 1.1 per cent respectively. Conversely, the primary sector is anticipated to record the highest growth rate at 10.1 per cent during the year. The slowdown in growth in the secondary and tertiary sectors can probably be attributed to recurrent load-shedding, in addition to restrained consumer expenditure and international trade disruptions.

Forecasts for 2023 indicate that growth in the tertiary sector is expected to increase slightly to 1.5 percent, while growth in the secondary sector is anticipated to decline marginally to 1.0 percent. Growth in the primary sector is expected slow significantly to reach 0.2 per cent in 2023.

Figure 7: WCD employment Contribution and growth



Source: MERO 2022

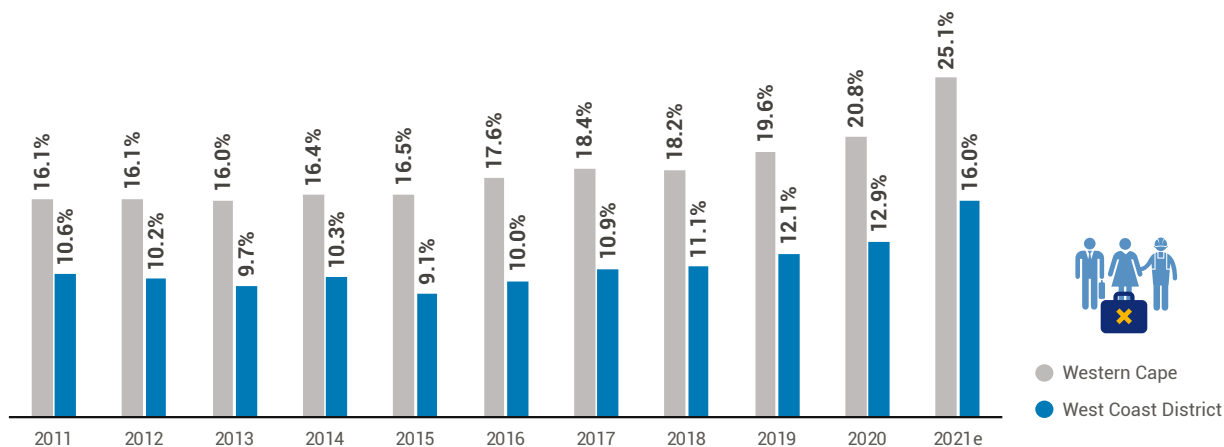
Figure 7 provides an overview of employment contributions and growth within the WCD. In 2020, a total of 169 726 individuals in the District were employed, making a 7.1 per cent contribution to Provincial employment during the year. The Saldanha Bay and Swartland municipal areas accounted for the largest shares of employment in the District at 28.5 per cent and 25.5 per cent respectively. The Cederberg municipal area contributed the smallest share of employment in the District at 14.5 per cent in 2020.

Between 2016 and 2020, employment in the District declined at an average annual rate of 2 147 jobs per year, with all municipal areas experiencing job-shedding of varying magnitudes over the same five-year period. However, the Saldanha Bay municipal area recorded the largest average annual decline in jobs, with 597 jobs lost on an annual basis. These declines can largely be attributed to drought conditions in the Province over that period. Additionally, low fish stocks adversely impacted agricultural and agro-processing activities.

Economic activity in the District was also significantly restrained by the Covid-19 pandemic in 2020. Employment in the District was negatively impacted by the closure and mothballing of the Saldanha Steel plant in the first quarter of 2020, which can be seen in the higher job-shedding numbers recorded for the Saldanha Bay municipal area.

Estimates for 2021 indicate further job-shedding in the District, with employment opportunities declining by 4 103 jobs during the year. The Saldanha Bay municipal area recorded the most job-shedding during the year at 1 570 jobs, followed by the Swartland municipal area with 739 jobs lost. The continued deterioration of employment during the year, despite significant recoveries in GDP recorded in 2021, can be ascribed to the lagged recovery in labour market conditions following the sharp downturn in 2020. Furthermore, informal employment is anticipated to experience a slower recovery when compared with formal employment, especially informal workers participating in the formal economy.

Figure 8: Western Cape and WCD Unemployment profile, 2011 - 2021e




Source: MERO 2022 – Quantec Research, 2022 (e denotes estimate)

Between 2011 and 2020, the unemployment rate in the District experienced an overall upward trend and remained below that of the Province each year. Although the WCD unemployment rate remained relatively stable between 2011 and 2015, an upward trend is evident from 2016 to 2020. This can be ascribed to drought conditions in the Province, which are likely to have impacted farm workers and those employed in agro processing. Furthermore, the increase in unemployment in 2020 can be attributed to the COVID-19 pandemic and the closure of the Saldanha Steel plant as previously noted.

Estimates for 2021 indicate that the WCD's unemployment rate continued to increase, reaching 16 per cent during the year. The rate is however significantly lower than the estimated Provincial unemployment rate of 25.1 per cent in the same year. These increases can be attributed to the lagged recovery in employment following the steep contractions in employment and GDP recorded in 2020. It is thus concluded that labour market conditions in the District remained constrained in 2021.

Table 2: WCD Employment per sector, 2022



SECTOR	Number of jobs 2020	Average annual change		Annual change in employment		
		2011 – 2020	2016 – 2020	2019	2020	2021e
PS Primary Sector	64 232 (37.8%)	618	-2 380	-427	-5 480	-2 266
Agriculture, forestry & fishing	63 870 (37.6%)	628	-2 357	-399	-5 441	-2 250
Mining & quarrying	362 (0.2%)	-10	-23	-28	-39	-16
SS Secondary Sector	22 320 (13.2%)	175	-145	-226	-1 268	-696
Manufacturing	15 738 (9.3%)	67	-54	185	-555	-313
Electricity, gas & water	394 (0.2%)	2	-4	-3	-15	-14
Construction	6 188 (3.6%)	106	-88	-408	-698	-369
TS Tertiary Sector	83 174 (49.0%)	1 431	379	1 170	-5 824	-1 141
Wholesale & retail trade, catering & accommodation	28 485 (16.8%)	502	98	540	-3 142	-1 160
Transport, storage & communication	4 065 (2.4%)	33	-76	22	-539	-358
Finance, insurance, real estate & business services	15 662 (9.2%)	396	270	298	-464	-187
General government	9 521 (5.6%)	183	92	127	-87	120
Community, social & personal services	25 441 (15.0%)	317	-4	183	-1 592	444
Total West Coast District	169 726 (100.0%)	2 224	-2 147	517	-12 572	-4 103

Source: MERO 2022 – Quantec Research, 2022 (e denotes estimate)

Table 2 above depicts the sectoral contributions of each of the respective economic sectors in the WCD. In 2020, the tertiary sector was the leading contributor to employment in the District at 49.0 per cent. In addition, the tertiary sector was the only main economic sector that recorded an average annual increase in employment between 2016 and 2020, with 379 jobs created on average on an annual basis. Within the tertiary sector, the trade sector accounted for the largest share of the District’s employment at 16.8 per cent. This was followed by the community services and finance sectors at 15 per cent and 9.2 per cent respectively during the year.

Estimates for 2021 indicate that the tertiary sector recorded 1 141 job losses. The largest contributors to this decline in the tertiary sector were the trade and transport sectors, with 1 160 and 358 jobs lost respectively during the year. These declines can be ascribed to the subdued recovery in international tourist arrivals owing to the recurrent outbreak of new COVID-19 variants. This is likely to have contributed to a slower recovery in informal employment in these two sectors.

The primary sector was the second-largest contributor to employment in the District in 2020, with a contribution of 37.8 per cent. The agriculture sector accounted for nearly all employment in the primary sector, with a contribution of 37.6 per cent to the District's employment in 2020. Between 2016 and 2020, the primary sector recorded average job-shedding of 2 380 jobs per annum. As such, given its contribution to employment in the District and the primary sector, the agriculture sector accounted for nearly all jobs lost on an average annual basis between 2016 and 2020. As noted previously, this decline was the result of drought conditions in the Province, in addition to the mechanisation of farming activities. The mining sector is not considered a significant contributor to the District's employment.

In 2021, the primary sector recorded estimated job-shedding of 2 266 jobs, with the agriculture sector accounting for 2 250 jobs lost during the year. The decline recorded in the agriculture sector can be ascribed to declines in seasonal and skilled farm workers, in addition to the expected lagged recovery of informal employment.

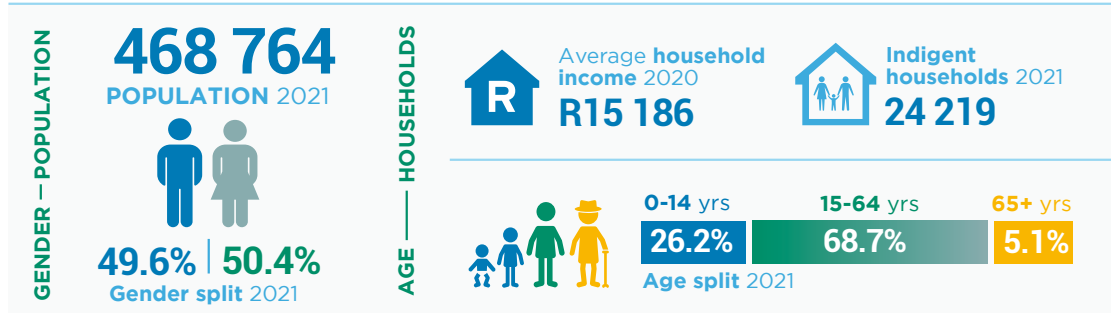
The secondary sector accounted for 13.2 per cent of all jobs in the WCD in 2020, being the smallest contributor across all sectors. The bulk of jobs contributed were by the manufacturing sector (9.3 per cent), followed by the construction sector (3.6 per cent). Between 2016 and 2020, the average annual change in employment for the secondary sector resulted in 145 jobs lost on average. This was largely driven by job losses in the construction sector in the same period, with 88 jobs lost on an average annual basis. Declines in the manufacturing sector can largely be attributed to subdued agro-processing activity, while the poor performance of the construction sector is reflective of the subdued performance of the national construction sector.

Estimates for 2021 indicate that a total of 696 jobs were lost in the secondary sector during the year. Although all subsectors recorded declines in 2021, the construction sector led declines in the secondary sector, with an estimated 369 jobs lost during the year. This decline can be ascribed to subdued investor confidence and lower consumer demand for construction-related services.

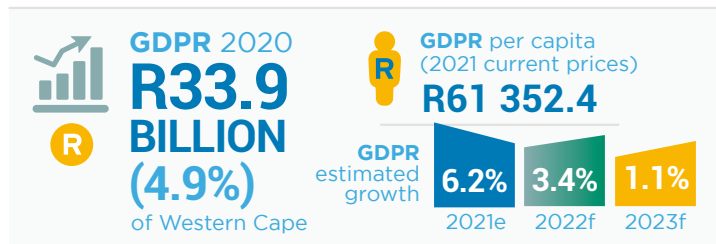
Figure 9: WCD Macroeconomic Infographic, 2022



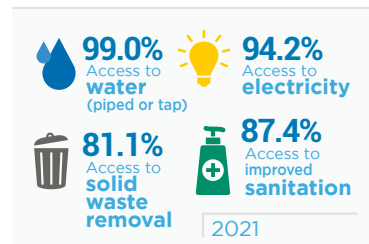
DEMOGRAPHICS



GROSS DOMESTIC PRODUCT



SERVICES



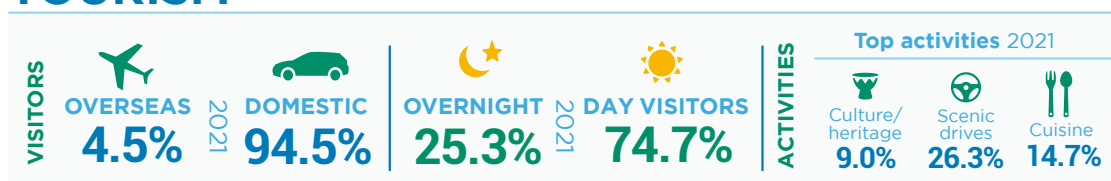
EMPLOYMENT



TRADE

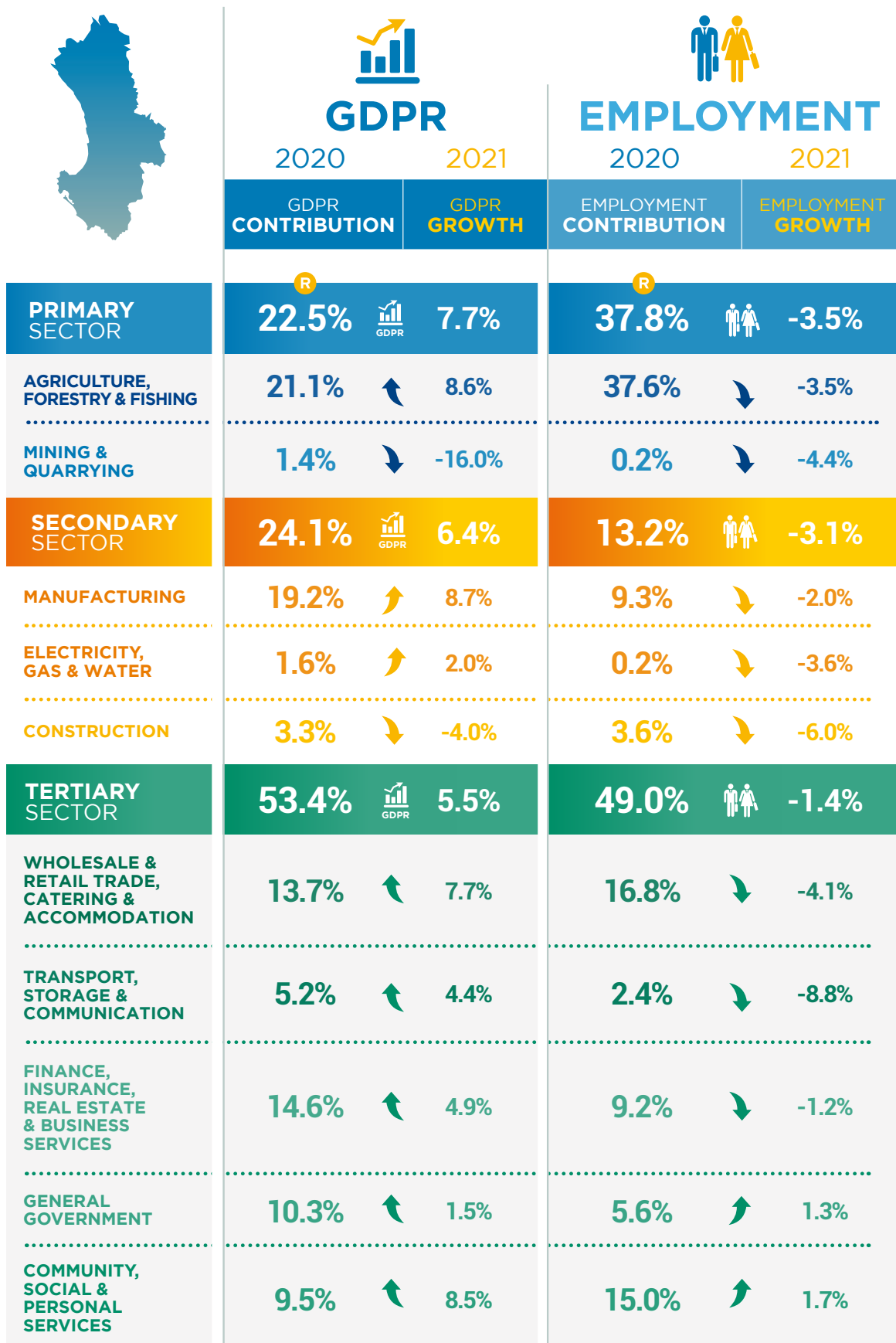


TOURISM



Source: MERO 2022

Figure 10: WCD GDPR and Employment Infographic, 2022



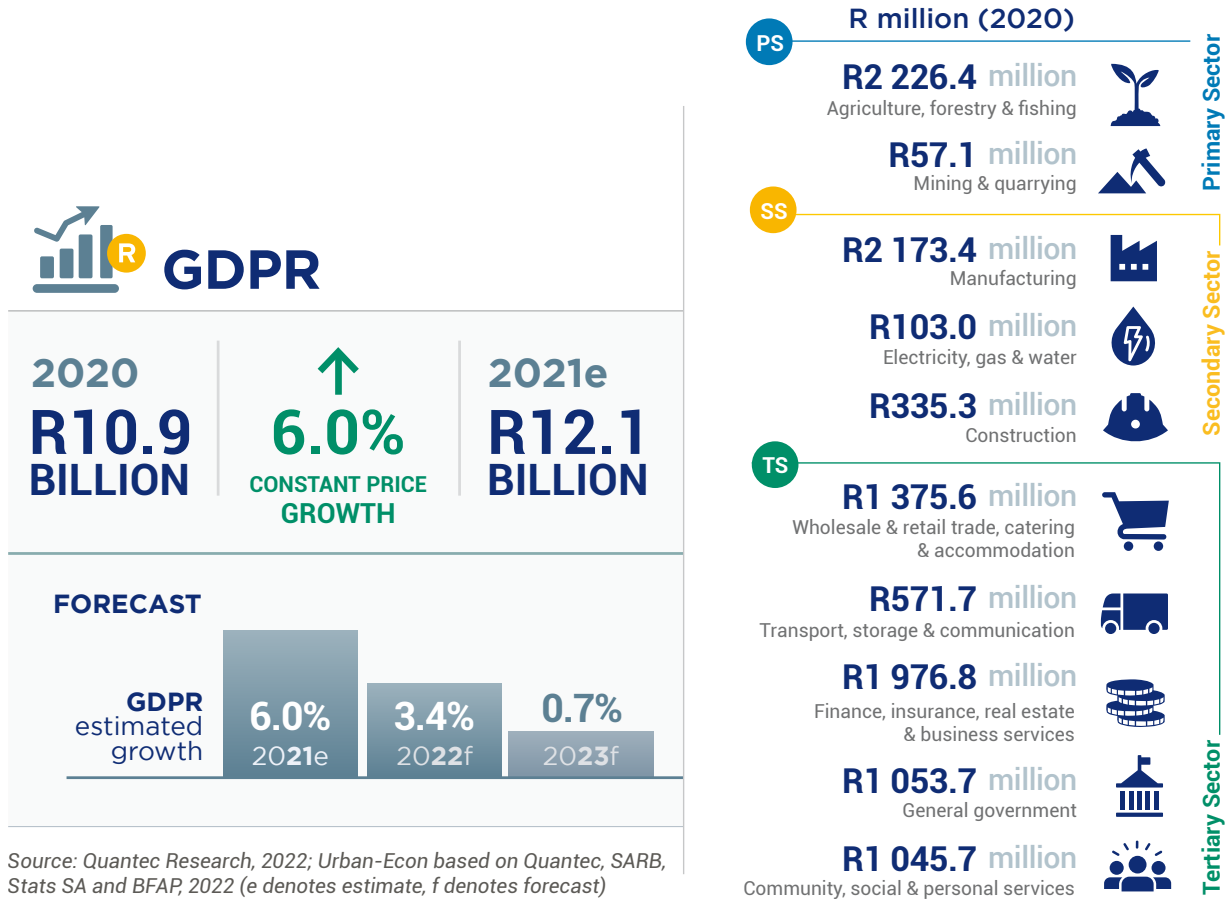
Source: MERO 2022

4.1.1.5 Saldanha Bay Municipal Economy⁷

The Saldanha Bay municipal area is the largest economy in the District, and with its coastline of 238km, the municipal area is the home of a large fishing industry and a number of tourist towns. Saldanha Bay is also known for its harbour, steel

mill and Industrial Development Zone (IDZ), while Vredenburg is the largest administrative and commercial centre in the WCD. Coastal towns such as Paternoster, St Helena Bay, Jacobsbaai and Langebaan are popular areas for holiday homes. Inland, Hopefield is a service centre for the grain, dairy, meat and honey farmers in the area.

Figure 11: SBM GDPR 2020 and 2021e



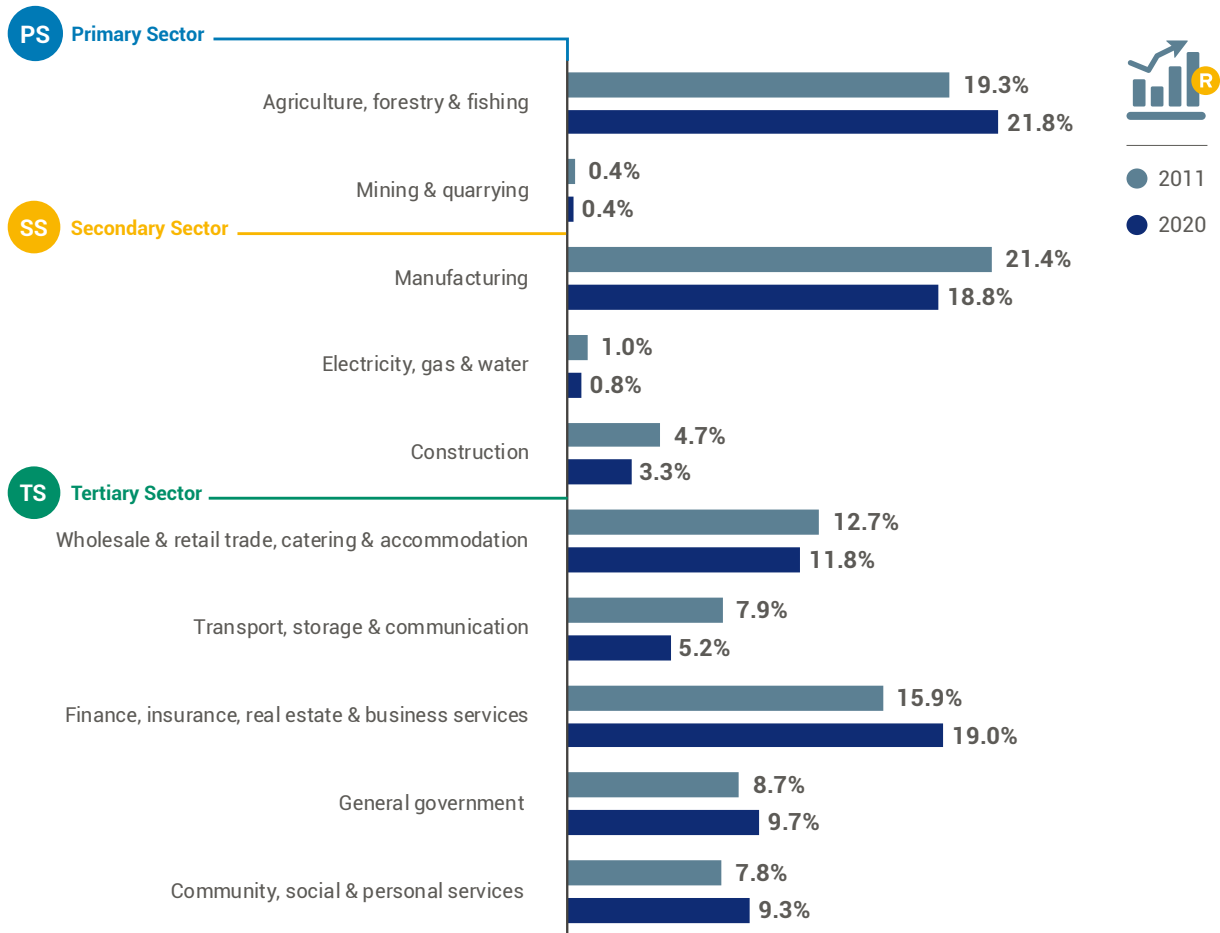
Source: MERO 2022

The Saldanha Bay municipal area's GDPR was valued at R10.9 billion (current prices) in 2020 and is estimated to have increased by 6.0 per cent in 2021 in real terms. The agriculture sector was the leading contributor, with R2.23 billion

in 2020, followed by the manufacturing sector with R2.17 Billion and the finance sector with a R2 Billion contribution. It is forecast that the economy of the municipal area will increase by 3.4 per cent in 2022, and by 0.7 per cent in 2023.

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Figure 12: SBM Sectoral GDP Contribution (Constant prices) (%)




Source: MERO 2022 – Quantec Research, 2022

Figure 12 provides an overview of the sectoral GDP contribution within the Saldanha Bay municipal area. The figure reflects that in 2020, the agriculture sector was the leading contributor (21.8 per cent) in terms of GDP in the municipal area. The GDP contribution of the agriculture sector increased by 2.5 per cent from 2011 to 2020. This could be the result of improved weather conditions, as well as the increased prices of wheat and planted pastures in 2020, as these are the most common crops in the Saldanha Bay area. Fishing in the municipal area also contributes to the GDP performance, with sardines and pilchards being the most popular. Small-scale community-based fishing also contributes to the agriculture sector with salted mullet (bokkoms) and West Coast Rock Lobster being the most popular commodities. The

Finance sector was the second-largest contributor in the municipal area in 2020, with 19 per cent. This could be because of improved access to financial services as well as the proclamation of the IDZ, which attracts professionals to the area.

The manufacturing sector was the leading contributor in 2011 (21.4 per cent) in terms of economic contribution. However, the sector’s contribution contracted to 18.8 per cent in 2020, which could be the result of the challenges faced in the iron and steel production industry. The IDZ in the Saldanha Bay municipal area will help to encourage international competitiveness and sustainable economic growth through strategic investments in export manufacturing industries such as green hydrogen.

