

NAAMSA PORT TARIFF METHODOLOGY

Consultation Session
5th February 2020
By
Tania Hughes

CONTRIBUTION TO SOUTH AFRICA

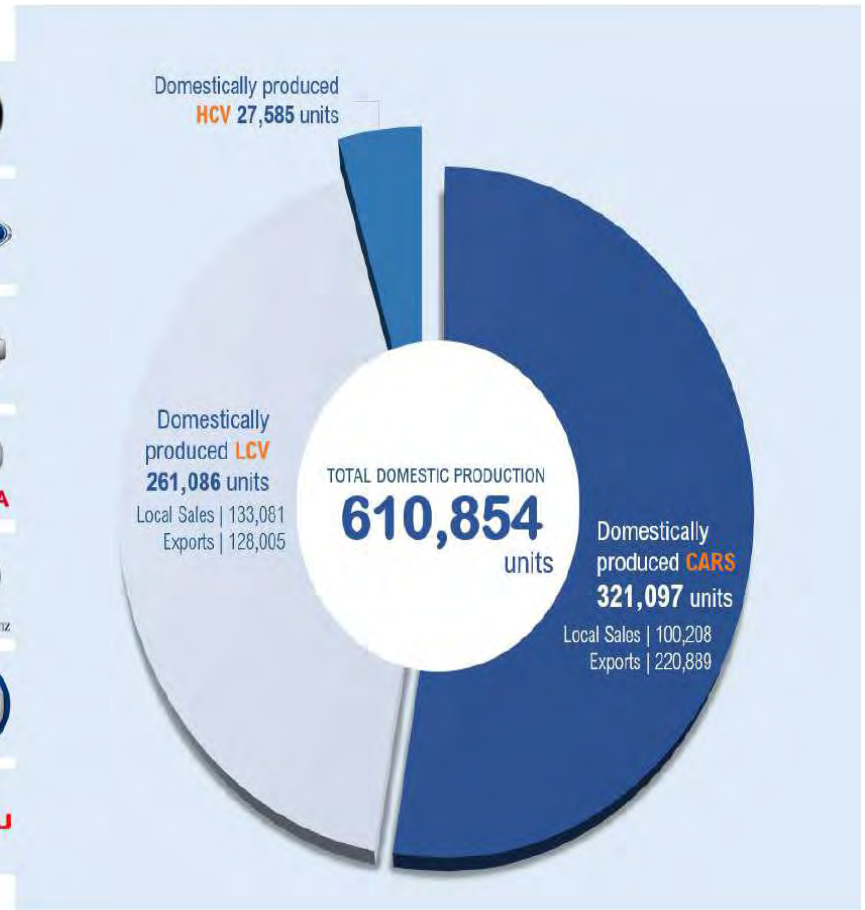
NAAMSA was established in 1935 to represent South African manufacturers, importers, exporters and distributors of cars, vans, trucks and busses.

The automotive industry makes an extraordinary contribution to the well-being of South Africa, its citizens and the economy.



