



STRATEGIC PLAN

for

2020/21 to 2024/25

FOREWORD BY THE MINISTER OF TRANSPORT



The recent past has seen an up-swell in maritime activity and initiatives for South Africa. Our ocean economy initiatives have seen the delivery of new port helicopters, South African manufactured tugboats, private sector participation in the concessioning of cruise terminals, oil and gas infrastructure, and other facilities, as well as the delivery of slipways and other marine repair infrastructure projects.

However, in general, comparative performance of our port system with international peers, as well as the actual execution of billions of Rands of approved capital investment and refurbishment in our port system has remained weak over the last few years and port stakeholders and port consultative committees have expressed much dissatisfaction, not without good reason.

The Ports Regulator must therefore continue to hold the Ports Authority to account within its regulatory mandate, implement its Tariff Strategy in moving progressively towards cost reflective tariffs, assist in improving the efficiency and performance of SA ports, make continuous strides in determining and implementing a fair value of port assets, help improve transformation and BBBEE participation in the sector, and allow some discretion to implement port tariff subsidies in the public interest that will support beneficiation, localization, industrialization and other economic imperatives, whilst ensuring that in the main, that our port tariffs and efficiencies become globally competitive.

In this regard it is recognized that the Ports Regulator incentives currently being implemented (WEGO and PTIP) have respectively centered around the improvement of port efficiencies as well as port tariff incentives in the interest of beneficiation, industrialization and localization, both of which are vital for the re-ignition of our cooling economic growth. The Ports Regulator is congratulated on being the only economic regulator to respond to President Ramaphosa's recent call to reduce administered prices as part of his economic stimulus initiative, when it announced a 6,27% average reduction in port tariffs for 2019/20.

For the Ministry, alignment between its entities and the objectives of the Department is critical in responding to the service delivery challenges and the economic growth imperatives of our country. The Ports Regulator in crafting its Five-Year Strategy and Annual Performance Plans must therefore ensure that the Members, management and staff have a shared vision and 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.

Entities therefore need to demonstrate through their Strategic Plans and Annual Performance Plans how they 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, needs to 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.

Strides have been made in policy development and regulation in the maritime transport sector that will 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.

As Minister of Transport I have set five priorities to “re-imagine transport, re-imagine the future”. Among these priorities is “building a maritime nation, elevating the oceans economy”. Key within this priority are the following building blocks of the maritime programme constituting five pillars:

Pillar 1: Enhancing South Africa’s Ship Registration Regime

Pillar 2: Mainstreaming maritime through empowering historically disadvantaged persons to access opportunities, support development of young people to take up opportunities in maritime fraternity 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 region-wide coastal shipping market. This is to include all offshore shipping activities in the Oil and Gas sector

Pillar 4: Create programmes to elevate fluvial transport and open up new economic opportunities by maximizing the use of inland waterways

Pillar 5: Unlocking maritime for economic stimulation and recreation

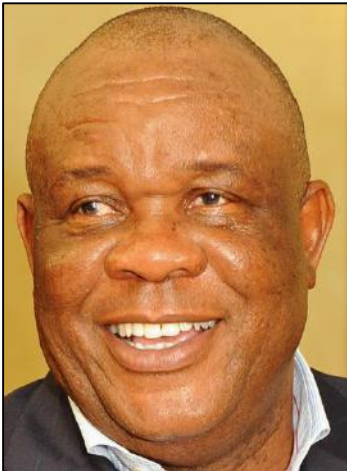
It is expected that during the course of this sixth administration of state, that a new (single) Transport Economic Regulator will be established and that the Ports Regulator, with its existing staff and systems will form the nucleus of this new regulator. Draft legislation in this regard is in the process of being widely consulted and taken to Cabinet and Parliament. The Department of Transport will work together with the Ports Regulator in ensuring a smooth transition as well as capacitating the Ports Regulator with staff and resources in preparation for a wider mandate and role in the economic regulation of the transport logistics chain in South Africa by taking through Parliamentary processes the draft National Ports Amendment Bill which has already been gazetted for public comment. Also, within this administration, and in terms of section 80(1) of the National Ports Act, I endeavour to ensure that the Ports Authority is corporatized in line with the law 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.

I look forward to the outcomes of the Ports Regulator’s Strategic Plan and associated Annual Performance Plans and would like to take this opportunity to thank the previous Regulator Members, CEO, management and staff for their efforts, commitment, clean administration, and excellent performance over the last five-year term, and wish the incoming Chairperson and Members of the Regulator well in their governance responsibilities as well as the performance of their regulatory role in fulfilment of the organisation’s mandate, in the sixth administration.



Honourable Minister
Mr. Fikile Mbalula, MP
Minister of Transport
Executive Authority

FOREWORD BY THE CHAIRPERSON OF THE PORTS REGULATOR



The Ports Regulator aims to reduce South Africa's cost of living as well as its cost doing business, through periodically revising and implementing a fair and well-structured tariff methodology on which port tariff determinations are based. In July 2015 the Ports Regulator published South Africa's long-term Port Tariff Strategy, which seeks to reform port infrastructure pricing over a 10-year period, bringing greater fairness, cost reflectiveness and predictability in South Africa's port system. But the tariff strategy is not unresponsive to South Africa's economic growth and job creation imperatives. The Tariff Strategy still maintains much lower prices for highly beneficiated South African manufactured cargo in export containers as well as SA manufactured export vehicles, in support of local manufacture and industrialization.

Also, in support of economic development, the Regulator introduced an incentive for the registration of cargo carrying commercial vessels on the SA flag. The growing number of ships taking up this opportunity will improve SA involvement in the maritime sector, increasing jobs, skills and supply chain opportunities to South Africans beyond our boundaries. The Regulator has also in the past ensured that all automotive industry cargo dues were equalized at full 60% discounted level enjoyed by only the largest automotive manufacturers. This reduced the cost of doing business to smaller SA auto manufacturers. Beyond economic stimulus in the automotive sector, the Ports Regulator has developed an overarching framework for port tariff incentives (the PTIP) in support of beneficiation, localisation and industrialization, which allows application by individuals and companies for port tariff book reductions, with approval processes modeled on the basis of public interest, public scrutiny and public response.

The existence of the Ports Regulator has been to significantly lower approved tariffs resulting in a saving of more than R10bn to port users over the few years of its existence whilst maintaining the continued revenue sustainability of the National Ports Authority. It continues to be proactive and risk mitigating and maintains an Excessive Tariff Increase Margin Credit (ETIMC) of about R3bn available to offset future increases. In fact, many of the tariff adjustments to a below inflation increase would not have been as low if it were not for the use of the ETIMC.

In recent years, the organisation produced the first five-yearly Port Sector Review, and Regulatory Review done by stakeholder consultation and surveys, which is again scheduled to be done early in this five-year term. Other important work included the Global Ports Pricing Comparator Study, Capacity and Utilisation study for SA ports, and the Ports Efficiency Benchmarking Study, all resulting in valuable initiatives to reduce the cost of doing business with South Africa, and vital to the success of the National Development Plan and our economic success as a country. The Regulator's compliance monitoring work included an audit of BBBEE compliance in our ports, and analysing Ports Act compliance and the Regulator has proposed additional Ports Act amendments to the DoT to improve regulatory funding, capacity and powers.

It has been over 5 years since the Ports Regulator published its historic first multi-year tariff methodology for 2015/16 to 2017/18, and now it is poised to publish its third revised tariff methodology for the years 2021/22 to 2023/24, having continued its open and public approach to its work, conducting public hearings for both the Tariff Methodology as well as the Tariff Determination around the country at key centers, namely Durban, Cape Town, Port Elizabeth and Johannesburg.

All delivery targets have been met or exceeded in the past year and the Ports Regulator continued with its clean administration record having achieved an "unqualified audit" outcome in the last financial year. I look forward to once again delivering the Ports Regulator's latest Strategic Plan and associated Annual Performance Plan. In the years ahead, the Regulator intends to expand its role in the transformation and

BBBEE participation of the sector whilst continuing its analytical and compliance work. We hope to be able to enhance the capacity of the Regulator as required by the NDP, fill key unfunded posts and strive to retain the skills we have assembled as greater financial resources become available, in particular from the proposed new funding model which is part of the National Ports Act Amendment Bill, which we hope will be approved by Parliament in the months ahead.

I would like to recognize the efforts of Regulator Members, staff and management for their work in ensuring the success of the Regulator.

I would like to thank Minister Fikile Mbalula, Deputy Minister Dikeledi Magadzi, Director-General Alec Moemi, and officials of the Department of Transport on behalf of the Ports Regulator.

A handwritten signature in black ink, appearing to read 'Mufamadi', is written over a horizontal dotted line. The signature is stylized and cursive.

Chairperson: Ports Regulator of South Africa

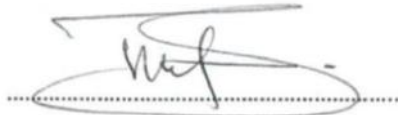
Mr. Thabadiawa Mufamadi

It is hereby certified that this Strategic Plan:

Was developed by the management of the Ports Regulator under the guidance of the Delegated Accounting Authority and takes into account all the relevant policies, legislation and other mandates for which the Ports Regulator is responsible. This plan accurately reflects the strategic outcome-oriented goals and objectives which the Ports Regulator will endeavour to achieve over the period 2020/21 to 2024/2025.

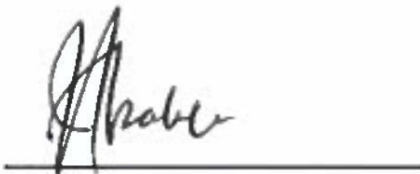


Mr. Mahesh Fakir
Chief Executive Officer



Chairperson: Ports Regulator of South Africa
Mr. Thabadiwa Mufamadi

Approved by:



Honourable Minister
Mr. Fikile Mbalula, MP
Minister of Transport
Executive Authority

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1. Introduction to the Ports Regulator

The Ports Regulator of South Africa (the Regulator) is the South African national economic regulator for the ports industry. The organisation came into being on 04 August 2005 with the promulgation of the National Ports Act, 12 of 2005 (the Act). The establishment of the Regulator was a key component of the “White Paper on National Commercial Ports Policy, 2002. The Act and policy establish the institutional framework for the ports industry as well as articulating a range of mechanisms crucial to the stable governance thereof from an economic perspective and became operationally effective January 2007.

The Regulator is required to hear complaints and appeals as set out in Section (30)(2)(a) of the Act. In addition, the Regulator carries out a monitoring function in that it monitors the activities of the Authority to ensure that it performs its functions in accordance with the Act.

The organisation is established along five Programmes that are responsible for delivering on the mandate and strategic objectives set out herein. These include: i) Administration – responsible for the development, implementation and maintenance of management systems for the effective operation of the Regulator in accordance with the regulatory compliance frameworks, ii) Economic Regulation – responsible for the development of policy, strategy, research and implementation instruments with respect to the economic regulation of the ports including tariff setting and tariff research, iii) The Tribunal, iv) Monitoring and Compliance, v) Industry Development – responsible for the research and development of strategies that enhance the effectiveness and efficiency of the industry.

The Regulator consists of a Chairperson and a minimum of six and a maximum of twelve members, in terms of Section 39(1)(a) of the Act. The function of the Secretariat is to provide support to the Regulator. The office of the Secretariat is based in Durban, Kwa-Zulu Natal and is currently functioning with twenty-one employees.

The work of the Regulator is supported by a budget of R 38, 234 000 in the 2019/20 financial year. In its thirteen years of existence it has expended approximately R155 million and has produced revenue saving to port stakeholders and the economy of approximately R10 billion, a high return on investment indeed.

2. PART A: STRATEGIC OVERVIEW

The Ports Regulator of South Africa is an organisation now into thirteen years of existence. Since its inception the organisation has made great strides in terms of achieving its mandate. With limited capacity and financial resources, it has made a profound impact on the South African economy as a whole through its regulation of the port sector. For example, since its inception there has been a smoothing of the tariffs charged by the National Ports Authority established in terms of the Act, to own, manage, control and administer all South African ports to ensure their efficient and economic functioning capable of contributing to the economic growth and development of our country.

The Regulator’s tariff decisions have translated into a saving to port users of approximately R10 billion, and its research studies have informed economic policy and assisted in rationalizing port tariffs to move closer in line with international trends, given that South African cargo dues are amongst the highest in the world. The Regulator has in addition, assisted users by creating a buffer through the Excessive Tariff Increase Margin Credit against excessive tariff increases due to large capital investments by the NPA. The Regulator has further introduced programme aimed at developing efficiencies in the port system, these include PTIP and WEGO. These two programmes have an effect on the tariff decision and tariff book but are primarily aimed at contributing to efficient use of port facilities within reason.

