

## **CHAIRPERSON OF THE PORTS REGULATOR:**

### **MESSAGE - 2020 Port Tariff Roadshows**

*Representatives of the ports and logistics Industry and industry associations, CEO and Members of the Ports Regulator, CEO of the National Ports Authority, Mr Kgomoitso Phihlela, other NPA representatives, officials of the Department of Transport and other departments and spheres of government, esteemed members of the Media, ladies and gentlemen.*

I wish you all a warm welcome to this public consultation event held by the Ports Regulator on the NPA 2021/22 to 2023/24 tariff application.

As the head of a new Regulator with new Members, let me at the outset say that we are happy and honoured to accept the tasks and responsibilities that Minister Mbalula's appointment intends for this important institution that is a key component of South Africa's economy under a democratic administration. Yes the National Ports Act was passed just over a decade after democracy was established in South Africa, and has established the Ports Authority, a Ports Regulator as well as port level democracy in the form of Port Consultative Committees (PCCs) and the National Ports Consultative Committee (NPCC), many of the members who are today here with us in this meeting.

Let me also assure you all that we are aware of the proud history for over a decade that the various administrations of the Ports Regulator have written in establishing a functioning regulator and progressively serving the maritime community and industry in South Africa, the progress it has made in developing and iteratively sharpening the tools of economic regulation, whilst also paying attention to equity of access, port performance, economic incentives and other strategic objectives of government. We stand on the proud shoulders of our predecessors and owe it to them and all of you to take their work many more steps forward during the course of our three year term of office. We shall not disappoint!

In carrying out our mandate of regulating South Africa's 9 commercial ports in line with the National Ports Act, the Ports Regulator has annually conducted public consultation roadshows in major centres in our country where we consult stakeholders and the public in general on the proposed NPA port tariff increases for the coming year and beyond. I am pleased at the relatively large numbers and the interest shown in the Ports Regulator consultation process here today even though the challenges of the Covid pandemic has forced the phenomenon of virtual meetings upon us all, instead of holding events in your port provinces.

Each year the Regulator has given port stakeholders the opportunity to air their views on the NPAs tariff application which the Regulator has made public on our website. I can assure you that the Regulator will record and take into account what is said at these hearings, as well as the written submissions that many of you will spend much time, money and effort in making to the Regulator before 30 September.

We face tough economic conditions as a country with many requiring much lower tariffs, but we also face deteriorating port infrastructure and the need to establish and maintain a capable and efficient port system. I hope that your inputs today will help us achieve a fair balance as this is fundamentally our core business as a regulator.

Our task today is not to give you our views or any decisions at all, rather we are here to listen, and to afford all of you the opportunity to present or lodge your motivations face-to-face to us as the Regulator in a public and transparent way. This applies to the Ports Authority who will make a presentation to us on their tariff application, as well as to port users and stakeholders who will be given an opportunity to comment thereafter.

It will be remiss of me not to offer some sense of a strategic forward direction at the outset of our term. For us, whilst we are an independent regulator, the alignment between the Regulator and the objectives of government is critical in responding to the service delivery challenges and the economic growth imperatives

of our country. The Ports Regulator in crafting its plans and strategies, will ensure that we pull in the same direction, and the vision and direction should continue to enhance regulation, the port sector, as well as economic development of our country.

Critical to this is how we respond to the injunctions as set out in the National Development Plan, the Medium Term Strategic Framework, the SONA, and other Government initiatives such as Operation Phakisa/Oceans Economy, and the Economic Stimulus Package. The Ports Regulator, as before, will clearly define its own unique role in meeting the common objectives set out in the policy instruments of Government within the context of its own mandate, sector conditions, capabilities and resources, and work consistently to achieve these.

Many strides have been made in policy development and regulation in the maritime transport sector that lay the foundations for more progress in the years to come. In July 2017 South Africa launched its Comprehensive Maritime Transport Policy, and it is hoped that the maritime community, together with the maritime entities and Department of Transport, will engage and ensure that the benefits to the sector in coastal shipping, skills development, job creation for South Africans, and advancing and extending SA supply chains outside our borders, will contribute positively in taking forward this important vision for South Africa.

Minister Mbalula has further prioritised the building of South Africa as a maritime nation and intends to elevate the maritime economy. The building blocks of his new Maritime Programme constitutes five pillars:

- Pillar #1: Enhancing South Africa's Shipping Register
- Pillar #2: Mainstreaming maritime through empowering historically disadvantaged persons to access opportunities, support development of seafarers and support young people to get involved in maritime through recreation and economic opportunities.

- Pillar #3: Rolling out coastal shipping and create partnerships to ensure sustainable support systems to enable effective implementation. The end-goal is to have a SADC regionwide coastal shipping market.
- Pillar #4: Create programmes to elevate fluvial transport and open up new economic opportunities by maximising the use of inland waterways.
- Pillar #5: Unlocking maritime for economic stimulation and recreation.

We pledge our support in assisting and cooperating with these important initiatives as they are developed and unfold.

In terms of the Presidency's Medium Term Strategic Framework (MTSF) it is expected that a new (single) Transport Economic Regulator will be established next year, and that the Ports Regulator, with its existing staff and systems will form the nucleus of this new regulator. Draft legislation in this regard has been in the process of being widely consulted and due to be discussed in Parliament in the near future.

The Presidency's Medium Term Strategic Framework (MTSF) also prioritises the corporatisation of the National Ports Authority in compliance with the National Ports Act passed by our democratic Parliament, so that it can play its proper role in the development, functioning, economic participation, employment and empowerment within South Africa's commercial ports.

In this regard the Ports Regulator has noted the presentation made jointly by the Minister of Public Enterprises and the Group CEO of Transnet to the joint sitting of the Parliamentary Portfolio Committee and NCOP Select Committee on 6 May 2020, stating that section 3(2) of the Act (corporatisation of NPA into a subsidiary of Transnet) will take place by the end of this financial year. As such, for the purposes of the tariff application for the next financial year, we will be treating the Ports Authority as a subsidiary (instead of a division), in particular with regards to the RAB, as we expect that the law will be given effect to in this regard.

I would like to take this opportunity to thank you in advance for your submissions and attendance at our roadshows, and assure you that they will make a difference in the decision-making of the Regulator.

Members of the Regulator, besides the CEO, are all part time and have other obligations of work and family. I would like to thank fellow Regulator Members for their effort and commitment put in so far and call on them to note that we have much more to do in accomplishing the difficult task of striking a balance between port user needs and at the same time, ensuring the sustainability of our port system, within a difficult prevailing economic and investment climate.

We promise to carry out our functions with impartiality, integrity and collective decision-making with the interests of South Africa at heart. We will work hard to ensure a legacy of good governance, expand the body of knowledge and sharpen our analytical tools to take ports regulation forward in the months and years to come.

I thank you all for your attention and participation in this event.