

PCDMV Agenda item February 2021



Briefing by Armscor on the progress regarding the re-establishment of the maintenance capability at the Armscor Dockyard

GATEWAY TO DEFENCE SOLUTIONS

Purpose

The purpose of this presentation is to present the progress of the Renewal Plan at the Armscor Dockyard to the Portfolio Committee on Defence and Military Veterans.



- The Primary mandate of the Naval Dockyard is to provide capability support services as the SA Navy's 3rd line Maintenance & Refitting Authority:
 - ✓ Planned Maintenance,
 - ✓ Corrective Maintenance,
 - ✓ Upgrades and Modernization of the Navy's surface ships and submarines
- The secondary mandate is to provide services to other clients, commercial and government departments / institutions in line with our mandate

Background



- The Dockyard was transferred from the SAN in 2007 to Armscor.
- Armscor managed and operated the Dockyard since then.
- Defence Review 2015 indicated that the Dockyard be transferred to Denel.
- MODMV stopped the transfer in 2018.
- Armscor was subsequently requested to formulate a renewal plan in 2018.
- The renewal plan was approved by the BOD and supported by EXCO and the SAN.
- Implementation is now in full swing.
- Dockyard is currently on a Financial breakeven position following some losses.
- Renewal and re-establishment of capabilities, people, facilities, equipment, processes, culture, etc. in the Dockyard, in order to ensure effective services delivery to the SAN.

- However, there is still much to be done and this is an ongoing process....

TECHNOLOGY & CAPABILITIES

- Situated in East Yard Simonstown and Durban
- Jurisdiction - 10 hectares
- 77 000 sq. metre of 59 workshops/storage/offices
- Technical Trade Training Centres
- Drydock - 228m X 29m
- Syncrolift – 60m x 15m (2300tonnes)
- Durban Lift – (restricted to 400tonnes)
- Generating Station - 7 Megawatts (Variable frequency/voltage)
- Cranage - Portal (50 tonne) Jib, Travelling and Mobile
- Materials Laboratory
- Services:
 - Diesel - 12 Mega Litres
 - De-Ionised Water
 - Fresh Water
 - Compressed Air

DOCKYARD SERVICES

- The Dockyard is responsible for establishing, maintaining and developing an infrastructure to provide the following services:
 - Vessel Refitting
 - Vessel Repair
 - Manufacturing
 - Vessel Modernisation
 - Engineering Changes
 - Equipment Repair
 - Docking Services
 - Spares Manufacturing
 - Technical Training support
 - Contracting service
 - Providing a predetermined technical assistance to shore establishments
 - Projects/Planning service

Drydock



Synchrolift



DOCKYARD DISCIPLINES



- Marine Pipe Fitters
- Armament Fitters
- Electrical Fitters
- Blacksmiths
- Electricians
- Electronics
- Mechanical technicians
- Patternmakers
- Spray painters
- Sheetmetal Workers
- Shipwrights / boat-builders
- Refrigeration technicians

- Platers
- Joiners
- Riggers
- Welders
- Moulders
- Signwriters
- Upholsterers
- Radiotricians
- Boilermakers
- Sail Makers
- Painters
- Fitters and Turners

SA NAVY SUPPORTED FLEET



The Dockyard supports all SA Navy fleet:

- 4 x Frigates
- 3 x Submarines
- 4 x Fast Attack Craft (OPV's)
- 1 x Support Vessel
- 1 x Hydrographic Vessel
- 5 x Tugs
- Mine Counter vessels and various small boats