AUTOMOTIVE INDUSTRY – KEY CONTRIBUTOR TO SA GDP

SA VEHICLE PRODUCTION

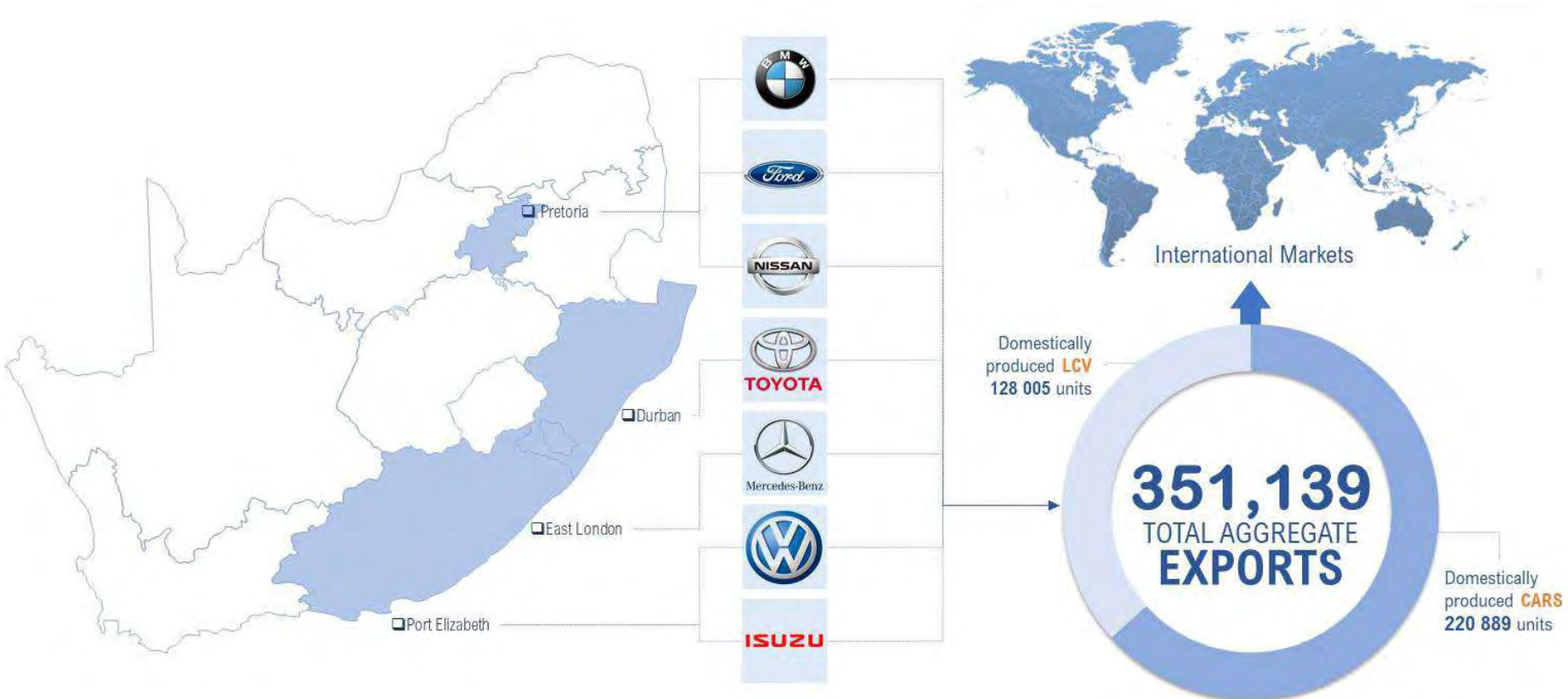


SA'S GLOBAL MARKET SHARE : 0,64% - GLOBAL RANKING 22ND
SA PORTS – "HOW TO BECOME THE COMPETITIVE ADVANTAGE"

"World Class Infrastructure & Efficiency"