The Regulator has created greater regulatory certainty and predictability through a fairer tariff incidence as well as more accurate investment signals through a multi-year tariff methodology. It is required to perform a very strategic balancing act between ensuring the sustainability of the Authority as well as lowering the cost of doing business in South African shores and attracting new business and therefore investment.

Looking forward, the Regulator has started to focus in on the lease revenue of the Ports Authority and enhance its BBBEE monitoring and compliance. The transformation of the ports sector remains the key concern of both the government and the industry stakeholders therefore the Regulator is expected to play a significant monitoring through its legislative compliance and tribunal functions as well as its interaction with policy makers including the Department of Transport.

The Regulator remains committed to ensuring that the organisation is indeed positioned as an efficient and effective economic regulator, the only one of its kind and a model on which any other regulators may want to emulate. Its agenda must therefore effectively carry out its mandate which will ensure it remains relevant in a continually challenging environment. The Regulator plans to capacitate itself over the medium term in preparation for the Single Transport Economic Regulator (STER) as the Regulator will be the nucleus of the STER. This will require increase in financial resources which is why the funding model has been developed and put through necessary processes to get National Ports Act amendments approved before being implemented.

The Strategy thus aims to enhance our operations as the Regulator and its functions are indispensable to the country, the NPA and industry.

2.1. VISION

The Ports Regulator Vision therefore remains as:

“The Ports Regulator will be regarded nationally and internationally as a world class institution which sets the standards for economic regulation in South African maritime ports”.

2.2. MISSION

As a creature of statute, the Ports Regulator’s Mission is largely defined by the explicit mandates of the legislation and the implied mandates of the Policy, Strategy and Initiatives of Government. The Mission therefore remains consistent with its regulatory and policy framework.

“The Mission of the Ports Regulator is to:

- i)* exercise economic regulation of the South African ports system consistent with the government’s strategic objectives;**
- ii)* promote equity of access to ports and to facilities and services provided in ports;**
- iii)* monitor the activities of the National Ports Authority to ensure that it performs its functions in accordance with the National Ports Act, 2005.**
- iv)* Consider the proposed tariffs of the National Ports Authority; and**
- v)* Regulate the provision of adequate, affordable and efficient port services and facilities.**



3. Organisational Values:

The Ports Regulator initially established a value set that represented the articulation of its mandates as set out in legislative, regulatory and policy sources. These have been reviewed on an annual basis since inception. While there has been no significant change in any of the sources of the Regulator that would support a drastic amendment of these values, they have been articulated in a different way.

At the core of the Ports Regulator's value system is that we continually strive to be relevant and excellent in the performance of our mandate.

The Ports Regulator therefore continues to adhere to the Key Values of:

	Values	Behavioural Attributes
P	Protection of the values enshrined in the Constitution of human dignity, equality and freedom;	Being people centered in terms of protecting the rights of our staff enshrined in the Constitution and upholding the democratic values of Fairness, Integrity and Transparency.
R	Respect and Relevance	Respect for others at all levels, maintaining high ethical standards and trust especially with regard to the proper use of the resources entrusted to us by the public.
S	Service Delivery and Stakeholder focus	Striving to exceed stakeholder expectations, which engenders credibility
A	Accountability	Being accountable to the Regulator, its Executive Authority and stakeholders for the decisions and actions it takes.

These values are the foundation upon which the corporate culture in the Regulator is founded and maintained at every level.

4. Legislative and Other Mandates

The Ports Regulator of South Africa is a Schedule 3A Public Entity established in terms of Section 29 of the National Ports Act, 12 of 2005 (the Act). The Regulator, with a primary mandate of economic regulation of the ports industry, is required to regulate the activities of the ports industry in accordance with the policy and regulatory environment generally and more specifically, the Act. Its primary context is therefore to regulate economic aspects of the ports industry in accordance with the policy and legislative mandates of the state. There has been no significant change in the legislative environment since the previous iteration of the strategy. However, there have been changes to the economic and industrial policy environments that may require adjustment of the strategic trajectory of the Regulator but given the robust nature of its mandate, the mandate of the Regulator will be achieved in accordance therewith. The National Ports Act is under review specifically relating to the funding of the Regulator, this is aimed at preparing the Regulator in terms of capacity for the STER as well as addressing some of the enforcement weaknesses identified in the National Ports Act in order to make the Regulator more effective.

4.1. Constitutional Mandates:

The Constitutional base which supports the Regulator's mandate is Chapter 2 of the Constitution of the Republic of South Africa (1996), specifically Section 7(1) which is the cornerstone of our democracy and enshrines the rights of all people and affirms the democratic values of human dignity, equality and freedom.

Section 9(2) provides the constitutional context which further emphasises what the right to equality entails, and by extension provides the context for the mandate of the Regulator to ensure that it promotes the achievement of equity of access by all port industry stakeholders in accessing the port services and facilities in a manner that does not discriminate against any group or categories of persons, especially previously disadvantaged persons or categories of persons. This does not preclude the creation and implementation of measures to reduce enduring inequalities that have arisen from previous structures and systems that actively disadvantaged persons or groups of persons in the country.

In terms of the Act and Ports Regulations, the Regulator as part of its wider compliance function is mandated to monitor the activities of the Authority by ensuring that the Authority incorporates black economic empowerment in Agreements entered into in terms of Section 56 and when granting licenses in terms of Section 57 of the National Ports Act, 2005.

Section 34 of the Constitution further provides that "every person has the right to have any dispute that can be resolved by the application of law decided in a fair public hearing before a court or, where appropriate, another independent and impartial forum." The Regulator, in terms of Section 30(2)(a) of the Act, has a quasi-judicial function in that it is required to investigate complaints and hear complaints and appeals against the Authority. The Regulator, through its quasi-judicial function, assists in the regulation of competition and ensures that access to ports and port facilities are provided in a non-discriminatory, fair and transparent manner.

4.2. Legislative Mandates

National Ports Act No.12 of 2005 –

Promulgation of the Act gives effect to the Regulator. Furthermore, Section (30)(1) the Act stipulates the mandate of the Regulator, which is to exercise economic regulation of the ports system in line with government's strategic objectives; promote equity of access to ports and ports facilities and services provided in the ports; monitor the activities of the Authority to ensure that it performs its functions in accordance with this Act; hear appeals and complaints, consider proposed tariffs of the Authority, promote regulated competition and regulate the provision of adequate, affordable and efficient port services and facilities.

Section 72(4) read with Directive 24 of the National Ports Act –

According to Port directive 24, the Authority must report annually to the Ports Regulator regarding all agreements entered into with port users for the variation of tariffs as contained in the tariff book which is approved by the Ports Regulator in terms of section 72(1) of the Ports Act.

Ports Regulations in terms of Section 80(1) of the National Ports Act –

The Ports Regulator is required to monitor the measures taken by the Authority in incorporating BBBEE into decision-making, section 56 agreements, granting or issuing of licenses in terms of section 57, monitor the manner in which the measures taken by the Authority have enhanced access to and participation in ports services and port facilities by previously disadvantaged individuals and to conduct an economic review of the ports.

Draft White Paper on National Commercial Ports Policy 2002 –

This policy aims to ensure that port users are able to access the port system in the most efficient way possible, ensure safe affordable, effective and efficient port services and promote Black Economic Empowerment and Small, Medium, and Micro Enterprises.

Public Finance Management Act No.1 of 1999 –

The PFMA read together with the Public Finance Management Amendment Act (29 of 1999), together with the Treasury Regulations thereto. The PFMA gives effect to section 216(1) of the Constitution (together with other sections including section 217), which requires national legislation to establish a national treasury and prescribe measures to ensure both transparency and expenditure control in each sphere of government and within its entities, by introducing: i) generally recognised accounting practices, ii) uniform expenditure classifications; and iii) uniform treasury norms and standards. The main objects of this Act is to ensure secure, accountable and sound management of the revenue, expenditure, together with assets and liabilities are managed efficiently and effectively and provides for the responsibilities of person entrusted with financial management in the Public Entities to which it applies.

Broad-Based Black Economic Empowerment Act No.53 of 2003 –

Allows for the establishment of a legislative framework, which provides for the promotion of black economic empowerment.

The Basic Conditions of Employment Act, 75 of 1997 (as amended) –

To give effect to the right to fair labour practices referred to in section 23(1) of the Constitution by establishing and making provision for the regulation of basic conditions of employment

Preferential Procurement Policy Framework Act No.5 of 2000 –

Provides a framework for the implementation or development of preferential procurement policies, in order to protect or advance previously disadvantaged persons.

Promotion of Access to Information Act No.2 of 2000 –

Gives effect to the Constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights.

Promotion of Administrative Justice Act No.3 of 2000 –

Gives effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in Section 33 of the Constitution of the Republic of South Africa, 1996; and to provide for matters incidental thereto.

4.3. Policy Mandates:

The Regulator's mandate is to be exercised in accordance with Government policy as set out in the National Commercial Ports Policy and the Medium-Term Strategic Framework.

The basic principles of the National Ports Policy are as follows:

1. National needs, aspirations and requirements shall be of primary consideration;
2. Consideration of user and other stakeholder needs and views need to be embedded in all processes;
3. Port system development, management and enhancement will primarily remain a national function;
4. Regulation should be kept to a minimum, without compromising national aspirations, safety, health, security, efficiency and environmental sustainability;
5. Participants in the market should be treated equally and fairly;
6. The principle of user pays or cost recovery, benchmarked against international best practice to ensure that the costs are globally competitive will be applied as far as possible, including an appropriate return for infrastructure providers; and
7. Strategic port planning will include the integration of social and biophysical aspects at the earliest stages to ensure sustainable port development.

The Medium-Term Strategic Framework is government's strategic plan with an outcomes-based approach to guide government departments and their entities, and to which the Regulator is required to align itself. While not all strategic priorities are applicable to the Regulator, there are those that emphasize the need for a growth trajectory that will address the economy's structural constraints, expand the industrial base and create decent work opportunities on a large scale. There is enormous responsibility on government and its entities to contribute to the economic growth of our country. These priority areas for the Regulator include:

1. Speeding up growth and transforming the economy to create sustainable livelihoods;
2. Massive programmes to build economic and social infrastructure;
3. Strengthen the skills and human resource base;
4. Pursuing African advancement and enhanced international co-operation; and
5. Sustainable Resource Management and Use.

Regulatory Principles for the Regulator –

In exercising its mandate, the Regulator will apply the principle of cost-effectiveness through the responsible, effective and efficient exercise of its powers as defined in the Act. The Regulator has developed a set of Regulatory principles that establish its approach and sets the minimum standards that port stakeholders can expect in Regulator processes or decisions. The principles are prioritised as follows:

Consideration of user and other stakeholder needs and views:

The Regulator, in exercising its powers under the Act, will invite port users and other stakeholders to comment and will consider those comments in order to effectively and efficiently make decisions that are consulted and in the public interest.

Participants in the market should be treated equally and fairly:

One of the key functions of the Regulator is to ensure equity of access to ports and to services and facilities provided within port boundaries. The government's Black Economic Empowerment policies will be prioritized to ensure that small and medium-sized enterprises owned by historically disadvantaged groups have an equitable opportunity to participate in the operation of facilities in the ports environment and artificial barriers to the entry of new participants in the economy of the ports will be removed.

Regulation should be kept to a minimum, without compromising national aspirations, safety, health, security, efficiency and environmental sustainability:

The Regulator's mandate makes provision for the economic regulation of all service providers operating within the ports, including monitoring the granting of licenses and concession agreements with a view to ensuring transparency with regard to, inter alia, the control of pricing levels, minimum levels of service to be offered and the avoidance of anti-competitive practices. The Regulator is therefore required to intervene in a manner that is pragmatic, appropriate and not more onerous than is required to deliver on its mandate.

The principle of user pays or cost recovery, benchmarked against international best practice to ensure that the costs are globally competitive will be applied as far as possible, including an appropriate return:

The Regulator is undertaking research to ensure that South African ports are on par with other world class ports. Further research, using the limited resources of the Regulator, will be undertaken to identify and benchmark international best practice, which, when applied to South African ports, will make them globally competitive. The complexities of benchmarking aside, the global competitiveness is partially defined by the competitiveness of South African supply chains, of which the costs and efficiency of ports are key determinants.