Table 3: SBM GDPR performance per sector



SECTOR	Trend		Annual real GDPR growth		
	2011 – 2020	2016 – 2020	2019	2020	2021e
PS Primary Sector	2.8%	1.5%	-7.4%	11.3%	7.9%
Agriculture, forestry & fishing	2.9%	1.5%	-7.5%	11.4%	8.3%
Mining & quarrying	0.0%	-0.9%	-3.2%	4.3%	-16.1%
SS Secondary Sector	-0.8%	-2.5%	-1.1%	-11.1%	5.5%
Manufacturing	-0.3%	-1.5%	0.2%	-9.1%	7.4%
Electricity, gas & water	-1.9%	-2.7%	-3.3%	-9.2%	3.4%
Construction	-2.6%	-7.0%	-6.4%	-21.1%	-4.6%
TS Tertiary Sector	1.6%	0.3%	1.3%	-5.2%	5.3%
Wholesale & retail trade, catering & accommodation	0.7%	-2.0%	0.4%	-13.9%	7.6%
Transport, storage & communication	-2.8%	-5.6%	-3.9%	-20.7%	3.4%
Finance, insurance, real estate & business services	3.0%	2.8%	3.0%	1.5%	4.9%
General government	2.4%	1.4%	1.6%	0.5%	0.7%
Community, social & personal services	3.1%	1.9%	3.0%	-0.7%	9.2%
Total Saldanha Bay	1.2%	-0.2%	-1.1%	-3.5%	6.0%

Source: MERO 2022 – Quantec Research, 2022 (e denotes estimate)





Table 3 outlines the Saldanha Bay municipal area’s GDPR performance per sector. It is noted that the municipal area realised an average annual growth rate of 1.2 per cent between 2011 and 2020. However, between 2016 and 2020 the municipal area’s economy contracted by 0.2 per cent per annum. This was mostly due to the contraction in the construction and transport sectors, which contracted by 7.0 per cent and 5.6 per cent per annum respectively. The main reason for the contraction in the construction sector can be linked to the property market collapsing because of a reduced demand for second homes, especially in the Paternoster area. The Port of Saldanha was recently upgraded, which could potentially increase the performance of the transport sector in the future. The finance sector

realised the largest annual growth between 2016 and 2020, with 2.8 per cent, followed by the community services sector, which increased by 1.9 per cent per annum.

The leading sector in the municipal area, the agriculture sector, contracted in 2018 and 2019 because of the drought experienced. The sector showed recovery in 2020, with an 11.4 per cent growth rate, and is estimated to continue to recover in 2021, with 8.3 per cent growth. This will influence the municipal area positively as it is estimated that the total economy will grow by 6 per cent in 2021. The only two sectors that are estimated to have contracted in 2021 are the mining and construction sectors.

Figure 13: SBM Employment, 2020 and 2021e

 **JOBS**

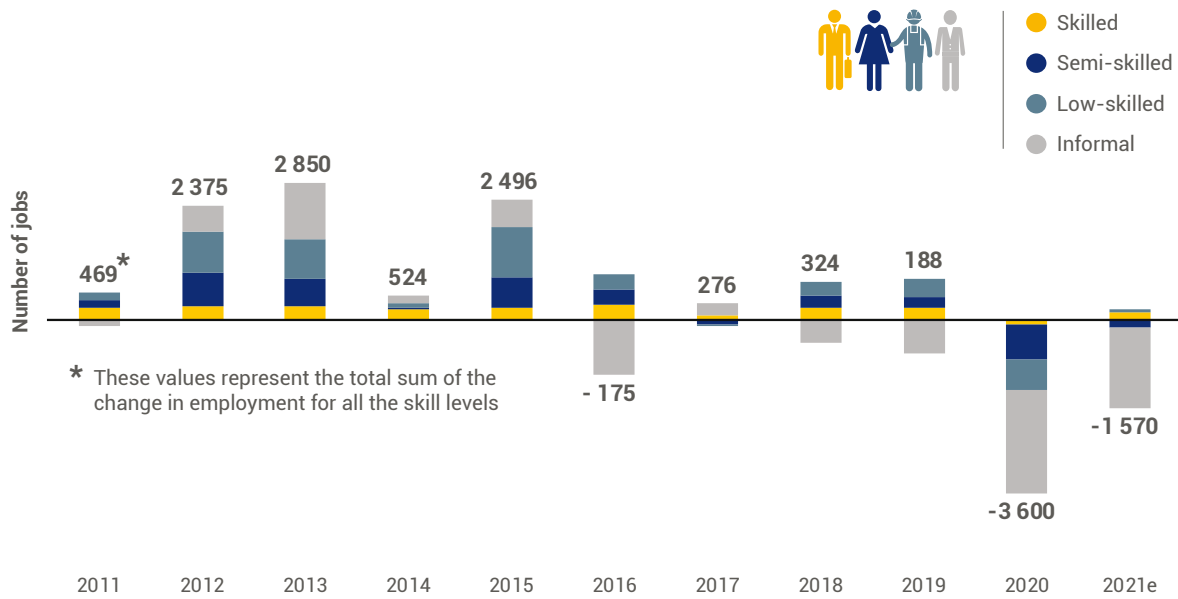
2020 48 438		↓ -1 570 LOSSES		2021e 46 868		 Unemployment rate		 Labour force participation rate		 Labour absorption rate (employment-to-population ratio)		 Not economically active proportion of working-age population	
2020 EMPLOYMENT BREAKDOWN						2020		2021e ↑		2020		2021e ↑	
INFORMAL 20.4%	FORMAL 15.8% Skilled	31.7% Semi-skilled	32.1% Low-skilled	18.9%	23.1%	66.6%	67.4%	54.0%	51.8%	33.4%	32.6%		

Source: MERO 2022 – Quantec Research, 2022 (e denotes estimate)

Figure 13 reflects that the Saldanha Bay municipal area had 48 438 employed workers in 2020, and this is expected to have decreased to 46 868 workers in 2021. The total share of formal employment was 79.6 per cent in 2020, with most workers being low-skilled. The share of skilled employment in the municipal area was

15.8 per cent. The informal employment share in 2020 was 20.4 per cent in the Saldanha Bay municipal area. The unemployment rate for 2020 was 18.9 per cent, and this is estimated to have increased to 23.1 per cent in 2021. Labour force participation is estimated to have reached 67.4 per cent in 2021 from 66.6 per cent in 2020.

Figure 14: Change in SBM Employment, 2011 – 2021e



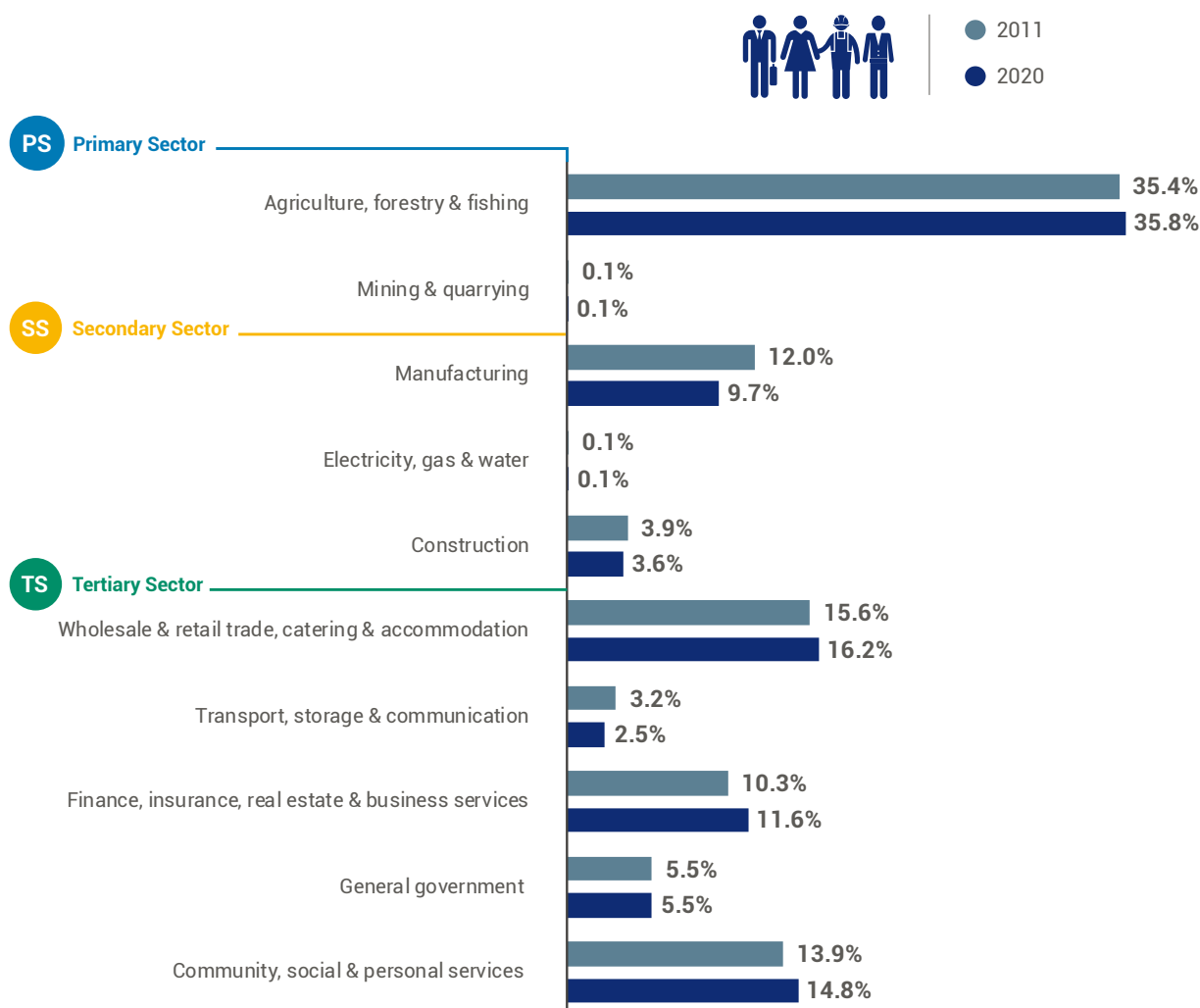
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e
Skilled	261	307	278	224	248	327	110	262	247	-95	167
Semi-skilled	144	668	582	40	655	301	-80	240	238	-720	-158
Low-skilled	167	871	822	84	1 046	328	-1	286	385	-626	73
Informal	-103	529	1 168	176	547	-1 131	247	-464	-682	-2 159	-1 652

Source: MERO 2022 – Quantec Research, 2022 (e denotes estimate)

Figure 14 reflects that between 2011 and 2020 a total of 5 727 jobs were created in the municipal area, with the majority of jobs created for low-skilled workers (3 362 jobs), followed by skilled workers (2 169 jobs), and 2 068 semi-skilled jobs were created in the same period. A total of 1 872 informal jobs were lost between 2011 and 2020. It is estimated that job losses continued in 2021, with an estimated 1 570 jobs lost. Skilled and low-skilled workers showed the most resilience.

It is estimated that 167 jobs were created for skilled workers in 2021, which will recover the 95 jobs lost in 2020. An estimated 73 jobs were created for low-skilled workers in 2021. For semi-skilled workers, it is estimated that 158 jobs were lost in 2021. Informal employment continued with a contraction of 1 652 jobs in 2021.

Figure 15: Saldanha Bay Sectoral Employment Contribution (%)




Source: MERO 2022 – Quantec Research, 2022

Figure 15 provides an overview of the sectoral employment contribution within the Saldanha Bay municipal area. The Figure reflects that the agriculture sector contributed the most to employment in 2011 as well as 2020, with a contribution of 35.4 per cent and 35.8 per cent respectively. This is in line with the size of the sector, as it is one of the major economic contributors in the municipal area. It is known that the sector is labour-intensive, contributing the most employment for low-skilled workers. The municipality and its stakeholders could focus on skills development for agricultural workers

with a particular focus on aquaculture, as this industry requires more skill but is more resilient and predictable than fishing at sea.

The trade sector was the second-highest contributor to employment, contributing 15.6 per cent in 2011, which increased to 16.2 per cent in 2020. It is interesting to note that although the manufacturing industry only accounts for 9.7 per cent of the labour force, it accounts for the second-largest share of total gross value added. This could be an indication of the strong capital-intensive capabilities of the manufacturing sector in Saldanha Bay.

Table 4: Saldanha Bay Sectoral Employment Contribution (%)

SECTOR	 Number of jobs 2020	Average annual change		Annual change in employment		
		2011 – 2020	2016 – 2020	2019	2020	2021e
PS Primary Sector	17 388 (35.9%)	197	-580	-49	-1 421	-926
Agriculture, forestry & fishing	17 346 (35.8%)	199	-576	-44	-1 415	-924
Mining & quarrying	42 (0.1%)	-2	-3	-5	-6	-2
SS Secondary Sector	6 532 (13.5%)	-58	-136	-137	-467	-276
Manufacturing	4 719 (9.7%)	-77	-97	-6	-256	-157
Electricity, gas & water	65 (0.1%)	1	-1	-2	-3	-1
Construction	1 748 (3.6%)	18	-39	-129	-208	-118
TS Tertiary Sector	24 518 (50.6%)	434	119	374	-1 712	-368
Wholesale & retail trade, catering & accommodation	7 836 (16.2%)	133	13	152	-938	-360
Transport, storage & communication	1 207 (2.5%)	-13	-56	-12	-195	-135
Finance, insurance, real estate & business services	5 634 (11.6%)	139	97	110	-163	-64
General government	2 660 (5.5%)	43	16	27	-33	25
Community, social & personal services	7 181 (14.8%)	133	48	97	-383	166
Total Saldanha Bay	48 438 (100.0%)	573	-597	188	-3 600	-1 570

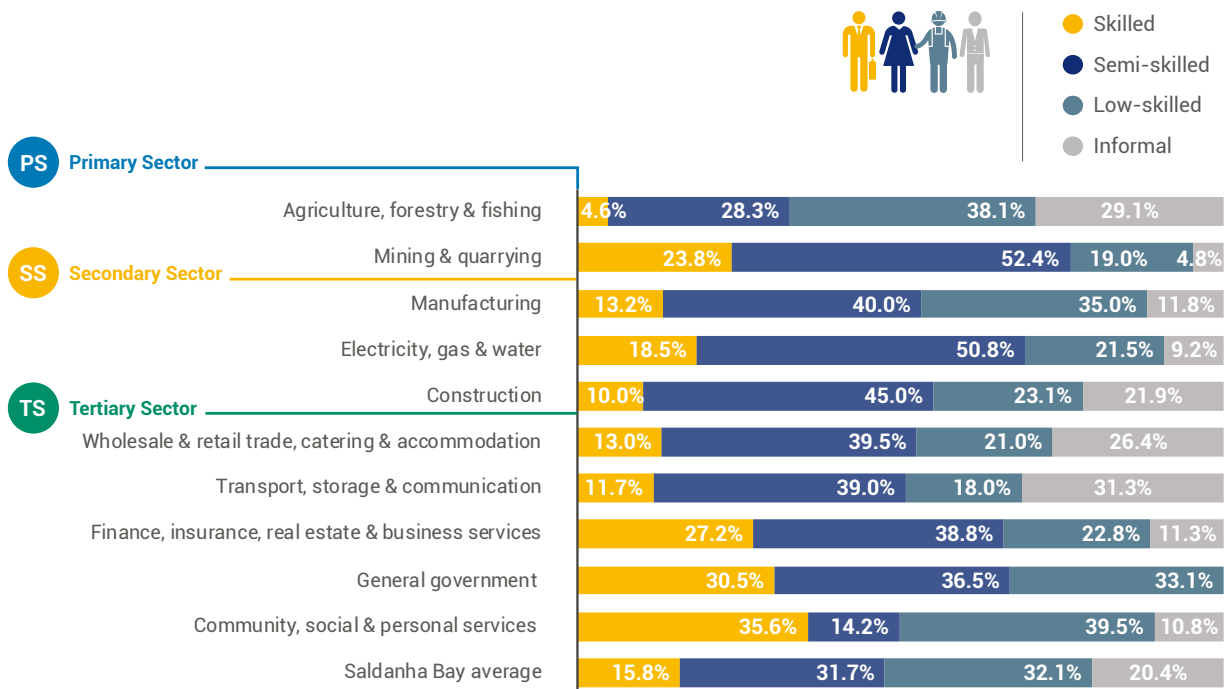
Source: MERO 2022 – Quantec Research, 2022 (e denotes estimate)

Table 4 outlines the Saldanha Bay municipal area’s employment performance per sector. It notes that the Saldanha Bay municipal area had a total of 48 438 jobs in 2020. The tertiary sector was the largest contributor with 24 518 jobs (50.6 per cent), followed by the primary sector with 17 388 jobs (35.9 per cent), and the secondary sector contributed 6 532 jobs (13.5 per cent). Between 2011 and 2020 the municipal area created 573 jobs annually, on average, with the most jobs created in the agriculture sector (199 jobs). The municipal area lost 597 jobs annually, on average, between 2016 and 2020, with COVID-19 being the reason for the large number of jobs shed in 2020. The only sectors that created jobs between 2016 and 2020 were the trade sector (13 jobs annually, on average), the community services sector (48

jobs), the finance sector with 97 jobs and the general government sector with 16 jobs.

It is estimated that the effects of Covid-19 continued to result in job losses in 2021, with a total of 1 570 jobs lost. The sector indicating the most job losses was the agriculture sector, with 924 jobs lost. It is interesting to note that this sector was the leading contributor in terms of GDP growth in 2020, but also shed the most jobs between 2020 and 2021. It is important for the municipal area to focus on skills development for the workers to ensure their employability. The only sectors that are estimated to have created jobs in 2021 are the general government and community services sectors.

Figure 16: Saldanha Bay Employment and Skill level per sector (%)



Source: MERO 2022 – Quantec Research, 2022

Figure 16 reflects that on average, the municipal area was mainly characterised by low-skilled labour (32.1 per cent), followed by semi-skilled labour (31.7 per cent) and a small proportion of skilled labour (15.8 per cent) in 2020. The municipal area had 20.4 per cent informal employment and 79.6 per cent formal employment. The two sectors that predominantly used low-skilled workers in 2020 were the agriculture sector (38.1 per cent) and the community services sector (39.5 per cent).

The remaining sectors in the Saldanha Bay municipal area employed a large proportion of semi-skilled workers, particularly the mining sector, in which 52.4 per cent of workers were classified as semi-skilled. The two sectors with the highest proportion of skilled workers were the community services sector (35.6 per cent) and the general government sector (30.5 per cent). In 2021, only the government and community services sectors are estimated to have created jobs.

Low-skilled workers, who make up the majority of the municipal area’s workforce, faced inconsistent demand and recurrent job losses between 2011

and 2021 owing to changes in employment and the economy’s skills structure. Skilled workers, on the other hand, who make up the smallest percentage of the workforce in the area, saw consistent job growth and resilience during the time under consideration.

The sector that has the most informal employment is the transport sector, with 31.3 per cent informal workers in 2020. The main reason for this is that many workers in this sector are taxi drivers, which is seen as informal employment.

4.1.1.6 Concluding remarks⁸

It is concerning to note that approximately one in 10 workers in the Saldanha Bay municipal area lost their jobs in the cumulative period between 2020 and 2021. Concurrently, the Saldanha Bay municipal area recorded the largest increase in unemployment rates between 2020 and 2021. This represents the bulk of job losses in the WCD, with those in informal employment being mostly affected. It reflects how the closure of an entity such as a steel mill not only affects upstream and downstream suppliers and clients but also impacts the informal sector.

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On the other hand, recent upgrades to the Port of Saldanha and planned expansions to the Freeport Saldanha IDZ will position the district well for export orientated growth. As traditional strengths such as fishing evolve, investment in SBM's and the WCD's logistics infrastructure will support a transition to new value-adding activities such as the manufacturing of green hydrogen. Acknowledging recent lessons from oil, gas and small-scale fisheries, responsible stewardship of the environment and heritage will ensure that the process to leverage the Saldanha Bay region and larger WCD's potential is inclusive and has multi-stakeholder community buy-in.

4.1.2 Market Environment Analysis

4.1.2.1 Good practice in SEZs in Africa

The Handbook on Special Economic Zones in Africa: Towards Economic Diversification across the Continent (UNCTAD, 2021) aims to provide an Africa specific model of special economic zones based on lessons from experience and best practices, with a view to supporting the African Continental Free Trade Area and in the process accelerating the integration of Africa. The Handbook takes stock of the current state of play of African SEZs and it identifies several good practices through the analysis of case studies reflecting a variety of critical aspects and representing the specificities of diverse African regions. Relevant lessons – ranging from the importance of the strategic focus and locational advantages to heightened attention to enhanced environmental and social standards – are brought out.

It is relevant to the Corporate Plan of the Freeport, in highlighting the summarised recommendations of its analysis, so as to set the aligned global and continental environmental context of the SEZ programme, especially when considering the provincial and national medium- to long-term policy environment, especially the Recovery Plan and Provincial Strategic Plan 2019 – 2024 with its Economy and Jobs objectives. Thus, the findings from the Handbook echo and align to the current provincial and national medium- to long-term policy environment as described in section 3 and inform the context of the strategic priorities of the Freeport as outlined in section 4.3.

The empirical evidence stemming from the case studies highlights the following five points:

(1) **Most successful zones have adapted their policies and strategic focus to both the local context and international economic trends.**

Copying the strategies of successful cases – generally, long-established and well-performing zones that had a significant transformative impact on their surrounding environment, e.g., the Shenzhen SEZ in China – rarely works, as it is always difficult to reproduce the conditions that led to the success of the strategy being copied. This implies that, for most zones in emerging and developing countries to succeed, adaptation to the local context is a must. One key feature of many successful SEZ policies is a clear strategic focus in terms of realistic target sectors and investors based on a country's value proposition and comparative advantage. This often implies adapting policies to the country's endowments and responding to changing patterns in international production.

(2) **Integrated SEZ policies and a coordinated institutional approach are of crucial importance for an SEZ programme to be effective.**

Integrated policies – as opposed to stand-alone policies – are essential in ensuring policy coherence across different policy areas (i.e., industry, education, transport, trade) that can contribute to the success of SEZ interventions. When policies are aligned, synergies are created, and benefits maximized. Similarly, a coordinated, whole-of-government approach to investment promotion assumes an all-important role in signalling to investors that the country's institutions are open for business and fully committed to facilitating investors' activities. This sort of integrated, proactive approach can considerably boost the chances of attracting anchor investors, often outdoing international competitors.

(3) International partnerships – with foreign governments, private firms or international institutions – can facilitate knowledge exchange, although caveats apply.

The evidence stemming from SEZs in Mauritius and Nigeria and some recently established cross-border SEZs shows that developing zones in collaboration with international partners can help the host country to gain access to good practices. That said, knowledge transfers between partners do not happen automatically. Hence, setting up formal transfer mechanisms is of crucial importance in order to bring about an effective exchange of know-how. In addition, safeguards to mitigate the risks arising from conflicting interests, lack of trust and misalignment of objectives play important roles in determining the outcome of international partnerships.

(4) Enhanced environmental, social and governance (ESG) standards can render SEZs more competitive and attractive to investors.

A focus on labour standards and environmentally friendly, gender-inclusive programmes can not only boost the societal contributions of SEZ policies, but also support resource efficiency within the zone. Solid ESG standards can, therefore, furnish substantive positive externalities in terms of the productivity of SEZ-based firms. Increasingly, specialization in “green” sectors enables SEZs to leverage investment flows in areas related to the Sustainable Development Goals (SDGs) as initiatives aimed at providing support to vulnerable groups decrease staff turnover and enhance workers’ productivity.

(5) Proactive and targeted policy measures are pivotal to ensure that SEZs become policy tools for the diffusion of knowledge, innovation and economic dynamism, both inside and outside their gates.

SEZs are increasingly assessed on their ability to spur economic development beyond their boundaries. To enable innovation-stimulating mechanisms – such as labour circulation, the imitation of SEZ firm technologies and, in particular, the establishment of sourcing linkages between SEZ firms and local suppliers – ad hoc policy interventions, such as supplier development programmes and SME accelerators, can go a long way towards creating fruitful linkages between economic players.

4.1.2.2 SEZ’s as catalysts for industrialisation in Africa

The African CEO Forum’s report on SEZs as “Catalysts for African Industrialisation” makes six recommendations for transforming SEZs into powerful catalysts for the continent’s industrialisation. In many ways, this report aligns with and echoes the five points of good practice for SEZs in Africa as set out under point 4.1.2.1. Reflecting on lessons learned over the past 50 years in relation to the establishment of SEZs across Africa, the report notes that for an SEZ to develop and meet its intended objectives, it must (be):

- **Strategically Located**

- Ensuring that an SEZ is strategically located is a critical success factor for the growth and development of an SEZ. It is important that an SEZ is well located by ensuring that there is a locally available significant pool of qualified and highly cost-competitive labour given the labour-intensive requirements of industrial activities. In addition, an SEZ must be connected and near reliable and world class logistical (roads, rail and port etc.) and bulk utility (electricity, water) infrastructure. Lastly, it is important to ensure that an SEZ is located near the raw materials used for its processing activities and/or its targeted consumer markets which effectively cuts transport costs and optimise returns on end products.
- Freeport Saldanha is South Africa’s first and only SEZ that is located in a commercial port. In addition, the SEZ is located in the largest and deepest (23m draught) natural port in the southern hemisphere which means that the port can accommodate and service a wide range of vessels and provide a linkage point for both African and international markets due to its proximity to a main global shipping route.
- Furthermore, through the Company’s development programmes unit, the Company has, in partnerships with various SETAs, since 2014 facilitated the training of over 2650 locals to ensure that a suitably skilled local labour market is created and maintained for Zone Investors and tenants to draw from. The Company

has also, through its Contractor and Enterprise Development programmes, launched initiatives that ensures that local contractors and SMEs are equipped with the expertise and qualifications to participate in current and future Zone related projects.

