The Island's Requirement

1.1 General

A self-governing overseas territory of the United Kingdom, St Helena is an island of 47 square miles in the South Atlantic. With Cape Town in South Africa some 1,700 miles distant, the Islanders enjoy a unique lifestyle in truly beautifully unspoilt, friendly and peaceful surroundings poised for transformation with the construction of an airport.

The Government comprises a Governor (who is appointed by the Crown) an Executive Council, which has the general control and direction of Government, and a Legislative Council. The Governor retains responsibility for internal security, external affairs, defence, the public service, finance and shipping.

Only accessible by sea on the RMS St Helena, the island has a population of just over 4,500 and has been in a long period of economic decline due to its isolation. As part of British Government's support to the UK Overseas Territory of St Helena, The Department for International Development (DFID) has agreed to fund the development of air access through the building of the island's first airport.

Construction of the airport commenced in November 2011 and it is due to open for scheduled operations in February 2016. The construction of the airport is a catalyst for island-wide change, with the ultimate goal being a sustainable economy, built upon low volume, high value tourism and fishing.

The RMS St Helena in its current form will be withdrawn from service in 2016 shortly after the opening of the airport and St Helena Government (SHG) are pursuing options for a freight service to the Island.

1.2 Outline requirement

Following the opening of the airport, scheduled for February 2016, the RMS St Helena will shortly afterward be withdrawn from its current subsidised service and the island will be without an ocean freight solution. SHG is therefore looking to identify appropriate solutions to supply the islands ocean freight needs on a fully commercial, non subsidised, basis from mid 2016.

The requirement falls broadly into 2 separate categories

1. A ship operator to provide a vessel to transport goods to St Helena

2. A freight consolidator to undertake the booking and transhipment arrangements

Whilst we envisage these being provided as a package by a commercial entity, SHG is willing to consider these being awarded as two separate contracts if this proves to be cost effective.

Suitably qualified and experienced organisations are therefore requested to initially express an interest in providing either, or both, of the above services.

1.3 Procurement Strategy

The Procurement process will consist of 4 main stages:

Advertising

This opportunity will be advertised widely across Europe and South Africa.

Pre-Qualification

As part of a prequalification process, interested parties responding to the advertisement are requested to submit an outline solution together with indicative freight costs, based on the information contained within this document.

An evaluation panel, consisting of senior Government officials and local groups representing the islands interests, will identify the solutions we wish to take forward to the next stage.

Generation of Detailed Proposals

We will then work with each bidder taken forward from the pre qualification stage to develop detailed proposals based on their outline solution. SHG will facilitate visits to the island should this be needed.

Tender / Best and Final Offer

A final tender round to generate the best and final offer will then be conducted and the proposal that offers the best solution to the islands needs will be selected.

Contract

It is envisaged SHG will award a contract to a suitably capable organisation to provide these services for an initial term of 5 years with an option to extend for further periods up to a maximum of 10 years.

1.4 Current Situation

An airport is currently being constructed on St Helena to be operational in early 2016, currently the life line of the Island is the Royal Mail Ship St Helena. Built in 1989 specifically to meet the needs of the Island the RMS is registered as a class one Lloyds registered passenger ship with capacity to carry up to ninety six TEU containers, and there is additional capacity to carry further break bulk cargo in its holds.

A full voyage of the RMS starts at Cape Town and the travels to St Helena, where the ship is unloaded and back loaded in the space of around forty eight hours before leaving again to go to the nearby sister island of Ascension. The ship then usually offloads passengers and cargo before back loading cargo and passengers for a same day turnaround voyage back to St Helena stopping overnight. The final leg of the voyage sees the RMS returning to Cape Town virtually empty in terms of freight (due to the limited exports of the island). The whole voyage on average takes around eighteen days.

The ships on board cranes have a maximum lifting capacity of twenty five metric tonnes and therefore containers are restricted to this limit. There are currently no such limits at the wharf facility in Jamestown and there is capacity to lift heavier loads.

At present there is no break water or safe landing area, and as a result all cargo to and from the island is offloaded and back loaded using lighterage and stevedores. There is a new break water facility being developed in Rupert's Valley and the specifications are outlined in appendix 2.