The regulation of service quality is a means by which regulated competition in the provision of port services may be promoted:

Ensuring the implementation and monitoring of performance standards of port service providers at each stage in the ports value chain, to ensure efficiency and enhanced productivity.

5 priorities of the Department of Transport

The Minister has set 5 guiding strategic thrusts which will be the focus of the current administration, these are infused by the Khawuleza ethos. The Regulator will assist in building a maritime nation and elevating the oceans economy. This will be done through building blocks of the Minister's maritime programme constituting 5 pillars: **Pillar 1:** Enhancing South Africa's Ship Registration Regime; **Pillar 2:** Mainstreaming maritime through empowering historically disadvantaged persons to access opportunities, support development of young people to take up opportunities in maritime fraternity 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 region-wide coastal shipping market. This is to include all offshore shipping activities in the Oil and Gas sector; **Pillar 4:** Create programmes to elevate fluvial transport and open up new economic opportunities by maximizing the use of inland waterways; **Pillar 5:** Unlocking maritime for economic stimulation and recreation

5. Situational Analysis

South African Port Regulation Activities:

By far the bulk of all goods entering or leaving South Africa, come through the South African commercial ports system, comprising the ports of: Richards Bay, Durban, East London, Ngqura, Port Elizabeth, Mossel-Bay, Cape Town, Saldanha Bay and Port Nolloth. As an integral link in the global supply chain linking South Africa with the rest of the world, a sustainable, efficient and productive port system is necessary to enable the economic growth and development required in the South African context.

As such, recovering the cost of providing the infrastructure required to ensure a sustainable, efficient port system and the ability to install capacity ahead of demand remains a challenge and is central to a number of processes the Regulator is currently and will be engaged in over the medium term. One of the major challenges faced by the Regulator is that the overall structure of the South African port pricing is relatively higher in a number of categories as compared to the rest of the world as shown in the Global Port Pricing Comparator study which has been undertaken over the past 7 years. Despite large decreases in container cargo dues as well as import auto motives as announced in the Regulator's Records of Decision over the years, these charges remain much higher than world averages. The results of the Regulator's research show that significant pricing imbalances between cargo owners towards primary exporters and vessel owners persist. Although this has improved on an annual basis, cargo owners still face a premium to the global average while vessel owners face costs below the global average. In particular, the total NPA costs to users in container ports comes at a premium above the global average (similar results for the automotive sector applies) whilst bulk commodities are charged much lower total port costs than the global averages. The Regulator's tariff strategy which was developed and finalised through consultations with port stakeholders in 2015, present a ten-year plan to address pricing imbalances in the South African context focused on attaining port prices which are based on the cost and/or benefit derived from the use of port infrastructure and related services, rather than the global average. This is because the global average reflects the average of a sample of ports considered and it only assist in showing what shipping lines pay in various ports. It is not the ultimate guide on how South African or any other port price should be determined.

Within this context and working within the framework of a Revenue Requirement model to set tariffs, the development of and implementation of the tariff strategy to correct these pricing signals remain paramount.

In the past five years, the Authority has not performed well on the Capex expansion programme intended to provide capacity ahead of demand. It is concerning that at a critical time where the South African economic growth has stalled and a counter-cyclical investment program would not only provide capacity ahead of demand but also a source of much needed stimulus into the economy, the Regulator has had to claw back reflecting under-expenditure by the Authority. This inability to spend, not only stymies its own intentions but also those of the gross capital formation ambitions of the country, a key driver for sustainable economic growth. From the Regulator's own analysis and engagements with stakeholders, it is clear that the NPA has not engendered confidence as the country's port infrastructure owner and developer and our efforts must continue to be focused on monitoring the capex program and its delivery pipeline, especially its program and project planning capability; its SCM, contracting and project delivery capacity; and institutional arrangements that empowers and allows it to play its role as per the National Ports Act of 2005. The NPA's continued corporate structure, i.e. an Organisational Division of Transnet as opposed to what is outlined in section 3(2) of the Act, translate in the sub-ordination of port infrastructure planning, preparation and implementation processes which leads to delays and ineffective project delivery systems as well as diminishing its capability as a regulator of terminal operators.

In fulfilling our mandate to ensure equity of access to ports, facilities and services provided in the ports the Regulator conducted the baseline study into Broad Based Black Economic Empowerment (BBBEE) in the port system. The study looked beyond the traditional compliance with BBBEE level as per the 2007 regulation where the Authority was required by now to be contracting with 85% of companies that are at

level 4. However, looking at transformation from an ownership and management perspective, we found that there is very limited change that has happened in the port infrastructure development space. Within terminal operations where in 2015/16 there were 36 terminal operators, only 10 had 50% Black ownership. Black ownership in terminal operations averaged 19%. Only 2 terminal operators had 30% women ownership.

Challenges: Emerging Microenterprises (EME's) who use affidavits as BEE certificates tended to report higher Black Ownership numbers. This category on its own, reported 71.69% black ownership.

The 2015/16 base year picture relating to the leasing of commercial spaces showed that only 14 of the 37 companies with commercial leases (total of 41) were with companies that had 50% black ownership and only 5 surpassed 30% women ownership. In the same year the National Ports Authority had 215 licenses, held by 150 companies for five port activities, i.e. bunkering (24), diving (12), stevedoring (39), waste disposal (35) and vessel agents (105). Although vessel agents accounts for the bulk of licensed activity, they had the lowest black ownership percentages (averaging below 30%). This talks to the structure of the shipping industry where activity follows cargo, vessel agents must be or have partnership with cargo owners for them to succeed. The base year 2015/16 also showed that significant change had been taking place since democracy with black ownership in stevedoring (47%), bunkering (41%), and waste disposal (40%), although progress was not consistently upward in later years. On average diving companies showed low levels of black ownership.

Over the 2015/16 – 2017/18 period the changes that have taken place shows annual improvements in black ownership in terminal operations, waste disposal, diving, bunkering, and vessel agents, whilst on average there is still much room for improvement with respect to a 50% yardstick.

Port	% Black Ownership Terminal Operators			% Black Ownership Stevedoring			% Black Ownership Waste Disposal			% Black Ownership Diving			% Black Ownership Bunkering			% Black Ownership Vessel agent Registrations		
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
DBN	31	40	33	70	70	67	48	59	59	0	32	35	55	62	66	25	28	30
CT	37	37	33	60	63	60	32	32	28	11	24	31	41	49	50	21	24	30
MSB	0	0	0	0	0	0	24	24	24	0	35	41	39	51	63	32	35	32
SLD	0	0	0	51	44	55	42	36	41	0	18	21	63	51	42	15	21	24
EL	26	35	34	50	44	37	33	51	51	0	26	15	0	0	0	22	19	21
RBY	31	30	22	67	56	52	47	55	57	10	11	11	39	41	45	26	23	29
NG	0	48	0	33	33	48	44	44	47	27	27	27	30	39	39	13	13	17
PE	26	28	32	42	47	50	47	49	47	0	27	26	59	59	63	22	24	30
AVG	20	27	31	47	45	46	40	44	44	06	25	26	41	43	46	22	23	27

Port activity licenses represent an area where transformation can be driven much faster. The activity licenses are on average granted for a five-year period, except for vessel agent and waste disposal licenses which are valid for three years. The application fees for the all licenses, except vessel agent at R650, amounts to about R30 000. The reasons for the levying of the application fees must be looked at to see if they do not act as barrier to entry.

Actions:

The powers of the ports regulator to ensure equity of access in SA ports – beyond compliance with the regulations. Change BBEE/transformation regulation with the DOT, advise on the Private Sector Participation framework in the ports with recommendations from the current reported trends.

National Ports Authority to develop and submit a transformation policy and strategy for:

- Terminal Operators
- Commercial leases
- Activities:
 - Diving
 - Stevedoring
 - Vessel agents
 - Bunkering
 - Waste Disposal,

Enterprise development in the context of each of these is important i.e. is it sufficient for enterprise development for a terminal operator to be focused on catering contracts or should there be a requirement for the involvement of emerging and/or black or women owned companies

In furthering the mandate to address information asymmetry which has been the focus of some of the capacity and efficiency research previously conducted, in the next few years, the Regulator's Industry Development department will conduct and publish periodic research on topical issues in ports and/or transport logistics and broader issues that impact on South African ports e.g. trade enabling tariff relative to a cost-reflective tariff strategy- tariffs responsive to global trade competition as used by others from time to time, pricing of African terminals, etc.

The Ports Regulator must not only undertake economic regulation of the ports system in the country, it must also ensure equity of access to ports, facilities and services provided in the ports. In house capacity to monitor compliance of the Authority with the Act. In the progressive realization of its full mandate, the Regulator aims to assess the port industry structure and develop required strategies and measures to ensure equity of access and enhance efficiency within the system.

In its Regulatory principles, the Regulator must promote regulated competition in the port system through service quality regulation i.e. setting and monitoring performance standards without prescribing the choice of method for setting such standards. The regulatory principles provide for the standards to be set through a process that includes public consultations. The Regulator will be focusing on the recently introduced Operator's Performance Standards (Terminal, Marine, Road and Rail) towards the measurement and improvement of South African commercial port's performance, productivity and efficiency. In addition to its own port performance and benchmarking research, this process will define the efficiency measures that will be a component of the Required Revenue Methodology. Performance measurement system work effectively when there is buy in from relevant parties with vested and divergent interests requiring effective stakeholder engagement and consultation.

The Regulator has over the past ten years received and dealt with various complaints and appeals on which recourse was sought against the Authority. The merits on the spectrum of matters have strengthened over time from simple misunderstandings to real contentions on pricing and fairness issues in the ports sector. The nature and the spread of complaints and appeals also continues to evidence the fact that the Regulator has managed to raise awareness across the country with regard to its functions as well as its credible services offered. The Regulator continues to receive complaints from the indigent and

continues to help them through the process which appears complex to them. The decisions of the Tribunal on these issues have crafted the way forward on how the organisation is to regulate industry and continues to build its body of jurisprudence in this regard.

As part of its mandate, the Regulator is required to monitor the activities of the Authority to ensure that it performs its functions in accordance with the Act and in so doing ensure the regulation and adequate and affordable provision of port services and facilities. Given its gradual upscale of its mandate, the Regulator now has the capacity to ensure the compliance of the Authority with the precepts of the Act, as well as primary legislation such as the Constitution and the Public Finance Management Act, 1 of 1999. The Regulator has developed a Compliance Framework and in accordance therewith in the past year has conducted a compliance review all ports and will continue to assess all commercial ports over this strategic planning period. The entity has in addition managed to strengthen its governance structures with the intention to fully comply with its key legislative framework, policies, procedures and regulations. This process of strengthening governance has also led to Members of the Regulator functioning as a strategic oversight body providing credibility and accountability to the Executive Authority for the resources entrusted to it which is used to discharge its mandate. Staying within the realm of the legal division of the organization is to interact with the Department of Transport (DoT) on its proposed amendments to the Act, given that while the legislation has been extremely robust in its application many additional provisions have been identified to be inserted to the legislation to assist the Regulator achieve the full spectrum of its mandate, one such area is to allow the Regulator to legally enforce decisions made by it through its complaints and appeals process, much like that of the Competition Commission.

The original design context of both the Regulator structure and strategy and its operational planning was based on a full implementation of the Act in a shorter period than is the case. With the upscaling of its mandate over time the Regulator has consistently faced the challenge of a lack of financial resources as well as capacity implications, which has impacted such upscaling. However, the Regulator has always and will continue operating as a lean organization using the resources entrusted to us with credibility and accountability. Despite these challenges, the Regulator's impact both on the economy and within the industry has been felt in its short time in existence.

In the absence of actual corporatisation of the NPA, the Regulator operates as if there is an "artificial" separation of the Authority to better approximate the institutional architecture envisaged in the Act, in. The Authority has, in the most recent tariff application and compliance audit, been audited as a stand-alone entity to ensure regulatory certainty in a very uncertain climate.

A further institutional shift has been clearly articulated by the DoT in its perspectives around the Single Transport Economic Regulator (STER). This consolidation of regulators presents a challenge to the Regulator in the short and medium term in so far as its planning has to take into account the possible removal of a stand-alone ports economic regulator.

The policy shifts in specific areas of economic regulation, further complicate the context in which the Regulator operates. As these policy shifts evolve, it would be appropriate for the Regulator to chart a path that does not create structural impediments to the implementation of the revised policy perspective. Our engagements with the Minister have clarified that the Regulator's most prudent course of action is to develop itself in order to fulfill its complete mandate and build its capacity commensurate thereto in order to align itself to government's medium term strategic framework, to improve regulation especially of infrastructure as well as ensure operational efficiency, capacity and competitiveness of our logistics and transport infrastructure- thus port infrastructure.