- Lastly, the Company has launched the Saldanha Bay Innovation Campus (SBIC). The SBIC will ensure that within and around the Zone, clusters driving research, development and innovation within the energy and maritime industries are established and developed to ensure that current and future Freeport Saldanha investors and tenants have access to cutting -edge knowledge and technology that enables them to sustainably, inclusively and effectively create and seize opportunities so that they are able to rapidly respond to shifting global trends and remain globally competitive.
- **Aligned with domestic industrial strategy**
 - SEZs must be devised in line with national strategy to improve their own competitiveness and the growth and development of the larger regional economy in which they operate. Contrary to past practices, SEZs tend to perform better if they concentrate their industrial activities on only a few sectors. By fuelling efforts into a limited number of sectors, which fit in with the region’s comparative advantages SEZs can respond to specific requirements, build up cooperative relations between the companies located there and benefit from support from local authorities.
 - Over the next 15 years, South Africa’s industrial development will, to a large extent, be informed, enabled and driven by four key policy instruments. These are, the Economic Reconstruction and Recovery Plan (ERRP), the National Infrastructure Plan (NIP), the Country Investment Strategy (CIS) and the South African Just Energy Transition - Investment Plan (JET-IP). These policy instruments have been drafted by National Government in response to changing circumstances at a global and national level, including but not only, the socio-economic impact of the Covid-19 Pandemic, climate

change and the relationship of humans with the environment as well as the global energy transition within the context of South Africa’s energy crises. As a SEZ and state-owned entity, the Freeport Saldanha IDZ has also adapted to these changing circumstances and aligned its strategy, market proposition and plans to the national, provincial and local government policy instruments and enablers that informs the Country’s domestic industrial strategy to ensure that the company and more importantly South Africa inc. identifies and leverages the opportunities emerging from these changing circumstances.

- **Provide a high performing ecosystem**
 - SEZs that prosper are those which provide investors with fully operational facilities and support their value chains both up and downstream. This approach must be developed by drawing on the expertise of experienced players with a thorough understanding of each link in the chain. Such support allows investors to focus on their core business and reduce their initial outlays. Developing an efficient value chain involves procuring quality raw materials at competitive prices and all the requisite products and services for a sector to expand. Other critical factors include access to logistics and energy networks and a one-stop shop for administrative procedures (licenses, customs, visas etc.) to clarify each firm’s legal rights and obligations and shorten delays.
 - Through the dtic’s various funding mechanisms available to SEZ investors, Freeport Saldanha has prepared the Zone for investment by appropriately rezoning land owned by the Freeport, putting in place the required basic infrastructure and building the required operational facilities for Freeport Saldanha investors and tenants. In addition, bearing in mind that the Zone is connected to the regional infrastructure network and will be contributing additional load onto the systems, the Company has implemented projects to upgrade the surrounding bulk infrastructure. Through stakeholder engagement and partnership with the provincial government and

the Municipality, the Company has also ensured that upgrades and development of the local and regional road network takes the current and future transportation needs of SEZ investors into account.

- Through the work driven by the Ease of Doing Business (EoDB) unit, the company has sought to provide proactive solutions that are customer-centric for investors. These solutions include the development of the EODB Centre - a co-working space located within the Access and Security Complex of Freeport Saldanha. This space has been designed to extend the services already offered by the EODB Unit into a physical location where investors can consult with the government officials and private service. Going forward the EoDB Centre will provide advisory services, co-located services and client centric services which will ensure that Investors and tenants of the Zone have access to the information and services required to do business in the Zone, Saldanha and South Africa seamlessly and effortlessly. It should also be noted that through the EoDB Service Level Agreement (SLA) which the Company has concluded with the Municipality, the building plan approval process for Zone investors has been streamlined significantly.
- The idea of creating an enabling business environment is also championed by the G4J strategic framework. The G4J strategic framework notes that *"an international (and regionally) competitive economy requires a business environment that is better enabled than competitor economies. This forms the basis for improvements in productivity, leads to accelerated economic growth and improves the quality of citizens' lives."* In addition, the G4J Strategic framework espouses the development of economic infrastructure which *"promotes economic activity and is a pre-condition for economic growth. It refers to facilities, activities and services that support economic production, operations and development and is inclusive of roads, airports, ecological and ports."*⁹

- **Invest pragmatically and in phases**

- Building in phases enables SEZs to grow progressively and determine the corresponding amounts to invest. Investing in a regional framework so that each nation's industries complement rather than compete against one another can prove an effective means to avert the dispersion of businesses and investment. Lastly, investments should always serve a particular purpose. The size of a SEZ is not everything. Concentrating on a limited area and operational efficiency is often more worthwhile than investing heavily in large-scale projects that will likely fall short of their projected impact.
- Currently, Freeport Saldanha has a designated area of 356ha of which 180 ha is commercially leasable. Notwithstanding the fact that this is a significantly smaller SEZ footprint than that of other South African SEZ's, recent and evolving changes in the maritime and energy market requires that the Company, to meet its current and future strategic needs, expands the physical footprint of the Zone as well as the SEZ and CCA boundaries. The company has carefully considered this next phase in the development of the Zone as it will allow the Freeport Saldanha IDZ to maximise the efficiency of import and export operations at the Zone.

- **Foster public/private governance**

- Though several governance structures exist for SEZs, a hybrid public/private partnership (PPP) seems to perform best. PPPs can attract private capital while alleviating strain on state budgets. It is crucial that all stakeholder interests in a PPP are consistent with a common objective, namely, to optimise both the project's profitability and its economic spill over on a national scale. An advantage of this type of governance structure, which applies to over 30% of African SEZs, is that it helps mobilise patient capital held by states, sovereign funds and multilateral donors. The long-term vision of these players leaves SEZs sufficient time to develop pragmatically and in phases.

9 Growth for Jobs Strategic Framework 2022

- New port infrastructure is critical to Freeport Saldanha's realization as a marine and energy services centre in Saldanha Bay. The existing port infrastructure is dedicated to iron ore and manganese exports with very little other port activity accommodated in the port. To accommodate a full marine manufacturing, repairs and servicing centre, bespoke infrastructure is required, and dedicated facilities are required. Towards advancing the development of this port infrastructure at the Port of Saldanha, Freeport Saldanha has initiated and concluded a Cost Benefit Analysis (CBA) study.
- ISA has formally confirmed that Freeport Saldanha's Port Infrastructure project has reached the early business case gateway. The TNPA, as custodian of the ports is responsible for facilitating the building and management of the infrastructure of ports. Accordingly, Freeport Saldanha must work closely with the TNPA in relation to the process to securing private sector funding for the development and operation of marine infrastructure at the Port of Saldanha as per Freeport Saldanha's Cost-Benefit Analysis. In addition, Freeport Saldanha is currently awaiting formal approval from the TNPA, to proceed with a Marine Environmental Impact Assessment (EIA) in relation to the port infrastructure as set out in the CBA study. Through the work as set out above, the Company aims to clarify and de-risk the port infrastructure project which will foster and enable private sector interest in the project. Identifying and on-boarding a suitable private sector partner will lower the cost of the project for Government and allow the Company to leverage the expertise of the private sector to assist in efficiently and effectively building, operating, and maintaining the required port infrastructure.
- The G4J strategic framework recognises that the *"private sector is better positioned to assess and identify investment opportunities with a positive net value than government and can more efficiently deploy capital and other scarce resources. Consequently, in*

*addition to creating an enabling business environment, government needs to be supportive and responsive to the economic opportunities identified by businesses, ensuring a sustainable upward curve for growth."*¹⁰

- **Design to deliver green and sustainable industrialisation**

- Projects in SEZs in Africa must not go ahead without addressing the environmental and social issues required for sustainable development. Mitigating the impact of industrial activities on the environment must be planned from the start by using clear monitoring indicators, rolling out more eco-friendly production processes and taking steps towards a greener supply chain. It is also possible for SEZs to steer businesses in the zone towards sectors grounded in sustainable development. Such a move towards carbon neutral SEZs can even serve to attract greater investment by providing a competitive edge in the global market. Lastly, optimising social and economic spill over for the host country must be the number one priority for SEZ operators.
- Global society is currently amid a dramatic shift in energy systems, away from carbon-intensive sources such as coal and crude oil, and towards lower-carbon solutions including gas, renewables and hydrogen. South Africa also has a unique role to play in this transition. While South Africa's carbon emissions represent only a small fraction of global carbon emissions (around 1.4%), we are also uniquely dependent on fossil fuels for our energy, with over 85% of our energy currently derived from coal. Yet, South Africa also has amongst the world's highest potentials for renewable energies, including solar, wind, tidal, and derived products such as hydrogen. As part of SA's National Climate Change Adaptation Strategy, and various other supporting policy documents, Saldanha Bay is identified as a critical location for renewables, particularly Green Hydrogen, as part of the country's move towards decarbonisation. Saldanha has been discussed and identified as an ideal

location for a hydrogen hub through various pieces of completed and ongoing research such as a recent study led by the CSIR.

- At the same time, globally, there is an increased understanding of the profoundly negative impact of human activity, especially that which is industrial in nature, on the environment. As such, the sustainable development agenda increasingly drives the strategic investment decisions and operations of large investors such as multi-national corporations. As such, designing and shifting operation to enable sustainable industrialisation is increasingly becoming a compelling part of the value propositions of SEZs. SEZs marketing their environmental performance (ecozones) are already emerging, and the enforcement and active promotion of high ESG standards will increasingly become a feature of SEZs.¹¹
- The G4J strategic framework reiterates the WCG's commitment to sustainability in its breakout growth objective and in doing so meeting current needs without compromising the ability of future generations to meet their own needs. The principle of sustainability seeks to not only safeguard the Province's natural and ecological assets and resources and shield its economy and society from the impacts of climate change, but also enhance the competitiveness and resilience of Western Cape businesses, reducing the cost of doing business and generating long-term value for the private sector.

4.1.2.3 The Freeport and SEZ Linkages

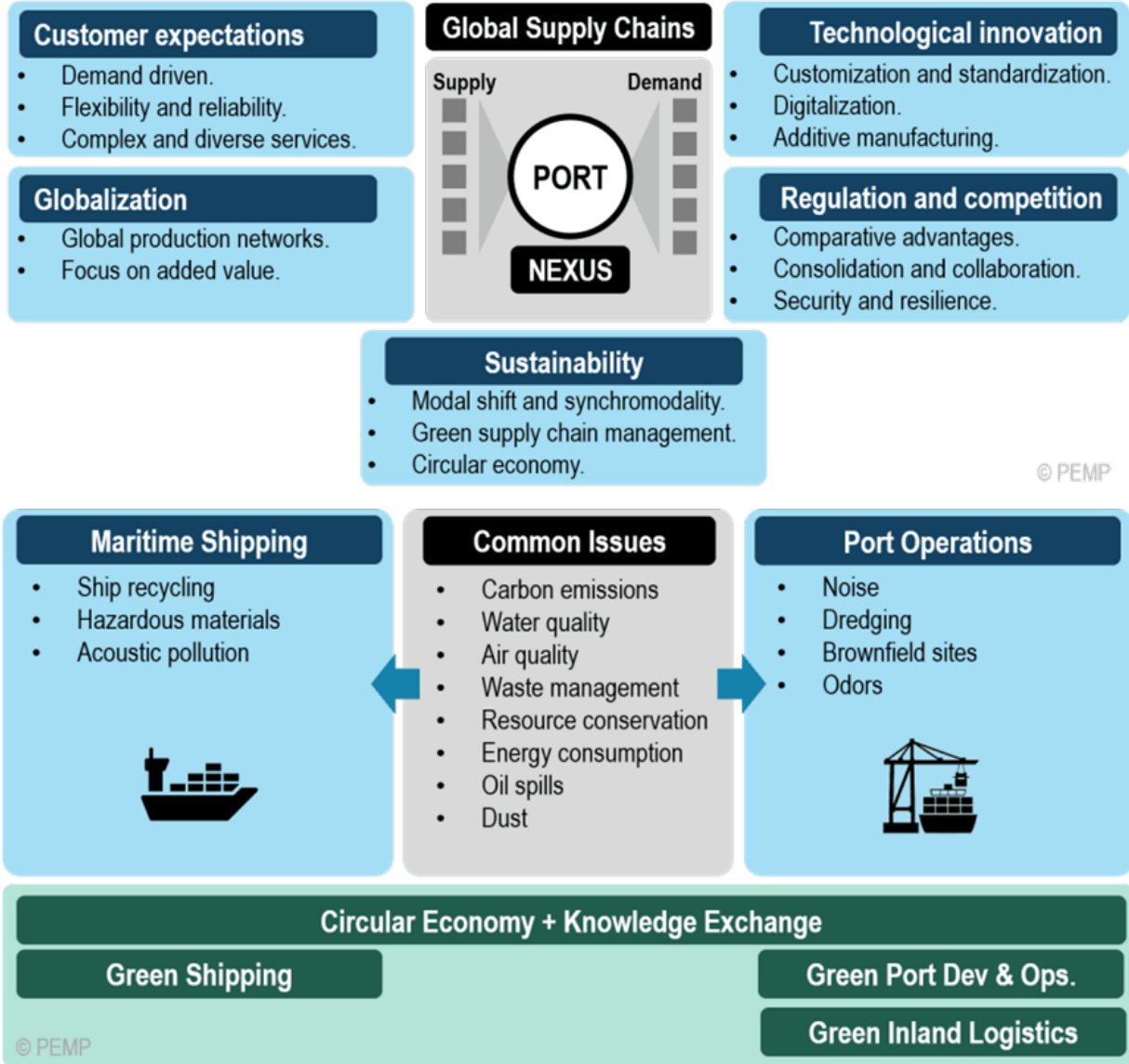
The zone has significant advantages and synergies to bring to market due to its designated as a Customs Control Area (CCA) since 2019, making it South Africa's first Freeport, an SEZ in a Port with a CCA:

- A Freeport is generally defined as duty-free areas within or adjacent to a port of entry where imported goods may be unloaded for value-adding activities, repackaging, storage and subsequent re-export, subject to special and advantageous customs procedures, and
- With an SEZ, generally defined as a geographically designated area of a country set aside for specifically targeted economic activities, supported through special arrangements and systems that are often different from those that apply to the rest of the country. In South Africa, they support a broader-based industrialisation growth path, while helping the country achieve the objectives of the NDP and other policy initiatives. They provide additional demand at the port nexus, which will assist the SEZ and the port to deliver on their mandates.

Freeport and SEZ linkages can thus be seen as zones and ports are organized to serve the global economy and support regional and local development.

11 <https://worldinvestmentreport.unctad.org/world-investment-report-2019/chapter-4-special-economic-zones/>

Figure 17: Themes and issues for a Freeport and port interface



Source: Pallis TNA, Rodrigue JP, 2021. Port Economics, Management and Policy

Port hinterlands have seen an emerging landscape for port-related activities, leading to their regionalisation, the setting of corridors, and logistical platforms such as rail links and dry ports.

Freeport Saldanha and TNPA port collaboration will enhance the delivery of both operations' core mandates, create seamless interfaces for improved efficiencies, and allow global supply chains to be integrated into an economy to address all the current and emerging common issues for the future sustainability of both.

Some of the specific advantages and synergies include:

- (1) Alignment of state entities' such as TNPA and Freeport Saldanha to leverage policy and resources.
- (2) Improved 'ease of doing business' and reduced administrative burdens for both.
- (3) Economies of scale and cost savings through shared facilities and processes,
- (4) Fiscal and trade-based advantages through incentives and policy initiatives,
- (5) Improved efficiencies through mutually beneficial collaboration and projects,
- (6) Ability to address common issues such as energy and water security, carbon emissions, climate change and the circular economy,
- (7) Pooled resources for innovation, knowledge exchange and 'Industry Four' initiatives, and
- (8) Opportunities for 'Public Private Partnerships' and innovative development models.

4.1.2.4 Energy Opportunity Analysis

The Freeport is extremely well positioned for commercially viable domestic, regional and export opportunities in energy markets, including oil and gas and green energy, and many of the associated manufacturing, assembly and services associated with economic activities in the energy sector in Southern Africa.

The context for energy globally has changed, opening up markets for the Freeport, based on existing and budgeted infrastructure and commercial scale contracts for offtake. The shift to cleaner and green energy, the concerns about storage linked to price and availability in the oil and gas supply chain, South Africa's international climate change commitments, and the Freeport's location and already installed infrastructure and services provide a compelling business rationale relative to competitors in terms of its location and assets (many existing) for which demand is now growing almost exponentially and is likely to continue to do so into the future.

Highlighting three market drivers in the global and national energy landscape:

- The global Energy Transition has been accelerated with the ongoing Russia-Ukraine War and consequential energy price volatility, leading to global players to source immediate new energy supplies and seek mid to longer term cleaner energy alternatives.
- On South African turf, South Africa continues to experience an energy shortage due to Eskom plant failures, affecting economic growth and jobs at a time when the country's cities urgently need to recover from the COVID-19 crisis to retain its competitiveness and attractiveness.¹²
- South Africa's Just Energy Transition Investment Plan was well received at COP27 in November 2022, highlighting South Africa's commitment to decarbonisation efforts and deployment of investment funds of US\$8.5bn to three critical areas of i) Electricity ii) New Energy Vehicles and iii) Green Hydrogen. This US\$8.5bn offer comprises grants, concessional and commercial loans, and guarantee instruments - contributing to ca. 12% of South Africa's JET IP funding needs for initial 5-year period.

Resolving the energy shortfall, meeting decarbonisation goals and addressing the energy transition requires a collective effort across private and public sectors. Furthermore, Freeport Saldanha can play a significant role as a key energy node in the Global and Southern African Energy Transition.

The Freeport appears to have very significant comparative advantages in the new energy domain and some in the traditional energy supply chain. Several commercially viable opportunities in the energy sector are open to the Freeport, which are supported by very meaningful comparative advantages relative to other locations- largely driven by significant changes in demand and technology.

12 <https://www.pwc.co.za/en/assets/pdf/economic-outlook/sa-economic-outlook-sustainable-options-to-plug-energy-deficit.pdf>

Its current advantages include, but are not necessarily limited to, its location, its status as a Freeport, the fact that it is a deep port, the essential nature of its location for maritime services linked to the shipping lanes it serves, its weather, its proximity to sources of renewable energy, the availability of significant useful land surrounding the Freeport for the development of essential renewable energy (RE) supply, the budgeted plans of Eskom, Transnet and TNPA, its proximity to Cape Town, the agricultural hinterland of the Western Cape, and the sun farms of Namibia, Botswana and the Northern

Cape. It has the core of the infrastructure needed to provide services and manufacturing capacity.

These are significant comparative advantages in attracting investment to the Freeport in specific energy sectors and applications, which others do not enjoy, or where others cannot offer comparable solutions.

In cross-referencing focus areas and rationale, the following are specific priorities to examine in exploring the fullest realistic and sustainable opportunity of the Freeport as a comprehensive energy hub:

Table 5: High level recommendations for a comprehensive energy hub in the Freeport, 2022

Specific priorities	Rationale
<p>Focus areas</p> <ul style="list-style-type: none"> • LNG imports in quantity - Immediate; • Significant storage capacity- Immediate for O&G; • Traditional upstream O&G E & P activities; • Set up as green hydrogen manufacturing inside the Freeport. Must link to RE - Immediate feasibility needed; • Focus on green maritime fuels as the hub for the global South and access to Africa – To be linked to feasibility above; • Focus on green ammonia, existing markets local and regional African linked to above. <p>Services related to the above priorities i.e., E & P, wind turbine laydown, care, maintenance, decommissioning and recycling</p> <p>Manufacturing - storage tanks, O&G piping, cabling, energy storage batteries, wind energy turbine manufacturing, solar panel manufacture, battery and fuel cell manufacture.</p>	<ul style="list-style-type: none"> • Oil to gas – local Eskom and Industry • No current LNG import facility in SA • Significant increase in demand for LNG, need for trader’s storage and strategic buffer • E & P offshore may take time to recover; risk has changed and timing uncertain • Green hydrogen and ammonia demand will grow exponentially over the next 5 to 10 years, with green ammonia demand increasing due to continued food shortages as a result of climate change in the short term • Green maritime fuels set to being implemented in international regulations within five years. • Tank storage needed for local needs and for exporters and traders. • Battery and Fuel cell storage needed for power back and in stationary applications, as well as small vessels.

Immediate (1-3 years) opportunity-based activities using existing infrastructure and capacity include construction of fuel storage terminals, movement of abnormal project renewables cargo, offshore supply base support for West SADC E&P campaigns and establishing local solar panels and battery manufacturing and or assembly capacity.

- (i) *Construction of a Bulk Liquid Fuels Storage Terminals.* There is demand for additional coastal import, storage and distribution facilities within South Africa, mostly driven by ailing South African refinery capacity and the requirement for additional fuel imports for local consumption and strategic fuel reserves.
- (ii) *Movement of abnormal project renewables cargo.* The Freeport already supports the implementation of the South African National Integrated Resource Plan (NIRP) and the Independent Power Producer Procurement (IPP) Programme. By example, the Freeport and Port of Saldanha facilitates logistics and laydown area for wind turbine components for bid window 1-4, with the imminent implementation of bid window 4b to 6 anticipated in 2023 - delays in the recent bid windows are mostly attributed to global supply chain conditions and local grid constraints. The Freeport keeps a positive outlook and foresee an increase of Private Power Generations taking up the opportunity that the Energy reforms, announced in July 2022 by President Ramaphosa, may bring to the market.
- (iii) *Establishing local solar panels and battery manufacturing and or assembly capacity.* With the new national energy reforms, continued Eskom load shedding and regional Southern African market demand driven by energy resilience and scarcity, there is an increased uptake in rooftop solar facilities and battery storage requirements, leading to an increased demand for solar panels and battery storage products.

(iv) *Offshore supply base support for offshore West SADC E&P campaigns.* 2022 has brought announcements of major oil and gas deposits offshore Namibia with more exploration activities anticipated in 2023 within South Africa waters, specifically blocks along the coast of the Northern and Western Cape. Currently supply services are run from Walvis Bay and intermittently from Cape Town. Saldanha and the awarded consortium bid to Saldehco to operate an offshore supply base is well positioned to seize these market opportunities. Further activities are expected in Mozambique and beyond.

Mid-term opportunity (1-5 years) lies in the gas-fired power generation, production of green hydrogen, municipal energy resilience and more RE generation capacity.

- (i) *Gas-fired power generation* will play a key role in balancing out the intermittency of renewable energy power generation and as an energy transition fuel. Until battery energy storage, or green hydrogen can assume this role and is affordable, gas may be the most cost-effective technology available, and there may be a 10-to-15-year window to engage in an LNG to power project, without sitting with stranded assets.¹³ Similarly, to the IPP programme, a RFP for gas-to-power is anticipated to be published as part of bid window 7 in March 2023, which is of interest when linked to Eskom's plans for gas to power for the region.¹⁴
- (ii) *Production of Green hydrogen derivatives include chemicals such as hydrogen and ammonia.* Within the context of global pressures on energy, carbon emissions and market demand for green hydrogen, the Western Cape's potential has been explored in a range of international studies. Major financiers and agencies from Europe, the USA and other major energy markets have indicated support for green hydrogen developments in South Africa and have included the Western Cape as one of the priority locations for potential development. Investment interest to establish green hydrogen projects (especially in Saldanha) has also seen a major spike since the beginning of 2022¹⁵. Opportunities are focused

13 Intellidex Western Cape Growth Diagnostic May 2022

14 IRP 2019

15 Western Cape Government Position Paper: Green Hydrogen, November 2022

on green hydrogen for local consumption and extensive export, and green maritime fuels, supported by major industries' interest such as ArcelorMittal and Sasol¹⁶ as well as national government entities namely Infrastructure of South Africa and the Department of Public Works. Saldanha green hydrogen investor projects have been gazetted as SIPs – strategic integrated projects¹⁷. Freeport Saldanha will require additional land as well as spatial and environmental masterplans to incorporate the production and handling of green hydrogen derivatives and further pre and feasibility studies with the private sector in 2023/24

(iii) *Renewables generation capacity*. Considering the requirement for renewables as part of the green hydrogen value chain, local wind energy production and production of solar energy are advised close to the Freeport on available land, based on predicted RE demand from Eskom and industry at large.¹⁸ RE facilities can be set up in partnership with Eskom or if preferred with international investors (or both, as offtake agreements are set to increase.