The RMS is fitted with a number of cabins with a maximum number of passengers on any journey totalling 156. The RMS St Helena is legally owned by St Helena Line Ltd who hold the vessel as nominee of and trustee for SHG. St Helena Line Ltd is responsible for entering into a contract with a shipping company to operate and manage the vessel.

The current service is heavily subsidised with the Department for International Development (DFID) providing a subsidy in excess of £4 million, to cover the operating net loss, dry dock costs and other administration costs. This subsidy will be withdrawn in 2016, and it is anticipated that any future shipping service to the Island will be on a full commercial un-subsidised basis.

The island currently imports the majority of its resources, an outline of these imports can be seen below in section 1.6. The Islands requirements vary tremendously from fresh fruit and vegetables to heavy plant and machinery.

The origins of existing imports vary with around 50% coming from the UK via transhipment through Cape Town and most of the rest direct from South Africa. Freight consolidation is arranged in some instances by shippers and in others by the RMS managers.

1.5 Standards

Any vessel utilised to transport goods to St Helena shall meet all appropriate international standards for the required route.

SHG has no preference to the IMO flag state of the vessel providing the service.

1.6 The Freight types

Imports

Any future provision of ocean freight of goods to St Helena will need to cover the following, as a minimum;

- General cargo in 20' Containers (significant preference over 40' Containers due to the island steep, narrow roads with frequent hair pin bends) both LCL and FCL to be catered for.
- General cargo in 40' Containers
- Refrigerated / chilled food
- Frozen food
- Break-bulk including;
    - Timber
    - Steel
    - Cement
- Hazardous materials including;
    - Pesticides
    - LPG
    - Oils and lubricants
    - Fertilisers
    - Medical supplies / gasses
    - Explosives
    - Radioactive substances (contained within medical devices)
- Vehicles (containerised but also carried loose on deck) including;
    - Cars / Vans
    - Small busses
    - Light commercial vehicle

- Large plant including
    - JCB's
    - Cranes
    - Dumper trucks,
    - Wind turbines
    - Power generation equipment etc
- Animal feed
- Surface mail

We would like to understand the possibility of importing the following items should it be logistically viable and cost effective to do so. Please note that this is only an option for you to consider and is not an absolute requirement of this exercise.

- Live animals, including chickens and domestic cats and dogs.
- Bulk fuel (see further details later in this document)
    - Diesel
    - Petrol

Exports

The Islands economy is very small and therefore any exports will be very limited. Any future provision of ocean freight of goods from St Helena will need to cover the following;

- Return of empty containers
- Frozen / refrigerated fish
- Wines and Spirits
- Coffee and Honey
- Surface mail
- Waste
    - Recyclable
    - Hazardous

1.7 Source and Volume of Freight

The vast majority of freight originates in South Africa or the UK. Over the last 3 years, a slightly bigger proportion has originated in the UK (55%), with the remainder originating in

South Africa. In the future, we expect that the majority of personal freight will continue to originate from the UK. A large proportion of business freight will also continue to originate in the UK, and consultation with the private sector has indicated that most have a strong preference to continue to source goods in South Africa. However, depending on the routing of the selected shipping, there may be possibilities for businesses to switch some sourcing to other countries.

Having averaged 19,400 tonnes between 2005 and 2009, freight volumes on the RMS St Helena have increased significantly, growing by over 20% to stand at 25,000 tonnes in 2013. This reflects the rising population and increased capital investment taking place on St Helena (the majority of the cargo for the airport project is transported separately on the NP Glory 4 and is not included in these figures).

This trend is expected to continue up to the opening of the airport and, based on population projections, we expect freight volumes to increase to 25,450 tonnes by 2016. Our central planning assumption is for tourist numbers to rise at only a moderate pace and for the resident population to stabilise at around 5,000 people. Consequently, our central forecast is for annual freight volumes to rise slowly to 26,550 tonnes by 2020.

There are a number of scenarios that would result in volumes growing at a faster rate than assumed above, but these are highly uncertain at this point in time:

- There is potential for more than the assumed 1 or 2 flights per week, with tourist numbers increasing more rapidly.
- While investors have expressed interest, it is currently uncertain how many hotels or other tourist developments will be built in the period after the opening of the airport.
- As the economy develops, with opportunities and incomes increasing, more Saints could seek to return to live on the island.

1.8 Ports of Call

Any ocean freight service must link the Island of St Helena with at least one major shipping port that is well served for transhipments from the UK / Europe as well as the rest of the world.