The Regulator is therefore forging ahead with its immediate output requirements pragmatically approaching the short, medium and long term output requirements of the organisation. This pragmatic response requires that the Regulator prioritises its most immediate interventions to ensure that it deals with the most pressing concerns in the industry and the maritime economy as a whole. These include:

- Monitoring and promoting the passing of its completed amendments to the National Ports Act;
- Enhanced compliance monitoring and monitoring of transformation in the sector
- Implementing the Tariff Strategy and new methodology and expanding its regulatory knowledge and tools
- Appointing additional staff within its core functional areas to drive output, which is funding dependent.

Regulators in general are confronted by two main challenges: first, is to make sure that there are adequate levels of efficiency and investment to ensure that customers/users get reliable service, and second- to ensure that pricing levels are managed in a way that creates certainty and mitigates against major price increases due to increased investment.

The economic and port environment within which the Regulator must regulate has slowly been recovering from the fundamental shifts in the recent past. The continuing impact of the subdued global economic activity has ensured the retention of significant caution in the Regulator activities in so far as it regulates port tariffs and intervenes in any structural issues in the industry. A further uncertainty is the dawn of the new Broad Based Black Economic Empowerment Maritime Codes and a change in the scorecards leaving industry and the Regulator at a disadvantage in terms of understanding the impact of this on industry and the economy as a whole. If the above issues are added to the fact that the port environment faces a significant and expansive capital enhancement program, through the Market Demand Strategy of the NPA and Operation Phakisa, the dilemma faced by the Regulator is between intervening effectively by balancing the cost of the capital requirements with the resultant cost implications on port users, even though capital expenditure has been slow in the past 3 years.

In the medium to long term resulting higher level of efficiency and lower costs structure is preferable aim of the Regulator as opposed to an immediate reduction in pricing that cannot be matched by an increase in efficiency to enable a resulting level of output appropriate for the economy with a multi-year Capex view being taken on tariff increases and tariff smoothing as the main principle. The Regulator will be monitoring closely the progress by the Authority in the development of a port performance monitoring system that is expected to be included in the tariff methodology in order to correct the incentive structure in the tariff setting methodology.

Over time the Regulator has seen an improvement in its engagement with stakeholders and the level and quality of submissions received from industry in its tariff setting process. This is especially so with regard to the approval of the new Multi-Year Tariff Methodology Manual, which suggests that the efforts of the Regulator to engage industry is paying off, and industry is beginning to become more aware of the benefits resulting from the Regulator. This is shown in the aggregation of the stakeholders' view from the tariff application road shows held in August/September 2014 – 2019. Respondents were asked to rate the Regulator on its effectiveness, efficiency, responsiveness and decisions amongst others, on a scale of 1 to 5, with 5 being the highest score, overall, and over the years.

(Score out of 5)	Sep-2014	Sept-2015	Sep-2016	Aug-2017	Aug -2018	Aug -2019
The efficiency of the PRSA	4.0	4.0	4.0	4.27	4.00	3.98
The effectiveness of the PRSA	4.0	4.0	3.89	4.18	3.91	3.99
The responsiveness of the PRSA	3.9	3.8	3.80	4.03	3.91	4.14
The neutrality of the PRSA	4.2	4.1	3.90	4.06	3.80	4.27
The independence of the PRSA	4.1	4.1	3.98	4.14	3.96	4.31
Decisions issues by the PRSA	3.9	3.9	3.92	4.13	3.81	4.20
Number of respondents	70	56	79	67	70	63

With respect to the complaints and appeals regime, the Regulator continues to face many informal complaints that do not translate into formal processes, but there is a growing body of jurisprudence which the Regulator has begun to imprint and will make use of in future. Industry role players are becoming increasingly aware of the quasi-judicial role played by the Regulator and have become more confident in bringing their complaints whether formal or informal to the Regulator. This is a direct indication of the enhanced credibility built by the Regulator over time in its processes and procedures. This process is a fine balancing act as the Regulator secretariat is faced with charting a path between the interventionist role in terms of trying to bring change in the industry on one hand and the requirement to be a neutral arbitrator in the resolution of disputes between the Authority and the ports industry on the other.

5.1. Performance Environment

The Regulator has managed over the past financial years to consistently upscale the discharge of its mandated functions under challenging circumstances, with human resource as well as budgetary constraints. However, it can safely be said that the Regulator is in the phase of full implementation of all of its programmes. Some in their infancy stages, but none-the-less positive strides are being made in terms thereof.

The entity has managed to strengthen its governance structures with the intention to fully comply with its key legislative framework, policies, procedures and regulations. This process of strengthening governance has also led to development and approval of policies and procedures that will govern the operating activities of the entity to achieve the output (both financial and non- financial) that will be in line with Annual Performance Plans (short-term) and strategic plans (long-term). This process is to be continued as the capacitation of the organisation allows a greater degree of separation between functions and therefore a greater level of substantive compliance with the governance requirements of an organisation of this type.

The Regulator aims to improve on industry performance and compliance monitoring and internationally benchmarking the port system and the regulatory methodologies, and furthermore the results of the Asset Valuation project and its analysis of the South African port system. Another task planned is the alignment of the strategy with the implementation of the Integrated Transport Sector Broad Based Black Economic Empowerment Charter in the Department of Transport and the new maritime sector codes. This will be implemented through internal capacity in co-operation with the DOT.

The Employment Equity targets, which are in accordance with the B-BBEE Act, that have been set by the Regulator are as follows:

Indicators		Description	Actual (projected)	Projected		
			2018/19	2020/21	2021/22	2022/23
Major Performance Indicators:						
1	BBBEE (Level 2)	Procurement from BBBEE as a percentage of total discretionary spend	75%	75%	75%	80%
2	Female Management	Female managers as percentage of total	(5) 50%	5 (50%)	5 (50%)	50%
3	Black Managers	Black Managers as percentage of management	(7) 70%	7 (70%)	7 (70%)	7 (70%)

The capacity of the Regulator is its key internally determined and developed human resource. The Regulator Members (who are part-time) and CEO are appointed through a public process and sanctioned by Cabinet. The Regulator during (2019/20) did not have Regulator members for some months and this impacted negatively on the operations of the entity. There are some functions of the entity that require Regulator member's participation, including the Tribunal which had to be temporarily suspended until Regulator members were appointed. This did not support government's Strategic Priority 2 contained in its Medium-Term Strategic Framework (MTSF) to strengthen sector regulators and ensure entities perform in accordance with regulatory frameworks to boost investment and economic growth.

As this process has major implications for the Regulator and its operations, it is critical that the Regulator actively articulate its requirements in this process, and ensure that the amended legislation makes provision for an appropriate resourcing of the organisation, through its proposed enhanced funding model to ensure that its full complement of performance outcomes is achieved with a high level of quality as well as ensuring its long-term sustainability.

The Regulator re-iterates the centrality of capacity to the fulfillment of its mandate. One of the key determinants of organisational effectiveness would be the extent to which competence and capacity has been acquired, developed internally and the extent to which that competence has been effectively applied to the functions of the Regulator. The ports sector is a highly skilled environment and the Regulator will need to ensure that these highly skilled staff receive commensurate salary and benefit levels. This ensures that any exercise which is aimed at recruiting and maintaining a central coterie of specialists is bound to be expensive and difficult. As the Regulator is not sufficiently resourced to compete with other organisations that pay above market rates, a large part of its management effort must be targeted at developing its own skill pipeline. The internship programme at the Regulator has delivered significant benefits, in the core research functions of the Regulator and for a long time was a valuable repository of technical staff. This programme is aimed to be continued in this new strategic cycle.

The organisation continues to face the challenge of expanding the depth and breadth of its functions and capacity given the increased demand for the services offered, with the increased complexity of its operations without losing the flexibility and ability to respond in the short cycle times that currently exist.

6. Development of the Regulator's Strategic Objectives

The process of developing the PRSA's Strategic Goals and Objectives, the organization factored all aspects of its Operational Environment Analysis, its Situational Analysis as well as its SWOT analysis taking cognisance of its Strengths, its challenges, opportunities and threats.

These revised goals and objectives sought to align the organization with the government's MTSF as well as its Economic Policy and the DoT's Strategic Objectives, but in strict accordance with its founding legislation the Act.

The strategic planning process also took into account the results of stakeholder feedback obtained from surveys conducted during the tariff strategy and tariff applications road shows and regulatory review.

6.1. Ports Regulator of South Africa: Strategic Key Performance and Operations Indicators

Strategic Objectives	Objective Statement	KPI	Audited Actual Performance		Reasons for Variance
			2017/18	2018/19	
1.The running of an efficient and effective administration system	All Corporate Services Policies reviewed on an annual basis.	IT, HR and Finance policies reviewed by the Accounting Officer and approved by the Regulator.	Achieved Policies reviewed and approved by the Regulator and policy Gap analysis submitted to the Regulator in Q4 meetings	Achieved Policies reviewed and approved by the Regulator, policy gap analysis report signed off by Accounting Authority.	None
	Organisational and employee performance improved.	Organisational performance monitored and reported on to the Regulator quarterly.	Achieved Quarterly reports against planned performance were submitted to DoT and the Regulator within thirty days of the end of the quarter.	Achieved Quarterly reports against planned performance were submitted to DoT and the Regulator.	None
		Employee PMS monitored and enhanced by conducting half year and final employee performance reviews to be provided to the Accounting Officer.	Achieved Half yearly and final employee's performance review conducted.	Achieved Half year and final employee performance assessment performed	None
	Align Organizational and Employee performance management system with strategy and APP.	Organizational Performance monitored and reported on to the Regulator quarterly.	Achieved Employee performance monitored and reported to the Regulator	Achieved Employee performance monitored and reported on.	None
	HR Management and ongoing skills development of Members and staff to enhance the effectiveness and efficiency of the organisation.	Regulator Members and staff matters dealt with and training attendance on Regulatory matters reported annually.	Achieved Secretariat and Regulator members received training as per the plan	Achieved Secretariat and Regulator members received training during the year.	None

Strategic Objectives	Objective Statement	KPI	Audited Actual Performance		Reasons for Variance
			2017/18	2018/19	
2. Improvement of Economic Regulation of Ports	Implement the Tariff Methodology.	Perform port tariff assessment in accordance with the Multi-year methodology and issue a Record of Decision.	Achieved ROD published 1/12/17 Tariff Book published 23/3/2018	Achieved ROD approved and Tariff Book published	None
	Evaluation and impact assessment report of the approved Tariff Strategy.	One Evaluation and impact assessment report.	Achieved Implemented PTIP program. Received first application. Reports tabled	Achieved Final Evaluation and impact assessment report submitted to the Regulator.	None
	Development of interested students and/ or other participants in Economic Regulation.	Report on training provided on Economic Regulation.	Achieved Training provided to Staff and Members on Valuation section of training manual as identified gap in training provided	Achieved Multiple Short Course Training sessions provided externally on economic regulation and reported to Regulator	None
	Develop a range of economic regulatory outcomes for medium and long term and strategy for achieving the regulatory outcomes.	Develop outcomes and strategy for achieving outcomes	Achieved Report approved by regulator	Achieved Regulatory outcomes and strategy developed and approved.	None
	Impact monitoring of the economic regulatory interventions on the identified compliance issues as published in the RoD.	Monitor the impact of the Economic Regulatory Interventions on compliance published in the RoD and report to RegCom.		Achieved Report with recommendations submitted to RegCom on the impact of the Economic Regulatory Interventions on compliance published in the RoD.	None

Strategic Objectives	Objective Statement	KPI	Audited Actual Performance		Reasons for Variance
			2017/18	2018/19	
	Model port demand over the medium term.	Port demand model tested and finalised.	Achieved Report as part of tariff Assessment	Achieved Medium term port demand model including Report on retro-testing and forward predictability of demand model approved by Regulator and included in tariff assessment.	None
	Capital Prudency Assessment implemented	Phase 1 Capital Prudency Model used for CAPEX forecast assessment for 2018/19 to 2023/24.	Achieved Part of Tariff assessment	Achieved Capital prudency assessment criteria applied and included in tariff assessment and determination.	None
	Annual Global Tariff Comparator Study.	Global Port Pricing Comparator study.	Achieved Report approved for publication by Regulator	Achieved Compare SA Port Prices with global ports and produced Comparator study.	None
	Implement the approved Valuation Methodology for the valuation of the Regulatory Asset Base of the National Ports Authority and include in Tariff Assessment.	Implement the approved Valuation Methodology.	Achieved Report approved by regulator	Achieved Report on the Implementation of the Valuation Methodology for the valuation of the Starting Regulatory Asset Base (SRAB) of the NPA included in the 2019/20 Tariff Assessment.	None