(iv) *Municipal Energy Resilience*. Municipalities need to play a key role in resolving the energy supply gap and thereby contribute to local economic development, job creation, and the rebuilding of social cohesion as highlighted in PWC's report¹⁹ 'Municipal energy: The cities' role in managing the energy supply challenges' outlines what can be done in the local municipal sphere to help fix the energy shortfall. This aligns with the Western Cape Government's initiatives called the Municipal Energy Resilience (MER) Initiative and works closely with the local municipalities on easy wins such as micro-grids, small scale embedded grid generation (SSEG), biogas and wastewater plant projects but also how municipalities can transact directly with IPPs (Independent Power Producers).²⁰

Longer term opportunity (1-10 years) lies in phasing the Freeport as a comprehensive energy hub in the South, focussing on green (low/no carbon), serving the maritime industry, exporting green energy, and serving domestic markets along RE, Oil and Gas, Green Hydrogen and Green Chemicals value chains. This will include specific (and probably niche) goods and services related to the value chains as they unfold. Examples include a full circular economy linked to energy. By this stage, much will have changed as the external economic environment is in a state of extreme dynamism. A review should be conducted of key invested markets periodically by engaging directly with investors and industrialists in the region.

4.1.2.5 Maritime Opportunity Analysis

'Marine Manufacturing and Services' sectors include ship and boat building, marine fabrication and component supply, ship and oil rig repairs and maintenance, ship recycling and 'green' recycling, ship upgrade and refurbishment and the value chain of supporting services for the sector (including abnormal, project and bulk logistics). This is broadly defined as the maritime sector.

The market assessment has investigated global and local trends, market drivers, size and locations of markets, growth rates and various segments, together with the impact of Covid-19 and the emerging drivers of future trends, including new maritime fuels and carbon abatement. This analysis has drawn the information to a South African and then Western Cape and Saldanha Bay level, with a number of maritime opportunities and their application identified, together with market demand potential indicated, where available.

16 <https://www.sasol.com/media-centre/media-releases/sasol-arcelormittal-south-africa-partner-decarbonise-and-reindustrialise-vaal-saldanha-through>

17 https://www.gov.za/sites/default/files/gcis_document/202212/47658gon2835.pdf

18 Eskom plans and allocations, - 2031 (2021)

19 <https://www.pwc.co.za/en/assets/pdf/cities-role-in-managing-the-energy-supply-challenges.pdf>

20 <https://www.gov.za/speeches/premier-alan-winde-making-western-cape-more-energy-resilient-4-jan-2023-0000>

Table 6: High level market potential for maritime manufacturing and services, 2022

#	Item and Timing	Market & Application	Market Demand Potential
1	Ship and Boat Building [Immediate & Port Infrastructure dependent]	Ship fabrication – Public & Private, Commercial boat fabrication – Public and Private Leisure boats & yachts, Import substitution, and Export competitiveness	Africa: UN, AU, AfCTA, AIM 2050. AEZO, SADC, Yachts for export, SOM of R 89.9 million
2	Vessel / Rig Repair & Scrapping (Green) [Immediate & Port Infrastructure dependent]	Green ship recycling, Vessel servicing, 'Wet' repairs (Floating Dock), and Planned & Emergency repairs.	Vessels past SA (9,011 in 2020), Shorter scrapping cycles, 'Green' scrapping trend, SOM of R 570 million.
3	Maritime Services [Phased SBIDZ] SA Leisure & Commercial Boats, Yachts & Kayaks	Industry Four (4IR), ICT & 'Digital', IMO Certification / Registration, Ship fuel upgrades & 'Carbon' fitment. Boats, components, services, sales. 67 firms with 3,382 employees	TAM – Large in US \$. SAM of R 4.2 billion SOM of R 2.8 billion
4	Export Maritime (HST ²¹) Competitive Advantage [Phased SBIDZ]	Yachts and other vessels, 'Other' vessels (HST), Light vessels, floating cranes, and Radar, radio & electric lamps.	TAM of R 6.1 billion (SA) TAM of R 2.8 billion (WC) Competitive advantage, Leverage of Cape Town.
5	Import Market (HST) Substitution [Phased SBIDZ]	Tankers & transport vessels, Yachts & 'Other' vessels (\$ 15 bn), Stranded wire & cables (steel), and Wiring, electric lamps.	TAM of R 3,808 billion (SA), SAM of R 2,816 billion (SA), Local imports growing, Capacity/Skills to replace (?)
6	Energy [Infrastructure Provision]	ICT & 'Digital', fabrication, upgrades.	TAM – Large in US \$.
7	Steel Industry [Phased SBIDZ]	Synergy with ship building, scrapping.	TAM – Large in US \$.
8	<p>Strategies, Cross Cutting Issues and Enablers:</p> <ul style="list-style-type: none"> • Common User Facility (CUF) – Synergies and 'Crowding In' effects. • Timing: Establish Port Infrastructure.....Enabler of a range of related activities. • Africa & Cape Town Market Overflow – Ship Building / Repair / Scrapping. • Import Substitution (HST) – Develop competitive advantage. • Export Promotion (HST) – Harness competitive advantage. 		
<p>TAM: Total Addressable Market; SAM: Serviceable Available Market; SOM: Serviceable Obtainable Market²².</p>			

21 Harmonised System Tariff

22 The concept of the 'Total Addressable Market' has been used for the full market potential, within the context that South Africa is only able to realistically consider the 'Serviceable Available Market', and that when the geographic location, physical facilities and infrastructure, knowledge base and skills, policy, finance and incentives are considered objectively, then the 'Serviceable Obtainable Market' is the market that the Freeport could realistically consider for its operations and strategic objectives.

This market demand assessment has been undertaken in the context of the current South African socio-economic, policy and political framework which has necessitated an evaluation of the potential competition, strengths weaknesses, opportunities and threats with the traditional PESTEL and SWOT analysis frameworks, including deliverables to date. Policy uncertainty, a lack of critical service delivery, particularly electricity and state capacity are highlighted as significant risks which could undermine the efforts of the Freeport to attract international market participants and partners, as may be required in order to approach the potential markets highlighted here.

In terms of the G4J strategy the maritime activities and initiatives are highly dependent on securing iron clad agreements with the Port Authority on the port and Freeport's development and planning.

4.1.2.6 Internal Environment Analysis

Freeport Saldanha is a unique industrial property and infrastructure investment asset and programme to the WCG's policy priority of private sector-led economic growth. As Operator of the SEZ, the Freeport has legislated functional responsibilities to invest, operate and maintain its assets and properties, and provide various services to tenants and customers. As per SEZ policy and legislation, the Freeport must aim to promote national economic growth and exports of manufactured goods and tradable services by using support measures in order to attract targeted foreign and domestic investments and technology, and in so doing, it initiates various projects and requires various business processes to fulfil its functions and aims.

Developed and operated on the recognition that it is not the Government's role to create jobs, but rather to deliver an enabling environment for entrepreneurs, businesspeople, and citizens to succeed, the Freeport since start-up in 2014, has established a trusted, credible and attractive conducive business environment by striving to overcome binding constraints to private sector investment within the bounds of its permissible remit.

The Freeport has ownership outright of 111ha of gross lettable land²³, together with all the buildings and utilities installed on this portion. The zone has 131,6ha already fully serviced land , upgraded municipal bulk utilities, a commercial property called the "Access Complex", three (3) warehouses built, 10,5 ha of project leasing facilities available in the port for short-term rentals, and two (2) further warehouses being designed and built with secured funding for equipment manufacturer and assembler firms.

Land within the Port of Saldanha and owned by TNPA is also included in the total 356ha SEZ footprint and 70% of the entire SEZ footprint (a mix of owned and TNPA port-land) has an attractive customs-controlled area status, which is a first for South Africa in the SEZ Programme. By March 2022 over R 900m CAPEX has been spent to reach the current stage of development and establishment. It has well-respected programmes in targeted human capital development, enterprise development, and innovation and it has a cohort of stakeholder agreements in place to support the achievement of its business operations and objectives.

The Freeport's operations are divided into three key activities, with corporate services running across all. Corporate services have the overarching objective of implementing best practice governance and administration systems in support of the operations of the Company. The operations and corporate services activities are based on the responsibilities and functions of the Freeport from legislation and demand and needs from customers.

23 170,8 ha of lettable land overall within the 356ha designated in 2014.

Table 7: Freeport Saldanha Operations into Key Activities

Activity 1: Enabler for Economic Development and Growth Opportunities for Private sector Investment	Activity 2: Infrastructure, Buildings and Logistics	Activity 3: Support Services and “One-Stop-Shop”
<p>We invest in and operate profitable and enabling processes.</p> <p>Such as:</p> <ul style="list-style-type: none"> • TNPA & Freeport Saldanha Operational Model • Freeport Area Designation • Standard Operating Protocols for Tenants and Users • SEZ Incentives • Business Development Market Research, Feasibility Studies and Investment Promotion 	<p>We invest in and operate infrastructure, facilities and properties.</p> <p>Such as:</p> <ul style="list-style-type: none"> • Marine Infrastructure Investments²⁴ • Serviced Land • Office & Industrial Buildings • Common-Use Infrastructure and Facilities • Research, Development & Innovation • Estate Management • Smart Skills Centre • SME Co-Lab 	<p>We invest in business relationships and people.</p> <p>Such as:</p> <ul style="list-style-type: none"> • TNPA & TRANSNET • SBM • WCDM • WCG (DEDAT, DEA&DP, DTPW, WCED, DSD) • National (ISA, DTIC, NT, DPE, DOT, DMRE, DFFE, SARS) • Institutional Investors (IDC, DBSA, Afrexim Bank, AfDB, NDB, World Bank, EIB) • Industry (SAMSA, SFF, SAOGA, Private Sector Institutions, Labour Unions, SETAs) • Civic Institutions • Saldanha Bay High School Programme • Saldanha Bay Innovation Campus
<p>Cross-Cutting Activity: Corporate Services in support of Operations Such as: Governance, Legal, Financial Management, Human Resource Management, Supply Chain Management, Information Technology and Corporate Communications</p>		

24 Interchangeable with “port infrastructure”.

4.1.3 Accounting Authority

Policy formulation and oversight

The 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 five committees, the Board 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, Investment Committee, Board Management Committee and Nominations 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 Committee. 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 Committees mandate includes 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.

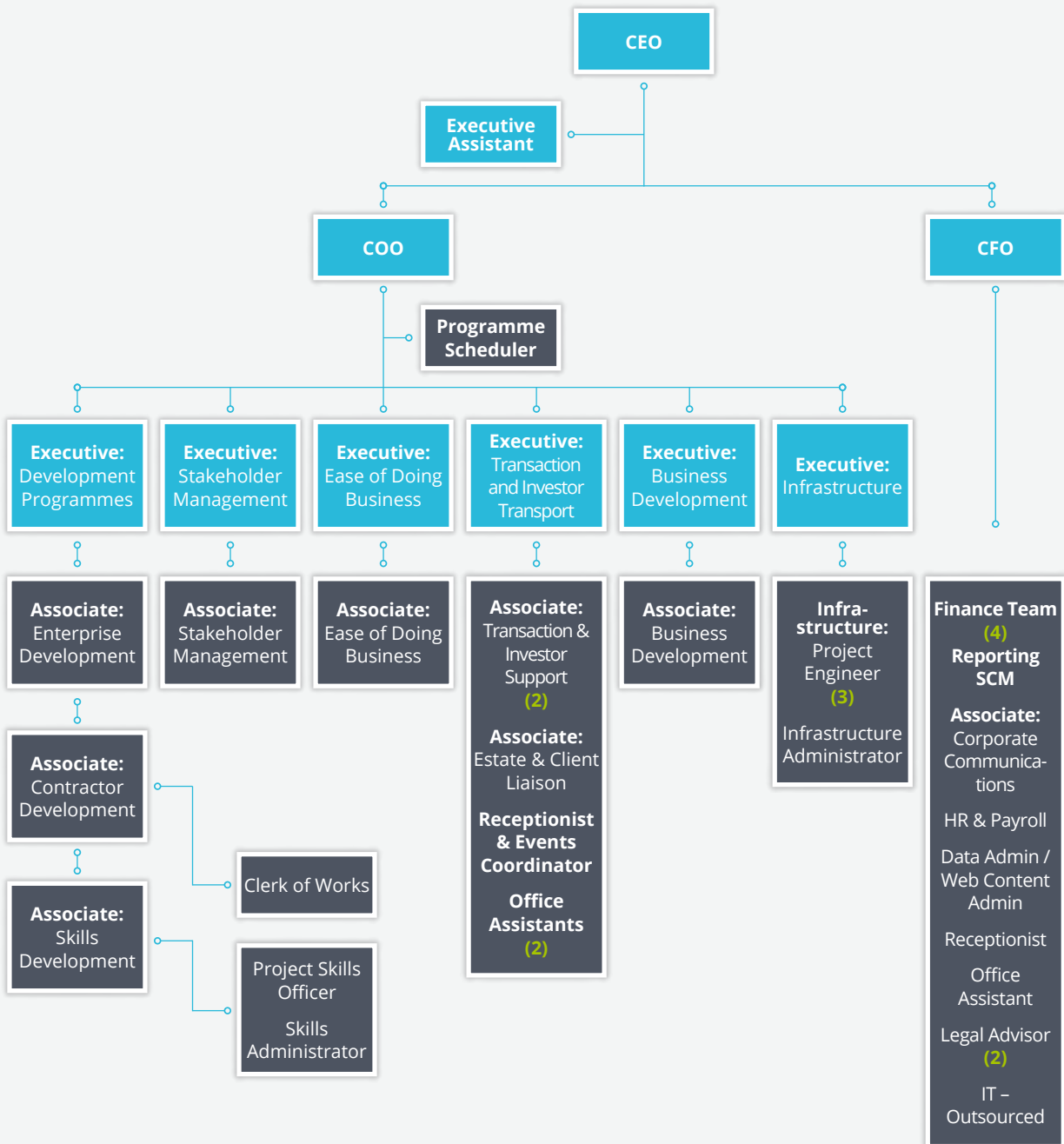
4.1.4 Human Resources

Human resources are structured to ensure setting up the Freeport effectively and efficiently. There are two programmes in the Company, namely, Administration and Operations. The goals and objectives of each are clearly documented and aligned with the strategic goals of the Company.

Going forward, it is anticipated that the number of staff may marginally increase, particularly once the zone becomes fully functioning and will require the necessary competence and capabilities to remain a world-class Freeport. This process will take place gradually over the period 2020/21 – 2024/25, with due responsiveness to the Company's ability to deliver against its strategic priorities and its fiscal environment in a tough business environment and low investment climate.

The current organogram is included below.

Figure 18: Company Organogram



4.1.5 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 every three years to ensure that it is in keeping with industry best practice.

4.1.6 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 as a state-owned 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 self-sustainability. The budget for fiscal year 2022/23 is as follows:

Table 8: Medium-term Company Budget Summary

Description	Audited	Audited	Estimated outcome			
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	R'000	R'000	R'000	R'000	R'000	R'000
Operational Expenditure	74,721	74,721	68,613	64,836	71,996	75,367
Capital Expenditure	128,992	128,992	50,889	164,535	79,001	1,492
Total Expenditure	203,713	203,713	119,502	229,371	150,997	76,859
Staff complement	48	48	48	48	48	48

Table 9: Medium-term Programme 1: Administration Budget Summary

Description	Audited	Audited	Estimated outcome			
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	R'000	R'000	R'000	R'000	R'000	R'000
Operational Expenditure	26,896	22,219	20,681	21,433	22,398	23,741
Capital Expenditure	715	394	1,450	1,347	1,407	1,492
Total Expenditure	27,611	22,613	22,131	22,780	23,805	25,233
Staff complement	20	20	20	20	20	20

Table 10: Medium-term Programme 2: Operations Budget Summary

Description	Audited	Audited	Estimated outcome			
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	R'000	R'000	R'000	R'000	R'000	R'000
Operational Expenditure	47,825	70,909	47,932	43,402	49,598	51,627
Capital Expenditure	128,277	92,515	49,439	163,188	77,594	-
Total Expenditure	176,102	163,424	97,371	206,590	127,192	51,627
Staff complement	28	28	28	28	28	28

4.2 Strategic Priorities

The Freeport is a public entity, operating a unique industrial property and infrastructure investment asset as an SEZ. Though it does business with the private sector and is very agile in that regard, it is not in its foundational form, based on legislation, “the private sector” or a “private sector property developer”.

SEZs must develop and establish an investment-friendly operating environment to allow business to thrive and add value to the economy, whether in terms of jobs, investments, exports, economic diversification or other policy objectives.

The success of investments made and to be made in the SEZ depends upon all aspects of

the Company’s corporate governance track record, the demands and needs of investors²⁵, the property, the port, the regional economy, and the national investment climate from the policy alignment within government towards foreign and domestic direct investment, industrialisation, sustainability and climate change and employment creation, amongst many other policy matters.

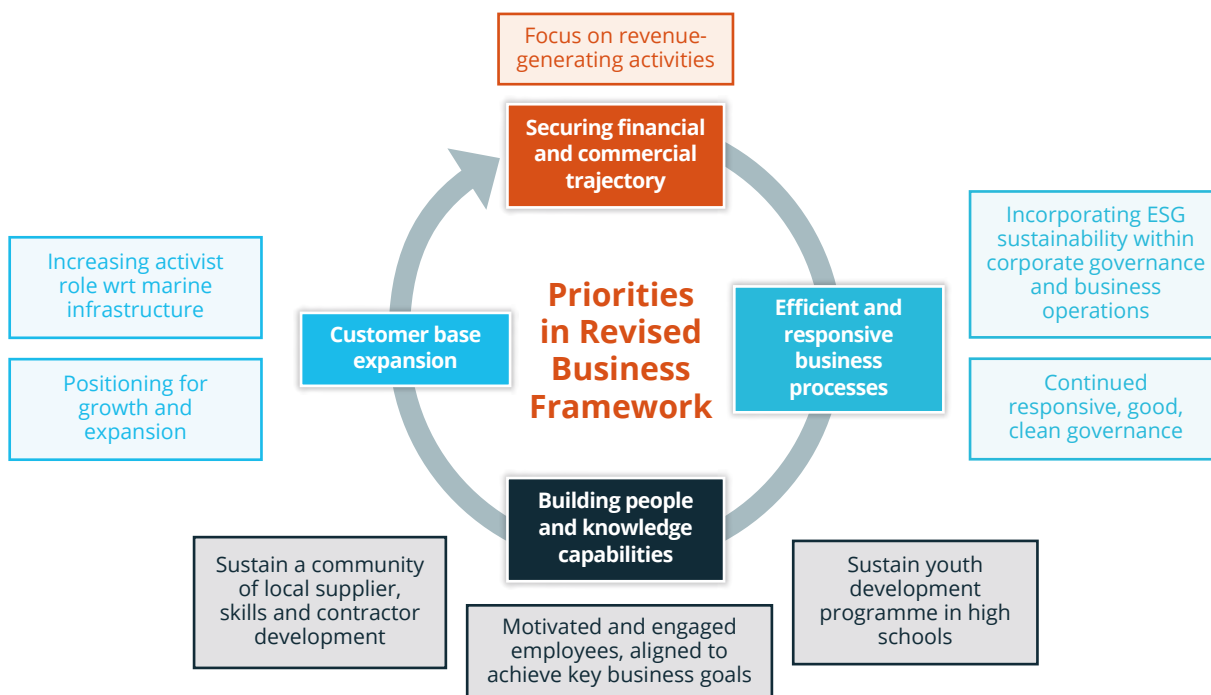
The 5-Year Strategic Plan’s business framework translates the contexts of the local, internal and market environment into the strategic priorities of the Company and the strategic results it aims to see. These have been incorporated into Management’s performance management system under eight (8) business goals within a balanced scorecard approach (Figure 20).

Figure 19: 2021 - 2025 Business Framework

Mission	Fostering responsible investment in the Freeport, as an inclusive and sustainable economic catalyst			
Values	Pioneering	Partnership Focused	Accountable	Sustainability-Driven
Vision	Our vision is to be Africa’s premier maritime, energy and logistics Freeport, offering a world-class integrated shipyard, engineering, fabrication, logistics and services Freeport environment to zone users and tenants.			
Strategic Priority	Commercial Self-Sustainability	Catalytic Infrastructure & Facilities	Local & Industry Readiness	Business, Government & Society Partnerships
Strategic Result	Increasing value created for Shareholders & Stakeholders alike, for now and years to come.	Increasing contribution to local & regional productivity and employment.	Strong & competitive local & regional value chains for the maritime & energy industries.	Accountable, professional business relationships, supported by a brand promise based on successes in inclusivity, transformation and sustainability

25 See 4.1.2.

Figure 20: Revised Business Goals in Balanced Scorecard



4.2.1 Policy and Priority Alignment

South Africa's Just Energy Transition Investment Plan (JET IP) (released in November 2022) for the initial period of five years (2023- 2027) gives effect to the historic Just Energy Transition Partnership (JETP) forged at the UNFCCC's (United Nations Framework Convention on Climate Change) 26th Conference of the Parties (COP26) between the government of South Africa and the governments of France, Germany, United Kingdom (UK), United States (US), and the European Union (EU) (forming the International Partners Group [IPG]).

The JET IP identifies the initial priority investments to transition the electricity sector to a low-emissions trajectory. It also looks to develop green industrialisation opportunities in this sector and in the new energy vehicles (NEVs) and green hydrogen (GH2) sectors. The green hydrogen (GH2) economy presents new opportunities for South Africa. It can enable the transition of key carbon-based and international trade-exposed sectors, protect the competitiveness of downstream industries, allow and enhance exports, boost GDP, support domestic decarbonisation, and create jobs. Internationally, GH2 and its derivatives are increasingly seen as an important part of the solution to addressing

GHG emissions in hard-to-abate sectors, including the transport industry, petrochemical industry, iron and steel industry, cement industry, and in the longer term, the power sectors. The JET IP also notes that for "South Africa to realise its competitive advantage and successfully capture a share of the global export market, a local GH2 ecosystem needs to be incubated. This requires significant investment into production and skills development, along with a complex and coordinated system of supporting infrastructure." To optimise this GH2 ecosystem, the Country has to develop supply-demand hubs with the required supporting infrastructure which includes ports, storage, pipelines, grid infrastructure, and SEZs.²⁶

As the first SEZ to be located within a port, Freeport Saldanha is uniquely positioned to serve as a potential GH2 hub. It is with this in mind that Freeport Saldanha has signed a memorandum of understanding (MOU) with Sasol South Africa Limited (Sasol) to facilitate the development of a green hydrogen hub in Saldanha Bay. Under the terms of the MOU, the parties agree to collaborate and provide support in establishing a green hydrogen hub that will unlock new economic opportunities in the region and Western Cape, and in doing so, seek to collaborate on the project identification, preparation, pre-feasibility and

feasibility assessments with a view of achieving a bankable and implementable project.

The logic behind the parties concluding this MOU to pursue the development of a green hydrogen hub in Saldanha Bay becomes increasingly clear when one considers South Africa's GH2 value proposition as set out in the JET IP, which are:

- High-quality, large-scale renewable energy potential: As noted by the Mr Thomas Roos, a senior research engineer at the CSIR, the Saldanha Bay region has "excellent" solar and wind resources that have the potential for large renewable energy electricity at competitive costs, making it an ideal location to produce green hydrogen.²⁷
- South Africa's central global geographical location which enables exports to both Europe in the west and Japanese, South Korean, and other markets in the east: Located in the largest and deepest (23m draught) natural port in the southern hemisphere, Freeport Saldanha, as the name suggests, operates as a freeport with streamlined investor procedures supported by the Company's Ease of Doing Business model. Due to its designation as an SEZ, the Company can leverage the SEZ programme and legislation to realise additional benefits and support for investors. Saldanha Bay itself, is also ideally situated to play a critical enabling role in developing the South African hydrogen economy due to the existing value chains, including the rail and port infrastructure that form the Saldanha-Northern Cape and Saldanha – Cape Town Logistical Corridors.
- The production of GH2 also has synergies with water security, as desalination plants are only a fraction of the cost of the final product.: Between 2015 and 2017, the Western Cape Province experienced three consecutive years of below-average rainfall, leading to its worst drought in more than a century. Whilst the situation has improved somewhat, the West Coast district and the Saldanha Bay Municipality was and remains vulnerable to the impacts of a sustained drought. As

such, it makes sense to develop additional desalination capacity in the West Coast area to secure freshwater provision and drive the production of GH2.

- *South Africa has unique expertise in the beneficiation of GH2 into e-fuels:* The JET IP notes that Sasol has already created proprietary technology that is used to enable the local beneficiation of GH2 into derivative CTLs, including e-Ammonia, e-Methanol, and sustainable aviation fuel. Freeport Saldanha's burgeoning partnership with Sasol will allow the Company to in the future leverage Sasol's technical expertise to unlock GH2 export markets for South Africa.

