



**The Chairman
Ports Regulator of South Africa,
Private Bag X54322,
Durban,
4001**

21 September 2020

ATT: Mr. Phakade Sicwebu

Dear Sir/Madam

RE: Submission for Diving Licence Conditions and Industry Transformation

1. Problem Statement

The current requirements stipulated on the application for a diving license at the South African ports under the realm of Transnet National Ports Authority (TNPA) remain a challenge and ultimately a barrier for industry entry by the emerging enterprises in the sector.

For instance, one of the glaring barriers is outlined in the qualifying factors for licence provision which indicates the need for auditing of the premises to check ownership of the equipment by the diving companies. Linked to this is also the cost associated with an application fee for a diving license which is approximately R35 000.00 for all diving companies irrespective of the annual turnover of the company.

The overall implication of such conditions may seem contrary to Section 11 of the National Ports Act 12 of 2005 which stipulate the need for “ensuring adequate, affordable, equitable and efficient port services and facilities are provided for port users”.

The pertinent questions to be pondered that elaborate the hindrances posed by some of these conditions to the small players in the industry include:

- How does the R35 000.00 licence fee assist an emerging entrepreneur who needs the business and to enter the market in order to grow and compete fairly? Where does it place the start-up or a previously disadvantaged owned company that is highly skilled but has to pay an

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exorbitant amount for only obtaining a diving licence – with no guarantee of securing work in the near future?

- Owning equipment may suit well – established companies with all the required tools of the trade at their disposal; whereas outsourcing of equipment by emerging companies linked to their contract may work well as they still need to generate more income in order to be in a position to capitalise their business. For instance, a single surface supply set (second hand) costs approximately R250 000.00 and this excludes boats, vehicles, property rentals, and other operating costs.

How is ownership for equipment still imposed as a condition rather than showcasing proof to undertake the contract through sourcing the required equipment?

- If an RFQ/tender states that having a license is a prerequisite of the application, is this not by implication disqualifying an emerging entrepreneur? How does this assist in the growth of small businesses in the maritime sector?
- TNPA has not yet explored the transformation trajectory of the diving the sector in particular by instilling a percentage for a subcontracting rule like other government entities who include it in the qualifying criteria that established companies (minimum annual turnover to be stipulated by Port Regulator) MUST subcontract to an emerging company (maximum turnover to be stipulated by Port Regulator). How small enterprises would be ushered in the sector as the evaluation criteria seem to be a preference for keeping the status quo for only a selected few companies that currently dominate the sector?

2. Suggested Solutions for Transformation Trajectory

Considering how stringent the requirements are for a company to obtain a license for diving in the Ports, it is therefore evident that youth-owned and emerging entrepreneurs are no anywhere near to be successful in the maritime industry – especially for commercial diving purposes.

Commercial diving is inherently one of the scarce skills with a potential to usher the much – needed transformation of the diving sector in the maritime industry. A concerted effort to prioritise initiatives geared to dismantle the barriers for sector transformation will go a long way in achieving such inroads.

The suggested inputs which serve as a solution to the current situation include that:

- Diving contracting companies with a turn over less than R5m should be allowed to apply for a diving permit even though they do not currently own equipment. They can instead, provide a signed proof of the agreement between themselves and another the established institution

(who owns the required equipment) outlining their equipment rental agreement in the event that any work has been secured by the emerging player;

- Companies with a turnover less than R5m should be excluded from paying the R34 000.00 as part of the permit application until at least diving work has been secured. Therefore a provisional permit can be issued which allows the company to do work once their permit fees have been settled (after a purchase order has been secured for a particular diving job).
- A the percentage for subcontracting should be enforced to the well - established companies when securing work falling in a certain threshold in order to assist the diving sector and overall maritime industry transformation targets.
- Upon advertisement of tenders, an organogram with qualifications of people in the structure may be requested. The qualifications will need to be relevant to the type of work applied for. Verification measures can be put in place through diving schools and/or the Department of Labour. Furthermore, proof of experience may be requested. The list of experiences, however, should not only be limited to the company has carried out a certain type of work. Individual experience from senior management of the company should suffice as part of company experience.

Mawatle Maritime Solutions remains committed to making a positive contribution to the overall transformation of the maritime industry and our submission is an initiative to achieving such trajectory and in particular for the emerging entrepreneurs in the commercial diving sector.

With TNPA as the only national conduit for achieving such transformation means, it is imperative for the entity to demonstrate an aptitude for creating an enabling environment through making progressive strides geared towards ushering new role players in the industry by looking at the overall cost of doing business and inherent barriers associated with such.

Should you wish to engage us further linked to this submission, kindly do not hesitate to contact us on the details furnished in this correspondence.

Yours faithfully,



Ratanang Maremane
(Director: Mawatle Maritime Solutions)