Strategic Objectives	Objective Statement	KPI	Audited Actual Performance		Reasons for Variance
			2017/18	2018/19	
3. Industry development and infrastructure planning, integration and efficiency	Implementation of stakeholder engagement plan.	Quarterly reports on stakeholder engagement.	Achieved	Achieved 4 Quarterly Stakeholder - Engagement reports 1 stakeholder feedback report	None
	Develop Planned infrastructure adequacy assessment	Finalised Assessment Report on adequacy of planned infrastructure	Achieved Report compiled	Achieved Report finalised	None
	Research Report on Port Performance: Monitor and report on port performance in line with Weighted Efficiency Gains from Operations (WEGO).	A Report covering the ongoing monitoring of port performance across WEGO KPIs.	Achieved Report on Port Developments in African countries	Achieved WEGO performance up to end of 2018/19 Quarter 3 conducted and report submitted Notice on WEGO based on submissions from PCCs and NPA and performance up to Q3 published	None
	Monitor and report on equity of access in port infrastructure and services as per baseline report and strategy.	Report: monitoring equity of access in port facilities and services and development of strategy.	Achieved Baseline study on equity of access completed	Achieved Strategy developed	None
	Develop infrastructure efficiency targets for existing infrastructure.	Efficiency targets developed.	Achieved Report as input to WEGO	Achieved TOPS analysis report with recommendations on target setting signed by CEO	None
	Assessment of Authority's CAPEX programme.	CAPEX Assessment report.	Achieved Quarterly Capex register Reports	Achieved. 4 Quarterly CAPEX register assessment reports	None

Strategic Objectives	Objective Statement	KPI	Audited Actual Performance		Reasons for Variance
			2017/18	2018/19	
4. Monitor the port industry and its compliance with the National Ports Act, Port Policy and other Regulatory Instruments.	Ongoing monitoring of compliance of ports sector participants.	Compliance monitoring for NPA conducted and reported.	Achieved. Quarterly reports submitted to Regulator. Annual report to be submitted to Executive Authority	Achieved Legal has over the past year engaged regularly with the NPA at various meetings and has issued quarterly compliance finding reports for approval by the Regulator	None
	B-BBEE status review of all S56 and S57 port facilities and service providers for all the ports.	B-BBEE status review of ports in terms of transformation to be completed in accordance with the Regulations to the National Ports Act and submit report to the Regulator.	Achieved. Assessment completed and report to Regulator and NPA	Achieved NPA compliance with B-BBEE Codes assessed and report issued to the Regulator and the NPA	None
	Finalise, implement and monitor compliance with a framework of rights to equity of access to port services and facilities and instruments of enforcement for such rights.	Framework for rights to equity of access finalized, implemented and compliance thereto monitored.	Achieved. Compliance assessment framework developed for measuring equity of access	Achieved Reporting on framework to rights of equity of access finalised and submitted	None
	Legal instruments required to enforce efficiency standards and lock standards into tariff methodology, finalised and implemented.	Legal instruments to enforce efficiency finalised and implemented in 2019/20 tariff methodology	Achieved Framework for Legal instruments developed	Achieved Under ROD standards and enforcement of existing legal instruments provided in ROD	None

Strategic Objectives	Objective Statement	KPI	Audited Actual Performance		Reasons for Variance
			2017/18	2018/19	
5. Operating an effective and efficient tribunal to hear complaints and appeals under the National Ports Act.	Tribunal to be effectively and efficiently operated to deal with complaints and/or appeals.	Performance assessment of case management, adjudication of matters and decision making.	Achieved Tribunal effectively and efficiently operated and managed	Achieved Quarterly reports submitted to the Regulator, in terms of number of matters heard/RODs issued, new matters received or matters settled.	None
6. Ensuring good governance and sustainability of the organisation.	i) Governance and compliance framework in place for the organisation.	Governance and compliance checklist reported on quarterly to the Regulator.	Good governance practices established and implemented throughout the organisation	Achieved Good governance practices established and implemented throughout the organisation	None
	MOUs to be concluded by PRSA with regulators and agencies on transversal issues.	MOUs with identified regulators and agencies in place.	Regulators identified include the NTF, and NERSA MOU signed with NTF, Draft MOU sent to NERSA, awaiting feedback and response	Achieved Regulators identified included the B-BBEE Commission MOU concluded with B-BBEE Commission	None

6.2. Updated Key Risks		
Outcome	Key Risk	Risk Mitigation
Regulator outputs accepted by the stakeholders with high confidence level	Loss of Regulator credibility	<ul style="list-style-type: none"> - Extensive consultation process or workshops with government and focus groups. Also roadshows held. - Transparency of decisions and decision-making process - Public Communication and information accessibility and availability. Annual tariff assessment through public consultation of roadshows held in 4 provinces of South Africa. Publications on PRSA website, email accessibility. - Outcomes / impact of Regulator decisions carefully modelled on transparent frameworks.
Governance processes, tribunal and tariff determination processes implemented successfully	Gap in Regulatory Member tenure	<ul style="list-style-type: none"> - Minister to delegate the CEO the functions of the Board in absence of the Board until the new board is appointed. - - Appointment process by the Minister to be followed up.
Increased staff complement and high-performance culture to realise entity mandate	Non-achievement of the full mandate due to the small size of the entity (as per the organogram) and insufficient Human Resources.	<ul style="list-style-type: none"> - Internal staff development program - Cross-skilling - Performance management and incentive program - Application for retention of reserves in terms of section 53(3) of the PFMA - Use of reserves for training and development of staff - - Revised the organogram and has been submitted to the DOT for approval.
Passing of Amendments to the National Ports Act by Parliament in 2020 to augment funding constraints for the Regulator	Insufficient Funding resulting in non-achievement of objectives.	<ul style="list-style-type: none"> - Cost-cutting measures - Request for retention of surplus - Apply for the use of reserves - Non filing of vacant posts until funding is increased. - The gazetting of the National Port Act amendments relating to the funding model.

6.3. Strategic Objectives and Targets outlined for the Medium Term:

	Outcomes	Key Performance Indicators	Medium Term Performance Targets				
			2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
1. The running of an efficient and effective administration system	Align Organizational and Employee performance management system with strategy and APP	Organizational Performance monitored and reported on to the Regulator quarterly.	Monitoring employee performance in order to achieve alignment with strategic objectives.	Monitoring employee performance in order to achieve alignment with strategic objectives.	Monitoring employee performance in order to achieve alignment with strategic objectives.	Monitoring employee performance in order to achieve alignment with strategic objectives.	Monitoring employee performance in order to achieve alignment with strategic objectives.
	Perform salary benchmarking exercise to update salaries against the market	Benchmarking report submitted				Perform salary benchmarking exercise	
	Ongoing skills development of Members and staff to enhance the effectiveness and efficiency of the organisation.	Regulator Members and staff training attendance on Regulatory matters reported annually.	Appropriate training sourced (internal/ external) for members and staff to attend and annually report to the Regulator on all regulatory training that has taken place in line with the organisational HR plan	Appropriate training sourced (internal/ external) for members and staff to attend and annually report to the Regulator on all regulatory training that has taken place in line with the organizational HR plan	Appropriate training sourced (internal/ external) for members and staff to attend and annually report to the Regulator on all regulatory training that has taken place in line with the organizational HR plan	Appropriate training sourced (internal/ external) for members and staff to attend and annually report to the Regulator on all regulatory training that has taken place in line with the organizational HR plan	Appropriate training sourced (internal/ external) for members and staff to attend and annually report to the Regulator on all regulatory training that has taken place in line with organizational HR plan.

2. Ongoing Improvement of Economic regulation of ports (Price, access, institutional)	Conduct research on the economic contribution of the South African ports system in its logistics chain	Logistics research report completed annually	Research report on the economic contribution of the South African port system on at least one sector or industry	Research report on the economic contribution of the South African port system on at least one sector or industry	Research report on the economic contribution of the South African port system on at least one sector or industry	Research report on the economic contribution of the South African port system on at least one sector or industry	Research report on the economic contribution of the South African port system on at least one sector or industry
	Conduct a regulatory impact assessment on port regulation in the South African port system	Regulatory impact assessment published	Regulatory impact assessment on port tariff regulation in the South African port infrastructure environment	Regulatory impact assessment on non-port tariff regulation in the South African port terminal environment			Update regulatory impact assessment on port tariff regulation in the South African port infrastructure
	Continuous price and efficiency assessments against global practice	Number of research studies conducted	Research studies conducted on pricing and efficiency/performance	Research studies conducted on pricing and efficiency/performance	Research studies conducted on pricing and efficiency/performance	Research studies conducted on pricing and efficiency/performance	Research studies conducted on pricing and efficiency/performance
	Conduct a market concentration analysis on the South African Ports system	Market concentration report	Preliminary trend analysis on port system market concentration	Report on market concentration and abuse of dominance			Review and update market concentration report
	Perform lease management consultation and analysis	Report on lease management	Report on pre-defined port industry in the South African Ports System	Report on pre-defined port industry in the South African Ports System	Report on pre-defined port industry in the South African Ports System	Report on pre-defined port industry in the South African Ports System	Report on pre-defined port industry in the South African Ports System
	Conduct research on pre-defined port industries	Research Report	Report on coastwise cargo flows and vessel movements	Report on shipbuilding and repair industry in the South African ports system	Report on bunkering services in the South African ports system	Report on transshipment in the South African ports system	Report on recreational facilities and usage of the SA commercial ports system

3. Port performance monitoring and benchmarking	Completed report on port performance	Report covering the ongoing monitoring of port performance	One review report covering the ongoing monitoring of port performance	One review report covering the ongoing monitoring of port performance	One review report covering the ongoing monitoring of port performance	One review report covering the ongoing monitoring of port performance	One review report covering the ongoing monitoring of port performance
	Implement stakeholder engagement plan to address industry development objectives	Draft and Implement Stakeholder engagement framework	Implement annual stakeholder engagement plan Program for structured engagements with - shipping lines, cargo owning, freight forwarding, companies - Government department on the role of port pricing in industrialisation program, Oceans Economy Initiatives, African Free Trade Agreement, PTIP etc. Report on engagements with Department of Transport on coastal shipping and developments on regional maritime transport matters in support of Oceans Economy and other Ministerial maritime priorities	Review and Implement annual stakeholder engagement plan	Review and Implement annual stakeholder engagement plan	Review and Implement annual stakeholder engagement plan	Review and Implement annual stakeholder engagement plan