South Africa's inaugural Country Investment Strategy (CIS) aims to position South Africa as a key preferred African investment destination by attracting and facilitating quality Foreign and Domestic Direct Investment into the country, in a well coordinated manner, anchored by quality institutions and robust economic infrastructure networks. The CIS lists five Country Strategic Investment Programmes (CSIPs) known as "Big Frontiers" which are strategic investment attraction initiatives that will drive the requisite levels of Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI) that match the ambitions of the NDP. These Big Frontiers are:

- Green Hydrogen – South Africa is at the Forefront of Green Energy.
- Driving wide and deep digital coverage to position South Africa as Africa's Hub for Next Generation Digital Industries and Infrastructure.
- Special Economic Zones (SEZs) anchoring Advanced Manufacturing and Logistics Networks.
- Industrial Cannabis and other Advanced Agro-processing Opportunities linked to AfCFTA.
- Hyper-scaling ESG/Impact Investing linked to Social and Green Economy Objectives.²⁸

Whilst the logic behind the establishment of Freeport Saldanha as a GH2 hub as explained above clearly reflects alignment with the GH2 "Big Frontier" as set out in the CIS, it should be noted

27 <https://www.engineeringnews.co.za/article/saldanha-bay-ideal-for-green-hydrogen-production-2022-04-19#:~:text=The%20Saldanha%20Bay%20region%20has,for%20Scientific%20and%20Industrial%20Research%20>

28 South Africa Country Investment Strategy (2021)

that the Zone is also uniquely positioned to serve as an anchor for advanced manufacturing and logistics networks.

Freeport Saldanha is specifically focused on developing the maritime, energy and logistics sectors and as such will offer a platform for global exports by attracting foreign and local investment in manufacturing industries. In addition, the Zone is strategically located within the deep-water port of Saldanha Bay, which allows for easy access to worldwide shipping routes. In addition, the Zone is served with well-developed road linkages to other parts of the Western Cape and South Africa and is also located in the Port and thus has access to the Saldanha – Northern Cape Logistic Rail Corridor. It is thus clear that Freeport Saldanha is a prime logistics location.

Since the Zone operates as a freeport and is designated as an SEZ, tenants and qualifying investors have access to various incentives, including custom control area benefits as well as national, provincial, municipal and industry or sector specific incentives. As noted in the CIS in relation to the “Big Frontier: Special Economic Zones (SEZs) anchoring Advanced Manufacturing and Logistics Networks”, “expanded, modernised port capabilities are critical”. The Company wholeheartedly agrees and as such has been working with critical stakeholders such as the TNPA to develop port infrastructure at the Port of Saldanha.

The National Infrastructure Plan (NIP) Phase 1 includes major long term (2050) infrastructure projects which are called Strategic Infrastructure Projects (SIPs). It identifies SIP5: “Saldanha-Northern Cape development corridor, including

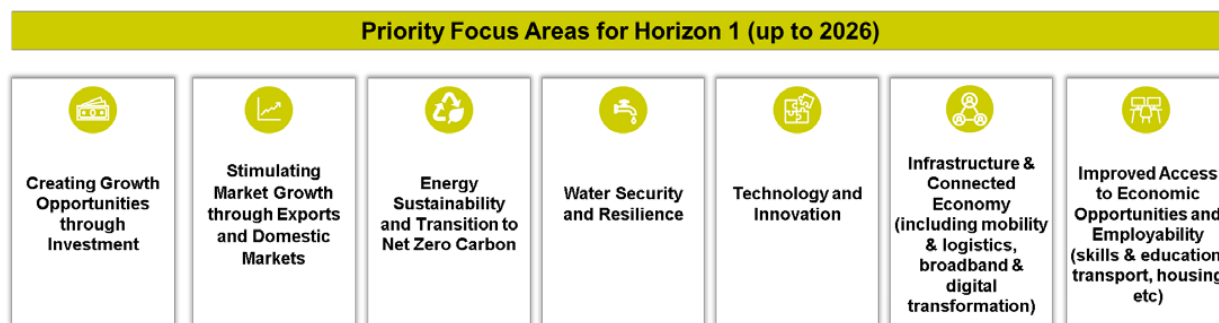
integrated rail and port expansion and back-of-port industrial capacity” as a top priority SIP to implement. In addition, the NIP Phase 1 notes that Government will frame SEZ projects to leverage industrialisation opportunities and enable Private-sector-led implementation of intermodal hubs.²⁹

On the 6th of December 2022, the National Department of Public Works gazetted three sub-projects under SIP 20: Energy. These sub projects are the “Just Energy Transition Program” (JETP), “Green Hydrogen National Program” (GHNP) and the “Oil and Gas National Program” (OGNP). The registration of these projects with Infrastructure SA as under a SIP will do much to assist in driving and accelerating the work that Freeport Saldanha is doing in establishing an energy, marine repair, fabrication, logistics and related servicing hub at the Port of Saldanha.

The Economic Reconstruction and Recovery Plan (ERRP) notes that the pursuit of green industrialization and a green future is an important intervention not only in addressing the persistent challenges of inequality, poverty and unemployment, but also in offering a sustainable solution to climate vulnerability and driving economic competitiveness. In the addition the ERRP notes that SEZs will be used to maintain the South African investment pipeline momentum in the short term.

The G4J strategic framework identifies three universal drivers of growth, or pillars, which underpins the WCG’s efforts in achieving the G4J’s vision. These three pillars are enabling the business environment, supporting growth opportunities, and stimulating market growth.

Figure 21: G4J PFAs for Horizon 1 (up to 2026)



29 The National Infrastructure Plan: Phase 1

In addition, the G4J strategy identifies seven Priority Focus Areas (PFAs) which are aimed at creating the required foundation on which the three pillars will rest. The PFAs aim to create an enabling environment to grow the economy and

create jobs, and this is supported and aligned to the entities' strategic priorities as set out above, where examples of programmatic alignment are provided between the PFAs and the Company's strategic priorities.

Figure 22: Freeport Saldanha alignment to G4J PFAs



4.2.2 External Enablers

1. Integrated SEZ policies and frameworks supports an enabling, effective environment

The SEZ programme requires coherence with regard to initial funding support from relevant departments and institutions, specifically in respect of SEZ operational funding, capital funding, investment incentives, developmental programme initiatives, and project financing from development financing institutions, as applicable.

Strong relationships with the primary partners, specifically, the Western cape Government, the Saldanha Bay Municipality, the West Coast District Municipality, Transnet/TNPA, the DTIC, and Treasury (both Provincial & National), and Trade Unions are in place, and these must be enhanced with clear shared commitments and responsibilities towards signalling to investors that the country and its institutions are open for business, and are fully committed to facilitating investors' activities and affected and interested stakeholder's interests and needs, as applicable.

This is a prime external enabler required to support the strategic priorities of the Company, as the SEZ programme in South Africa does not

have an all-encompassing mandate and so must work with the public sector to secure the enabling, effective, environment for the programme in a competitive international investment climate.

2. National infrastructure drive and institutional reforms within key state-owned companies.

The ERRP is the culmination of work between government, business, labour and community at NEDLAC and includes key commitments from each stakeholder to achieve its objectives, and it has a key focus on accelerating the delivery of bankable infrastructure projects for private sector participation, such as those driven through the Infrastructure South Africa office within the Presidency. This supports the Freeport's strategic objective of facilitating and delivering catalytic infrastructure, namely, for the port infrastructure project for the maritime and energy sectors the Freeport has already committed resources towards an Early Business Case during 2020 and 2021.

Operation Vulindlela is a government-wide approach through which Ministers, departments and entities implement structural reforms and a Vulindlela unit in the Presidency and National Treasury monitors progress and actively supports implementation. Its aim is to fast-track

the implementation of high-impact reforms, addressing obstacles or delays to ensure execution on policy commitments.

Operation Vulindlela aims to modernise and transform network industries, including electricity, water, transport and digital communications. These network industries are the bedrock of economic growth and are essential to creating a globally competitive economy. In addition, reforms to the visa regime are being prioritised to attract skills and promote growth in tourism.

Regarding the priority reforms in the transport sector, pertinent to the Freeport is the corporatisation of the TNPA, as required by the National Ports Act, and is intended to increase the competitiveness of South Africa's ports by separating its functions from other divisions within Transnet. In addition, reducing the costs and improving the efficiency of South Africa's ports is crucial to the competitiveness of the country's exports and the overall functioning of the economy. Operation Vulindlela is also working closely with the Department of Public Enterprises, the TNPA and other agencies to enhance port operations, including through concessions where appropriate, and to ensure better coordination between agencies involved in facilitating trade.

A key risk to this external enabler is that though the reforms are institutionalised, there are no definitive timelines on when the reforms will be completed, which causes concern and uncertainty during the process and may affect the progress on matters within Transnet, TNPA and network utilities overall.

4.2.3 Internal Enablers

1. The Freeport's strategic, targeted focus on maritime and energy sectors is aligned with the natural and man-made endowments of the Port of Saldanha, the Saldanha Bay municipal area and the Western Cape and responds to changes in international production and demand.

The Port of Saldanha is a greenfield port and the deepest and one of the largest ports in the Southern Hemisphere, with existing demand and networks to global shipping and maritime markets, goods and services.

With the initial focus on upstream offshore oil and gas base, and with the competitive advantages above in an increasingly changing pattern of

consumption and production to lower carbon-intensity, the Freeport and the Port have the potential to serve a comprehensive value chain within the energy sector – so not just oil and gas but energy provision and energy services. The Freeport and Port has significant advantages to create a hub not only for bunkering and servicing zero carbon vessels but also for exporting zero carbon fuels as a commodity while finding offtake opportunities with local industry to decarbonise their production.

Within the context of a global energy supply shortage and intensified calls for concrete climate change actions by Governments, GH2 has been identified as a holding significant promise to help meet global energy demand. As the first SEZ to be located within a port in South Africa, the Freeport Saldanha IDZ is uniquely positioned to serve as a potential GH2 hub. As discussed under point 4.2.1 above, the Company has already made significant strides during the 2022/23 financial year towards the development of a green hydrogen hub in Saldanha Bay.

This strategic, targeted focus supports the existing macroeconomic and socio-economic attributes of the District and SBM, with its large fishing and manufacturing base already in place. In addition, the Freeport designation in place since 2019, over the designated Customs Control Area within areas of the Port, with standard operating protocols with SARS, Department of Home Affairs, Department of Labour, and TNPA Port Security, establishes a competitive advantage to qualifying manufacturers and logistics firms importing and exporting raw materials and goods.

Lastly, the assets, facilities and services already established and provided within the Freeport supports the business attractiveness of the Freeport to these targeted sectors and investment promotion.

2. An integrated, strategic and coherent corporate governance universe within the Freeport enables the company's effective allocation of resources to prioritised and mandated systems, strategies and functions.

The Freeport has invested in establishing a unique corporate governance universe that dually retains its state-owned company corporate governance accountabilities and responsibilities with its business enterprise nature as the

operator of the Freeport. And in so doing, the Freeport institutional structure is supportive of its commercial and economic development needs, and the monitoring of performance against agreed performance metrics.

3. The programmes within the Freeport and the Saldanha Bay Innovation Campus encourage knowledge, innovation and technological capacity spill overs

The Development Programme unit within the Freeport aims to maximize local economic development and empowerment, through increased participation and beneficiation of citizens and businesses in Saldanha Bay in Freeport programmes and activities. The three central pillars of its focus are skills development, enterprise development and contractor development, in a demand driven context and informed by the opportunities that emerge from the value chains and changing trends within the global maritime and energy sectors, thus it facilitates the knowledge and technological capacity of participants on its programmes. It does so in partnerships with many diverse institutions in the public and private sphere.

The Saldanha Bay Innovation Campus will contribute the just transition to lower carbon economies, enabled by attracting leading investment into research, design and innovation programmes into lower carbon-needing and -producing technologies in the production systems of the maritime and energy sectors, with a constant principle to collaboration between local and international businesses, institutions and communities.

4.2.4 Assumptions and Dependencies

Key assumptions to the Strategic Plan are as follows:

- Continuity of government funding for the medium- and long-term, as applicable. The SEZ Fund is pivotal to achieving our priorities over the next 5 years.
- Continued support of the strategic government partners to Freeport Saldanha and the establishing and operating of a world-class, integrated, industrial Freeport and shipyard.
- Future investment in port infrastructure, enabled through diligent project packaging and preparation for financing and implementation.
- Appropriate interpretation and continued access of the Freeport model and its incentives (inclusive of industry aligned and SEZ programme incentives) via the Customs Control Area legislative and regulatory framework, to Freeport Saldanha and its investors and users.
- Continued support of organised labour, through the Zone Labour Charter framework, to give effect to sound labour relations within the zone.

MEASURING OUR PERFORMANCE

C

PART C: MEASURING OUR PERFORMANCE



1 Institutional Performance Information

1.1 Impact

Inclusive and sustainable economic growth and job creation, in an enabling business environment through the pioneering development and implementation of the Freeport Saldanha special economic zone.

1.2 Overall for the Company

1.2.1 Outcomes, Outputs, Performance Indicators and Targets

Table 11: Company Medium-term Outcome and Targets

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
To promote inclusive and sustainable economic growth and job creation	GDP	A cumulative contribution to the National GDP by investment within the zone by the end of the financial year 2024/25.	-	R1.202b	R0.756b	R0.594b	R1.221b	R1.986b	R2.089b
	GGP	A cumulative contribution to the Western Cape GGP by investment within the zone by the end of the financial year 2024/25.	-	R0.833b	R0.611b	R0.482b	R0.979b	R1.603b	R1.712b
	Jobs	The creation of direct, indirect and induced jobs throughout South Africa by the end of the financial year 2024/25.	-	1 788	1 288	940	1 850	1 840	2 730
	Investment	Rand value of infrastructure and direct investment.	-	-	-	-	R0.675b	R1.259b	R1.212b

Table 12: Company Medium-term Indicators, Annual and Quarterly Targets

No.	Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1.1	A cumulative contribution to the National GDP by investment within the zone by the end of the financial year 2024/5.	R1.221b	-	-	-	R1.221b
1.2	A cumulative contribution to the Western Cape GGP by investment within the zone by the end of the financial year 2024/5.	R0.979b	-	-	-	R0.979b
1.3	The creation of direct, indirect and induced jobs throughout South Africa by the end of the financial year 2024/5.	1 850	-	-	-	1 850
1.4	Rand value of infrastructure and direct investment.	R0.675b	-	-	-	R0.675b

1.3 Programme 1: Administration

1.3.1 Purpose

Administration has the overarching objective of implementing best practice governance in support of the operations. The programme has a complex role due to its need to balance the business needs and requirements of the operations; whilst at the same time undertaking a crucial governance function within the Company as a state-owned company, it provides a treasury function to ensure optimum spending and utilisation of financial resources as well.

Further, the Administration programme is required to be agile and support a world class approach to doing business, whilst at the same time balancing the legislative requirements of a public entity.

It is a skill to achieve this balance, which is vital to the optimal performance of the overall programme.

1.3.2 Programme Structure

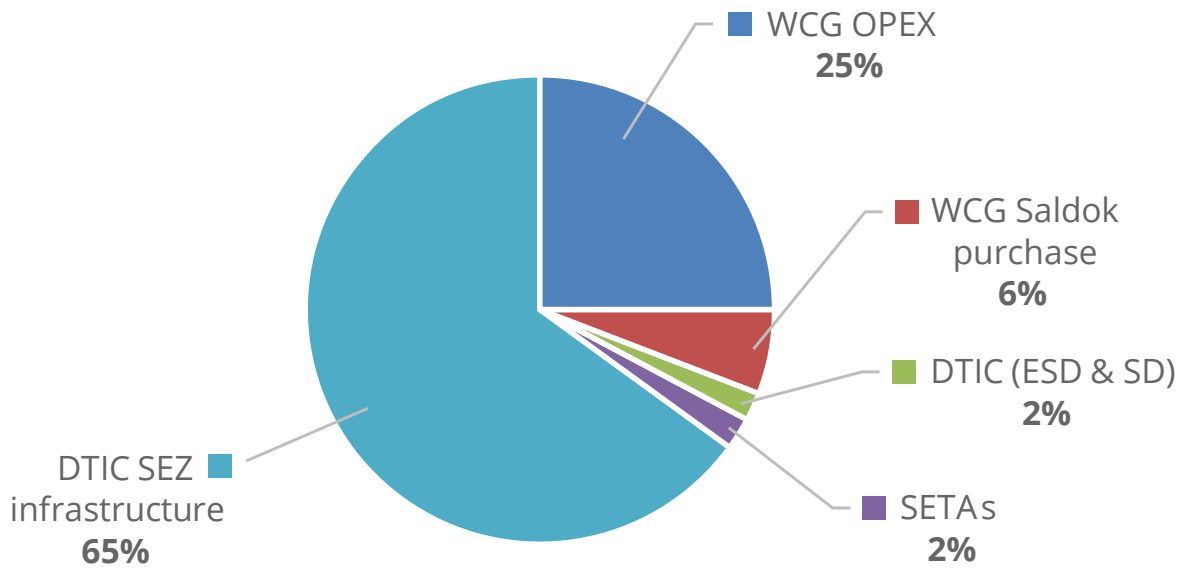
The programme is structured to include the following functions:

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

1.3.3 Funding

Operations are funded by the Western Cape Government, whilst infrastructure is funded by the National Government by way of the SEZ Fund. Western Cape Government also funded the purchase of the Saldok land from the IDC. Development programmes are funded from various sources as it does not form part of the formal funding programme.

Figure 23: Company Funding Model



1.3.4 Governance

The operations and management of the Company is governed primarily by the provisions of the Companies Act and the accompanying regulations, the Saldanha Bay Industrial Development Zone Licencing Companies Act (Provincial Legislation), the Company’s Memorandum of Incorporation (MOI) and Shareholder’s Compact. Freeport Saldanha is also subject to and regulated by the PFMA and the Special Economic Zones Act.

Freeport Saldanha has a Board of Directors (Board) which is responsible for the governance, management and control for the Company’s business affairs.

The Board is the Accounting Authority and fulfils the fiduciary responsibilities as provided for in the PFMA and the Companies Act. The Board also gives effect to the Company’s Strategic Plan and annual Corporate Plan. To ensure that it complies with its duties, the Board has delegated the necessary authority to management to handle the day-to-day operations, whilst the Board monitors overall performance.

1.3.4.1 Composition of the Board of Directors

In response to the Board’s new focus, a decision was taken by the Shareholder to reconstitute the Board as follows:

- Five institutional representatives (officials), one each from the dtic, IDC, TNPA, SBM and WCG, of adequate calibre and also non-conflicted as the core members of the Board, representing the public sector interest.
- One person from the Saldanha Social community, adequately representative and of due calibre.
- One person from the Saldanha Economic community, adequately representative of the broader business sector and of due calibre.
- One representative from the SAOGA Board of Directors with the requisite sector-specific expertise.
- Two proven accomplished broader business practitioners with relevant expertise.
- Two executive directors, the CEO and the other the CFO, which is in line with King IV to improve collective accountability.

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

1.3.4.2 Board Remuneration

In terms of the Saldanha Bay Industrial Development Zone's Act, the Provincial Minister responsible for Economic Development in consultation with the Provincial Minister for Finance shall determine the remuneration, allowance and reimbursements payable to the Directors not in government service, which will be reviewed on an annual basis. Provincial Treasury rates are used to compensate the Board and Committee members, as such, not in government service.

1.3.4.3 Board Committees

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

Currently, the Company has five committees: namely the Audit, IT and Risk Committee, the Human Resources, Remuneration and Social and Ethics Committee, the Investment Committee, the Nominations Committee and the Board Management Committee.

1.3.4.3.1 Human Resources, Remuneration and Social and Ethics Committee

The Human Resource and Remuneration and the Social and Ethics (HRRS&E) Committee consists of three non-executive directors, two executive directors and two independent committee members. The HRRS&E Committee has a clearly defined Terms of Reference for both components.

The purpose of the Human Resource & Remuneration (HR&R) Committee is to provide support and make recommendations to the Board regarding any human resources and remuneration matter impacting the Company. The aim of the HR&R Committee includes providing oversight of the policies and practices relating to employee relations, human resources and remuneration activities. The Committee is an available resource to provide input into strategy and policy matters, relating to human resources, that affect the Company.

The Social and Ethics (S&E) Committee monitors the Company's activities having regard to any

relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to Social and economic development, including the Company's standing in terms of the goals and purposes of:

- The 10 principles set out in the United Nations Global Compact Principles
- The OECD recommendations regarding corruption
- The Employment Equity Act
- The Board-Based Black Economic Empowerment Act

The S&E Committee also ensures that the ethics of the Company is managed in a way that supports the establishment and upkeep of an ethical culture within the Company.

1.3.4.3.2 Investment Committee

The Investment Committee consists of four non-executive directors and two executive directors and has a clearly defined Terms of Reference. The Committee considers investments proposed by management in accordance with the Board's approved delegation of authority policy and make such recommendations as it considers appropriate to the Board. The Committee also ensures that investment and disposal and acquisition of assets are in line with the Company's overall strategy and make business sense. The Committee also monitors current markets and policy developments and make such recommendations as is appropriate to the Board.

The Committee reports to the Board any matter identified during the course of carrying out its duties that it considers significant.

1.3.4.3.3 Nominations Committee

The Committee consists of two non-executive directors and one executive director and has a defined Terms of Reference. The Committee assists the Board with overseeing the appropriate composition of the Board so that the Board can execute its duties effectively, succession planning in respect of Board members, as well as for senior management, the process for nominating, electing and appointing members to the Board, the evaluation of the performance of the Board and the induction and ongoing training and development of Board members.

The Committee reports to the Board on its activities and advise the Board on the execution of its mandate and related matters placed before it or arising from its responsibilities.

1.3.4.3.4 Board Management Committee

The Committee consists of two non-executive directors and two executive directors with the Chairperson of the Audit, IT and Risk Committee as co-opted member. The purpose of the Committee is to ensure the profitability of the Company, to operationalise the Company's investor pipeline and to address the intergovernmental challenges facing the Zone.

1.3.4.3.5 Audit, IT & Risk Committee

The Audit, IT and Risk Committee consists of three non-executive directors and two independent committee members and has a clearly defined Terms of Reference. The purpose of the Committee is to assist the Board in discharging its duties in relation to financial reporting, asset management, risk management, supply chain management, information technology issues, internal control systems, processes and procedures, and to measure the quality of both the external and internal audit functions. In advising the Board, the Committee provides structured, systematic oversight of the Company's governance, risk management and internal control practices. The Committee examines and reviews the annual financial statements of the Company and other relevant financial reports. The Internal Auditors and External Auditors, as well as certain members of the Executive Management, are invited to attend meetings.

(a) Internal Audit

The Board is responsible for the appointment of the Internal Auditor. The Internal Auditor operates under the direction of the Audit, IT and Risk Committee which approves the scope of work to be performed. Significant findings are reported to the Executive Management and the Audit, IT and Risk Committee. Corrective action is taken to address internal control deficiencies identified in the execution of the work.

(b) External Audit

The Auditor-General of South Africa (AGSA) is responsible for performing the annual audit of the Company.

(c) Internal Control

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

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

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

1.3.4.4 Risk Management Plan

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

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

This bottom-up and top-down approach enables the organisation to consider the potential impact of different types of risks on processes, activities and stakeholders. Successful enterprise risk management can positively affect the likelihood

and consequences of risks materialising, as well as deliver benefits related to better informed decision making. The Company will continue the initiative to embed risk management in standard processes and strategy. In addition, a structured risk data collection and analysis process as well as improving alignment of assurance activities, will be implemented.

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

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

1.3.4.5 Fraud Prevention Plan

The objectives of Fraud Risk Management Strategy are:

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

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

Management's agenda is to focus on efforts to:

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

1.3.4.6 Company Secretary

In terms of the Companies Act all companies must appoint a person to serve as Company Secretary. The Company appointed a Company Secretary on 24 August 2016.