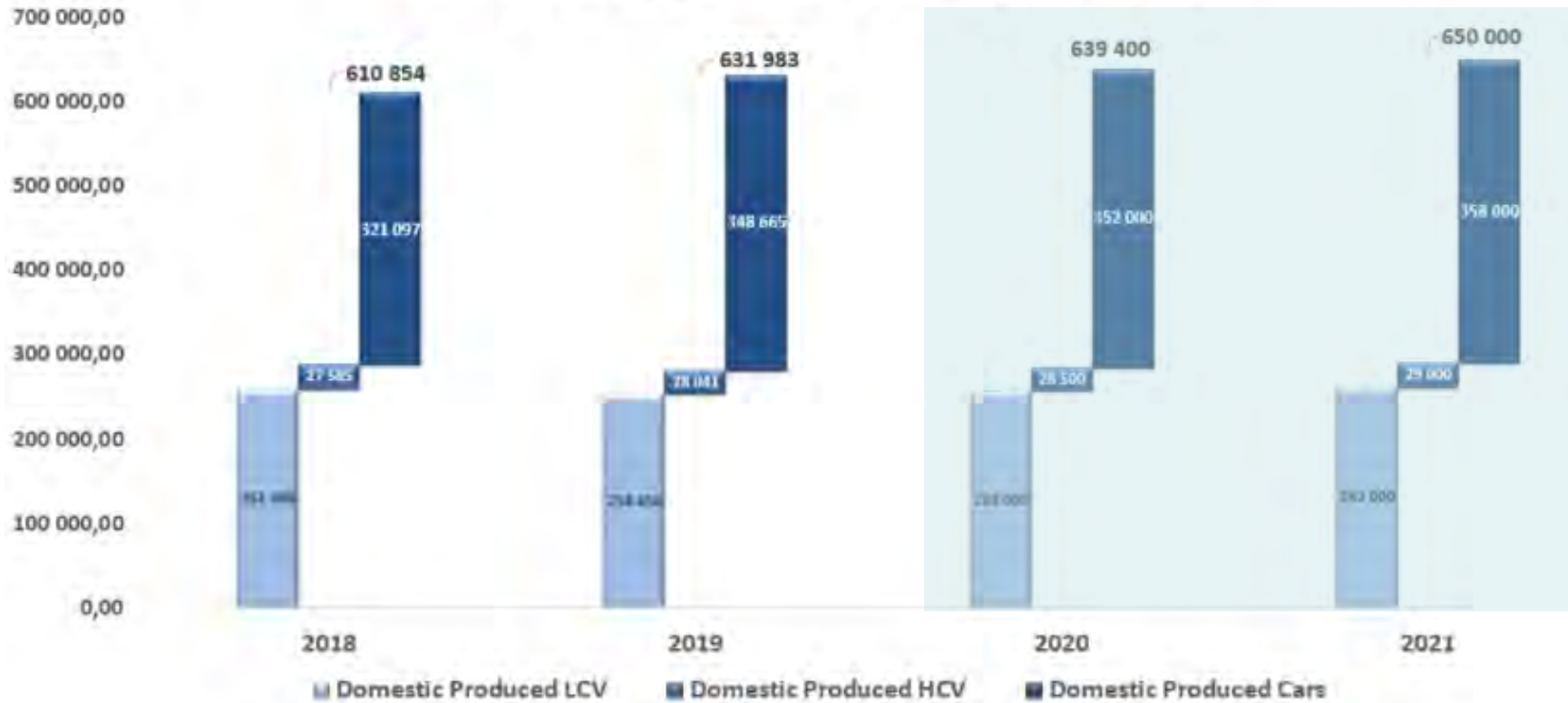
"Competitive Port Tariffs"