		Port Economic Regulation Knowledge Management	Design a Ports Regulator Knowledge Management Program – capturing and institutionalizing tacit economic regulation knowledge and facilitate internal capacity building - Manage Regulator outputs to external stakeholders – publications, website, etc.	Implement knowledge management program	Implement knowledge management program	Implement knowledge management program	Implement knowledge management program
	Monitor equity of access in SA port system implementation of strategy by the NPA	Progress reporting on equity of access and implementation of transformation in SA port system through NPA	Monitor, advise DOT/NPA and report on transformation in port infrastructure delivery through the NPA	Monitor and report on transformation in port infrastructure delivery through the NPA	Monitor and report on transformation in port infrastructure delivery through the NPA	Monitor and report on transformation in port infrastructure delivery through the NPA	Monitor and report on transformation in port infrastructure delivery through the NPA
	Assess planned infrastructure adequacy assessment based on existing efficiency levels	Establish baseline port capacity and performance norms with NPA	Develop productivity/efficiency targets for selected terminals based on non-simulated assessments.	Consult and engage with NPA and/or terminals and/or port users on results and effects on operator performance standards (e.g. TOPS)	-	-	Monitoring of efficiencies in port based on modelled results and adjustment of model as and when necessary
	Monitor port performance		Annual report on port performance (including TOPS, MOPS, ROPS, HOPS and WEGO.	Annual report on port performance (including TOPS, MOPS, ROPS, HOPS and WEGO.	Annual report on port performance (including TOPS, MOPS, ROPS, HOPS and WEGO.	Annual report on port performance (including TOPS, MOPS, ROPS, HOPS and WEGO.	Annual report on port performance (including TOPS, MOPS, ROPS, HOPS and WEGO.
			Report on CAPEX implementation	Report on CAPEX implementation	Report on CAPEX implementation	Report on CAPEX implementation	Report on CAPEX implementation
4. Monitoring the port	Improved levels of compliance	Number of Regulatory	5 Compliance Monitoring Reports	5 Compliance Monitoring Reports	5 Compliance Monitoring Reports	5 Compliance Monitoring Reports	5 Compliance Monitoring Reports

industry and its compliance with the National Ports Act, Port Policy and other Regulatory Instruments.	with the Act by the NPA	Compliance monitoring conducted based on NPA's CRMP					
	Improved levels equity of access in the ports system by HDIs in accordance with the relevant Regulatory instruments	Number of B-BBEE compliance reviews/monitoring conducted)	1 B-BBEE Compliance Report	1 B-BBEE Compliance Report	1 B-BBEE Compliance Report	1 B-BBEE Compliance Report	1 B-BBEE Compliance Report
To maximize effectiveness of legal services	Aligned and improved legal instruments	Number of engagements with relevant institutions on legislative development	4 Legislative Amendment Reports	4 Legislative Amendment Reports	4 Legislative Amendment Reports	4 Legislative Amendment Reports	4 Legislative Amendment Reports
		Technical support in the draft amendments of the National Ports Regulations, 2007 (B-BBEE) and National Ports Directives ,2009 (Tribunal)	1 Draft Amended National Ports Regulations 1 Draft Amended National Ports Directives	1 Approved Amended National Ports Regulations 1 Approved Amended National Ports Directives			
5. Operating an effective and efficient	Optimised operational	Report on performance assessment of case	Tribunal supported by the secretariat to operate an efficient	Tribunal supported by the secretariat to operate an efficient	Tribunal supported by the secretariat to operate an efficient	Tribunal supported by the secretariat to operate an efficient	Tribunal supported by the secretariat to operate an efficient

tribunal to hear complaints and appeals under the National Ports Act.	efficiency of the Hearing Panel	management, adjudication of matters and decision making.	hearing panel on complaints and appeals and report quarterly on case management, adjudication and decision making of the Tribunal.	hearing panel on complaints and appeals and report quarterly on case management, adjudication and decision making of the Tribunal.	hearing panel on complaints and appeals and report quarterly on case management, adjudication and decision making of the Tribunal.	hearing panel on complaints and appeals and report quarterly on case management, adjudication and decision making of the Tribunal.	hearing panel on complaints and appeals and report quarterly on case management, adjudication and decision making of the Tribunal.
6. Ensuring good governance and sustainability of the organisation.	Governance and compliance framework in place, reported on and updated annually.	Governance and compliance reported on a quarterly basis to the Regulator as per framework.	Compile quarterly governance and compliance reports to the Regulator.	Compile quarterly governance and compliance reports to the Regulator.	Compile quarterly governance and compliance reports to the Regulator.	Compile quarterly governance and compliance reports to the Regulator.	Compile quarterly governance and compliance reports to the Regulator.

7. Organisational Environment

The Regulator is an independent ports regulatory body vested with legal personality¹, which is governed and constrained by the perimeters of the Act together with its Regulations and Directives. Section 30 of the Act specifically sets out the parameters of the functions of the Regulator, which is namely to:

- ✚ Exercise economic regulation of the ports system;
- ✚ Promote equity of access to ports and to facilities and services provided in ports;
- ✚ Monitor the activities of the Authority to ensure that it performs its functions in accordance with the National Ports Act;
- ✚ Consider and approve the proposed tariffs of the Authority²; and
- ✚ Must regulate the provision of adequate, affordable and efficient ports services and facilities

Over the past several years, the operating principles that are utilised by the Regulator are to extract the maximum regulatory impact from the lowest overhead cost. This *modus operandi* sees a core of critical personnel engaging with and managing a lean organisation that in-sources specialist expertise on an operational required basis in order to keep costs as low as possible. This approach while is keeping with the precepts of the PFMA, and has worked for the Regulator to date, greater financial resources will be necessary in expanding its mandate areas faster in order to remain relevant in an evolving economic climate.

Its organizational focus for the period in terms of this strategic plan is to continue and enhance its Regulatory role, to enhance its human resource capacity and management capability, as well as to enhance its stakeholder engagements and management thereof through its various process such as the approval of the multi-year tariff methodology, the development and approval of a revised port tariff strategy as well as through its complaints and/appeals processes. In the ensuing period, a more structured stakeholder management and engagement process will be pursued to further heighten awareness of and access to the Regulator amongst port users and stakeholders.

Regulation:

The Regulator continues to be the only functional economic regulator within the port sector currently and will continue to use this uniqueness as a definite point of advantage. While there is much research about the role of economic regulators it is agreed that while they should have a fair amount of discretion in executing their mandates, their role is restricted to ensuring the implementation of public policy rather than making it. Regulation is therefore based on the rule of law. In promoting the rule of law as well as regulating the operations of the Authority within the sector the Regulator has a very important role to play in improving the ease of doing business in the maritime sector in order to facilitate trade to our shores and boost the economy of the country as a whole. This the Regulator has successfully done over the past years through the tariff approval process, and allowing a saving to port users and the economy of approximately R9 billion.

It has further created regulatory certainty and transparency with the approval of successive multi-year tariff methodologies which assist both the Authority and port users to anticipate and plan for tariff increases over the years.

In terms of its regulatory function the Regulator is required to monitor, oversee and review the provision by the Authority of adequate, affordable and efficient port services and facilities, which includes it

¹ Section 29 of the National Ports Act, 12 of 2005

² Contemplated in section 72 of the Act, 12 of 2005

provides the correct and most effective infrastructure at the right times, as well as ensuring that it provides these facilities and services in accordance with a strict legislative framework. The compliance monitoring function is fairly new and the Regulator aims to enhance this area of its work over the period of this strategic plan.

In order to regulate effectively the PR requires the power to enforce decisions made by it and this has necessitated it identifying certain areas of legislative review in terms of its founding legislation, and it is hoped that with the approval of the amended National Ports Act by the Executive Authority and Parliament, it will further enhance the impact that the Regulator has had in the industry to date.

Human Resource Capacity and Management:

The Regulator requires a unique set of core skills in order to fulfill its mandate effectively. Given that the skills required were scarce the organization embarked on an aggressive training drive to grow its critical technical expertise base and to augment the core staff through training opportunities for interns, which among others has paid dividends to the organisation as those interns and staff who have benefited from such training and skills development programmes have been absorbed as permanent members of our critical staff base. This has allowed the secretariat to operate on higher level of unique expertise than was previously the case.

The process of the establishment of the Single Transport Economic Regulator ('STER') continues to impact on the planning and consolidation of the Regulator's operational capabilities over the medium term. As such, the Regulator has to acknowledge that the development of capacity in individual areas and in particular, the appointment of staff has to be performed in a context which may result in such positions or persons, being moved within the medium term to another province (Gauteng), which may cause instability in capacity given that the Ports Regulator is set to form the nucleus of the STER may become redundant in future. The Regulator will build capacity and its range of services while taking cognisance of the need to adapt in the future to a common economic regulatory platform, whatever institutional form it may take.

Stakeholder Engagement and Management:

The Regulator has continued to be guided by its commitment to ensuring transparency in the South African port system's port pricing and the tariff setting processes. The approach with respect to the ports industry stakeholders is to engage as widely as possible, as well as on a more frequent basis with industry associations that concentrate and co-ordinate the views of member companies into accepted positions for that subset of the port system. This is purposefully done to increase the level of reach that the Regulator has in terms of its decision making and the impact of those decisions within the industry it is meant to regulate and to leverage the maximum value for the industry components from the actions of the PR, while retaining its relevance. The port fora that have been established by the DOT in the Ports Consultative Committee processes has remained the focus of engagement, with specific matters being engaged in a public manner that aggregates all stakeholders across the specific issues requiring discussion and engagement.

To further enhance and retain the relevance of both the organisation and its interventions, the Regulator will continue to build and sustain a range of relationships with academic institutions within the public domain as well as foreign Regulators within the African port sector, that are targeted at sharing capacity and building further the staff capacity. Such relationships shall be further enhanced to further develop the Regulator's personnel in the various disciplines making its interventions not only locally relevant but regionally as well.

The communication efforts of the Regulator will be further expanded to extend awareness of the rights and obligations of all port players and the role that the Regulator plays in the port system framework. While these efforts have gained significant traction in recent years, there appears to be a need to improve such efforts to a greater extent into the Regulator functions and processes as highlighted through

feedback from survey respondents in the 5-year review of the Regulator which shows high regard for the decisions of the Regulator on port tariffs and lesser awareness of and engagement with the regulator's other functions (tribunal, compliance as it relates to port competition and access). The Strategic Plan period thus presents an opportunity for the Regulator to enhance its programme accordingly.

7.1. Organisational Structure:

The structure of the Regulator as articulated below, follows its function and is designed in the context of adhering to its operating principle of running a lean organization.

In terms of the Act, the Regulator does not have a Board in the traditional sense of the word, but the Members of the Regulator form the Regulator, which functions as a governing body in terms of its oversight role and providing the organization with its strategic direction. The CEO is responsible for the day to day running of the Regulator, and can be delegated to perform Accounting Authority with the approval of the Minister. The Regulator has established a range of sub-committees, with consideration of others, given its upscale of its mandate. These sub-committees exist to assist the board with the carrying out of its function. The Audit Committee also has statutory powers articulated in other legislation, such as the PFMA.

The Regulator sub-committees are as follows:

- **The Regulatory Committee-**

This Committee, in terms of its terms of reference has been tasked with dealing with the i) tariff assessments and determinations and to make a final recommendation regarding same to the board, ii) the tariff strategy and iii) other economic regulatory and compliance matters, (such as the development and finalisation of regulatory accounts and monitoring of the Authority's capex and capex expenditure as well as quarterly compliance monitoring of the Authority's functions).

- **The Human Resources and Remuneration Committee-**

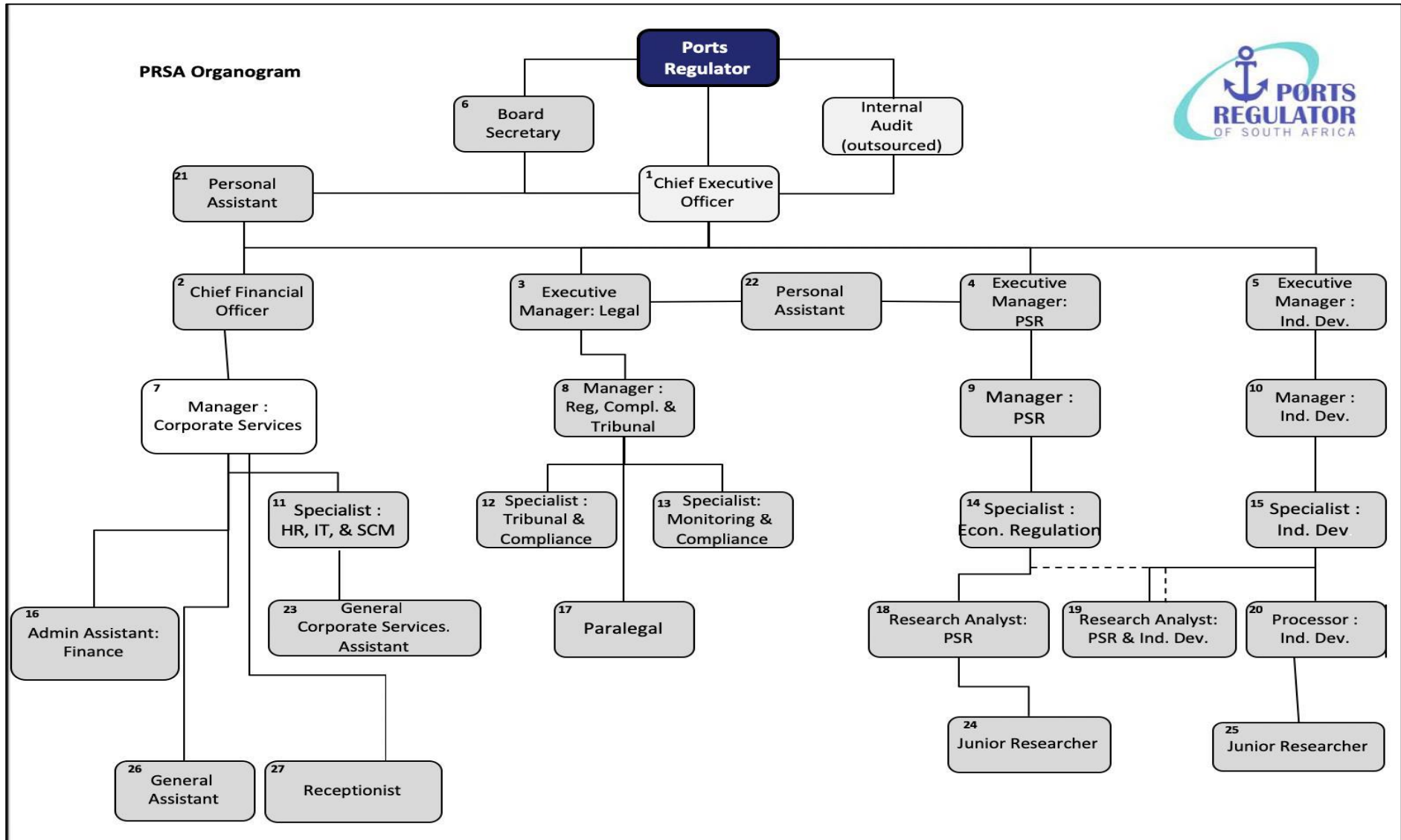
This Committee, in terms of its terms of reference, is responsible for all HR policy matters and oversight of the HR and remuneration matters for the Regulator.

