Transnet National Ports Authority (TNPA) recognises the important role that our ports play in the South African and African socio-economic landscape. Despite the global uncertainty that has characterised this period, TNPA is striving to close gaps in the market, by providing facilities that will attract business to our ports and create opportunities for those who were previously excluded from the port system.

Taking the South African port system forward has been driven by two important South African Government strategies – the National Development Plan (NDP) and Operation Phakisa.

TNPA is a proud implementer of the Government’s Operation Phakisa strategy, designed to unlock the ocean’s economy. This programme has seen major upgrades and new facilities for ship repair, as well as the development of a hub to serve the oil and gas industry, to ensure that South Africa attracts its share of this business. TNPA continues to engage with various Oceans Economy stakeholders and maritime industry role players to review and ensure the continued success of TNPA specific projects that fall under the Operation Phakisa plans.

Across South Africa and the continent at large, the ocean’s wealth translates into skills development, jobs, innovation, entrepreneurship and changing the country and continent for the better. Ultimately, our aim as TNPA is to create a smart, safe and secure port system with the infrastructure and capacity to promote economic growth, job creation, transformation and sustainable benefits for port communities.
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OPERATION PHAKISA BACKGROUND

South Africa, surrounded by the ocean on three sides, has a 3900 kilometre coastline with the inclusion of Prince Edward and Marion Islands. The country’s ocean space has been referred to as the “tenth province,” having vast untapped potential to contribute to economic growth, thereby alleviating poverty, unemployment and inequality.

Operation Phakisa, which means ‘hurry up’ in Sotho, was launched in 2014 to unlock the developmental potential of the oceans economy in order to create economic growth and job opportunities.

This results-based strategy is built on the same principles that drive the Big Fast Results Methodology, adopted by the Malaysian government.

The South African government renamed the programme Operation Phakisa, to highlight the urgency with which it wanted to deliver on some of the priorities encompassed in the National Development Plan 2030.

Operation Phakisa is an innovative, pioneering and inspiring approach that is designed to enable us to implement our policies and programmes better, faster and more effectively.

There has been a significant decline in global demand and prices of local commodities, coupled with a slowdown in growth in our traditional export markets as well as weakening currencies across the emerging markets. With growing pressure on the national economy, South Africa is looking to the Oceans Economy to help realise the goals of the National Development Plan (NDP) to create a better life for all citizens in an inclusive society.

It has developed a Nine-Point Plan that sets out immediate priorities to meet the NDP goals to grow and transform the economy, create jobs and attract investment. Key drivers of the Nine-Point Plan are effective economic infrastructure, a strong manufacturing base and the enhanced performance of the service sectors.
Growing the Oceans Economy and Tourism is a critical pillar of the Nine-Point plan.

**OPERATION PHAKISA’S AMBITIOUS FIVE YEAR TARGETS INCLUDE:**

- **accelerating the R15 billion GDP** contribution of this sector in 2010 by between **R14 billion** and **23 billion** by 2019.

- and **increasing the number of jobs** from **15000** in 2010 to **40000 - 50000 jobs** by 2019.

Skills development and capacity building, localisation and supplier development are important aspects of the plan.
KEY ELEMENTS OF OPERATION PHAKISA

THE SIX FOCUS AREAS OF OPERATION PHAKISA ARE:

1. Marine Transport & Manufacturing
2. Offshore Oil and Gas Exploration
3. Aquaculture
4. Small Harbours Development
5. Marine Protection Services and Ocean Governance
6. Coastal and Marine Tourism

Enablers supporting the implementation and ensuring the ongoing success of Operation Phakisa projects are:

- Skills Development and Capacity Building
- Research, Technology and Innovation
TNPA’S OPERATION PHAKISA FOCUS

Transnet SOC Ltd, through the Transnet National Ports Authority (TNPA) with its unique position as the Landlord Ports Authority, is proud to be an implementing agency for port infrastructure initiatives in the Marine Transport and Manufacturing (MTM) Delivery Unit of Operation Phakisa. Of a total of 18 MTM Initiatives under Operation Phakisa, TNPA is directly associated with eight.

TNPA operates an integrated system of complementary regional ports and rail corridors.

TNPA’s immediate focus is on addressing infrastructure constraints. These include creating a supportive funding and revenue model, alignment on implementation of government policy, and prioritising Transnet and TNPA’s funding allocation towards marine manufacturing. TNPA aims to unlock investment in new and existing port facilities.
NEW FACILITIES

An important commitment of Operation Phakisa is the introduction of five new port facilities through concessions to the private sector announced in 2014, in support of offshore oil and gas exploration, ship repair and boat building. These projects estimated at a combined investment R7.2bn will open up access to the key growth areas of the Oceans Economy.

