



**Address by the Honourable Deputy Minister of Transport,  
Ms Sindisiwe Chikunga On the Occasion of the Richards  
Bay Port Projects' Site Visit on 04 April 2017**

**CEO: RBIDZ, Mr. Phumi Motsoahae**

**GM: Infra & Port Planning, TNPA, Mr. Hamilton Nxumalo**

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**Port Engineer, Mr. Basil Ngcobo,**

# **The Deputy Minister's Walk-about at the Richards Bay Projects: Oversight Visit on Operation Phakisa**

## **Introduction**

The State of the Nation Address introduced the Nine Point Plan to South Africa in February of 2015 with commitments to grow the economy, resolve the energy challenges, expand and improve infrastructure, remove or improve regulation that retarded economic growth, improve the coordination of policy formulation and implementation, including the enabling of monitoring and evaluation. The Nine Point Plan also makes important references to investor uncertainty and on the need for jobs as among its most primary objectives.

State reform, boosting the role of state-owned companies, and developing transport infrastructure, constitutes the ninth Point in government's Nine Point Plan.

This Plan as mentioned earlier places the greatest value on creation of jobs and growing the economy simultaneously in order to absorb the great numbers of our youth that remain unemployed.

## **Our mandate**

The Department of Transport's has the mandate not only to provide safe, secure, reliable and affordably accessible transport and transport networks, but also to contribute to economic growth.

This mandate gives the department also oversight roles on transport entities including those that occupy the realm of the marine world of transport.

These include the South African Maritime Safety Authority, the Ports Authority and Ports Regulator that find themselves in

exciting times when government is introducing radical and far-reaching changes to the entirety of our stagnating economy for reasons of creating massive employment opportunities, eradicating poverty and drastically reducing inequality.

## **Focus on Economic Growth and Transformation**

This fast results approach permeates the entirety of government and finds greater emphasis in department such as ours. Yet these realisations about the role of our department in contributions to growth has had to find means to accelerating the impact of our role and thus meet the dictates of our mandate.

Our Medium Term Strategic Framework (MTSF 2014-2019), still within the fast results approach, compels the Department of Transport to place a greater amount of urgency onto the developments that falls within its responsibilities.

This Medium Term Framework states that public investments in the transport sector will open up broader growth opportunities, both through improved urban commuter services and a substantial expansion in Transnet's capacity to carry freight by rail.

## **The Blue Economy**

Our understanding about the value of the blue economy led through Operation Phakisa is to the extent that inland water ways, oceans and seas are critical ingredients to economic and social development, and remain a vital fight against poverty and unemployment.

In addition, there is also the urgent imperative to develop a sustainable "blue economy" initiative ... one that improves citizens' wellbeing while significantly reducing marine

environmental risks as well as ecological biodiversity deficiencies.

**“The maritime economy is capable of adding R177 billion to the county’s economy and create an additional 1 million jobs by 2033.”**

Yet while we have come to know of this potential of the blue economy especially its capacity to reverse conditions of extreme poverty, inequality and unemployment, we have realised too that the sector carries its own complexities. These will need the following:

- i. A comprehensive understanding of existing and potential challenges, including allocation of resources to identified priorities over predetermined time frames
- ii. A comprehensive, concerted, coherent and coordinated approach that improves maritime conditions with respect to environmental and socio-economic development as well as the capacity to generate wealth from sustainable governance of Africa’s seas and oceans

We had, already in 2012, at the Inaugural South Africa Maritime Industry Conference (SAMIC) declared our theme to be:

“Delivering on South Africa’s Maritime Agenda – A Call for Action”, knowing that it is our mandate to transform the sector and take it to greater heights.

We retain that mandate with the extreme pressures of time and context that continue to push us to move faster, further propelled by an actual fast results programme in the form of Operation Phakisa: the Oceans Economy.

The growth areas of transport and manufacturing dictate the agenda of our Operation Phakisa driven marine transport sector and that of our marine based entities.

To the extent that this is the case, these institutional mechanisms must accelerate the unlocking of the potential of South Africa's oceans economy. Several initiatives have been designed to formalise these ideals for development.