- **The Audit & Risk Committee-**

This Committee performs all the financial oversight and accounting practice/policies of the organization, as well as the statutory audit committee functions related to the auditing of the organization-both internal and external, compliance, and risk matters.

The organisational structure of the Regulator is defined by the confluence of the mandates that are imposed on the organisation. Although a functionally defined organisational design is used, the programmatic nature of the Regulator's operations requires that a multi-disciplinary approach to programme and project management and delivery is used. This remains largely unchanged from that submitted in previous years. All the key result areas of the Regulator require the multi-disciplinary efforts across the organisation, but have accountability in the specific function delivering the output.

7.2. Organizational Structure:



The organisational structure is developed in the context of the following functional alignment:

	CEO	CFO	EM: Regulatory and Compliance (Legal)	EM: Economic Regulation	EM: Industry Development
Admin and Compliance	Accounting Officer OD, HRD and staff wellness Master systems planning	Delegated authority AO Finance Admin and IT HRM & SCM	Corporate Legal	None other than line	None other than line
Legal Regulatory and judicial	Co-ordinate regulatory development Legal and SPR Negotiate and engage stakeholders in process	Support to compliance function in finance area	Manage legal role in regulatory development and maintenance Tribunal administration and legal advice Investigations for complaints/appeals and tribunal hearings and decisions	Manage Economic regulatory policy, strategy and research for regulatory development	Support to judicial function in operations area where required Regulatory framework content development
Strategy, Policy, Research and Monitoring	Co-ordinate Policy and strategy High level negotiations Co-ordinate capacity, planning assessments into Tariff process	Systems design and integration Resource administration management Financial analysis for function	Support strategy and policy development process from regulatory framework perspective research and development Support investigations processes	Manage strategy, and policy development Manage research, monitoring and investigations	Capacity planning and assessments Industry development strategies Performance and benchmarking on licensing and port system

7.3. The Strategic Goals of the Ports Regulator of South Africa:

The Strategic Goals of the Regulator have been reviewed, and has determined that its goals and objectives should be derived directly from the Act. These have been consolidated as follows:

- Ensure implementation of all elements of the regulatory framework within its mandate;
- Enhance the capacity to deal with all the output requirements of the organization;
- Continue to maintain its reputation as an organisation with integrity focused on delivery and excellence;
- Ensure that all port sector participants comply with the Act; and
- Consider the proposed tariffs of the Authority and regulate the provision of adequate, affordable and efficient port services and facilities to ensure enhanced competition and investment.

Strategic Outcome Orientated Goal	Ensure implementation of all elements of the regulatory framework within its mandate
Goal statement	Implementation of the regulatory framework which is in place that ensures regulatory certainty and intervention in required areas in accordance with state policy, that responds to all appropriate stakeholder needs

Strategic Outcome Orientated Goal	Enhance the capacity to deal with all the output requirements of the organisation
Goal statement	Maintain and enhance where appropriate all systems, resources and staff competencies to ensure the delivery of the Regulator’s mandate

Strategic Outcome Orientated Goal	Continue to maintain its reputation as an organisation with integrity focused on delivery and excellence
Goal statement	Ensure that it delivers the appropriate outcomes that are predictable, timeous, clear, and in alignment with policy and the regulatory framework and meet the needs of the country with integrity and excellence.

Strategic Outcome Orientated Goal	Ensure that all port sector participants comply with the National Ports Act, 12 of 2005
Goal statement	Monitor and intervene in the industry to ensure that the industry as a whole complies with the Ports policy and legislative requirements.

Strategic Outcome Orientated Goal	Consider the proposed tariffs of the Authority and regulate the provision of adequate, affordable and efficient port services and facilities to ensure enhanced competition and investment
Goal statement	Promote the equity of access to ports and port facilities and services, regulate the efficiency and effectiveness of the provision of port services and facilities by the Authority to enhance competition and attract new investment.

These strategic goals are incorporated across the functional areas of the organisation and find expression in each of the Programmes of the Ports Regulator, namely:

- Economic Regulation and Tariffs;
- Legal Monitoring and Compliance;
- Tribunal complaints and appeals;
- Industry Development; and
- Corporate, financial & support services

The expenditure across these programmes reflects the strategic importance of the goals above over the period of establishment and consolidation of the Regulator and reflects the changing priorities of the Regulator over the period.

8. PART B: STRATEGIC OBJECTIVES

8.1. Strategic Programmes

In previous years the Regulator identified its Short to Medium-Term Objectives that are critical to delivering on its mandate as articulated in its founding legislation. These are required to be developed and delivered over the MTEF periods so as to embed the regulatory framework and give meaningful content to its actions. The last strategic plan saw changes to focus mainly on those outputs that were fully within the control of the Regulator without external dependencies, whilst remaining accountable to the Regulator members, the Executive Authority and industry stakeholders. Continuing in this approach the Regulator aims to remain accountable for and measure the efficiency of Regulator activities only. The exception is changes in the funding model – which can only be made by the Ministry of Transport - to enable the expansion of the programmes of the Ports Regulator allowing it to fully respond to its mandate as per the Act,

For the most part the objectives of the Regulator are multi-year and would not change in the short to medium term as they relate to a systematic program of reforming the South African port system, ensuring competition and creating access. Instead, owing to a phased approach necessitated in striking a balance with available capacity, focus is increased on existing objectives such that additional objectives are as a result of the Regulator's response to the Medium-Term Strategic Framework and government programme such as Operation Phakisa: Blue Economy.

The summary of the previous objectives which are carried forward from the previous strategic planning period are as follows:

- Finalisation of Ports Regulatory Framework in terms of:
 - Piloting and implementation of the approved Tariff Strategy and support the enactment of regulatory instruments to encompass all aspects of the Regulator's mandate;
 - Engage and support the DoT in its review of the National Ports Act and all related maritime and regulatory policy; and
 - Articulate the requirement for better enforcement of Regulator decisions with attached sanctions.
- Establish the credibility of the Regulator as a fair arbiter that is decisive and consistent in its hearing of Appeals and Complaints and create a body of jurisprudence which evidences such credibility;
- Implement Directives which will enhance the efficiency of Tribunals and provide it with mechanisms to enforce Tribunal decisions;
- Expand the capacity, systems and procedures within the various programmes of the Regulator Secretariat to deal with the increased complexity of operations resulting from gearing up both scale and scope in the Regulator within the confines of resource availability;
- Establish the medium-term port compliance, monitoring and performance measurement framework and system:
 - Conduct research regarding the port benchmarking study to establish performance indicators of similar port environments;
 - Introduction of the monitoring of efficiency of port operators; and
 - Continue and develop the tariff comparator research programme.
- Expand Stakeholder engagement processes and fora, for industry sub-sectors and special interest groups to engage with the Ports Regulator on a meaningful level that will inform our work;
- Assess NPA infrastructure Capex planning over medium to long term; and

- Expand the compliance auditing framework of the PRSA over the National Ports Authority to ensure ongoing compliance auditing and
- Ensure ongoing good governance of the organisation.

The Regulator has the following Sub-Programmes / activities and their respective 2020/2021 budgets will be made up as follows:

- i) **Economic Regulation and Tariffs:** responsible for the establishment and implementation of all elements of an economic regulatory framework and the development of the ports system and port regulatory system architecture. This sub-programme has a total budget of R 8 123 000 for the 2020/21 financial year.
- ii) **Legal Monitoring:** responsible for the Authority and port sector participants' compliance with the Act. This sub-programme has a total budget of R4 392 000 for the 2020/21 financial year.
- iii) **Tribunal, Compliance and Governance:** responsible for compliance with the legislative framework of the Regulator as well as execute its quasi-judicial mandate in the operation of a tribunal to hear complaints and appeals under the Act. This sub-programme has a total budget of R5 058 000 for the 2020/21 financial year.
- iv) **Industry Development:** responsible for the support provided to the ports industry in the development of the port system and the port regulatory system architecture. This sub-programme is also responsible for benchmarking and monitoring port efficiency. This sub-programme has a total budget of R 7 259 000 for the 2020/21 financial year.
- v) **Administration:** responsible for the rendering of professional and cost effective, Finance, Human Resource, Procurement and Information Technology Services to support the core business of the Regulator. This sub-programme has a total budget of R 15 520 000 for the 2020/21 financial year.

8.2. Ports Regulator of South Africa: Financial performance per programme

Table A.2 PE No

R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Approved budget	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2016/17	2017/18	2018/19	2019/20	2016/17-2019/20		2020/21	2021/22	2022/23	2019/20 - 2022/23	
	13 888	11 932	13 430	14 706	1.9%	48.3%	15 520	16 223	16 662	4.3%	38.2%
Administration	4 504	4 328	3 741	7 735	19.8%	17.4%	8 123	8 412	8 832	4.5%	20.0%
Economic regulation	3 579	2 802	2 831	4 974	11.6%	12.3%	5 058	5 793	5 897	5.8%	13.1%
Tribunal	2 987	3 327	3 514	6 818	31.7%	14.2%	7 259	7 518	7 892	5.0%	17.8%
Industry development	2 937	1 676	748	4 001	10.9%	7.8%	4 392	4 630	4 866	6.7%	10.8%
Monitoring	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
Total expense	27 895	24 065	24 264	38 234	11.1%	100.0%	40 352	42 576	44 149	4.9%	100.0%

8.3. Strategic Objectives Explanatory Table:

Strategic Objective 1:	The running of an efficient and effective administration system.
Outcome 1	Human Resource capacitation enhanced to meet capacity requirements and improve organisational efficiency, as well as focus on ongoing skills development and training.
Justification	Fill critical technical positions contained on the organogram in order to upscale the fulfilment of the mandate to meet strategic goals

Strategic Objective 1	The running of an efficient and effective administration system.
Outcome 2	Enhanced Organisational and Employee Performance management and reporting to the Regulator
Justification	To effectively and efficiently manage human resources to ensure enhanced productivity and performance of the organisation.

Strategic Objective 1	The running of an efficient and effective administration system.
Outcome 3	Implement a sustainable funding model for the organisation.
Justification	Ensure phased in approach of the funding model to ensure the sustainability of the organisation in the long term.

Strategic Objective 1	The running of an efficient and effective administration system.
Outcome 4	Conduct annual policy and financial compliance review and report thereon to the Regulator
Justification	Ensure strict compliance with the Public Finance Management Act and Treasury Regulations.

Strategic Objective 2	Ongoing improvement of Economic Regulation of Ports
Outcome 1	Implement the Multi-year Medium-term Tariff Methodology. Implement the Tariff Strategy to determine the pricing of port facilities and services charged by the National Ports Authority.
Justification	Review of variable aspects of the tariff approach for each year. Consultation on tariff assessment and tariff strategy.

Strategic Objective 2	Improvement of Economic Regulation of Ports
Outcome 2	Perform NPA Tariff Assessments in line with the methodology.
Justification	Part of the Ports Regulator statutory mandate in terms of the National Ports Act, Regulations and Directives thereto

Strategic Objective 3	Conduct Economic Research Projects
Outcome 3	Annual Global Tariff Comparator Study for cargo/commodity types.
Justification	Enhance the SA port system through the performance of research and policy development as well as assist in informing the regulator's tariff assessment and pricing strategy.