Ship Repair & Maintenance



Ship Repair in Drydock



Vessels Under Maintenance

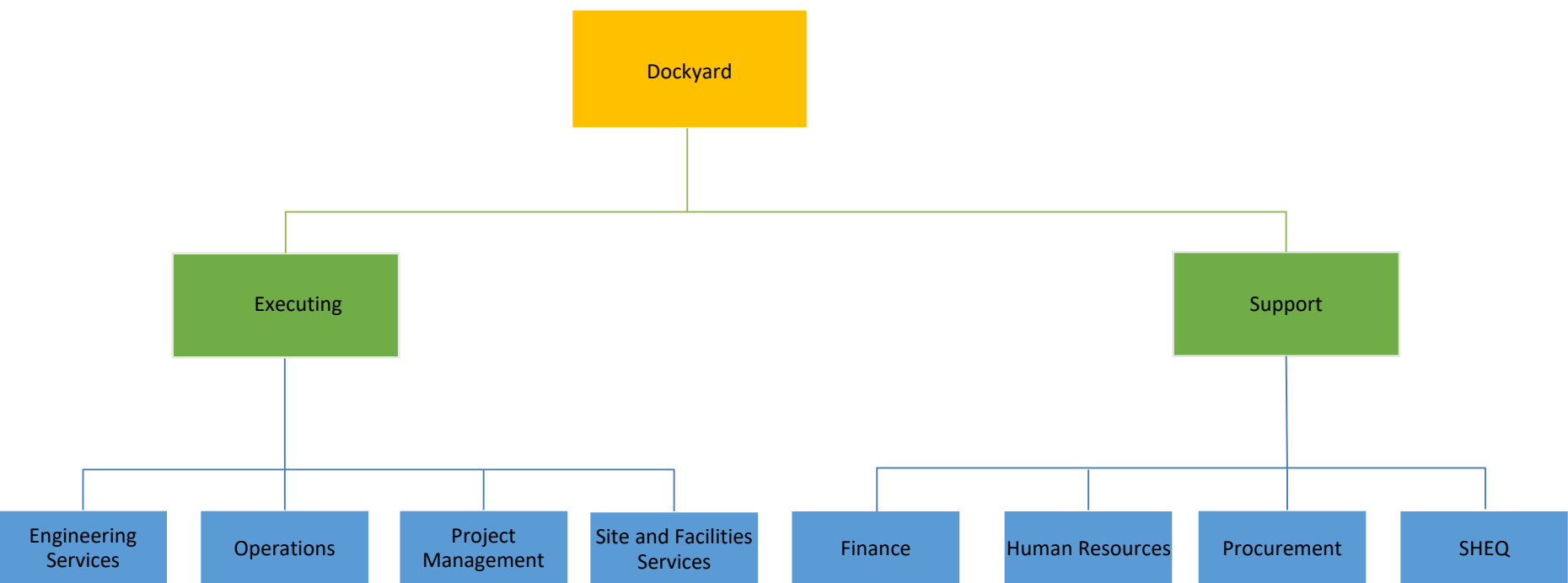


WORK IN PROGRESS



Confidential

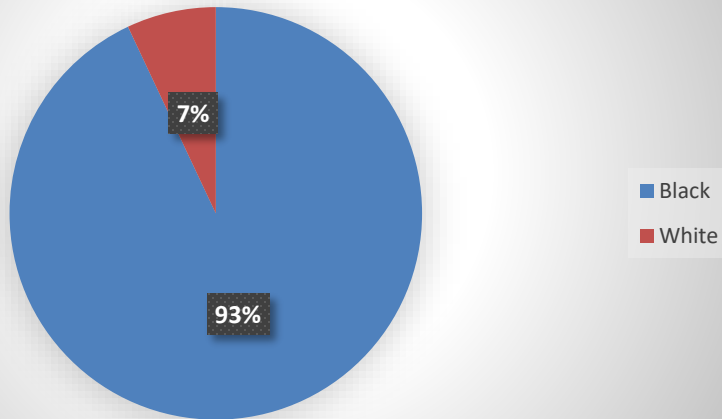
Structure



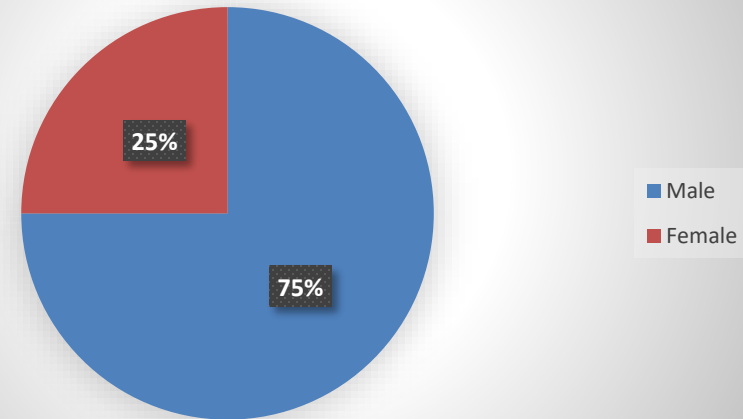
Composition



Black White

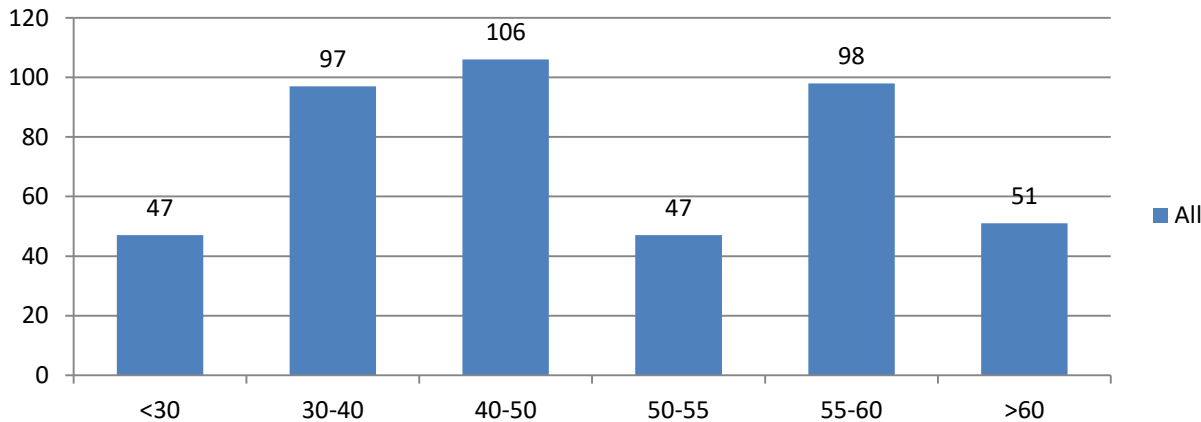


Male Female

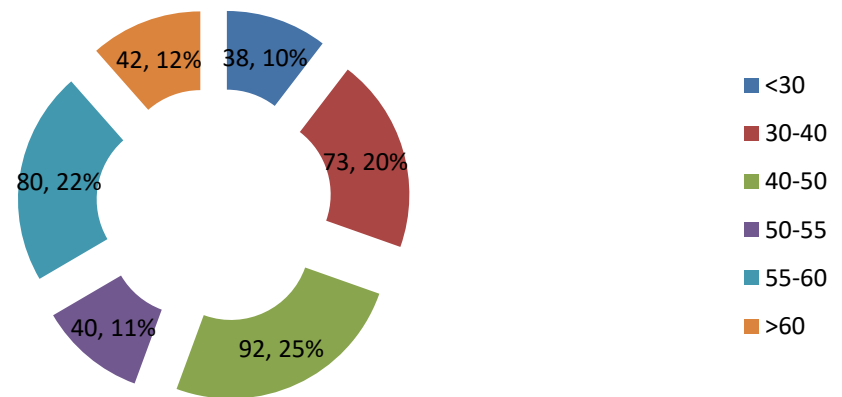


Composition

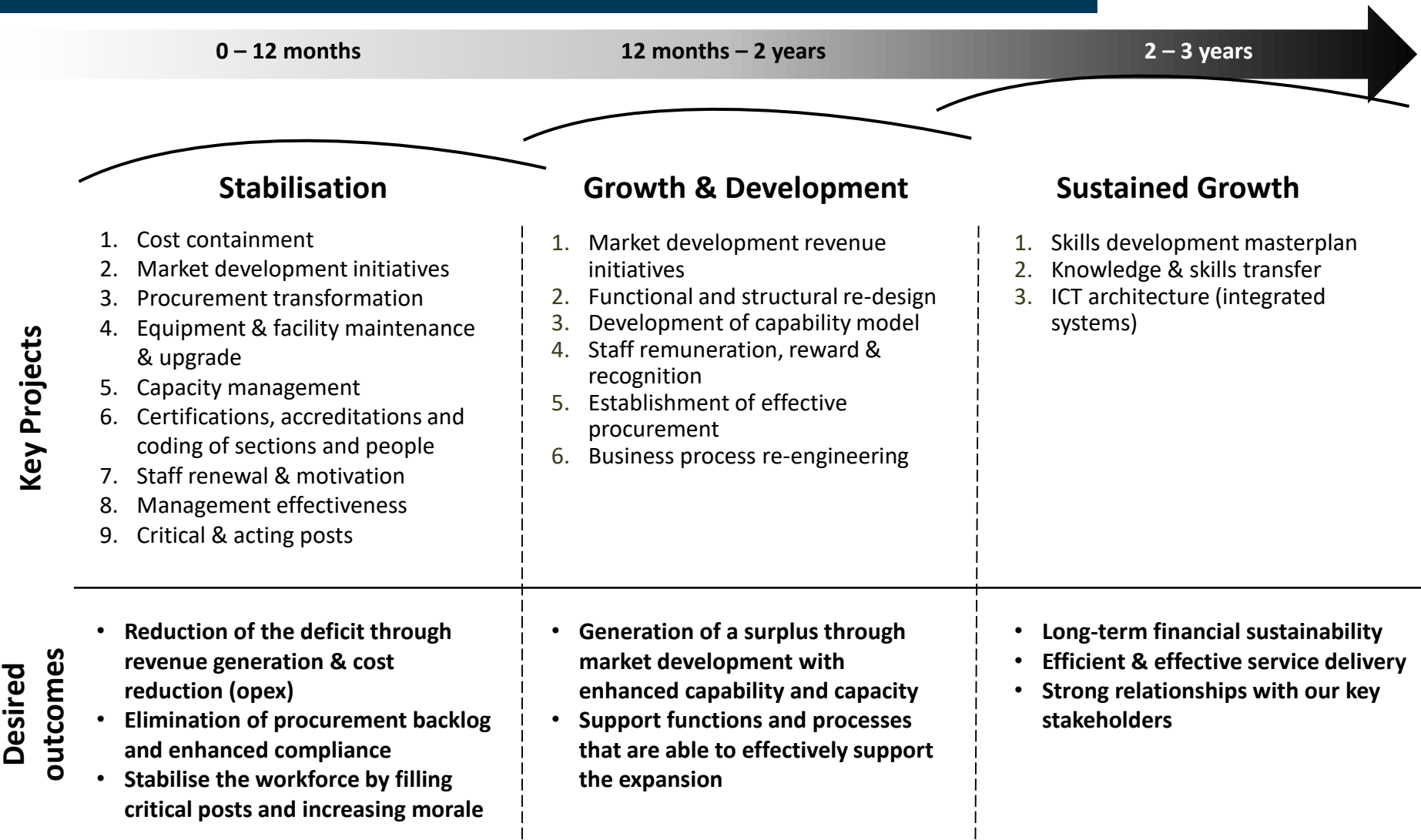