There is a strong preference from local traders for Cape Town to be the port of choice but this is not an absolute requirement and SHG is open to alternatives that may offer better value for money.

There is also an additional opportunity, should it be logistically viable and cost effective, to extend the service on a less frequent basis to the island of Ascension. Please note that this is only an option for you to consider and is not an absolute requirement.

1.9 Frequency of Service

Ideally there should be a regular and reliable scheduled service with arrival / departure dates published covering at least the next 12 months.

The minimum frequency of service, considered acceptable, from the main shipping port is once every 6 weeks. SHG is however open to alternatives should they prove to be cost effective.

1.10 Transit Times

Since a significant proportion of the islands fresh food is imported transit times should be kept to a minimum. It is considered that any transit, from the main port of choice, should be less than 10 days. SHG is however open to alternatives should they prove to be cost effective.

1.11 Forward Orders

SHG would like to encourage forward booking of space on future voyages if this would provide guaranteed base volumes to ease planning and reduce the overall cost of the service. For example if a container is booked 6 month ahead it should attract a lower rate than a container booked 1 month ahead.

1.12 Supporting Services

In addition to the actual movement of goods to the island the service offered should include all the supporting services that would allow a third party company to book the various cargo types onto a sailing.

Note: SHG is open to consider Supporting Services as a standalone requirement and therefore may be contracted separately to the ship carrying the goods.

1.13 Passenger Service

There is no requirement for passengers to be carried onboard any vessel providing the island ocean freight needs. Should an operator wish to consider passenger services then they will be free to do so but please note passenger services will not form part of any contract with SHG.

1.14 Bulk Fuel

The island has a regular demand for bulk fuels (Petrol and Diesel fuel). SHG will consider utilising available bunkering facilities (at an appropriate charge) on any arriving vessel to provide part of the island needs for these fuels if this will help stabilise / reduce general cargo rates.

Anticipated bulk fuel requirements per annum are

- 660 Metric Tonnes of Petrol
- 3,000 Metric Tonnes of Diesel

Please note the provision of bulk fuel under this tender is not a requirement, it is simply an option to consider if available to offset costs that would otherwise be levied on general cargo.

1.15 Berthing and other Shipping Facilities in St Helena

It is envisaged the new service will utilise the new wharf facility which is currently under construction in Rupert's bay. Annex 2 provides full details of the new wharf construction and predictions for unavailability due to bad weather

Should a ship not be able to dock due to excessive size, bad weather etc, offloading can be undertaken at anchor by offloading onto barges provided the ship are equipped with a suitable crane. Average down times is included in Annex 2.

The maximum vessel size able to dock at Rupert's bay is;

- Laden Draft 5.5m
- Overall Length 105m
- Beam 17m
- Dead Weight 6,400 MT
- Displacement 7,500 MT

The Rupert's bay wharf will be able to receive and depart vessels 24 hrs a day, 7 days per week subject to weather conditions.

There will be two Sennebogen cranes available for loading / offloading goods with the following specifications

- Maximum lifting capacity 112 Metric Tonnes vertical lift,

- Maximum lifting capacity at maximum horizontal reach of 30 metres is 24 Metric Tonnes

Utilising the wharf crane it is envisaged on average 10 TEU containers can be loaded / offloaded per hour and loading / unloading can take place 24 hrs a day, 7 days per week subject to weather conditions.

Due to space restrictions within the Ruperts overall Port area the maximum TEU that can be offloaded at any one time is 200. It is assumed that approximately the same level TEU being offloaded will be loaded back onto the ship before its departure.

The wharf has a “Ro Ro” facility should this be required and the vessel suitably equipped to utilise.

There will be a facility for ships at berth to take on potable water and automotive diesel (subject to availability and on Island needs), if required.

Other general shipping facilities available in St Helena should be assumed to be similar to any other small port capable of taking similar sized ships. Exact requirements will be discussed and agreed as part of the detailed proposal stage.

1.16 Discharge of Water

Saint Helena is part of the Red Ensign Group (REG) which comprises the international shipping registries operated by the United Kingdom, the UK Crown Dependencies and nine UK Overseas Territories (including Saint Helena). The UK is the signatory to international conventions on behalf of REG Shipping Registers and extended international conventions to increase safety standards for shipping and pollution prevention.