The Company Secretary's duties include, but are not restricted to:

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

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

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

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

1.3.4.7 Materiality Framework

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

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

1.3.5 Outcomes, Outputs, Performance Indicators and Targets

Table 13: Programme 1: Administration Medium-term Outcome and Target

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
To promote inclusive and sustainable economic growth and job creation	Unqualified Audit Opinion	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report
	Institutional agreements monitored	Number of institutional agreements reviewed	2	3	3	3	2	2	2
	Number of frameworks created and/or reviewed to monitor and manage tenant lease agreements	Number of frameworks reviewed	1	5	4	5	3	3	3
	Website performance	Number of page views on Freeport Saldanha's website	N/A	22 425	21 204	24 000	20 000	20 000	20 000
	Communications performance	Number of communication plans implemented/influenced	-	-	-	-	4	4	4

Table 14: Programme 1: Administration Medium-term Indicators, Annual and Quarterly Targets

No.	Output Indicators	Annual Target	Q1	Q2	Q3	Q4
2	Unqualified Audit Report	Unqualified Audit Report	-	Unqualified Audit Report	-	-
3	Number of institutional agreements reviewed	2	-	-	-	2
4	Number of frameworks reviewed	3	-	-	-	3
5	Number of page views on Freeport Saldanha's website	20 000	5 000	10 000	15 000	20 000
6	Number of communication plans implemented/ influenced	4	1	1	1	1

Table 15: Summary of provincial payments and estimates by economic classification

Summary of provincial payments and estimates by economic classification: Freeport Saldanha					
Economic classification R'000	Outcome	Estimate	Medium-term estimate		
	Audited 2021/22	Outcome 2022/23	2023/24	2024/25	2025/26
Revenue					
Revenue and interest	5,482	3,830	8,598	27,318	42,484
Rental revenue	2,889	1,850	7,787	27,194	42,484
Interest	2,593	1,980	811	124	-
Transfer income	180,555	115,622	220,771	123,678	34,375
Department of Economic Development and Tourism*	34,829	36,502	11,043	15,783	15,783
Earmarked conditional grants and working capital	145,726	79,120	209,728	107,895	18,592
Total revenue	186,037	119,452	229,369	150,996	76,859
Expenditure					
Current expenditure	93,128	68,563	64,834	71,995	75,367
Compensation of employees	34,360	33,845	33,845	33,845	33,845
Salary & Wages	34,360	33,845	33,845	33,845	33,845
Goods and services	58,768	34,718	30,989	38,150	41,522
Administrative fees	1,798	1,592	1,650	1,724	1,828
Advertising	1,813	2,181	2,260	2,362	2,504
Minor Assets	3	50	52	54	57
Audit cost: External	1,493	1,700	1,762	1,841	1,952
Catering: Departmental activities	45	64	66	69	73
Communication (G&S)	250	276	286	299	317
Computer services	2,666	2,722	2,821	2,948	3,125
Consultants and professional services	4,248	2,383	2,470	2,957	3,431
Entertainment	4	5	5	5	6
Fleet services	31	122	126	132	140
Integrated Port Project Preparation Fund	-	-	8,174	-	-
Green Hydrogen development	-	-	2,869	15,783	15,783
Consumable supplies	326	360	373	390	438
Consumable: Stationery, printing and office supplies	255	393	407	426	451
Operating leases	40,130	18,190	2,383	1,350	1,431
Property payments	4,566	3,641	4,209	6,685	8,593
Transport provided: Departmental activity	-	-	-	-	-
Travel and subsistence	669	835	865	904	1,058
Training and development	471	204	211	221	335
Capital Expenditure	92,909	50,889	164,535	79,001	1,492
Machinery and equipment	394	1,450	1,347	1,407	1,492
Infrastructure	92,515	49,439	163,188	77,594	-
Total expenditure	186,037	119,452	229,369	150,996	76,859

* Transfers received disclosed excluding VAT

Table 16: Summary of provincial payments and estimates by economic classification: Administration

Summary of provincial payments and estimates by economic classification: Freeport Saldanha - Administration					
Economic classification R'000	Outcome	Estimate	Medium-term estimate		
	Audited 2021/22	Outcome 2022/23	2023/24	2024/25	2025/26
Revenue					
Revenue and interest	2,593	1,980	811	124	-
Interest	2,593	1,980	811	124	-
Transfer income	34,829	36,502	11,043	15,783	15,783
Department of Economic Development and Tourism*	34,829	36,502	11,043	15,783	15,783
Total revenue	37,422	38,482	11,854	15,907	15,783
Expenditure					
Current expenditure	22,219	20,681	21,433	22,398	23,741
Compensation of employees	12,818	12,056	12,056	12,056	12,056
Salary & Wages	12,818	12,056	12,056	12,056	12,056
Goods and services	9,401	8,625	9,377	10,342	11,685
Administrative fees	1,416	1,340	1,389	1,451	1,538
Advertising	-	35	36	38	40
Minor Assets	2	-	-	-	-
Audit cost: External	1,493	1,700	1,762	1,841	1,952
Catering: Departmental activities	3	24	25	26	28
Communication (G&S)	187	204	211	221	234
Computer services	2,556	2,617	2,712	2,834	3,004
Consultants and professional services	692	920	953	1,373	1,752
Entertainment	1	3	3	3	3
Fleet services	31	121	125	131	139
Consumable supplies	5	60	62	65	94
Consumable: Stationery, printing and office supplies	210	285	295	309	327
Operating leases	2,279	670	1,133	1,350	1,431
Property payments	317	444	460	481	710
Travel and subsistence	85	96	99	104	210
Training and development	124	106	110	115	222
Capital Expenditure	394	1,450	1,347	1,407	1,492
Machinery and equipment	394	1,450	1,347	1,407	1,492
Total expenditure	22,613	22,131	22,780	23,805	25,233

* Transfers received disclosed excluding VAT

1.4 Programme 2: Operations

1.4.1 Purpose

The Operations Programme delivers on the implementation of the Company, thus enabling the overarching business imperative of develop and operating the Freeport to its strategic priorities of commercial self-sustainability, catalytic infrastructure and facilities, local and industry readiness and business, government and society partnerships.

Specifically, the Operations Programme focuses on the key deliverables and business units that drive the activities within the Company, in order to attract and retain key investors in the upstream oil, gas (energy) and marine repair, fabrication, engineering, logistics and related servicing industries.

1.4.2 Programme Structure

The programme is structured within the following business units:

- Ease of Doing Business
- Business Development
- Transaction and Investor Support
 - Innovation Campus
 - Access Complex
 - Project Leasing Facility
- Infrastructure Development
- Stakeholder Management
- Development Programmes
 - Skills Development
 - Enterprise Development
 - Contractor Development

The main focus areas of each business unit are described below.

1.4.2.1 Ease of Doing Business

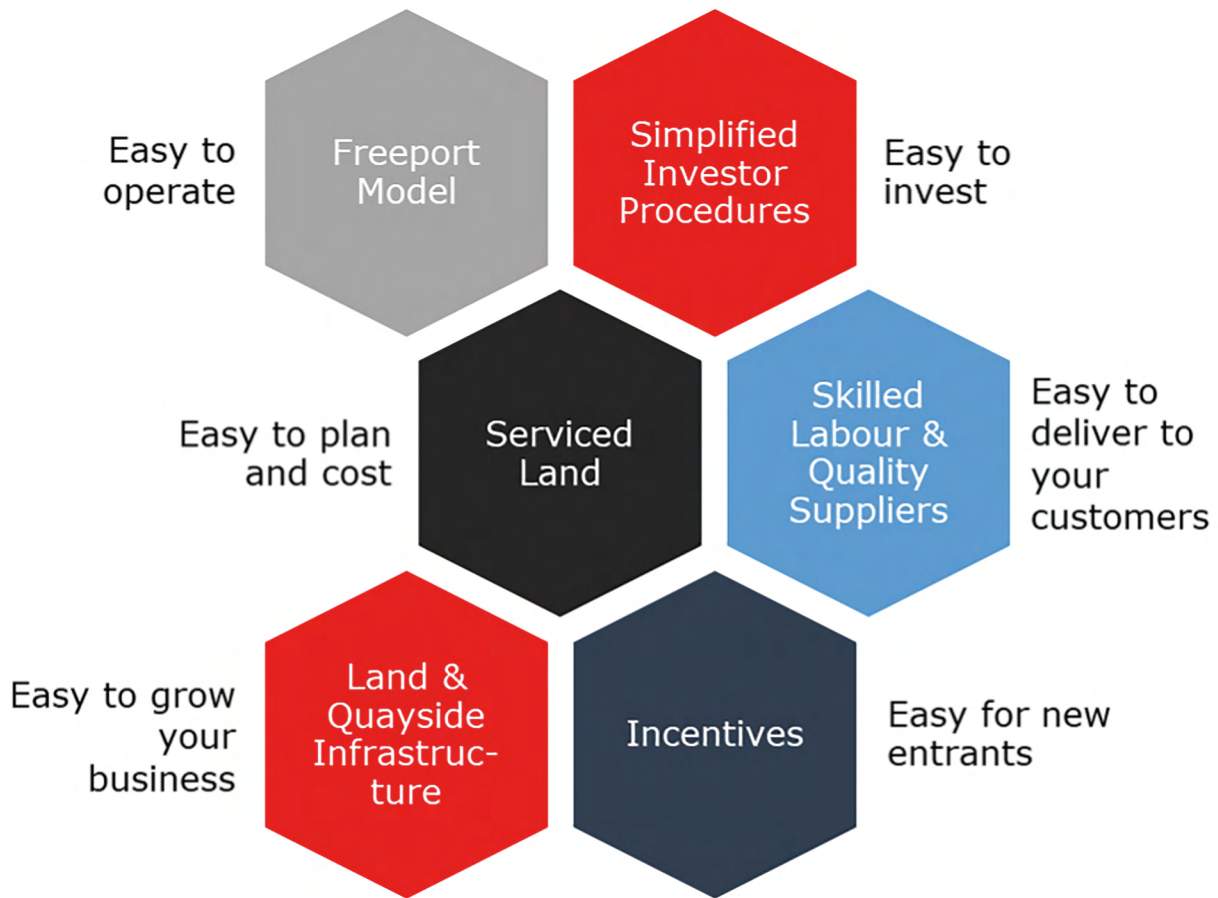
The Ease of Doing Business (EODB) philosophy is to provide proactive solutions that are customer-centric for investors and service providers in the zone. The function has to be continually adaptive to the changes in the marketplace and address the pain points for the investors in order to keep the service offering relevant.

Voice of the Customer

The Ease of Doing Business Model (Figure 24), was developed from an intensive study concluded in 2016 having garnered the market sentiment for what would make Saldanha Bay the port of call for all service requirements of the upstream oil & gas and related maritime service, engineering and logistics.

With the broadening of the sector focus to energy and maritime and the call to action by the global markets to service the green hydrogen developments, the Voice of the Customer has become an imperative against which we must evaluate that the current offerings are in line with what is expected for companies and projects to flourish in this new sector. The EODB unit will therefore embark on a Voice of the Customer series of intelligence reports to update the current model and seek bespoke solutions and red tape reduction efforts for the post-pandemic and energy crisis environment we now find ourselves in.

Figure 24: Ease of Doing Business Model



Ease of Doing Business “One-Stop-Shop” Centre

Work is well underway to establish the EODB OSS Centre, that will be launched during the FY 2023/24, which is a co-working space located within the Access and Security Complex. This space has been designed to extend the services already offered by the EODB Unit into a physical location where investors can consult with the government officials and private service providers co-located in the building and available by appointment.

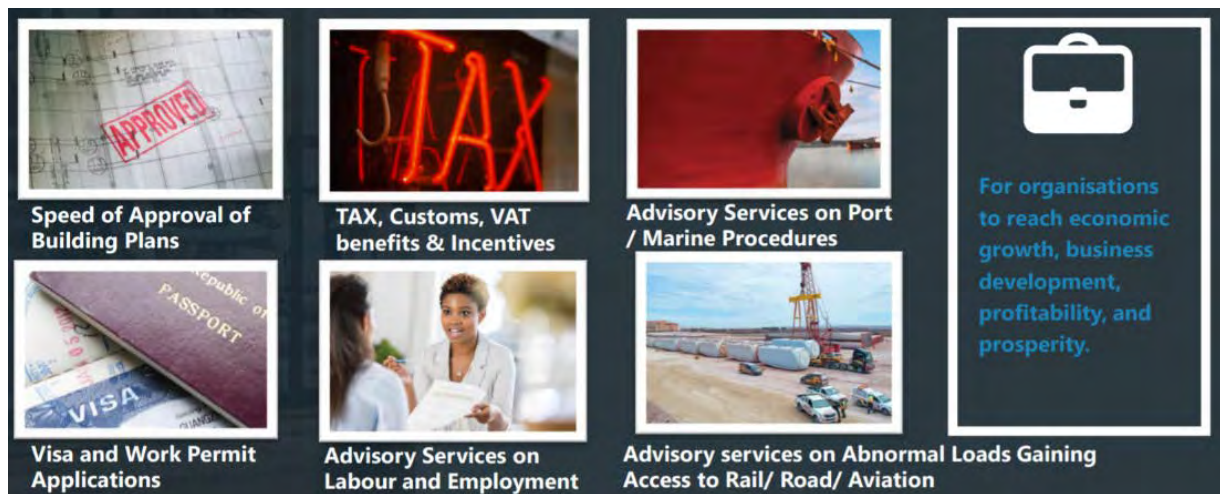
The EODB OSS Centre offers the following services:

- Advisory services that supply the detailed, in-depth knowledge across several requirements (e.g., registration, licenses, permits, inspections) that businesses need to successfully start and maintain their operations.

- Co-located services that provide a single location to access government assistance. These services are not integrated – they are delivered by different people working for different government departments, agencies or ministries and using different systems.
- Client-centric services that offer a personalised service based on your business life cycle events (business setup and continued operations). These services address all formalities required to operate in the sectors we service.

The EODB Centre has enlisted independent private consultants who offer services that are complementary to the legislative requirements and advisory services from the public sector officials to provide additional personalized assistance with licensing, permits and application processes.

Figure 25: EODB OSS Services



1.4.2.2 Business Development

The Business Development business unit focuses on investment promotion activities in the zone, as well as on concluding key memorandum of agreements with a specific focus on increasing the value proposition and future investment into the zone.

The Company has established a robust and growing tenant pipeline and will continue to drive its diversification for resilience of the pipeline and the market positioning of the zone. With a targeted investor engagement strategy, based on market developments and the market demand analysis, and the value within the Western Cape ports and the SEZ, the Business Development team focus on the maritime and energy sectors. In partnership with Wesgro, the Atlantis SEZ and the Department of Economic Development and Tourism, a shared investor pipeline portal within the investment ecosystem has been developed.

Business Development remains relevant to market trends and developments, with a deeper focus on scenario planning beyond the current maritime, energy, logistics, and engineering sectors to visualise and customise products and services to meet new markets, environmental and geopolitical demands, as informed from the market demand analysis and monitoring the broader trend analysis.

An emerging trend is the development of a green hydrogen sector, underpinned by national, regional and provincial strategies. The Business

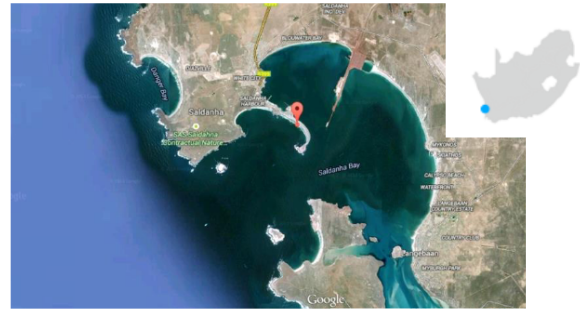
Development unit will prioritise facilitation of green hydrogen private sector investment and work closely with public sector stakeholders to accelerate and ease investment into the region. The green hydrogen sector is complementary to Freeport's Saldanha position as an Energy hub – Saldanha Bay and Saldanha Port has strategic advantages which makes it attractive for green hydrogen catalytic and pilot projects alike.

A range of international studies has already identified Saldanha as a high-potential location for the future of GH2. Some of the main locational advantages of Saldanha include (but are not limited to):

- (1) Closely located to **large areas with high potential renewable energy generation** (incl. onshore, offshore wind and solar).
- (2) Well-established and potentially highly suitable **port infrastructure** able to serve as an export channel and a green bunker fuel location for the shipping industry.
- (3) **Local hydrogen demand** – specifically the nearby steel plant, ArcelorMittal, having declared their intentions in the media to produce green steel.
- (4) **Robust engineering value chains** and an already operational SEZ which are integrated into the Port of Saldanha offer major opportunities for manufacturing components for GH2 production (and a range of related manufacturing and services markets).
- (5) **Proximity to Saldanha-Northern Cape and Saldanha - Cape Town Logistical Corridors.**

Figure 26: Research supporting Saldanha as the first Western Cape Green Hydrogen Cluster

<p>Location:</p> <ul style="list-style-type: none"> Western Cape, 150km north of Cape Town <p>Existing Infrastructure:</p> <ul style="list-style-type: none"> One of the largest ore exporting (deep water) ports in Africa, supported by a dedicated rail link which connects to the Sishen & Kolomela Mines in the Northern Cape. No pipeline delivered bunkers are available <p>Notable Characteristics:</p> <ul style="list-style-type: none"> Special Economic Zone (SEZ) Bulk carriers account for ~77% of ships <p>Green Hydrogen Potential:</p> <ul style="list-style-type: none"> High renewable energy potential from solar and off-shore wind. CSIR study concluded hydrogen exports could be cost competitive at US\$ 3/kg before 2030. Potential off-takers include AMSA, MyCiti Bus, port equipment & ground vehicles.
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Activity/Entity	Saldanha Bay
Transnet: bunker fuel	504 kt/y
Transnet: port equipment	unknown
ACSA ground vehicles	0.0558 kt/y
PRASA MetroRail	6.6-11.0 kt/y
AMSA Saldanha Works	104 kt/y
MyCiti BRT	1.2 kt/y

Source: EU-SA Partner for Growth, Jan 2022. *Powerfuels 2: Stimulating domestic hydrogen consumption opportunities in South Africa*

In order to capture and capitalize on the Green Hydrogen opportunity, the following proposed solutions are presented:

- Freeport Saldanha and WCG to prioritize the role of GH2 sector to decarbonization and socio-economic objectives.**

GH2 presents an opportunity for global carbon reduction efforts, a pathway for energy resilience, a just energy transition and the commercial opportunity for South African industry at large, supported by local and international market interest, particularly in Saldanha as first-mover.
- Saldanha to be prioritized as the first mover green hydrogen region for the Western Cape province.**

This will allow Saldanha and the province to capitalize on the advantages of a green hydrogen hub. This is a strategic fit the objectives of the Freeport Saldanha. Freeport Saldanha is South Africa's first and only Special Economic Zone (SEZ) located within a port, is a new, open 356ha space catering specifically to the energy, maritime fabrication, marine repair, logistics and related support services. Freeport Saldanha aims over the next 25 years to create a vibrant hub of opportunity, job creation and sustainable growth utilizing the special economic zone (SEZ) legislation as a catalyst. Hence the Freeport Saldanha (FREEPORT SALDANHA) is ideally positioned to play a significant role in enabling the GH2 economy in the Saldanha, the Western Cape and the broader Northern / Eastern Cape region.

- Establishment of the Saldanha Bay GH2 Cluster in the national GH2 and ISA programme**

The Saldanha Bay green hydrogen cluster will recognise the commercial interests of industry, the current complementary assets and creating a further enabling environment for the industry in the area. The support of ISA and the national GH2 programme will assist both projects to bring much-needed socio-economic opportunities to the region.
- Establishment of the Atlantic GH2 Corridor in the national GH2 and ISA programme**

The Atlantic GH2 corridor will join the Saldanha Bay GH2 and Boegoebaai GH2 clusters, recognising that the two clusters can support a synergistic phased development of the national GH2 economy. The support of ISA and the national GH2 programme will assist both projects to bring much-needed socio-economic opportunities to the region.
- Establishment of the GH2 Project Steering Committee (PSC), led by Freeport Saldanha.**

Given the large interest situated in Saldanha bay and the opportunity detailed above, it is recommended that a PSC be established to undertake project development required to realise the green hydrogen opportunity and accelerate the development of the Green Hydrogen sector. The PSC will consist of members across industry, public sector, academia and the community.

1.4.2.3 Transaction and Investor Support

Transaction and Investor Support (T&IS) fulfils a vital role in realising the commercial, operational and innovation interests of the business investor and the Company.

Commercial activities include but not limited to targeted lead generation, leasing of various commercial property assets such as the Access Complex, Project Leasing Facility, SME Co-lab Project Facility and Manufacturing facilities, as well as investor project facilitation, account management, investor retention and aftercare.

Operational activities include estate, facilities and office management and entails fit-out, repair and maintenance activities as well as procurement of vital services such as ICT, Security, Cleaning and Grubbing. The Estate endeavours to provide a world class experience while remaining cost-effective and efficient in its operations.

1.4.2.3.1 Saldanha Bay Innovation Campus

The Saldanha Bay Innovation Campus (“the Campus”) has been established to address an important market failure in the research, development, and innovation part of the maritime and energy value chain. Closely associated with Freeport Saldanha naturally, it acts as a complement and multiplier to the broader strategic mission of the Freeport as part of the SEZ Programme to establish a world-class maritime and energy hub in the region. Doing so will not only help support industrial investment and development of the local sector, but also drive socio-economic development in the region.

The purpose of the Campus is to prepare Saldanha to be a world-class maritime and energy industrial centre; at the forefront of substantive, different, thought-leading research, development and innovation that enables Saldanha to respond to the global, future-focused pressing concerns and needs for the manufacturing and engineering industry.

The Saldanha Bay Innovation Campus platform was launched in 2020, dedicated to foster collaboration and innovation in the Maritime and Energy sectors. The Innovation Campus consists of 4 programmes to date - a Schools, Drone Technology, Energy Transition and Maritime Programme. Each of these programmes address the following six priority areas, engaging with academia, industry, the public sector, and the Saldanha Bay community:

- (i) Clustering & Collaboration
- (ii) RDI Activities
- (iii) STEAM School Programme
- (iv) RDI facilities
- (v) Advocacy
- (vi) Tech-Entrepreneur Support

1.4.2.4 Infrastructure Development

A key part of Freeport Saldanha’s mandate is to provide enabling infrastructure to attract investors who will increase exports and create jobs. To do this, the Company has a dedicated business unit implementing the macro infrastructure plan for the Freeport, in line with the Freeport strategy and mandate, inclusive of investor requirements. The unit has developed critical competences and systems to oversee the planning, alignment, contracting, construction and handover of all manner of buildings, utilities and enabling provisions (e.g., EAs, EMPs, guidelines, permits, licences).

One of these resources are the panels of contractors and professional panels put in place through the company’s supply chain management policies. This reduces time in procurement and gives an assurance of capacity to a list of forecasted construction and professional needs.

The unit works with many public sector role-players, such as the local authority, the district municipality, the provincial government, Eskom, Transnet and TNPA, as well as private sector developers and landowners in executing its responsibilities. It also has a close operational interface with T&IS and Business Development to support the planning, scoping and delivery of tenant facilities as quickly and reliably as possible.

A priority for the year ahead will be the bankable feasibility and Marine EIA in support of the new port infrastructure in support of the establishment of marine manufacturing industries, due to the consistent demand for additional quaysides and floating dry docks for ship repair and manufacturing, and associated activities. The niche value of Freeport Saldanha in partnership with the Transnet Ports Authority offers a unique value proposition. The project is registered with Infrastructure South Africa

and has passed the early business case gateway with the Transport Technical Working Group. The project is also registered with the Industrial Development Corporation.

This depends highly on the continued accessibility to the SEZ Fund for this capital programme in the near term, while alternative financial avenues are sourced, in particular, the successful raising of financing for the port infrastructure to conclude the bankable feasibility study, the marine EIA and possible capital financing in future.

Table 17: Forecasted Infrastructure Projects

#	Project name	Programme	Project Description	Outputs	Project Start Date	Project Completion Date	Total Estimated Cost	Estimate outcome 2022/23
1	Tenant Facility	Infrastructure	4 500m ² factory building and crane facility	Industrial building	January 2023	January 2024	R83 million	R0
2	Port Infrastructure	Infrastructure	Feasibility	Feasibility	April 2023	April 2025	R23 million	R0
3	Port Infrastructure	Infrastructure	Marine EIA	Environmental Authorisation	February 2023	February 2025	R6 million	R500k
4	Tenant facility (SEZ 4)	Infrastructure	1 500m ²	Industrial building	June 2022	December 2023	R32 million	R300k
5	Tenant facility (SEZ 5)	Infrastructure	1 200m ²	Industrial building	October 2022	December 2023	R28 million	R250k

1.4.2.5 Stakeholder Management

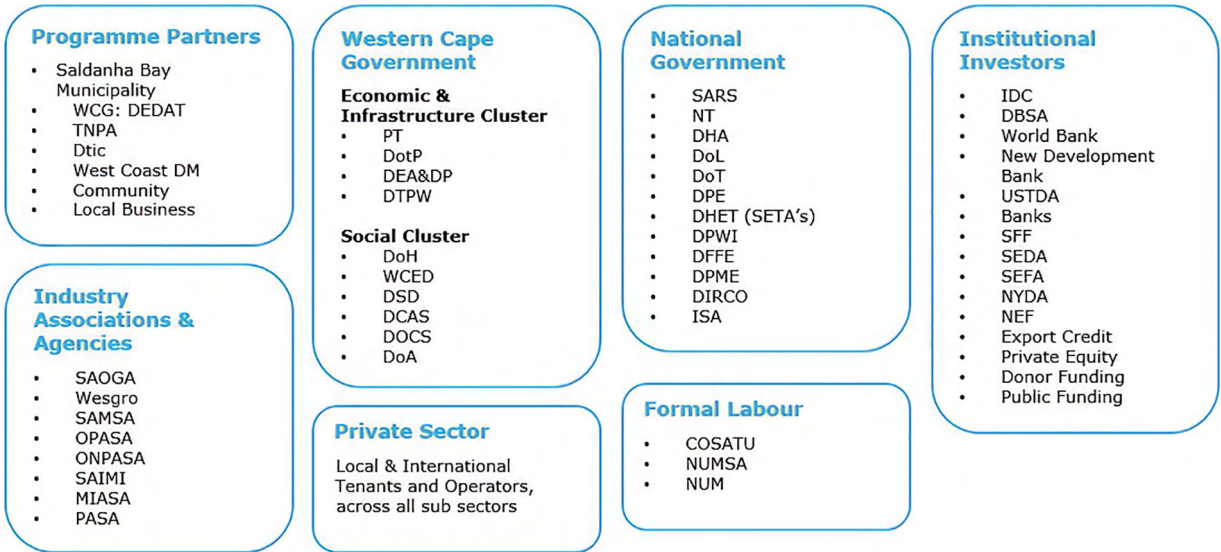
Policy environments are increasingly shaped by vertical interactions between the national and sub-national tiers of government and by the growing need to co-ordinate horizontal relationships between numerous stakeholders such as ministries, government agencies and bodies, and private sector representatives (Organisation for Economic Co-operation and Development

{OECD}, 2015b). Evidence from OECD and non-OECD countries demonstrates that there is no one-size-fits-all approach and that improving vertical and horizontal coordination is often challenging (OECD, 2016). The need to coordinate relationships between various stakeholders is driven by an increased global understanding that not one stakeholder or stakeholder cohort can successfully address and manage complex societal issues on their own.