Dockyard Age Analysis: All



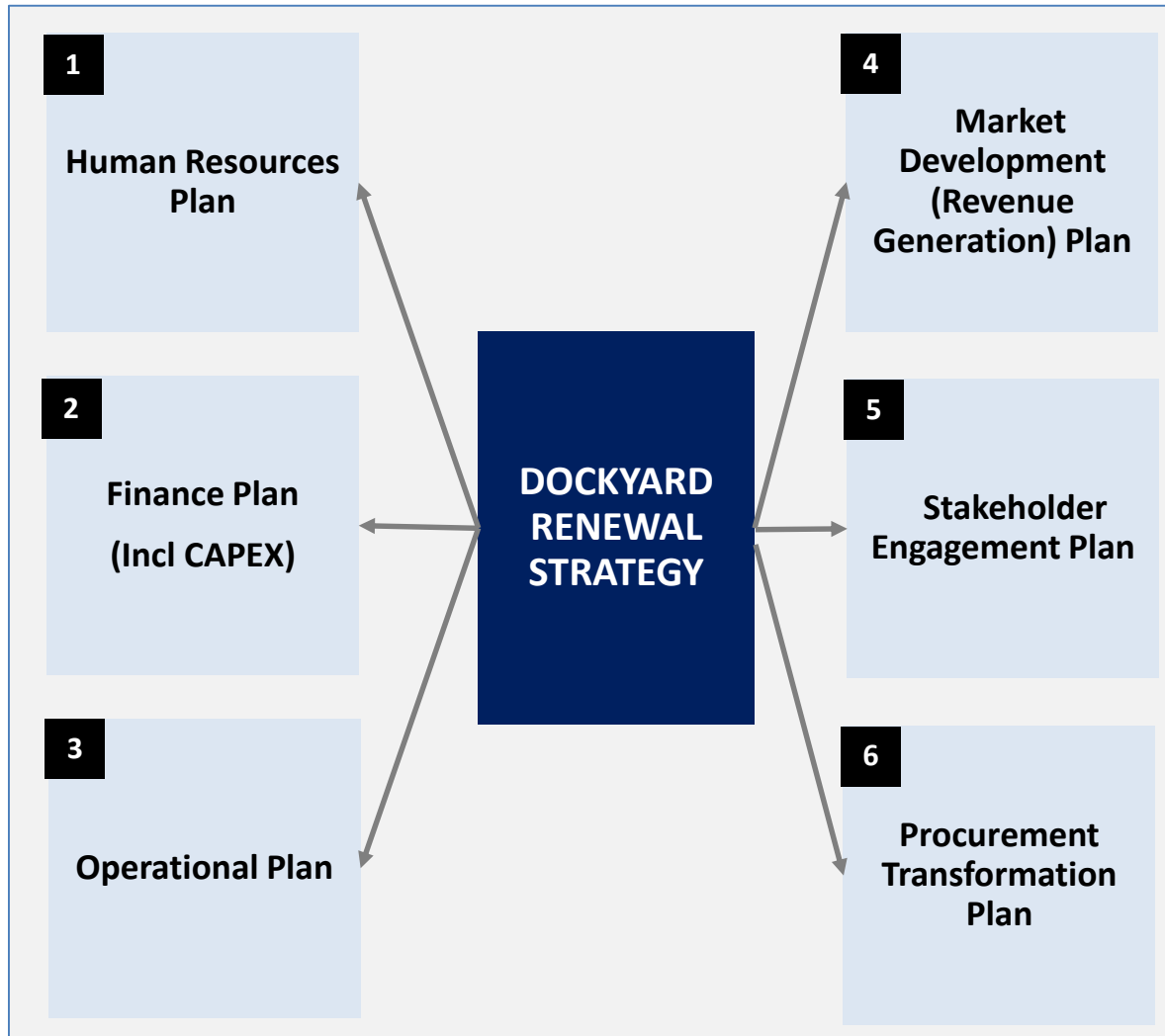
Dockyard Age Analysis: Technical



The Dockyard renewal strategy is being undertaken in 3 phases over a period of 3 years; the first year focused on eliminating the financial deficit, now sustained growth



The identified improvement initiatives have been organised into 6 strategic plans



Each of the 6 strategic plans has a number of projects and sub projects with >20 projects in total



1 Human Resources

Functional & Organisational Structure	Skills Development Masterplan	Staff Renewal & Motivation
Capability Model (Skills Audit)	Performance Management (BSC)	Remuneration, Reward & Recognition
Management Effectiveness	Succession Planning	

2 Finance & CAPEX

Cost Containment	Financial Management & Reporting	CAPEX renewal
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4 Market Development (Revenue Generation)

Market Development Strategy	New Revenue Generation Initiatives
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3 Operational Renewal

Divisional Renewal Plans	Equipment maintenance & upgrade	Facilities maintenance & upgrade
Capacity Management	Certification, Accreditations and Coding	Information Technology Architecture
	Business Process Improvement	