Three environmental conventions relating to shipping and which are relevant to Saint Helena are:

- the United Convention on the Law of the Sea (UNCLOS);
- the Convention for the Control and Management of Ships’ Ballast Water and Sediments, and the
- London Convention, better known as the Convention on Marine Pollution (MARPOL).

Tenders are required to provide evidence demonstrating compliance with the conventions and their annexes.

1.17 Port Security

The security arrangement for the port on St Helena will aim to meet internationally recognised ISPS standards.

1.18 Port Charges

The St Helena Government has yet to determine the Port charges for the new facility at Ruperts Bay. For the purpose of the outline solution Port charges at St Helena should be assumed to be zero.

1.19 The RMS St Helena

As previously stated the current intention is for the RMS St Helena to be withdrawn from its current subsidised service. SHG will however consider selling the RMS St Helena to interested parties should the continued use, in connection with freight services to the island, prove to offer value for money.

Please note, as currently configured (the draft of the vessel), the RMS St Helena will not be able to utilise the new wharf facilities in Rupert's Bay and would therefore have to rely on its own crane and barge facilities as per the current operation.

Further general information on the RMS St Helena can be obtained from http://rms-st-helena.com/ For anyone interested in purchasing the RMS St Helena from Saint Helena Line in order to provide the services envisaged within this specification an information pack is available from Dax Richards, Assistant Financial Secretary on email address saccountant@sainthelena.gov.sh that will provide sufficient information to allow an outline solution and costing to be developed.

1.20 Freight Rates / Subsidy

SHG is not intending to provide any form of subsidy, or make any payments whatsoever, to supplement the freight charges to those that use the service. Therefore all costs must be at a full commercial rate set by the successful bidder.

1.21 Exclusivity

In order to ensure a viable service can be maintained SHG will consider requests for exclusivity on commercial ocean freight and in any event will not actively promote activity which negatively impacts on the new service.

1.22 Alternatives

During the term of the contract, should the agreed solution not be able to operate for reasons beyond the reasonable control of the successful operator (eg vessel breaks down) for a period in excess of 4 weeks SHG will require the successful operator to identify and put in place alternative means to supply the island. The exact details of this and liability limits will be discussed during the detailed proposals stage.

Annex 1

Historical Freight Analysis

2012/13

Origin of Freight	General Cargo No. TEU Equivs	Hazardous No. TEU Equivs	Food stuff No. TEU Equivs	Reefer's No. TEU Equivs	Break Bulk FRT	Vehicles FRT	Total FRT
UK	192	28	108	24		242	9,042
Cape Town	248	10	109	3	4,497	395	14,142
Ascension	39			1	631	956	2,587
	479	38	217	28	5,128	1,593	25,771

2013/14

Origin of Freight	General Cargo No. TEU Equivs	Hazardous No. TEU Equivs	Food stuff No. TEU Equivs	Reefer's No. TEU Equivs	Break Bulk FRT	Vehicles FRT	Total FRT
UK	190	24	138	38			9,750
Cape Town	218	12	87	2	3,387	265	11,627
Ascension	44				570	1,889	3,559
	452	36	225	40	3,957	2,154	24,936

