

## Signed Agreement between Transnet and KCT Paves Way for New Durban Cruise Terminal

*[Durban, South Africa, 16 April 2018]* Transnet National Ports Authority has concluded an agreement that will see KwaZulu Cruise Terminal Pty Ltd (KCT) finance, construct, operate, maintain and transfer a new Cruise Terminal Facility in the Port of Durban by October 2020. The parties signed off on this R200 million-plus project at an official ceremony on Monday, 16 April 2018.

KCT was announced last year as the preferred bidder for the 25-year concession project. The company is a Joint Venture between MSC Cruises SA and Africa Armada Consortium, an investment company that empowers its black financiers through participation in economic activities, in particular port and logistics developments.

TNPA Chief Executive, **Shulami Qalinge**, said: "We are delighted to have concluded terms that will bring benefits to all parties, but most importantly to the City of Durban and South Africa as a growing cruise destination. In doing so, we will truly be positioning Durban as a 'Smart Port City' and a world-class cruise capital."

Transnet SOC Limited Group Chief Executive, **Siyabonga Gama**, added: "In a few years, we will witness the rise of a much-needed brand new cruise terminal for Durban. In its wake, jobs will be created, new technologies implemented and tourism numbers boosted for Durban and for our country."

Representing KCT, MSC Cruises' Executive Chairman **Pierfrancesco Vago** said: "This agreement represents a great development for MSC Cruises' South Africa operation, we could not be prouder. It will also be a major stepping stone for Durban, paving the way for a bright common future for the cruise industry and the city. Not only will this ensure a continued growth for cruising here in Durban, and in the whole of Southern Africa. It will also result in measurable positive socioeconomic effects for the city: we will create many jobs, both during its construction and the operation. This new terminal will also help further develop Durban as an international tourist destination."

The project is expected to dovetail with the City's latest work to extend the beachfront promenade from uShaka beach southwards to the harbour entrance, as well as the development of Durban Point Waterfront.

The detailed design phase will commence in April and is expected to be completed by the end of the year. This will be followed by an 18-month construction phase from January 2019 to July 2020 and the cruise terminal is expected to commence operations in October 2020 kicking off the 2020/2021 cruise season.

In the event of any unforeseen delays, TNPA and KCT's contingency planning includes the continued use of the existing N Shed Cruise Terminal.

### Features for Growth

The new green and energy efficient terminal will boast a host of new features and facilities, allowing for simultaneous embarkation and disembarkation of passengers on multiple vessels. Parking will be provided for around 200 vehicles, with kerbside drop-off facilities for 12 buses, dedicated baggage drop-off areas, separate screening and temporary holding areas, as well as separate passenger entry and exit points. There will be a retail component, as well as multi-purpose training, conferencing and events facilities and adequate space allocated for other ancillary services.

Qalinge said the new terminal will have a positive impact on local tourism as it will attract larger vessels and more leading cruise liners to South Africa. The cruise season period could also be extended during the 25-year operational phase, resulting in economic spinoffs for the tourism industry.

Annual cruise vessel calls to Durban and passenger numbers are projected to increase substantially as a result of the new terminal's construction, helping to further develop the city as an international tourist destination. Looking at the cruise industry's potential growth, with the construction of the new terminal KCT expects cruise calls to

Durban to increase from 60 to 150+ calls by 2040, and passenger numbers to grow from 200,000 to more than 700,000 by the same year.

During the off-peak season the terminal will remain active as it has been designed to serve as a multipurpose facility including a Cruise and Hospitality Training Academy, office space for Maritime tenants and a fully-fledged events and conference centre.

### **Economic Boost**

According to KCT, the project will result in up to 10 000 employment opportunities generated through multiplier effect, of which over 100 will be direct jobs during the operation phase, and the future employment of interns in the maritime and cruise tourism sectors. KCT has set aside a budget of R3m for the training and development of more than 100 people during the construction phase. R1.5m will be allocated to bursaries and scholarships for students in related industries.

The project will also foster transformation, with KCT's Black female ownership envisaged to rise from 12% to 20%, and black ownership from 30% to 45% by the 20<sup>th</sup> year of the concession period. About 40% of operational and maintenance costs and 31% of the construction value will be spent on black owned Exempted Micro Enterprises (EME) and Qualifying Small Enterprises (QSE). Furthermore, local quantity surveyors, project managers, engineering companies and civil architects have been identified to participate in the construction and roll-out phases.

KCT's equity is currently divided into 70% ownership by MSC Cruises SA and 30% ownership by Africa Armada Consortium. It is classified as an EME and is anticipated to grow into a QSE.

Qalinge concluded: "This is a project allowed for by Section 56 of the National Ports Act, which permits TNPA to enter into an agreement for the private operation of a port facility in accordance with a procedure that is fair, equitable, transparent, competitive and cost effective. Drawing on over 13 years of international cruise tourism experience, KCT will be a vital partner in positioning the city as a global tourism destination."

### **Ends**

### **About Transnet National Ports Authority**

Transnet National Ports Authority (TNPA) is one of five operating divisions of Transnet SOC Ltd. The National Ports Authority is responsible for the safe, effective and efficient economic functioning of the national port system, which it manages in a landlord capacity. It provides port infrastructure and marine services at the eight commercial seaports in South Africa – Richards Bay, Durban, Saldanha, Cape Town, Port Elizabeth, East London, Mossel Bay and Ngqura. It operates within a legislative and regulatory environment and is governed by the National Ports Act (Act No. 12 of 2005). For more information visit [www.transnetnationalportsauthority.net](http://www.transnetnationalportsauthority.net).

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