5 Stakeholder Engagement

Stakeholder Engagement & Communication	Performance Management Agreement
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6 Procurement

Procurement Transformation	Establish an effective Procurement function
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Progress



Business Prep. for Inspection 34

Number	Task	Resource	Start	End	Duration	Q1 - 2008			Q2 - 2008			Q3 - 2008		
						January	February	March	April	May	June	July	August	September
1	Initial Meetings		2/12/2008	3/10/2008	20									
2	Preparations		3/1/2008	5/26/2008	61									
3	Gather All Data		3/2/2008	4/7/2008	26									
4	Scenarios & Meetings		3/12/2008	6/4/2008	61									
5	Stakeholders		4/2/2008	4/22/2008	15									
6	Meeting Minutes (Dale)		4/12/2008	5/23/2008										
7	Design/Print Invitations		4/2/2008	5/27/2008	40									
8	Gather Data		5/1/2008	7/2/2008	45									
9	Revisions		4/1/2008	6/30/2008	61									
10	Model for Display		4/12/2008	6/13/2008	45									
11	Prepare Report		5/1/2008	6/13/2008	32									
12	Cost Analysis Data Prep.		1/1/2008	3/3/2008	45									
13	Cost Analysis Tech Prep.		5/1/2008	8/1/2008	45									
14	Distribute Invitations		5/1/2008	6/10/2008	29									
15	Stakeholders 2		5/12/2008	6/20/2008	30									
16	Publish All Reports		7/1/2008	9/17/2008	57									

Progress based Project Management Principles

Progress



- Managed on a project plan with 6 plans, 24 sub-plans and 154 tasks
- Progress monitored and reported to SAN, EXCO and BOD
- Progress is good and it changes annually as tasks completed and new tasks are added

Workstream	WBS	Project	Sub-project Initiative	Issue	Key Activities	Progress Indicator
Human Resources	1.1	Functional & Organisational Structure	Critical posts	There are a number of vacancies in the Organisation. An assessment of the critical posts that need to be filled is required for Dockyard to deliver its services and generate commercial income. All non-critical posts should be put on hold until the capacity and capability model has been developed. Freezing of critical posts is one of the key drivers for cost savings in FY18/19	List all vacancies Quantify posts and link to financial cost saving targets Prioritize critical vacancies Motivate all critical vacancies to relevant levels for approval Commence recruitment process (JD, Grade, Advertisement, Recruitment)	In Progress
Human Resources	1.2	Functional & Organisational Structure	Acting Posts	There are a number of long-time acting posts. People in acting posts may not have necessary skills for the post, or if they do, may not have job certainty, impacting on operational performance. Acting posts need to be permanently filled. Budget allocated to non-critical posts may be allocated to filling acting positions, if needed.	Identify and list all acting posts Undertake recruitment for all critical and acting posts (JD, Grade, Advertisement, Recruitment)	In Progress
Human Resources	1.3	Functional & Organisational Structure	Job descriptions	Job descriptions are not up to date, and in some cases, are non-existent. In some cases, posts may be incorrectly evaluated. Job descriptions are needed for all posts. Job descriptions must be updated quickly to avoid grievances from staff.	Collate all job descriptions and match against current structure Review job descriptions and identify non-existent descriptions and write	In Progress
Human Resources	1.4	Performance Management	Balanced Scorecards	Performance for the 2017/2018 year needs to be reviewed and finalised. Balanced Scorecards for the new financial year (2018/19) need to be contracted (Corporate target set August 2018) in line with renewal strategy. Progress to completion by due date needs to be monitored	Review and finalise 2017/18 performance contracts Contract for 2018/19 once renewal plan has been approved and 2017/18 performance management cycle has been closed	Done
Human Resources	1.5	Remuneration	Remuneration, reward and recognition	A review of Dockyard's remuneration parity (external parity) is needed. Pay parity has been raised as an issue by staff. The implementation of the parity plan is linked to the update (and re-grading) of job descriptions. Furthermore, salary payments are made at the middle and end of the month.	Implementation of Dockyard's Parity and Pay Adjustment Plan. Alignment of middle of the month and end of month salary payments Analysis of reward and recognition practice	Done
Human Resources	1.6	Staff Transport	Staff Transport	Staff transport has been raised as an issue due to disruptions in public transport (i.e. bus strikes and railway stoppages due to sand on the tracks) and limited public transport to Simonstown negatively impacting on staff productivity and well-being	Identify and engage with staff that use and have the potential need to utilise staff transport to identify issues and propose solutions Develop high-level business case for each of the proposed solutions and draft proposal for submission to Dockyard management	Done
Human Resources	1.7	Succession Planning	Formal Succession Planning	The formal Armscor succession plan needs to be updated. The process has commenced with assistance from Armscor HR (Sulene Toerien)	Identify key posts where successors are required Identify potential successors Develop development plans for successors	Done
Human Resources	1.8	Remuneration	Overtime	Due to the nature of work at Dockyard, staff have to work overtime. However, the validity of overtime claims is not confirmed against project plans in line with capacity management. An analysis of how much overtime should be allowed on projects needs to be required and whether overtime is still a requirement on certain projects.	Analyse historic overtime claims Forecast overtime requirements against future project requirements Design tools and controls to prevent invalid overtime being claimed	Done