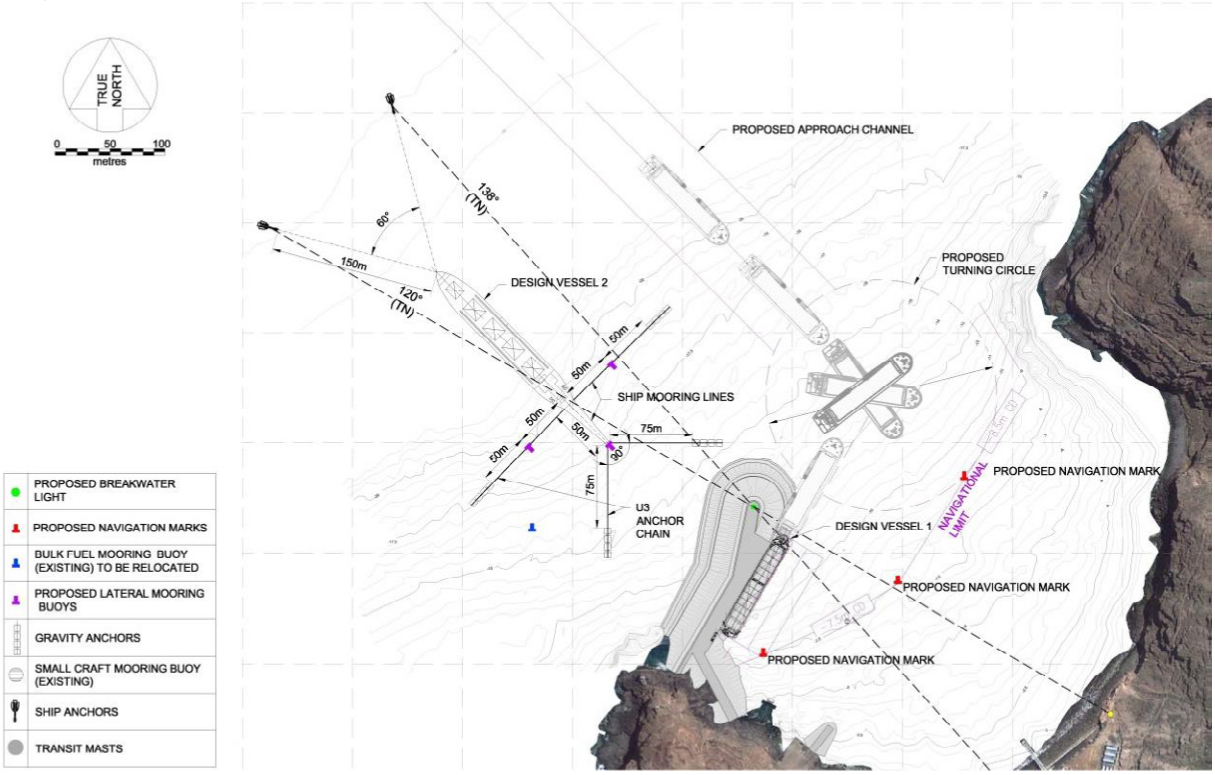
Note: total freight is calculated based on each TEU containing on average 25 freight tonnes

Annex 2

Rupert Wharf

Rupert's Wharf Design: Key Specifications

Fig 1: Outline Design for Rupert's Wharf as accepted by Land Development Control Authority (December 2013)



The Permanent Wharf will be constructed from the south-west corner of Rupert's Bay. The Wharf will be in a north-easterly direction across the Bay to provide sheltered water on its inside face. Basil Read's design engineers have undertaken computer modelling to assess the effects of the wind, current and waves. A vessel manoeuvring study will also be undertaken to ensure that the largest vessel will be able to arrive and leave.

The Wharf structure will comprise a rock breakwater protected with concrete armour units with precast concrete box units on its inside face to provide the flat quay for berthing vessels. 2D physical model testing of a section of the breakwater trunk has been undertaken and 3D physical model testing of the entire breakwater is also being undertaken.

The quay will be able to accommodate vessels up to the following size:

Table 1: Design Parameters for Rupert's Wharf

Parameter	Value
Deadweight	6,400 tonnes
Displacement	7,500 tonnes
Length overall	105 metres
Length between perpendiculars	100 metres
Beam	17 metres
Laden draft	5.5 metres

The quay will be provided with the following:

- passenger landing facility similar to Jamestown
- fenders
- bollards
- ladders and mooring rings
- ducts for power, lighting and communications
- water pipe and Rupert's Fuel Pipeline

A boat ramp is required for launching of the sea rescue boats. It is planned that this be constructed as an extension to the existing partial ramp on the Shears jetty. This would then provide a facility that is available for public use. Fishermen will be able to come alongside the main wharf structure to land their catches. In addition, Basil Read's temporary jetty will be retained for use by ro-ro vessels and this will form part of the overall Rupert's Wharf infrastructure.

Overall, the modelling to date shows that the average downtime is 17% for a typical year. If vessels stand off for up to 3 hours, the average downtime reduces from 17% to 13% and after 6 hours, the downtime reduces to 10%.

Fig 2: Aerial View of Rupert's (courtesy HMS Richmond, August 2013) – Current Situation

Fig 3: Artist's Impression of Before & After Situation in Rupert's (ES Addendum for Rupert's Wharf)

Before

After

Figure 6.14: Before and after views from Bank's Battery Footpath