RICHARDS BAY

A flexible and exploratory approach is being adopted to allow the private sector to grow the market for ship repair in the Port of Richards Bay. A low risk, flexible facility in the form of a floating dock is planned at an estimated cost of R890 million. This will bolster ship repair capacity supported by the Richards Bay Industrial Development Zone. TNPA has commenced the infrastructure preparation project to create the conditions for a private operator to install and operate the floating dock through an open market approach. A request for proposal (RFP) is expected to be issued in 2018.
EAST LONDON

The initiative to establish a boat building cluster at the Port of East London has been negatively impacted by the worldwide economic slowdown. Market risk from low demand has impacted the business cases for such projects making it especially difficult for investors to secure funding. TNPA has gone back to the drawing board in engaging with stakeholders on new options.

The existing slipway will be upgraded to serve as a dedicated launching platform.
NEW FACILITIES

SALDANHA

There is an opportunity for South Africa to leverage its infrastructure, location, expertise and existing downstream industry to service the oil and gas industry.

In December 2016 TNPA completed a project to develop and extend the Port of Saldanha’s existing General Maintenance Quay (GMQ) infrastructure to accommodate new port users with the purpose of supporting the oil and gas service complex. This 294 metre quay provides the off-shore oil and gas industry with a modern and adequately equipped supply base that can effectively support off-shore oil and gas vessels.

TNPA, supported by the Saldanha Bay Industrial Development Zone, has canvassed the market for investors in an Offshore Supply Base (OSSB), a new Berth 205 Rig Repair Facility and a Rig Repair Facility in the vicinity of the existing Mossgas Quay.
TNPA has concluded a port concession agreement that will see Saldehco Pty Ltd introduce and operate South Africa’s first dedicated and customised facility supporting offshore oil and gas activities at the Port of Saldanha. Some of the expected activities will include critical need based services such as marine bunker, lubricants, as well as fresh water for vessels calling at the port and marine traffic passing by the Cape of Good Hope. Additionally, a support facility is intended to allow for fabrication of offshore structures in support of both projects on the Western Cape and up to the West Coast of Africa, as well as capacity to support offshore and onshore pipe laying projects.

However, the worldwide economic slowdown along with the drop in oil prices since the launch of Operation Phakisa has had a negative impact on demand for rig repair services and investor appetite in new rig repair facilities at the Port of Saldanha. The other projects are therefore being reviewed.
TNPA has embarked on a programme through Operation Phakisa Initiative 5 to refurbish and upgrade the existing ship repair facilities comprising Dry Docks, Slipways, Repair Quays and Boat Lift facilities.

**SHIP REPAIR MARKET**

About 13000 ships call at South African ports annually and it is estimated that the potential for ship repair is in the order of 2500 – 5500 ships annually. Global demand for dry dock facilities has been increasing at a rate of 13 per cent per annum. Some 33% of bulk carriers, tankers and container ships are dry-docked annually.

**MAJOR OPERATION PHAKISA REFURBISHMENT PROJECTS**

Transnet has allocated R2.18 billion to fund a five year refurbishment programme which includes 26 ship repair projects across all ports. These upgrades are taking place in a unique environment which presents several challenges, including the need to minimise facility outages during upgrades.

Completed projects as at February 2018 include:

- New perimeter wall on north side of the Durban Dry Dock
- Dockyard lighting and low voltage electrical distribution at the Durban Dry Dock
- Procurement of a 6-ton forklift and high-performance welding set for Shop 24 in the Durban Ship Repair Precinct;
- Refurbishment of the outer caisson at the Durban Dry Dock
- Concrete repairs to the Durban Dry Dock,
- Delivery of the 90- ton boat hoist and completion of the boat hoist back up area at the Port of Port Elizabeth
- New lead in jetties in Port Elizabeth,
- Construction of a berth for the Saldanha Bay Offshore Supply Base,
- New recirculating pumps at the Cape Town Sturrock Dry Dock,
- Repairs to the Traverser at the Cape Town Synchrolift,
- New switchgear and crane rails for the East London Dry Dock,
- Phase 1 repairs and upgrades to Cape Town Robinson Dry Dock
In doing so, TNPA has:

- Created and sustained 602 direct and 3010 indirect jobs of which 68 were for women, 124 for youth and 38 for people with disability;
- Created or sustained 13 SMMEs who in turn created or sustained 19 BBBEE companies.

In all the existing facilities the scope comprises improvements in the disciplines of Civil Engineering (e.g. concrete repairs, crane rail upgrade, water reticulation, enclosures), Electrical Engineering (optimisation of electrical network, components replacements), and Mechanical Engineering (Crane refurbishment/replacement, pump and valve upgrades, Capstans upgrade).
REFURBISHMENT OF EXISTING SHIP REPAIR FACILITIES

DURBAN

Operation Phakisa activities in the Durban Marine Manufacturing Precinct began with the R30 million refurbishment of the outer caisson at the Port of Durban’s Prince Edward Graving Dock which was handed over in March 2016.