The Stakeholder Management Business Unit is responsible for engaging with and facilitating relationships with key stakeholders, as well as for strategically supporting the various business units in managing stakeholder approaches. The Freeport Saldanha’s strategic aim of creating a thriving and inclusive economic hub for the

energy and maritime industries and related support services, means that the Company must navigate and manage strategic and operational relationships with a diverse cohort of stakeholders. See Figure 27: Freeport Saldanha Integrated Stakeholder Management Approach.

Figure 27: Freeport Saldanha Integrated Stakeholder Management Approach



In South Africa, amongst stakeholders in the public and private sectors there has been a realisation that the South African government’s “state-led” approach to economic development has largely failed and that a different approach is required to address South Africa’s high unemployment numbers and stagnated economic development growth. A framework for this approach needs to be developed and must reflect the interconnectedness and critical dependencies of the functions between the public sector, private sector, organised labour and civil society. This new approach will require stronger coordination between all stakeholders and particularly those within the public and private sectors to:

- Foster greater understanding (through policy alignment) and collaboration (through joint planning) that will build mutual trust and confidence.
- Ensure that all aspects of government infrastructure, service delivery and regulatory change are geared and reorganised to

contribute to and positively affect the business environment within which investment location decisions are taken.

- Identify and exploit opportunities where private investment and public-private partnerships can be utilised to augment traditional public service delivery responsibilities such as the development and management of economic infrastructure etc. (roads, rail and ports).

The Western Cape Government’s G4J Strategy identifies the need to establish “*Private-public sector and public-public coalitions, partnerships & ecosystems*” and “*Overarching institutional co-ordination between government and the private sector*” as being two of the six transversal themes that sits across the G4J strategy’s seven Priority Focus Areas (PFAs). The Freeport represents a special purpose vehicle which, because of its mandate, must create and nurture private-public, public-public and even in some cases private to private (Sasol/AMSA) partnerships to catalyse the growth of the zone. The Company, via its stakeholder management unit has had to

develop, review, and implement fit-for purpose models for integrated stakeholder co-ordination and partnering that leverages private and public sector collaboration. The Freeport thus represents a sandbox, within which Government can test policy reforms aimed at generating transformative sustainable socio-economic development.

The Freeport is therefore poised to assist the WCG in guiding the development of these transversal themes which will enable the implementation of the seven PFAs.

The nature of the SEZ programme and the Company coupled with the magnitude of investment into the Zone means that the company must ensure that the Zone is ready for development. This requires the company and its investors to, amongst other things:

- do the required feasibility studies,
- conclude the required market offtakes,
- apply for and received the necessary permits and approvals,
- build the new infrastructure required, and
- develop and maintain good corporate resources structures, processes, and systems.

This preparatory work takes time and throughout this development process, the Company's Stakeholder Management unit must and will continue to lead the Company's efforts to develop, hold and maintain relationships with those stakeholders that:

- Serve as custodians of the various legislative requirements that need to be navigated to unlock development.
- Are tasked with driving economic development through the implementation of contemporary national policies and strategies.
- Have a vested interest in the holistic socio-economic development of the people living in the Greater Saldanha Bay area.
- Want to ensure that economic development and prosperity are balanced adequately with the environment.

1.4.2.6 Development Programmes

The Development Programmes business unit aims to maximize local economic development and empowerment, through increased participation and beneficiation of citizens and businesses in Saldanha Bay. The three central pillars of its focus are skills development, enterprise development and contractor development, in a demand driven context and informed by the opportunities that emerge from the global maritime and energy sectors and value chains: the business unit aims to ready the workforce and business community appropriately to deliver world-class services to these global markets.

The business unit is highly partnership focussed, particularly with regards to fundraising, recruitment and selection of persons and businesses for initiatives, and ultimately implementing any development programme initiative. Partnerships developed across the local community, such as the Community Skills and Training Committee and the various business associations, will continue to be a key element of the business unit. In addition to continued partnerships with various SETAs, private and public training and development service providers and many other practitioners and regulators in this field.

The Smart Skills Centre, an initiative between the Freeport and the Chemical Seta (Chieta) launched on 25th October 2022 by the Minister of Higher Education, Science and Innovation in Saldanha Bay. The centre, which will focus on basic digital skills, is aimed at addressing the digital skills divide in the district and at helping surrounding businesses and rural community members to learn technology-related skills. This project is part of a bigger plan to revolutionise digital skills development in South Africa. The Centre's services are free and include access to data plus training courses aimed job seekers, business start-ups, and SMMEs that wish to grow their operations.

1.4.3 Outcomes, Outputs, Performance Indicators and Targets

Table 18: Programme 2: Operations Medium-term Outcome and Targets

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
To promote inclusive and sustainable economic growth and job creation	Support development of growth opportunities in identified markets	Number of growth opportunities supported	-	-	-	-	2	2	2
	Develop strategic partnerships for development programmes initiatives and SBIC	Number of partnership agreements established	N/A	5	10	3	6	6	6
	Operationalisation of the Zone Labour Charter with trade unions, tenants and operators	Number of partnerships realised and maintained with trade unions in support of the Saldanha economic ecosystem	N/A	1	1	3	3	3	3
	Support local economic development	Number of businesses supported through economic interventions	-	-	-	-	700	700	700
	Support access to economic opportunities and/or employability opportunities	Number of people improved to access economic opportunities and/or employability	-	-	-	-	100	100	100
Promote sustainable commercial business	Operationalisation of the Access Complex, Project Leasing Facility	Percentage available space tenanted	N/A	35%	26%	30%	30%	40%	50%
	Tenant and operator leases signed	Number of signed tenant and operator lease agreements	N/A	8	15	8	8	8	8
	Maintain and improve the outcomes of the EODB SLA with SBM	Turn-around time on building plans	N/A	22 days	No demand for the service	28 days	21 days	21 days	21 days
	Voice of the Customer enhanced	Number of economic and market intelligence reports produced	-	-	-	-	1	1	1
	Operationalisation of the Customs Control Area regime with key partners, such as the TNPA, SARS, DOL & DHA	Number of standard operating protocols in place	N/A	2	2	3	2	2	2
	Maintain contractor and professional panels	Number of contractor and professional panels maintained	N/A	2	2	2	3	3	3

Table 19: Programme 2: Operations Medium-term Indicators, Annual and Quarterly Targets

No.	Output Indicators	Annual Target	Q1	Q2	Q3	Q4
7	Number of growth opportunities supported.	2	-	-	-	2
8	Number of partnership agreements established	6	1	2	2	1
9	Number of partnerships realised and maintained with trade unions in support of the Saldanha economic ecosystem	3	-	-	-	3
10	Number of businesses supported through economic interventions	700	175	175	175	175
11	Number of people improved to access economic opportunities and /or employability	100	25	25	25	25
12	Percentage available space tenanted	30%	-	-	-	30%
13	Number of signed tenant and operator lease agreements	8	2	2	2	2
14	Turn-around time on building plans	21 days	-	-	-	21 days
15	Number of economic and market intelligence reports produced	1	-	-	-	1
16	Number of standard operating protocols in place	2	-	-	-	2
17	Number of contractor and professional panels maintained	3	-	-	-	3

Table 20: Summary of provincial payments and estimates by economic classification: Operations

Summary of provincial payments and estimates by economic classification: Freeport Saldanha - Operations					
Economic classification R'000	Outcome	Estimate	Medium-term estimate		
	Audited 2021/22	Outcome 2022/23	2023/24	2024/25	2025/26
Revenue					
Revenue and interest	2,889	1,850	7,787	27,194	42,484
Rental revenue	2,889	1,850	7,787	27,194	42,484
Transfer income	145,726	79,120	209,728	107,895	18,592
Earmarked conditional grants and working capital	145,726	79,120	209,728	107,895	18,592
Total revenue	148,615	80,970	217,515	135,089	61,076
Expenditure					
Current expenditure	70,909	47,932	43,402	49,598	51,627
Compensation of employees	21,542	21,789	21,789	21,789	21,789
Salary & Wages	21,542	21,789	21,789	21,789	21,789
Goods and services	49,367	26,143	21,613	27,809	29,838
Administrative fees	382	252	261	273	289
Advertising	1,813	2,146	2,224	2,324	2,464
Minor Assets	1	50	52	54	57
Catering: Departmental activities	42	40	41	43	46
Communication (G&S)	63	72	75	78	83
Computer services	110	105	109	114	121
Consultants and professional services	3,556	1,463	1,516	1,584	1,679
Entertainment	3	2	2	2	2
Fleet services	-	1	1	1	1
Integrated Port Project Preparation Fund	-	-	8,174	-	-
Green Hydrogen development	-	-	2,869	15,783	15,783
Consumable supplies	321	300	311	325	344
Consumable: Stationery, printing and office supplies	45	108	112	117	124
Operating leases	37,851	17,520	1,250	-	-
Property payments	4,249	3,197	3,749	6,204	7,883
Travel and subsistence	584	739	766	800	848
Training and development	347	98	102	106	113
Capital Expenditure	92,515	49,439	163,188	77,594	-
Infrastructure	92,515	49,439	163,188	77,594	-
Total expenditure	163,424	97,371	206,590	127,192	51,627

2 Risk Management

2.1 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 21: Top Strategic Risks

Risk	Cause	Effect	Impact	Mitigation Measures
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 DTIC and SBM. Ongoing structural reforms within state-owned companies do not have definitive timelines.	Misunderstanding and misalignment regarding the needs and requirements from each party. The pioneering model needed with TNPA is new, different and requires broad political and administrative buy in.	Freeport cannot reach full potential and achieve the commercial self-sustainability and catalytic infrastructure & facilities strategic priorities above all others due to: <ul style="list-style-type: none"> The missed investment in new ports infrastructure. Misaligned port and zone planning. Delays outside of the company's control on investors financing arrangements. Increasing costs of doing business and lower business trust and confidence in the state-owned companies and government's ability to undertake needed structural reforms.	Effective secretariats to manage relationships with key government partners, with regular meaningful engagement set on clear objectives and purposes. Freeport has invested in the port infrastructure pre-feasibility study and now requires funding to continue with the bankable feasibility study and marine EIA. The project is registered with ISA, which will go some ways to mitigate the risk and facilitate investment. Managing funding and revenue risk through utilization of its asset base with continuous engagement with provincial government, as applicable. Alternative funding sources and/or strategic equity partnerships.
Global and national declines in investment confidence and ability – both from the private and public sectors.	Geo-political instability, low credit rating of SA.	Decreased FDI and DDI into South Africa.	Decreased financial capital to invest in OG&M industries results in the Freeport not being able to reach its commercial self-sustainability and catalytic infrastructure & facilities strategic priorities.	Benchmark to world-class standards and operations. Diversify market positioning to maritime and energy, inclusive of logistics, advanced manufacturing and engineering, and green hydrogen/lower carbon fuels hub projects, as well as full lifecycle sector/stages. Monitor investment environment, utilise a balanced approach between strategic and practical investment facilitation.
A heightened energy crisis in South Africa.	The inability for Eskom to supply the energy needs of the economy.	Inconsistent energy supply results in industry not being able to operate at maximum efficiency.	Increasing costs of doing business and lower business trust and confidence in the state-owned companies and government's ability to undertake needed structural reforms results in the Freeport not being able to achieve commercial self-sustainability and catalytic infrastructure & facilities strategic priorities. Downstream and upstream demand for suppliers from tenants and investors shrinks or seeks more cost-effective solutions elsewhere (continentally and internationally) and local & industry readiness is hampered as a result.	Estate management policy that allows investors redundancy within the zone. Investigate energy resilience through alternative electricity supply options available given expected electricity demand growth from 8MVA to 45MVA by 2027, in addition, increased demand growth to accommodate production of low carbon/zero carbon fuels/products within the zone.
A heightened acceleration towards lower carbon-based economies, which is beset with uncertainty on which transition will work/will be applied.	Growing environmental consciousness of global society. Increased demand for basic energy needs for equitable human development. Different opinions and mismatched interests on a just transition roadmap.	Uncertainty in O&G markets on expected returns for fossil fuels and fossil-based exploration and production. More volatile engagement on just transition, economic policy and infrastructure development.	Decreased investment into O&G operations results in the Freeport not being able to achieve commercial self-sustainability and catalytic infrastructure & facilities and local & industry readiness strategic priorities. Breakdown in social compacts between government, business and society results in hampered or weak business, government & society partnerships strategic priority.	Diversify market positioning to maritime and energy, inclusive of logistics, advanced manufacturing and engineering, and green hydrogen/lower carbon fuels hub projects, as well as full lifecycle sector/stages. Strengthen ESG relevance in stakeholder management governance and systems. Maintain compliance to existing environmental legislative and regulatory frameworks as SEZ Operator and port tenant.

Table 21 (continued): Top Strategic Risks

Risk	Cause	Effect	Impact	Mitigation Measures
Lack of OG&M policy, regulation and practise.	<p>Formal OG&M regulations are difficult to initiate in South Africa because of infancy of OG&M sector.</p> <p>Different opinions and mismatched interests on a just transition roadmap.</p>	<p>Bureaucracy and ambiguity results in increased red tape, time and costs of doing business.</p> <p>Limited influencing role in competitive, sustainable value chain creation in South Africa.</p>	<p>OG&M industry lose market opportunities and cannibalise each other, resulting in weak or unscalable outcomes for the local & industry readiness strategic priority.</p> <p>Growth and transformation of OG&M does not materialise, resulting in weak or unscalable outcomes for the local & industry readiness strategic priority, and misaligned business, government & society partnerships.</p>	<p>Effective secretariats to manage relationships with key stakeholders and partners, with regular meaningful engagement around key legislative issues and regulatory interpretation.</p> <p>Diversify market positioning to maritime and energy, inclusive of logistics, advanced manufacturing and engineering, and green hydrogen/lower carbon fuels hub projects, as well as full lifecycle sector/stages.</p> <p>Leverage position within the maritime ecosystem in the Western Cape to attract and grow investments.</p> <p>Freeport has an effective Development Programmes business unit. However, more needs to be done to address key constraints to local value chain creation and this should be done with others, in an ecosystem of support and development. The LED cluster work led between WCDM and SBM is mitigating this risk to a degree.</p>
Lack of political will and alignment to lead and position the SEZ Programme as a key socio-economic development initiative for South Africa.	<p>Entrenched and deepening misalignment at a political level between National, Provincial and Local Government.</p>	<p>Creates and deepens a lack of shared understanding (between the three spheres of government) of the importance, value and potential of Spatial Industrial initiatives such as SEZs.</p> <p>Lack of active leadership and collaboration between National, Provincial, and local government towards ensuring the successful implementation of SEZs.</p> <p>Misalignment between key governmental policies and strategies.</p> <p>Entrenching a silo approach within government towards planning, budgeting, and implementation.</p>	<p>Lack of political support and alignment to drive interventions that unlock strategic bottlenecks that hinder the successful and rapid implementation of spatial industrial related projects.</p>	<p>Signing of Intergovernmental Agreements between the three spheres of Government regarding the development and implementation of SEZs.</p> <p>Establishment of Project Steering Committees that drive the implementation of intergovernmental agreements signed to advance the development of SEZs.</p>
Increasingly polarized society	<p>Deepening distrust in Government by citizens.</p> <p>Mass class divides driven by increased income inequality.</p> <p>Proliferation and mainstreaming of misinformation.</p>	<p>A lack of trust and confidence in the state to adequately address societal concerns and improve people's lives.</p> <p>Difficult to foster agreement amongst society in terms of what is believed to be the root causes of and best solutions to overarching perennial issues.</p>	<p>Increased social unrest.</p> <p>Political instability that further impacts the efficacy of key government institutions.</p> <p>Negatively impacts investor confidence and private sector investments.</p>	<p>Increased collaboration between the public, private sector, organised labour and civil society at large. (which is seen as being more trustworthy).</p>

2.2 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 22: Top Tactical Risks

Risk	Cause	Effect	Impact	Mitigation Measures
Slow pace of investment into the Freeport.	<p>Institutional delays on investors reaching financial close.</p> <p>Ongoing structural reforms within state-owned companies do not have definitive timelines.</p>	Loss of interest in Saldanha Bay.	<p>Freeport cannot reach full potential and achieve the commercial self-sustainability and catalytic infrastructure & facilities strategic priorities above all others due to:</p> <ul style="list-style-type: none"> • The missed investment in new ports infrastructure. • Misaligned port and zone planning. • Delays outside of the company's control on investors financing arrangements. 	<p>Increasing targeted marketing and investment promotion activities for mature lead generation.</p> <p>Ratchet up investment facilitation services to quicken investor journey, e.g., InvestSA OSS and the Western Cape investment ecosystem.</p> <p>Take up joint planning and implementation with Transnet and TNPA, as applicable, to enhance synergies between entities.</p>
Lack of interest in innovation development within maritime and energy industries at Saldanha Bay	<p>Innovative capabilities of international clusters outclass the capabilities of the Saldanha Bay Innovation Campus.</p>	Loss of interest in Saldanha Bay.	<p>Decreased investment into Saldanha Bay Innovation Campus initiatives, resulting in not achieving the business, government & society partnerships and local & industry readiness strategic priorities.</p>	<p>Implement an appropriate business model which leverages community, international and national governments and the private sector in the operation of the innovation space, inclusive of technology start-up programmes.</p> <p>Maintain the High School Programme and initiate and maintain the Smart Skills Centre to embed 4IR initiatives in youth and school-goers.</p>
In-migration of foreign workers and companies.	<p>Foreign, or outsider, skilled workers and companies being preferred for OG&M service industry jobs.</p>	Community instability and mistrust.	<p>Community disapproval of OG&M operations and the Freeport resulting in not achieving the business, government & society partnerships and local & industry readiness strategic priorities.</p>	<p>Continue partnerships to promote local recruitment and local participation, and link development programmes (e.g., apprenticeships) and partnerships to technology.</p> <p>Strengthen ESG factors in stakeholder management, with a focus on education and awareness.</p> <p>Operationalise the Zone Labour Charters with Trade Unions and Tenants.</p>

2.3 Top Implementation Risks

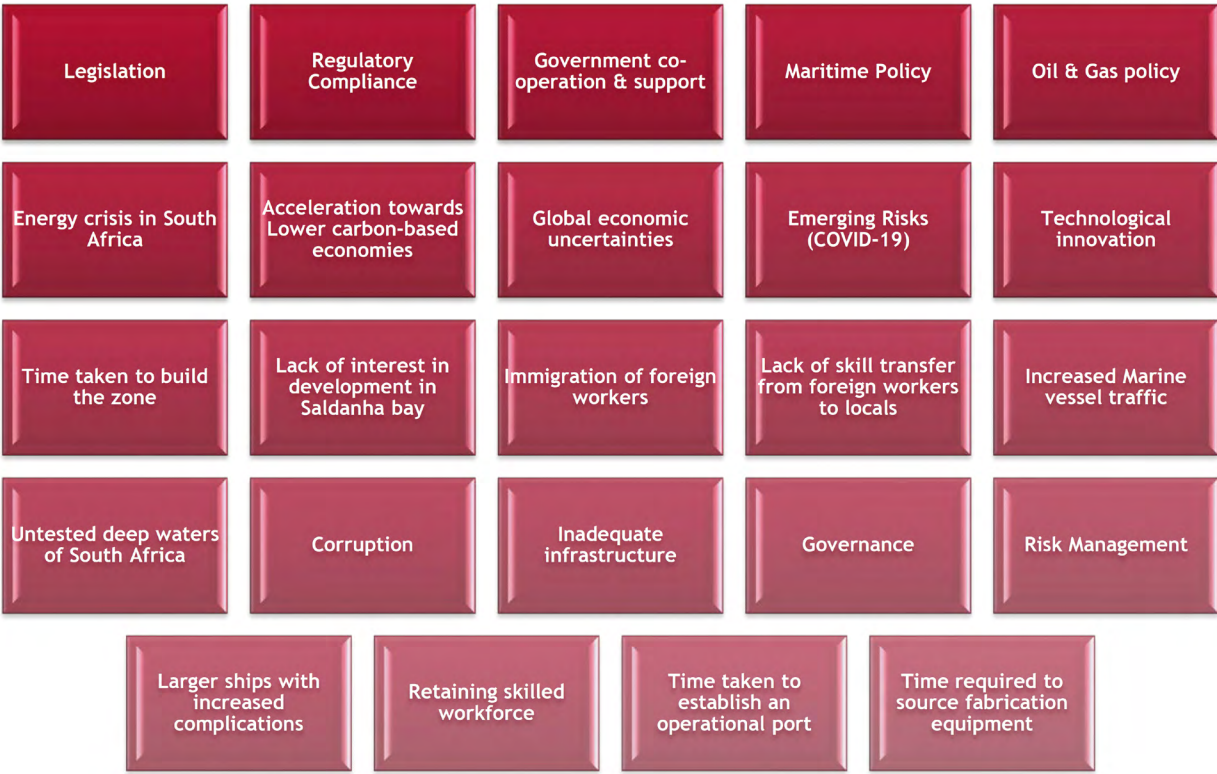
Implementation risk is the potential for a development or deployment failure (Spacey, 2017).

Table 23: Top Implementation Risks

Risk	Cause	Effect	Impact	Mitigation Measures
Long time needed to establish an operational port infrastructure model (e.g., min. 5-9 years).	Bureaucracy and acquiring of resources required to establish port infrastructure. Ongoing structural reforms within state-owned companies do not have definitive timelines.	Increased time before accumulation of revenue. The pioneering model needed with TNPA is new, different and requires broad political and administrative buy in.	Freeport cannot reach full potential and achieve the commercial self-sustainability and catalytic infrastructure & facilities strategic priorities above all others due to: <ul style="list-style-type: none"> The missed investment in new ports infrastructure. Misaligned port and zone planning. Delays outside of the company's control on investors financing arrangements. Increasing costs of doing business and lower business trust and confidence in the state-owned companies and government's ability to undertake needed structural reforms.	Proactively partner with TNPA and national government to deliver the correct infrastructure faster and smarter with appropriate business models. Explore opportunities for alternative funding and financing.
Time taken to build the Freeport and its services.	Slow service delivery by contractors.	Delayed investments into the Freeport.	Freeport suffers financial loss for each working day/month its facilities and services are not operational, and the Freeport cannot reach full potential and achieve the commercial self-sustainability and catalytic infrastructure & facilities strategic priorities above all others.	Contractor panels for faster delivery. Professional panels for faster delivery. Smart integrated systems to track and manage critical paths.
Retaining skilled workforce (long enough for skills transfer to happen), whilst battling inadequate infrastructure resources and skills available	Infancy of maritime and energy sector within South Africa. Generational (i.e., millennial) influence of younger workforce.	Lack of fabrication skills and resources in South Africa to meet the requirements of maritime and energy industry. Skills and knowledge are lost rather than transferred. Lengthy time required to source fabrication equipment / fabricated parts and skilled personnel.	Outsourcing of employees to meet maritime and energy service industry needs, and the outsourcing of OG&M industry needs to international sources hampers local & industry readiness as a result. Decreased investment into the Freeport results in not achieving local & industry readiness and building business, government & society partnerships.	Support the knowledge transition through development programmes facilitated. Maintain the High School Programme and initiate and maintain the Smart Skills Centre to embed 4IR initiatives in youth and school-goers. Operationalise the Zone Labour Charters with Trade Unions and Tenants.
The pandemic's effect on staff welfare and productivity.	Accelerated move to new ways of work arrangements required and possible.	Demotivated employees, anxiety and low employee morale.	Poor performance and losing good employees due to mental health issues, and younger employees have limited growth opportunities, which inhibits productivity within the Company.	Proactive employee support and enabling access to mental health programmes and dynamic human resources performance management approaches.
Breach of personal or company information.	Cyber-attack on ICT infrastructure.	Company data compromised.	Reputational and financial damage to the Company.	Maintaining ICT governance and assurance processes and systems, including the implementation of the POPI Act.