There are eighteen initiatives under the Marine Transport and Manufacturing dimension of Operation Phakisa which focus on infrastructure and operations, skills and capacity building as well as market growth.

### **Projects Appraisals**

Different projects are being evaluated today with regard to progress and remaining challenges.

The role of the Department of Transport is to gather information about matters of progress as well as find the means to expedite processes or ease regulatory mechanisms that hinder progress.

The projects we wish to view have to do with the implementation of Strategic Projects that are a part of Initiative Seven (7) within the MTM.

We are visiting the Repair Quay within the Port of Richards Bay to monitor progress made by the Transnet National Port Authority in implementing projects under the Marine Transport and Manufacturing (MTM) programme.

Programme 6 of our Strategic Plan under Strategic Objective 1.5 is stated thus:

Enhance performance, efficiency and reliability of the Transport Sector, to develop and implement interventions

aimed at improving transport operations and have to conclude the National Ports Act and the Draft Maritime Transport Policy in order to improve the performance of systems and increase the reliability of transport services.

These oversight visits are also meant to find areas of collaboration with the private sector to improve the speed of delivery of projects and plans. We hope that today those projects which must be opened up for better funding and thus faster completion shall entice the enterprising eye and that we shall leave this place excited by the possibilities. .

The standards that will be used to measure and match investment to outcomes remain international best standards that are essential for attracting business and investment.

The repair berth located at the Small Craft Harbour, with a draft of 8m is planned with a projected boost of R26.34 billion and R5.4bn of which shall be invested in a ship repair terminal and dry docking facilities in the medium term, while the complete project life will be 30 years.

Further investments are encouraged from the private sector in the construction of a floating dock moored to the Repair Quay and/or fixed dock facility at the Causarina within comfortable proximity to the Richards Bay Industrial Development Zone. There are also plans to deepen the existing berths.

The Richards Bay Industrial Development Zone is a purpose-built and secure industrial estate on the North-Eastern South African coast. The N2 business corridor links the Province's two major ports, Durban and Richards Bay, and connects with Maputo in Mozambique and ultimately, areas of East Africa.

The IDZ is linked to the international sea port of Richards Bay, tailored for manufacturing and storage of minerals and products to boost beneficiation, investment, economic growth and, most importantly, the development of skills and employment.

First -world infrastructure allows for the full exploitation of the area's natural and strategic advantages. Through the superb industrial infrastructure, well established network of shipments, tax and duty free incentives, the IDZ aims to encourage international competitiveness and the attraction of export-orientated manufacturing investment.

In the foreword of the Port Regulator's Strategic Plan of 2017/18-2021/22 the Chairperson of the Port Regulator's Board, Mr Thabadiwa Mufamadi mentions encouragingly that, and I quote:

**In the past year the organization has produced first Port Sector Review, and Regulatory Review done by stakeholder consultation and surveys. Other important work over the year included the Global Port price Comparator Study, Capacity Utilization Study for South African ports as well as the Ports Efficiency and Benchmarking Study, all valuable to reduce the cost of doing business in South Africa and vital to the success of the National Development Plan and our economic success as a country. The Regulator's compliance monitoring work included an audit of BBEE compliance in our ports, an analysing the Ports Act compliance and members have proposed additional Ports Act amendments to DoT.**

**It has been just under three years since the organization published its first multi-year tariff methodology, and now it is poised to publish a revised methodology having continued its open and public approach to its work, conducting public hearings for both the tariff methodology as well as the Tariff determination around the country at key centres, namely Durban, Cape Town Port Elizabeth and Johannesburg. Unquote.**

## Conclusion

It is clear that government in general and our Department specifically has great interests in the development of the ports of South Africa and that the blue economy is an important component of that focus.

We hope that each of the projects underway will serve to contribute in the transformation and growth of our economy in targeting poverty, inequality and ensuring that we get rid of the unemployment levels that are reaching discouraging levels already and place our youth in the most vulnerable position.

Most of the incentives in place and the efforts mentioned earlier are serious attempts at easing the burdens of doing business with South African ports, increasing the very necessary efficiencies to drive growth of the sector.

We hope that our visit shall encourage the interests of all of those that have visited this seat of untapped possibilities.

Thank you.