It was the first of 11 projects at the dry dock to deliver a world class facility by 2019 at an investment of R 344.9 million. Further works include upgrading the fire protection system at the dry dock, capstans, pumps and refurbishment of the caisson gate.
EAST LONDON

The Princess Elizabeth dry dock is a core facility for the ship repair industry in the Eastern Cape. TNPA owns and operates the dry dock, however, private contractors currently undertake the repair and maintenance of ships arriving at the port (internal and external fleet). The 200m long dry dock is situated on the eastern bank of the harbour between the repair quay and the sheet pile wharf. It was built in 1946 and commissioned for operations in March 1947.

The dry dock consists of key components critical for the operating of the dock, which include the caisson gate, valves, basin, capstans, cranes, etc. These components work collectively in operating the dock. Over the 60 years of the dry dock’s existence, these components have been slowly deteriorating due to age, the harsh marine environment, as well as challenges in maintaining the facility. The Port of East London will be investing approximately R 108.5 million to ensure that the facilities are restored to perform safely and efficiently.
REFURBISHMENT OF EXISTING SHIP REPAIR FACILITIES

PORT ELIZABETH

The Port of Port Elizabeth is being developed into a thriving boat building market and repair hub to support the fishing industry and recreational craft. TNPA has embarked on the expansion, improvement and renewal of existing facilities for boat maintenance and ship repair at the port.

The port has an 85 year old “Henderson” type slipway currently installed, the original design capacity of the slipway being 1200 ton. The slipway cradle is supported on a 3-way system, picking up 4-rails, with the centre way having 2-rails.

In 2017 TNPA commissioned a first of its kind boat hoist to handle small vessels - mainly fishing boats up to 90-ton and completed the first phase of the port’s 40-ton slipway upgrade. The port can now accommodate more vessels at a time, improving efficiency and productivity.

However, there currently exists a massive market of local and international vessels, in the 90-1200 ton range that is under-tapped. The port is in the process of implementing a corrective measure by redesigning and fabricating a new cradle. This is the last major project under the Operation Phakisa umbrella in this port.
MOSSEL BAY

The current facility is estimated to be approximately 85 years old and comprises an end haul slipway, two lead in jetties, winch house and two side slips. The facility had an original design capacity to service vessels with a maximum light displacement tonnage of 500 long tons. However due to its degenerated state, caused by a lack of maintenance and a vessel overturning incident in 2005, the facility has become unsafe. The permissible maximum vessel light displacement has been significantly reduced to 200 long tons and so has the number of vessels able to make use of it. Prior to the facility being declared unsafe in November 2005, it serviced an average of 43 vessels a year (based on counts for three years preceding 2005). Plans include refurbishment of the port’s 500 ton slipway and reconstructing the lead-in jetty to the slipway. The refurbished facility will cater primarily for fishing vessels.
REFURBISHMENT OF EXISTING SHIP REPAIR FACILITIES

CAPE TOWN

The Port of Cape Town has four ship repair facilities which are managed, maintained and operated by TNPA, and which are core to the ship repair industry in the Western Cape. These ship repair facilities range in age from 130 years for the oldest (Robinson Dry Dock), through 70 years for the Repair Pier and Sturrock Dry Dock to 45 years for the youngest (Syncrolift).

Consequently, much of the infrastructure, and especially the equipment, within these facilities is in a poor state of repair, with the majority of the equipment having reached the end of its expected or design life. As a result, the port has decided to refurbish the ship repair facilities under Operation Phakisa (initiative 5), which focuses on ensuring that all ship repair facilities are internationally competitive in order to attract more business to South Africa, thereby creating more jobs and growing the economy of the country.

At least R 950 million will be invested over the next five years to target the ship repair and offshore oil and gas sectors. Some of the major capital investments in these facilities include but are not limited to the pumps and capstans.

SUPPORT FOR AQUACULTURE

TNPA is supporting the expansion of aquaculture and the introduction of new entrants to this market in partnership with the Department of Forestry, Agriculture and Fisheries. TNPA has allocated expanded water space within port limits at the Port of Saldanha, while land and water space for aquaculture is out on tender at the Port of Port Elizabeth. This begins to introduce new opportunities with a strong transformation element.
SUPPORT FOR CRUISE AND MARINE TOURISM

TNPA issued a concession to the V&A Waterfront (Pty) Ltd to fund, build, design and operate a cruise terminal in Cape Town, which began operation in 2017.