2.4 Key Overall Risk Areas

Figure 28: Key Overall Risk Areas



TECHNICAL INDICATOR DESCRIPTIONS

D

PART D: TECHNICAL INDICATOR DESCRIPTIONS

1 Overall for the Company

Indicator number	1		
Indicator title	Promote sustainable economic growth and job creation.		
Short definition	<p>Freeport Saldanha would create an enabling environment to promote sustainable economic growth and job creation by:</p> <ul style="list-style-type: none"> Facilitating a cumulative contribution to 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 Facilitating the rand value of infrastructure and direct investment into and in support of the Freeport by the end of the financial year 2024/5 		
Purpose	Measure the contribution made to the South African economy overall through the Freeport Saldanha programme and the prioritisation of the Saldanha Bay region.		
Key Beneficiaries	Businesses, Citizens, and Government.		
Source of data	Statistical data from the Freeport Saldanha SAM Economic Model, and for investment, a signed contract which demonstrates the commitment, a verified investor declaration, investor confirmation via written correspondence, official published documents (e.g., annual reports) or public announcements by the company and/or internet articles.		
Data limitations	Information required from consultants and investors.		
Assumptions	Capital and operating expenditure over the five-year financial period by Freeport Saldanha, the Western Cape Government, Transnet and tenants and customers of the zone represents flows of the economic transactions that take place within the economy. There are times that investors do not want to disclose details of their investments or commit to a signed document to specify their investment.		
Means of verification	Report from consultants for economic data. Signed database of projects reflecting the total value of investments, that have been supported directly or indirectly or agreements with external organisations; and signed MOA's; confirmation letters/declaration letters from funders; or investors/funding leveraged/financial statements; or a newspaper article or press release in which the investment is announced; or correspondence/emails from companies confirming the investment; Or final feasibility study/business plan in which the value of the investment project is indicated, or a signed lease agreement.		
Method of calculation	Jobs created that can be directly attributed to the economic impact of the Freeport Saldanha initiative. A simple count of the investment, and each investment will count as one.		
Calculation type	Cumulative Year-end	Cumulative Year-to-date	Non-cumulative X
Reporting cycle	Quarterly	Bi-annually	Annually X Biennially

Desired performance	Higher than target	On target X	Lower than target			
Type of indicator	Is this a Service Delivery Indicator?			Yes X	No	
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):					
	Citizen needs X	Reliability	Responsiveness	Integrity		
	Is this a Demand-Driven Indicator?			Yes X	No	
	Is this a Standardised Indicator?			Yes	No X	
Spatial location of indicator	Number of locations	Single location X		Multiple locations		
	Extent:					
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address	
	Detail / Address / Coordinates:			12 Main Road, Vredenburg, 7380		
	For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X	
Indicator responsibility	Chief Executive Officer					
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A					
Disaggregation of beneficiaries - Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X					
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"	
State of Disaster	Yes	No X				
	If yes, provide a description of the identified disaster:					
Implementation Data (Key deliverables measured)						

2 Programme 1: Administration

Indicator number	2				
Indicator title	Unqualified Audit Report.				
Short definition	An opinion expressed by the AGSA on their annual audit of the various transactions, systems and policies of the company that determines that all governance arrangements are in place and sufficient.				
Purpose	To ensure that entity delivers on its mandate effectively and efficiently. Strengthens governance structures.				
Key Beneficiaries	Businesses, Citizens, and Government.				
Source of data	Signed-off audit report from the AGSA.				
Data limitations	None.				
Assumptions	An unqualified audit opinion conveys credibility in the entity's corporate governance, financial management and arrangements and sustainable operations.				
Means of verification	Signed Audit Report by the AGSA				
Method of calculation	Signed-off audit report from the AGSA.				
Calculation type	Cumulative Year-end	Cumulative Year-to-date	Non-cumulative X		
Reporting cycle	Quarterly	Bi-annually	Annually X	Biennially	
Desired performance	Higher than target	On target X	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?			Yes X	No
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs	Reliability	Responsiveness	Integrity X	
	Is this a Demand-Driven Indicator?			Yes X	No
	Is this a Standardised Indicator?			Yes X	No
Spatial location of indicator	Number of locations	Single location X		Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:		12 Main Road, Vredenburg, 7380		
	For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X
Indicator responsibility	Chief Financial Officer				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

Indicator number	3				
Indicator title	Number of institutional agreements reviewed.				
Short definition	To ensure that the required conditions relating to the agreements signed with institutional partners are effectively monitored.				
Purpose	To ensure the entity delivers on its mandate.				
Key Beneficiaries	Businesses, Citizens, and Government.				
Source of data	Agreements and subsequent reports.				
Data limitations	None.				
Assumptions	Legal compliance of agreements is a critical factor of good corporate governance.				
Means of verification	Reviewed agreements and subsequent reports.				
Method of calculation	Simple count.				
Calculation type	Cumulative Year-end	Cumulative Year-to-date	Non-cumulative X		
Reporting cycle	Quarterly	Bi-annually	Annually X	Biennially	
Desired performance	Higher than target	On target X	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?			Yes X	No
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs	Reliability X	Responsiveness	Integrity	
	Is this a Demand-Driven Indicator?			Yes	No X
Is this a Standardised Indicator?			Yes	No X	
Spatial location of indicator	Number of locations	Single location X		Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:			12 Main Road, Vredenburg, 7380	
For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X	
Indicator responsibility	Chief Financial Officer				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries - Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

Indicator number	4				
Indicator title	Number of frameworks reviewed.				
Short definition	To ensure that frameworks are not out-dated and irrelevant to changing dynamics of the industry and SEZ environment.				
Purpose	To ensure the company delivers on its mandate effectively and efficiently. Strengthens good corporate governance.				
Key Beneficiaries	Businesses, Citizens, and Government.				
Source of data	Frameworks.				
Data limitations	None.				
Assumptions	Regular assessments support competitive positioning in the cases of changing dynamics of legislation, e.g., Upstream petroleum industry and the African Continental Free Trade Agreement.				
Means of verification	Approved Frameworks.				
Method of calculation	Simple count.				
Calculation type	Cumulative Year-end	Cumulative Year-to-date	Non-cumulative X		
Reporting cycle	Quarterly	Bi-annually	Annually X	Biennially	
Desired performance	Higher than target	On target X	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?		Yes X	No	
	Is this a Demand-Driven Indicator?		Yes X	No	
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs	Reliability X	Responsiveness	Integrity	
Spatial location of indicator	Number of locations		Single location X	Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:		12 Main Road, Vredenburg, 7380		
	For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?		Yes	No X	
Indicator responsibility	Chief Financial Officer				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

Indicator number	5				
Indicator title	Number of pageviews on Freeport Saldanha's website.				
Short definition	To ensure consistent website performance and value add to the industry				
Purpose	To determine the utilisation of the website.				
Key Beneficiaries	Businesses, Citizens, and Government.				
Source of data	Google analytics performance report.				
Data limitations	None.				
Assumptions	Regular assessments of the website usage.				
Means of verification	Google analytics report.				
Method of calculation	Done by Google analytics.				
Calculation type	Cumulative Year-end	Cumulative Year-to-date X	Non-cumulative		
Reporting cycle	Quarterly X	Bi-annually	Annually	Biennially	
Desired performance	Higher than target X	On target	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?		Yes X	No	
	Is this a Demand-Driven Indicator?		Yes	No X	
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs	Reliability	Responsiveness X	Integrity	
Spatial location of indicator	Number of locations		Single location X	Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:		12 Main Road, Vredenburg, 7380		
	For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?		Yes	No X	
Indicator responsibility	Chief Executive Officer				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries - Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

Indicator number	6				
Indicator title	Number of communication plans implemented/influenced.				
Short definition	Steps or a proposal that effectively delivers information or strategic messages to appropriate stakeholders.				
Purpose	A way to drive a particular policy approach.				
Key Beneficiaries	Businesses, Citizens, and Government.				
Source of data	Signed and verified database.				
Data limitations	None.				
Assumptions	Overall communication plans of programmes/projects.				
Means of verification	Signed and verified database, listing the communication plans.				
Method of calculation	Simple count.				
Calculation type	Cumulative Year-end X	Cumulative Year-to-date	Non-cumulative		
Reporting cycle	Quarterly X	Bi-annually	Annually	Biennially	
Desired performance	Higher than target	On target X	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?		Yes X	No	
	Is this a Demand-Driven Indicator?		Yes X	No	
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs	Reliability	Responsiveness X	Integrity	
Spatial location of indicator	Is this a Standardised Indicator?		Yes	No X	
	Number of locations	Single location X		Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:		12 Main Road, Vredenburg, 7380		
For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X	
Indicator responsibility	Chief Executive Officer				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

3 Programme 2: Operations

Indicator number	7			
Indicator title	Number of growth opportunities supported.			
Short definition	Support development of growth opportunities in identified markets. Growth opportunities is defined as any opportunity that will contribute to an increase in regional GDP and economic growth, and a growth opportunity can include a specific industry, cross-cutting theme, and sector. Growth opportunities may be government driven, private-sector driven or jointly driven by government and private sector. "Supported" is defined as any assistance provided by the Freeport in facilitating the progress of the project and support can include coordination amongst relevant stakeholders, funding of projects, project management and/or undertaking/directing project preparation studies and over guiding or overseeing the operations of the project.			
Purpose	Local and foreign investment is a critical contributor towards economic growth. It increases domestic expenditure through contributing towards capital goods demand. It expands production capacity and improves cost-effectiveness and competitiveness. Additionally, it enhances productivity (including labour productivity). It also provides scope for higher value addition in production and services, and it potentially introduces innovation and international quality standards thus facilitating competitiveness and exports. For the Growth for Jobs Strategy, investment by the private sector will be a fundamental indicator of success.			
Key Beneficiaries	Businesses, Citizens, and Government.			
Source of data	Signed and verified database listing the growth opportunities supported.			
Data limitations	None.			
Assumptions	None.			
Means of verification	Signed and verified database listing the growth opportunities supported including the following fields: a. Description of each of the growth opportunities supported b. Type of growth opportunities supported c. The applicable sector d. The applicable government department e. Target audience f. Responsible person g. Indicator Target h. Budget per growth opportunity			
Method of calculation	A simple count of the number of growth opportunities supported. Each growth opportunity supported will count as one.			
Calculation type	Cumulative Year-end	Cumulative Year-to-date	Non-cumulative X	
Reporting cycle	Quarterly	Bi-annually	Annually X	Biennially
Desired performance	Higher than target	On target X	Lower than target	
Type of indicator	Is this a Service Delivery Indicator?		Yes X	No
	Is this a Demand-Driven Indicator?		Yes	No X
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):			
	Citizen needs	Reliability	Responsiveness X	Integrity
Spatial location of indicator	Is this a Standardised Indicator?		Yes	No X
	No. of locations	Single location X		Multiple locations
	Extent:			
	Provincial	District	Saldanha Bay Local Municipality X	Ward Address
	Detail / Address / Coordinates:		12 Main Road, Vredenburg, 7380	
For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?		Yes	No X	
Indicator responsibility	Chief Operations Officer and Executive: Business Development			
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A			
Disaggregation of beneficiaries - Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X			
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance "None of the above"
State of Disaster	Yes	No X		
	If yes, provide a description of the identified disaster:			
Implementation Data (Key deliverables measured)				

Indicator number	8				
Indicator title	Number of partnership agreements established.				
Short definition	Strategic partnerships with various stakeholders to enable initiatives to take place.				
Purpose	To ensure citizens and businesses have the know-how to compete effectively and meet the targeted sector's needs.				
Key Beneficiaries	Businesses, Citizens, and Government.				
Source of data	Signed agreements.				
Data limitations	None.				
Assumptions	Partnerships will produce initiatives that meet the needs of industry and local communities and businesses alike.				
Means of verification	Signed agreements.				
Method of calculation	Simple count.				
Calculation type	Cumulative Year-end X	Cumulative Year-to-date	Non-cumulative		
Reporting cycle	Quarterly X	Bi-annually	Annually	Biennially	
Desired performance	Higher than target X	On target	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?			Yes X	No
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs X	Reliability	Responsiveness	Integrity	
	Is this a Demand-Driven Indicator?			Yes	No X
	Is this a Standardised Indicator?			Yes	No X
Spatial location of indicator	Number of locations	Single location X		Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:			12 Main Road, Vredenburg, 7380	
	For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X
Indicator responsibility	Chief Operations Officer and Executive: Development Programmes				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

Indicator number	9				
Indicator title	Number of partnerships realised and maintained with trade unions in support of the Saldanha economic ecosystem.				
Short definition	Freeport Saldanha is creating a conducive economic ecosystem for customers and the workforce in the zone.				
Purpose	Phased implementation of the Charter to support the ease of doing business value proposition.				
Key Beneficiaries	Businesses, Citizens, and Government.				
Source of data	Signed off discussion documents and/or standard operating protocols per partner.				
Data limitations	None.				
Assumptions	Operationalisation of the Charter will facilitate a sustainable and fair labour relations environment.				
Means of verification	Standard operating protocols per partner.				
Method of calculation	Simple count.				
Calculation type	Cumulative Year-end	Cumulative Year-to-date	Non-cumulative X		
Reporting cycle	Quarterly	Bi-annually	Annually X	Biennially	
Desired performance	Higher than target	On target X	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?			Yes X	No
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs X	Reliability	Responsiveness	Integrity	
	Is this a Demand-Driven Indicator?			Yes X	No
	Is this a Standardised Indicator?			Yes	No X
Spatial location of indicator	Number of locations	Single location X		Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:			12 Main Road, Vredenburg, 7380	
	For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X
Indicator responsibility	Chief Operations Officer and Executive: Stakeholder Management				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

Indicator number	10				
Indicator title	Number of businesses supported through economic interventions.				
Short definition	‘Business’ is understood as the activity of making one’s living or making money by producing or buying and selling products. In this context, businesses can be formal or informal and can cover support at any stage of the business’ life-cycle. It can be a start-up or operational. “Supported” is defined as any intervention (individual or group) aimed at helping the business such as information, business advice, counselling, mentorship, infrastructure, funding, training, business development support, etc., that has been provided to the business (business owner(s)/management/ staff) to address and/or improve managing, sustaining or growing the business. The support’ can be provided by the Freeport, government, NGOs, partnering parties and/or its implementing agents with issues related to supporting businesses.				
Purpose	The provision of support to business is aimed at improving their competitiveness, productivity and sustainability and/or reducing their cost of doing business, which is particularly important within the current economic climate and increasing competition within the global environment. Through the support provided to businesses, it is expected that they will (1) establish operations; (2) continue to be operational or (3) expand their operations, all of which therefore sustain or increase employment.				
Key Beneficiaries	Businesses, Citizens, and Government.				
Source of data	Databases and lists derived from various interventions and projects being implemented.				
Data limitations	None.				
Assumptions	Partnerships will produce initiatives that meet the needs of industry and local communities and businesses alike. Positive uptake of economic interventions by businesses. Sufficient human and capital resources are available.				
Means of verification	Signed project reports that details the businesses assisted.				
Method of calculation	Simple count.				
Calculation type	Cumulative Year-end X	Cumulative Year-to-date	Non-cumulative		
Reporting cycle	Quarterly X	Bi-annually	Annually	Biennially	
Desired performance	Higher than target X	On target	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?		Yes X	No	
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs X	Reliability	Responsiveness	Integrity	
	Is this a Demand-Driven Indicator?		Yes	No X	
Spatial location of indicator	Is this a Standardised Indicator?		Yes	No X	
	Number of locations	Single location X		Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:		12 Main Road, Vredenburg, 7380		
For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X	
Indicator responsibility	Chief Operations Officer and Executive: Development Programmes				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	“None of the above”
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

Indicator number	11				
Indicator title	Number of people improved to access economic opportunities and/or employability.				
Short definition	Economic opportunities are understood as jobs, self-employment or establishing and running a business (informal or formal). Employability is defined as citizens having the required (a) knowledge, skills, competencies, experience and/or attitudes, (b) work-place ready capabilities and skills, (c) the way these assets are presented to employers (career management skills), and (d) the enabling context (personal circumstances, location and labour market environment) within which individual seek work (adapted from Hillage and Pollard, 1998). Each of these four elements, with the addition of entrepreneurship, are considered pathways towards improved access to economic opportunities or employability. "Improved access" means support to citizens – directly or indirectly - to more easily access one or more of the pathways identified – employability assets, career managements skills, work-place ready capabilities or skills as well as bringing economic opportunities closer to the communities (reducing the cost barriers for example of mobility, data costs or distance) or providing support and guidance to those individuals considering entrepreneurship and running a business as a livelihood option. "Number of people with improved access" means the quantum of citizens that have made use of the pathway interventions.				
Purpose	To measure and track the number of people that have access to economic opportunities and/or employability opportunities. South Africa is one of the most unequal societies in the world, a legacy of apartheid that is continuously reinforced by inherited settlement patterns that ensure that communities do not live near their place of work, imposing time, distance, and cost burdens on low-income households. These burdens reduce access to economic opportunities and lower growth, which is a consequence of reduced human capital accumulation and greater macroeconomic instability. It is therefore important to develop and implement initiatives that can improve access to economic opportunities and contribute to employability. Building the productivity of individuals through opportunities for upskilling and education will increase labour market participation and reduce unemployment.				
Key Beneficiaries	Businesses, Citizens, and Government.				
Source of data	Project records on programme level / electronic records management system.				
Data limitations	None.				
Assumptions	Partnerships will produce initiatives that meet the needs of industry and local communities and businesses alike.				
Means of verification	Database of interventions.				
Method of calculation	Simple count.				
Calculation type	Cumulative Year-end X	Cumulative Year-to-date	Non-cumulative		
Reporting cycle	Quarterly X	Bi-annually	Annually	Biennially	
Desired performance	Higher than target X	On target	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?		Yes X	No	
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs X	Reliability	Responsiveness	Integrity	
	Is this a Demand-Driven Indicator?		Yes	No X	
Spatial location of indicator	Is this a Standardised Indicator?		Yes	No X	
	Number of locations	Single location X	Multiple locations		
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:		12 Main Road, Vredenburg, 7380		
For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X	
Indicator responsibility	Chief Operations Officer and Executive: Development Programmes				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

Indicator number	12				
Indicator title	Percentage available space tenanted.				
Short definition	Freeport Saldanha is creating a conducive business environment for customers and stakeholders.				
Purpose	Freeport Saldanha is creating a conducive business environment for customers and stakeholders.				
Key Beneficiaries	Businesses, Citizens, and Government.				
Source of data	Signed agreements with identified stakeholders and partners in the PLF and Access Complex.				
Data limitations	None.				
Assumptions	Operationalisation of the facilities will promote the intended impact.				
Means of verification	Signed agreements.				
Method of calculation	Weighted average – PLF 20% and Access Complex 80%.				
Calculation type	Cumulative Year-end	Cumulative Year-to-date	Non-cumulative X		
Reporting cycle	Quarterly	Bi-annually	Annually X	Biennially	
Desired performance	Higher than target	On target X	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?			Yes X	No
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs X	Reliability	Responsiveness	Integrity	
	Is this a Demand-Driven Indicator?			Yes X	No
Spatial location of indicator	Is this a Standardised Indicator?			Yes	No X
	Number of locations	Single location X		Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:			12 Main Road, Vredenburg, 7380	
Indicator responsibility	For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X
	Chief Operations Officer and Executive: Transaction & Investor Support				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

Indicator number	13				
Indicator title	Number of signed tenant and operator lease agreements.				
Short definition	Number of tenants and operators with signed lease agreements with Freeport Saldanha.				
Purpose	Formalising agreements with tenants and operators will result in revenue generation and economic activity.				
Key Beneficiaries	Businesses, Citizens, and Government.				
Source of data	Signed leases.				
Data limitations	None.				
Assumptions	Signed leases enables Freeport Saldanha to forecast, manage and enable revenue generation, economic activity and infrastructure and land requirements.				
Means of verification	Signed leases.				
Method of calculation	Simple count.				
Calculation type	Cumulative Year-end X	Cumulative Year-to-date	Non-cumulative		
Reporting cycle	Quarterly X	Bi-annually	Annually	Biennially	
Desired performance	Higher than target	On target X	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?			Yes X	No
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs	Reliability	Responsiveness	Integrity X	
	Is this a Demand-Driven Indicator?			Yes X	No
Spatial location of indicator	Is this a Standardised Indicator?			Yes	No X
	Number of locations	Single location X		Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:			12 Main Road, Vredenburg, 7380	
	For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X
Indicator responsibility	Chief Operations Officer and Executive: Business Development				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	“None of the above”
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

Indicator number	14				
Indicator title	Turn-around time on building plans.				
Short definition	Freeport Saldanha and SBM have established an EoDB service level agreement to allow for the joint development of solutions to reduce red tape, unnecessary bureaucracy, slow timelines related to various permits and registrations in SBM's responsibility.				
Purpose	Maintain and improve the various SOPs and processes developed jointly by SBM and Freeport Saldanha.				
Key Beneficiaries	Businesses, Citizens, and Government.				
Source of data	Building plan submissions.				
Data limitations	Dependent on SBM resources.				
Assumptions	Industry views the responsibilities of SBM and their respective interfaces with industry as critical to their goal of setting up business and operating in the zone in Saldanha Bay.				
Means of verification	Building plan submissions.				
Method of calculation	Weighted average.				
Calculation type	Cumulative Year-end	Cumulative Year-to-date	Non-cumulative X		
Reporting cycle	Quarterly	Bi-annually	Annually X	Biennially	
Desired performance	Higher than target	On target X	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?			Yes X	No
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs	Reliability	Responsiveness X	Integrity	
	Is this a Demand-Driven Indicator?			Yes X	No
	Is this a Standardised Indicator?			Yes	No X
Spatial location of indicator	Number of locations	Single location X		Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:			12 Main Road, Vredenburg, 7380	
	For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X
Indicator responsibility	Chief Operations Officer and Executive: Ease of Doing Business				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

Indicator number	15				
Indicator title	Number of economic and market intelligence reports produced.				
Short definition	Documents, research or studies which is aimed at providing evidence-based information.				
Purpose	To enable informed decision making and guide economic strategies.				
Key Beneficiaries	Businesses, Citizens and Government.				
Source of data	Data from official and reliable sources.				
Data limitations	None.				
Assumptions	Voice of the Customer Series intelligence Reports.				
Means of verification	Signed database of economic and market intelligence reports produced.				
Method of calculation	Simple count.				
Calculation type	Cumulative Year-end	Cumulative Year-to-date	Non-cumulative X		
Reporting cycle	Quarterly	Bi-annually	Annually X	Biennially	
Desired performance	Higher than target	On target X	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?		Yes X	No	
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs	Reliability	Responsiveness	Integrity X	
	Is this a Demand-Driven Indicator?		Yes X	No	
Is this a Standardised Indicator?			Yes	No X	
Spatial location of indicator	Number of locations	Single location X		Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:		12 Main Road, Vredenburg, 7380		
	For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X
Indicator responsibility	Chief Operations Officer and Executive: Ease of Doing Business				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

Indicator number	16					
Indicator title	Number of standard operating protocols in place.					
Short definition	Freeport Saldanha is creating a conducive business environment for customers and the workforce in the zone.					
Purpose	Phased implementation of the CCA regime to support the ease of doing business value proposition.					
Key Beneficiaries	Businesses, Citizens and Government.					
Source of data	Issued standard operating protocols per partner.					
Data limitations	None.					
Assumptions	Industry views the responsibilities of TNPA, SARS, DoL, DHA and their respective interfaces as critical to their goal of setting up business and operating in the zone of Saldanha Bay.					
Means of verification	Issued standard operating protocols.					
Method of calculation	Simple count.					
Calculation type	Cumulative Year-end	Cumulative Year-to-date	Non-cumulative X			
Reporting cycle	Quarterly	Bi-annually	Annually X	Biennially		
Desired performance	Higher than target	On target X	Lower than target			
Type of indicator	Is this a Service Delivery Indicator?			Yes X	No	
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):					
	Citizen needs	Reliability	Responsiveness	Integrity X		
	Is this a Demand-Driven Indicator?			Yes X	No	
Spatial location of indicator	Is this a Standardised Indicator?			Yes	No X	
	Number of locations	Single location X		Multiple locations		
	Extent:					
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address	
	Detail / Address / Coordinates:			12 Main Road, Vredenburg, 7380		
	For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X	
Indicator responsibility	Chief Operations Officer and Executive: Ease of Doing Business					
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A					
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X					
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	"None of the above"	
State of Disaster	Yes	No X				
	If yes, provide a description of the identified disaster:					
Implementation Data (Key deliverables measured)						

Indicator number	17				
Indicator title	Number of contractor and professional panels maintained.				
Short definition	Contractor and professional panels of service providers to the Freeport.				
Purpose	The panels provide Freeport Saldanha with professional and construction services, which in turn the entity offers to its tenants, should if require it, to enable the conclusion of material technical aspects and financing on the investments.				
Key Beneficiaries	Businesses, Citizens and Government.				
Source of data	Signed contracts.				
Data limitations	None.				
Assumptions	The panels provide Freeport Saldanha with quicker turnaround and cost stability on designing and construction of tenant and operator structures and utilities.				
Means of verification	Signed contracts.				
Method of calculation	Simple count.				
Calculation type	Cumulative Year-end	Cumulative Year-to-date	Non-cumulative X		
Reporting cycle	Quarterly	Bi-annually	Annually X	Biennially	
Desired performance	Higher than target	On target X	Lower than target		
Type of indicator	Is this a Service Delivery Indicator?			Yes X	No
	If yes, confirm the priority area(s) that the deliverable(s) measured through this indicator will improve (multiple selections can also be made):				
	Citizen needs	Reliability X	Responsiveness	Integrity	
	Is this a Demand-Driven Indicator?			Yes X	No
	Is this a Standardised Indicator?			Yes	No X
Spatial location of indicator	Number of locations	Single location X		Multiple locations	
	Extent:				
	Provincial	District	Saldanha Bay Local Municipality X	Ward	Address
	Detail / Address / Coordinates:			12 Main Road, Vredenburg, 7380	
	For multiple delivery locations, will this be shared in the Annual Operational Plan (AOP)?			Yes	No X
Indicator responsibility	Chief Operations Officer and Executive: Infrastructure				
Spatial transformation	Spatial transformation priorities: N/A Description of spatial impact: N/A				
Disaggregation of beneficiaries – Human Rights groups	Target for women: Target for youth: Target for people with disabilities: Target for older persons: None of the above X				
Provincial Strategic Implementation Plan (PSIP)	Jobs X	Safety	Well-being	Innovation, Culture and Governance	“None of the above”
State of Disaster	Yes	No X			
	If yes, provide a description of the identified disaster:				
Implementation Data (Key deliverables measured)					

LIST OF ABBREVIATIONS & ACRONYMS

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

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



FREEPORT SALDANHA

INDUSTRIAL DEVELOPMENT ZONE

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