FOCUS AREAS 2021



Human Resources: Management, Development

- Section Managers and Supervisors
- Job Descriptions
- Skills Gap Analysis
- Training and Development

Finance: Maintain BE situation, Capital Renewal, Maintenance Funding

- Revenue Generation
- Commercial Income
- Financial System
- Financial Management
- Cost Management

Operational Efficiency: SHEQ, Optimisation, Reporting and measurement

- Quality
- SHE
- Utilisation reporting
- Capacity management

FOCUS AREAS



Operational Output:

People
Equipment
Facilities

- Optimisation of Operations (people and facilities)
- Review Supply Chain Management
- Accreditation
- Capability assessments

Stakeholder engagement:

Client satisfaction
Engagement
Employees

- SAN support
- Employees
- Organised labour
- ETD and communication
- Diplomatic engagement

Revenue Generation:

Commercial
Manufacturing
Durban

- Disposal at SAN
- Commercial increase
- Docking capacity
- Workshop utilisation
- G2Gd internal

KEY SUCCESSES



- ISO 9001 Certification (ISO 45001 and 14001 in progress)
- Accreditation:
 - Facilities and Employees
- Compliance to SA Navy Agreements
- Established next three year MOA
- Commercial initiatives
- Submarine refit restarted
- BBBEE Performance
- Capability renewal (POSTEDFIT)
- Infrastructure renewal
- Maintenance efforts with funding received

Current Status



- Preference are being given to SAN projects whilst the shortfall in funding to be supplemented through doing commercial work.
- Renewal of people, equipment, facilities, training, processes and several lost capabilities are in progress and output to the SAN was increased during the past year despite budgetary constraints.
- Maintenance of ageing equipment also received a priority through proper structured maintenance plans whilst the revival and establishment of new capabilities such as small boat manufacturing and 3D printing capability are a few examples where the advantage of such projects will be utilized to the benefit to the SAN and job creation.
- Several other projects are pursued with the local maritime industry to secure localization of the capability and use local industry to support the sustainability of the Dockyard as strategic partners going forward.
- Maintaining complex equipment requires effective and sustainable maintenance philosophies in order to have operational availability of such systems.
- Funding remains a challenge...

Current Challenges



- Declining Defence allocation have a direct impact on maintenance and repairs on the SAN vessels' availability.
- Bureaucratic procurement prescripts from Treasury in Armscor and DOD causing long delays in procurement of spares.
- The Artisan Training Centre funding ceased from the DOD and should alternative funding not be obtained from Local Government or other NPOs, the future of the centre is at risk.
- Culture must move to output driven, service delivery.
- DPW progress on facilities improvement slow.
- Intra Governmental Department opportunities such as Government Garage for ships, manufacturing, services, etc. to be pursued.
- Sustainability of capabilities.

QUESTIONS ?



PCDMV is invited for a visit to the Armscor Dockyard at your convenience!