TNPA recently signed an agreement with KwaZulu Cruise Terminal Pty Ltd to fund, build, design and operate the new Durban terminal in support of the growing ocean cruise sector. This demonstrates TNPA’s commitment towards creating the conditions for growth in the diversified Oceans Economy.
SUPPORT FOR OIL AND GAS

TNPA has issued port concessions for various projects to establish new oil and gas facilities at our ports. This supports a critical sector of our economy whilst promoting transformation.

At the Port of Cape Town, the Burgan Cape Liquid Fuels storage facility, a substantial private sector investment of over R660 million, commenced operations in 2017, to augment the fuel supply and energy demand in the Western Cape.

The Sunrise Energy LPG facility in Saldanha also commenced operation in 2017.

At the Port of Ngqura the Oiltanking Grindrod Calulo (Pty) Ltd (OTGC) tank farm will establish the port as a new petroleum trading hub for Southern Africa, ahead of the planned decommissioning and rehabilitation of the existing liquid bulk facilities at the neighbouring Port of Port Elizabeth.

These new port facility developments are creating the necessary access to the Oceans Economy, while supporting South Africa’s overall petroleum demand projections, which call for significant investments in tank storage infrastructure.
LOCAL MARINE MANUFACTURING PROJECTS

TUG CONTRACT

TNPA’s R1.4 billion contract awarded to Southern African Shipyards to build nine super tugs is the largest we have ever awarded to a South African company for the building of harbour craft.

The nine tugs have been built for TNPA over three and a half years, as part of our wider fleet replacement programme that also includes new dredging vessels and new marine aviation helicopters.

With ever larger vessels calling at our ports, coupled with changing climate patterns that can disrupt port operations, the new tugs will improve operational efficiency and safety in the ports.

Durban based Southern African Shipyards owns and operates the largest shipyard in Southern Africa and is working with international subcontractors with local operations such as Barloworld Equipment, Siemens and Voith Schneider, as well as local contractors such as Bradgary Marine Shopfitters.

This project has demonstrated that South Africa has the expertise to compete in the global shipbuilding industry and to use the maritime economy to unlock the economic potential of South Africa.

PLOUGH TUG CONTRACT

Construction of our new bed leveller (plough tug) is underway in the Port of Port Elizabeth.

The new vessel is the first of its kind to be built for TNPA in South Africa. It is being designed, manufactured, assembled, commissioned and delivered to TNPA’s Dredging Services division by shipbuilder FTC Engineering (Pty) Ltd, trading as Tide Marine Shipyard. This Black-, woman-owned family company, has a Broad-Based Black Economic Empowerment (B-BBEE) Level 1 status.

This project will go a long way towards revitalising Nelson Mandela Bay’s boat building sector.
SKILLS AND CAPACITY BUILDING

TRAINING

The Oceans Economy has great potential to drive the economic development of the country, and this will require a technically skilled workforce.

Ambitious skills and capacity building goals are an integral part of Operation Phakisa to meet the country’s job creation priorities. These include:

- Training 2550 Technical and Vocational Education and Training (TVET) College graduates on an 18-month workplace-based experiential learner programme in scarce and critical trades over the five year period;
- Creating dedicated occupational teams for the Marine Transport and Manufacturing sector (professional, trades, operators and seafarers);
- Establishing Recognition of Prior Learning, Competency-based Modular Training or Centres of Specialisation in Saldanha Bay and Richards Bay;
- Training 18 172 learners as artisans, semi-skilled workers and professionals over the next five years;
- Increasing the usage of the Employment Services of South Africa (ESSA) system and targeted career awareness services as a high value recruitment tool for the Marine Transport and Manufacturing sector; and
- Increasing capacity to develop skills for 1200 ratings and 720 officers per year.
TNPA JOB CREATION, YOUTH AND WOMEN DEVELOPMENT AND TRAINING INITIATIVES

TNPA is committed to helping to achieve the training, empowerment and job creation objectives of Operation Phakisa. TNPA is also working with partners to develop entry skills training capability over the next five years including:

- Partnerships with the Zululand Chamber of Business Foundation, the University of Zululand Science Centre and the Umfolozi College of Education in Richards Bay, as well as
- Service level agreements with the Maritime School of Excellence and SA Shipyards in Durban.

INITIATIVE 5 TRANSNET IMPACT TO DATE

MAJOR OPERATION PHAKISA REFURBISHMENT PROJECTS:

Job creation to date*:  
Total direct jobs created & sustained = 602.

DISAGGREGATED JOBS:

Women: 68 (Temp and permanent)  
Youth: 124 (Temp and permanent)  
People with Disabilities: 38 (Temp and permanent)

TRANSFORMATION*:  
SMMEs: 13 (Created and sustained)  
Cooperatives: None  
BBBEE of SMMEs: 19 (Created and sustained)