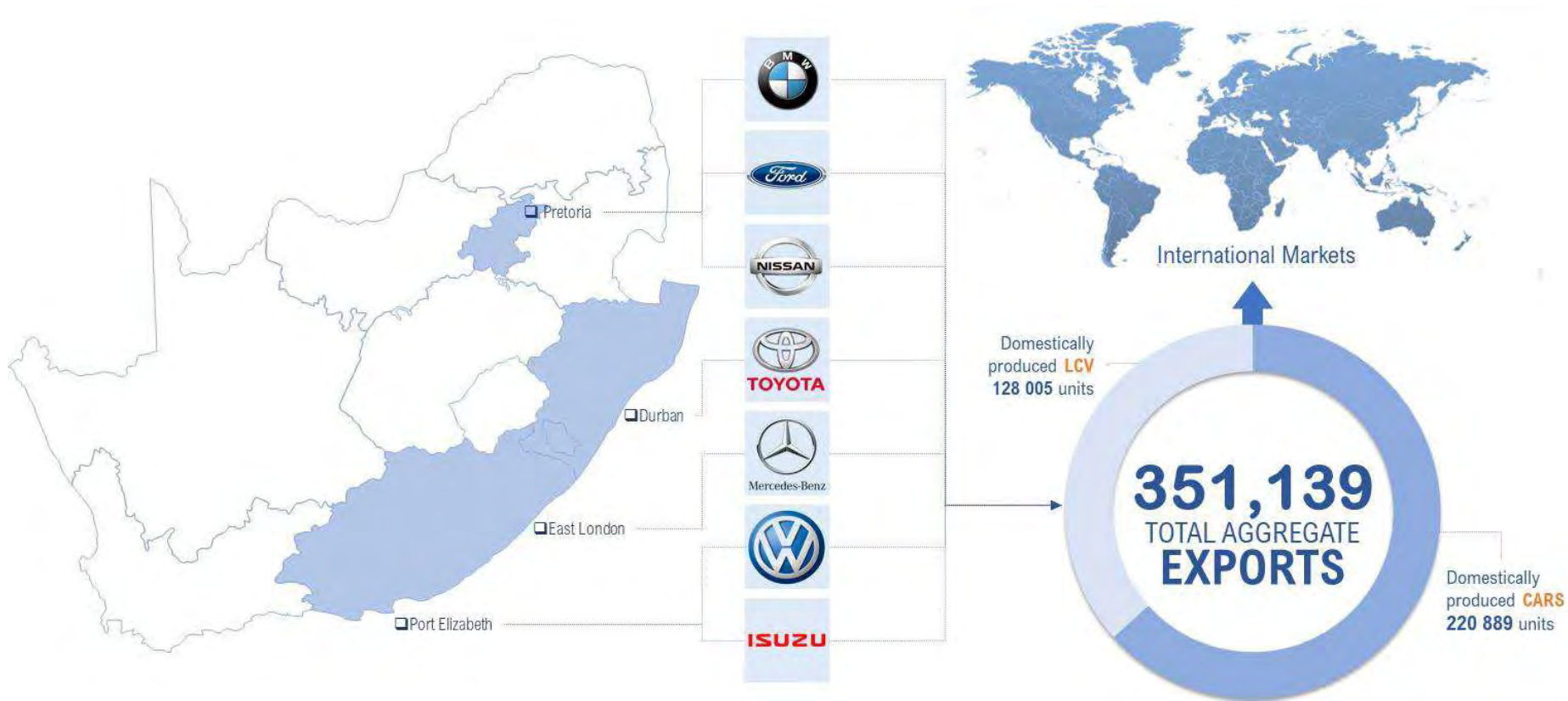
LOCALLY PRODUCED EXPORTS



AUTOMOTIVE EXPORT VALUE AS % OF TOTAL SA EXPORT VALUE
= 14,3 %

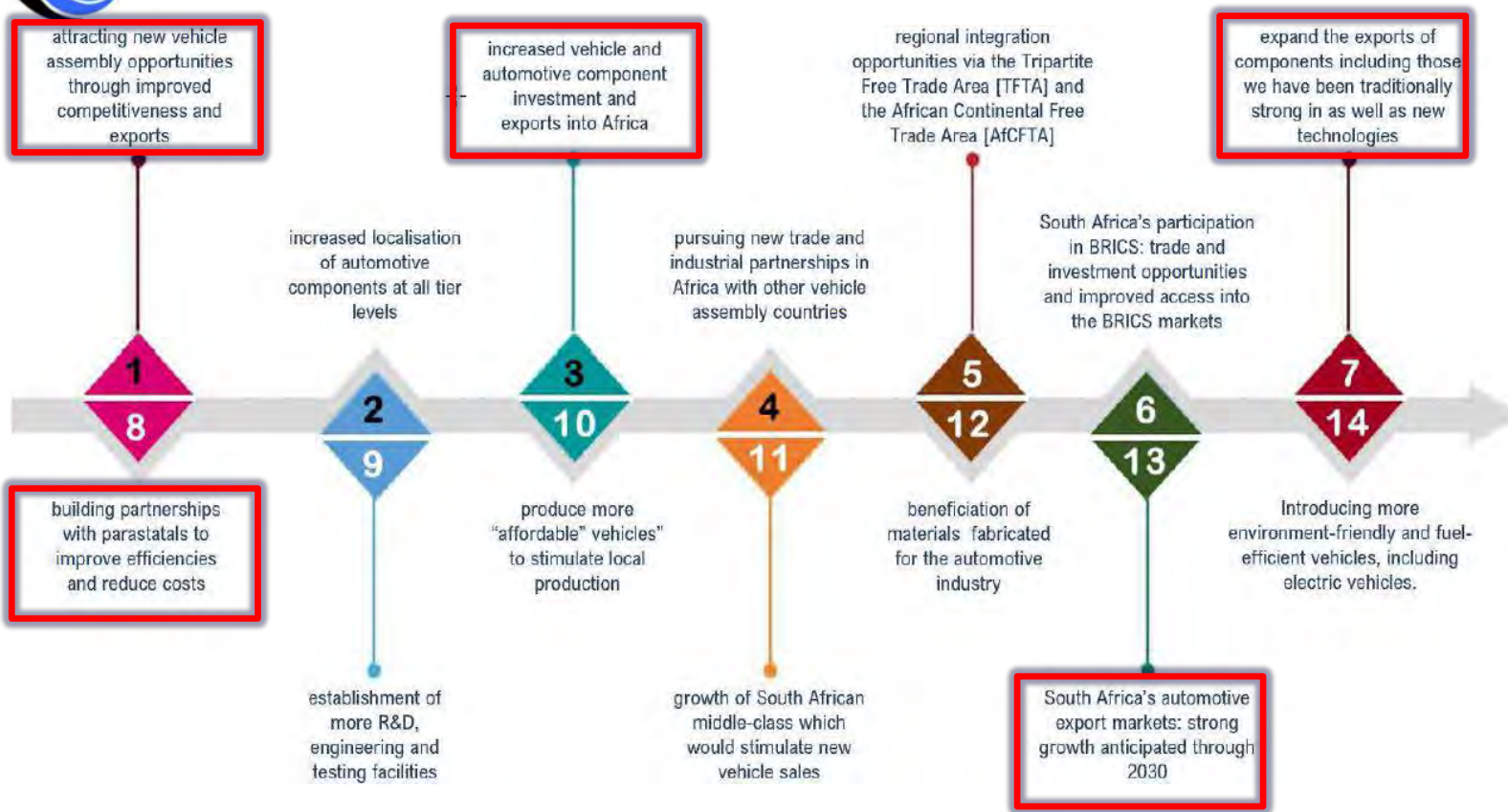
SA VEHICLE PRODUCTION TRENDS





Automotive Export Value as % of total South African export value – 14,3%

RECORD VOLUMES IN EXPORTS THROUGH SA PORTS HAVE SUPPORTED GROWTH IN VEHICLE PRODUCTION VOLUMES



Under the SAAM 2021-2035 the future is paved with numerous opportunities revealing the extent of the potential for the long-term development of the South African automotive industry which may be summarised as follows

Key Pillar to achievement of Masterplan is IMPROVED LOGISTICS COSTS

COMMENTS ON TARIFF METHODOLOGY – PORT USER

1. Multi-year Tariff Methodology

- Support the Multi-year Tariff Methodology
- NO SURPRISES
- Opportunity to review
- Consultation – to challenge and respond to significant changes

2. Required Revenue Methodology

- Naamsa supports the continuation of the Required Revenue Methodology.
- **Our only concern is still that the methodology does not favour increased efficiency or competitiveness [WEGO]**

3. Capex Oversight (Working Capital & Capital Works In Progress)



- Support the ClawBack Mechanism in place
- **Confident in the role of the PCC's as oversight mechanism**

4. Beta



- Recognise SOC – reduced market RISK
- Appropriate β comparisons - difficult
- Support the current β measure

5. Operating Costs



- Support the approach by the Regulator

6. Excessive Tariff Increase Margin Credit



- Industry is confident that the responsibility to safeguard against potential tariff hikes is carefully considered by Regulator
- Reduced port costs stimulate volume growth

7. Weighted Efficiency Gains from Operations



- Support the approach by the Regulator
- While no comparison available to do a global standard benchmark the proposed Downtime adjustment to WEGO – addresses some of the key efficiency concerns highlighted previously & prevalent in 2019.

ISSUES TO BE ADDRESSED

- ❑ Timeframe before we can start applying a competitive benchmark - WEGO
- ❑ Equipment – New Equipment & Maintenance

Thank you