Strategic Objective 3	Industry Development and Infrastructure planning integration and efficiency.
Outcome 1	Perform Port efficiency benchmarking review 2020/2021 and capacity utilisation reviews and/or other studies as required
Justification	To provide the Ports Regulator and industry with data regarding performance of commercial ports against other comparable global ports

Strategic Objective 3	Industry Development and Infrastructure planning, integration and efficiency.
Outcome 2	Complete Regulatory Review Audit.
Justification	Provide inputs to and support on policy and industry engagement processes.

Strategic Objective 4	Monitor compliance of the National Ports Authority and the port industry with the National Ports Act, 12 of 2005, Port Policy and other Regulatory Instruments.
Outcome 1	Implement amendments to the National Ports Act once approved by the Executive Authority and passed by Parliament
Justification	To enhance governance, powers and capacity of the Regulator to fulfil its legislative mandate.

Strategic Objective 4	Monitor compliance of the National Ports Authority and the port industry with the National Ports Act, 12 of 2005, Port Policy and other Regulatory Instruments.
Outcome 2	B-BBEE status review of all S56 and S57 port facilities and service providers for all commercial ports in accordance with the Regulations to the Act.
Justification	Part of the Regulator's statutory mandate.

Strategic Objective 4	Monitor compliance of the National Ports Authority and the port industry with the National Ports Act, 12 of 2005, Port Policy and other Regulatory Instruments.
Outcome 3	Conduct and complete compliance audits for each financial year in accordance with compliance framework and provide audit reports thereon.
Justification	To assess compliance of the NPA with founding legislation and ensure equity of access to ports, and the provision of adequate, affordable and efficient port services and facilities.

Strategic Objective 5	Operate an effective and efficient tribunal to hear complaints and appeals under the National Ports Act.
Outcome 1	Tribunal to be consistently operated to receive new complaints and/or appeals and deal with existing complaints and / appeals.
Justification	Tribunal to effectively deal with all matters received in the year in accordance with Tribunal processes and timelines.
Strategic Objective 6	Ensuring good governance and sustainability of the organisation.
Outcome 1	Governance and compliance framework in place, reported on and updated annually.
Justification	Ongoing good governance within the organization.
Strategic Objective 6	Ensuring good governance and sustainability of the organisation.
Outcome 2	Ongoing skills development of Members and staff to enhance the effectiveness and efficiency of the organisation.
Justification	Ensuring good governance and ongoing skills development of both members and staff

8.4. *Financial Analysis*

Cash flow data	Audited		Audited		Audited		Approved		Outcome/ Budget Average %	Average growth rate (%)	Expen- diture/ total: Average (%)	Medium-term estimate			Average growth rate (%)	Expen- diture/ total: Average (%)
	Budget	Outcome	Budget	Outcome	Budget	Outcome	Budget estimate	budget				2017/18 - 2019/20				
	2016/17	2017/18	2018/19	2019/20	2017/18 - 2018/19	2020/21	2021/22	2022/23	2019/20 - 2022/23							
R thousand																
Cash receipts from stakeholders	28 962	29 525	22 809	23 550	25 970	26 738	37 134	38 234	102.8%	7.9%	100.0%	40 352	42 576	44 149	5.9%	100.0%
Tax receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales of goods and services	-	7	-	101	-	98	-	-	-	-100.0%	0.2%	-	-	-	-	-
Transfers received	28 561	28 561	22 489	22 489	25 619	25 619	36 774	36 774	100.0%	8.8%	96.1%	38 822	40 966	42 489	4.9%	96.9%
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and rent on land	401	957	320	960	351	1 021	360	1 460	307.1%	15.1%	3.7%	1 530	1 610	1 660	66.4%	3.1%
Unclassified revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax benefit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outside shareholders interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash paid to stakeholders	36 203	27 465	20 413	23 495	20 525	23 475	23 472	37 996	111.7%	11.4%	95.0%	40 005	42 244	43 803	23.1%	90.2%
Current payments	36 203	27 465	20 413	23 495	20 525	23 475	23 472	37 996	111.7%	11.4%	95.0%	40 005	42 244	43 803	23.1%	100.0%
Compensation of employees	12 673	12 191	14 068	13 716	14 218	13 820	16 851	20 415	104.0%	18.8%	51.2%	21 511	22 646	23 796	12.2%	58.4%
Goods and services	23 530	15 274	6 345	9 779	6 307	9 655	6 621	17 581	122.2%	4.8%	43.8%	18 494	19 598	20 007	44.6%	41.6%
Interest and rent on land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outside shareholders interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow from operations	(7 241)	2 060	2 396	55	5 445	3 263	13 662	238	39.4%	-51.3%	5.0%	347	332	346	-70.6%	
Cash flow from advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan principal repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow from investing	(463)	(584)	-	(81)	(456)	(989)	-	-	180.0%	-100.0%	-1.5%	-	-	-	-	-
Acquisition of property, plant and equipment	(463)	(584)	-	(135)	(456)	(1 125)	-	-	200.7%	-100.0%	-1.7%	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of software and intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of property, plant and equipment	-	-	-	54	-	136	-	-	-	-	0.2%	-	-	-	-	-
Other flows from investing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outside shareholders interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow from financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (e.g. issuance of shares)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	(7 704)	1 476	2 396	(26)	4 989	2 274	13 662	238	-45.6%	-	-	347	332	346	-70.6%	

Financial position	2016/17		2017/18		2018/19		2019/20		Outcome/ Budget Average %	Average growth rate (%)	Net change/ total: Average (%)	Medium-term estimate			Average growth rate (%)	Net change/ total: Average (%)
	Budget	Audited Outcome	Budget	Audited Outcome	Budget	Audited Outcome	Budget estimate	Approved budget				2020/21	2021/22	2022/23		
	2016/17	2017/18	2018/19	2019/20	2016/17 - 2019/20	2020/21	2021/22	2022/23	2019/20 - 2022/23							
Carrying value of assets	489	1 581	350	1 239	211	1 819	55	55	424.8%	-67.4%	6.6%	58	192	899	153.8%	3.3%
<i>of which:</i>																
Acquisition of assets	(463)	(584)	-	(135)	(456)	(1 125)	-	-	200.7%	-100.0%	-2.5%	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued investment interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables and prepayments	68	394	411	450	420	423	427	430	128.0%	3.0%	3.5%	435	432	429	-0.1%	5.8%
Cash and cash equivalents	9 685	15 313	6 900	15 287	6 682	17 561	5 686	5 686	186.0%	-28.1%	89.9%	6 356	7 248	8 605	14.8%	90.9%
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Defined benefit plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivatives financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	10 242	17 288	7 661	16 976	7 313	19 803	6 168	6 171	191.9%	-29.1%	100.0%	6 849	7 872	9 933	17.2%	100.0%
Accumulated surplus/(deficit)	7 848	16 238	7 122	15 814	6 744	18 399	5 546	5 546	205.4%	-30.1%	92.5%	6 190	7 160	9 215	18.4%	91.0%
Capital and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reserve fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and other payables	2 025	524	132	677	159	817	196	199	88.3%	-27.6%	3.6%	210	211	213	2.3%	2.8%
Benefits payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalised value of pensions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	369	526	407	485	410	587	426	426	125.6%	-6.8%	3.9%	449	501	505	5.8%	6.2%
Managed funds (e.g. poverty alleviation fund)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivatives financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total equity and liabilities	10 242	17 288	7 661	16 976	7 313	19 803	6 168	6 171	191.9%	-29.1%	100.0%	6 849	7 872	9 933	17.2%	100.0%
Contingent liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8.5. Expenditure trends

The Regulator relies solely on fiscal transfers to fund operations and capital expenditure. Revenue is expected to increase to R42 million in 2022/23 due to a 5 per cent increase in transfers from the Department of Transport. Spending focus over the medium term will mainly be in the core functions of the entity as well as transition to the STER from an administration point of view.

Expenditure on compensation of employees over the MTEF period will increase by an average of inflation related increase. There will be no significant increase in compensation due to the entity not having enough funds to fill all the funded vacant posts. The 3rd iteration of the salary benchmarking exercise will also result in increased personnel expenditure in the medium term. It must be noted that compensation of employees is the major expenditure item for the Regulator as it accounts for about 63% of total budget over the medium term. This is as a result that the entity is a quasi-judicial entity and has no capital expenditure planned for the medium term other than replacing ageing equipment as and when necessary and normal running expenses.

A marginal increase in expenditure on goods and services other than the normal running expenses will be on training and development. Spending on training the current work force will result in savings on consultants in the medium term. Goods and services are expected to increase at an average of 4.6 % over the medium term due to increases in expenses such as travelling and venue bookings.

The Regulator will focus mainly on staff and systems to ensure it complies with its mandate and delivers the outcomes. The systems are mainly internal regulatory compliance systems and systems for monitoring, information management and information processing.

Having previously held back from investing in capital assets while the Single Transport Economic Regulator (STER) is being established, especially with regard to Information and Technology systems, the existing systems will need to be upgraded when being absorbed by the STER.

8.6. Resource considerations

The resources required to deliver on the organisational mandates, within the constraints of the fiscal allocations are as follows:

Salary level	Post status estimated for 31 March 2019		Number and cost ¹ of personnel posts filled/planned for on funded establishment															Number	
	Number of posts on approved establishment	Number of funded posts	Actual			Revised estimates			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average
			2018/19			2019/20			2020/21			2021/22			2022/23				
			Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost
Salary level	24	24	24	13 820	576	24	20 415	851	24	21 511	896	24	22 644	944	24	23 795	991	5.2%	95.8%
1 – 6	9	9	9	1 980	220	9	2 469	274	9	2 617	291	9	2 772	308	9	2 932	326	5.9%	37.5%
7 – 10	7	7	7	3 212	459	7	3 970	567	7	4 210	601	7	4 458	637	7	4 715	674	5.9%	29.2%
11 – 12	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13 – 16	7	7	7	5 247	750	7	10 467	1 495	7	10 999	1 571	7	11 548	1 650	7	12 099	1 728	4.9%	29.2%
17 – 22	1	1	1	3 382	3 382	1	3 509	3 509	1	3 685	3 685	1	3 866	3 866	1	4 049	4 049	4.9%	–
Detail																			
1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	1	1	1	130	130	1	437	437	1	463	463	1	491	491	1	520	520	6.0%	2.2%
3	2	2	2	348	174	2	365	183	2	387	194	2	409	205	2	433	217	5.9%	1.8%
4	1	1	1	164	164	1	227	227	1	240	240	1	254	254	1	269	269	5.8%	1.1%
5	3	3	3	632	211	3	680	227	3	720	240	3	763	254	3	806	269	5.8%	3.4%
6	2	2	2	588	294	2	623	312	2	662	331	2	701	351	2	741	371	6.0%	3.1%
7	4	4	4	1 369	342	4	1 994	499	4	2 115	529	4	2 237	559	4	2 367	592	5.9%	9.9%
8	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	2	2	2	1 032	516	2	1 096	548	2	1 162	581	2	1 232	616	2	1 302	651	5.9%	5.4%
10	1	1	1	620	620	1	659	659	1	699	699	1	741	741	1	783	783	5.9%	3.3%
11	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	3	3	3	3 620	1 207	3	3 538	1 179	3	3 719	1 240	3	3 904	1 301	3	4 091	1 364	5.0%	17.3%
14	1	1	1	1 315	1 315	1	1 620	1 620	1	1 703	1 703	1	1 788	1 788	1	1 873	1 873	5.0%	7.9%
15	3	3	3	–	–	3	4 727	1 576	3	4 966	1 655	3	5 214	1 738	3	5 461	1 820	4.9%	23.1%
16	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18	1	1	1	3 181	3 181	1	3 314	3 314	1	3 480	3 480	1	3 651	3 651	1	3 824	3 824	4.9%	16.2%
19	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
22	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Performance bonus : Executive				419															
Performance bonus				821			1 135			1 195			1 259			1 325			
Total	24	24	24	13 820	576	24	20 415	850.6	24	21 511	896.3	24	22 644	943.5	24	23 795	991.5	5.2%	94.4%

9. PART C: STRATEGIC RISKS

9.1. The key strategic risks facing the organisation include:

Human Resource Management

- The risk of adequate and sufficiently skilled staff remains present
- The HRD Strategy shall address the key elements of the skills availability risks within the confines of the resources
- The difficulty in recruiting appropriate staff remains, but is ameliorated by a re-assessment of salary grades
- Succession of key personnel risks remain over the medium term.
- Retention strategy with reward and recognition in place
- Employee wellness programme service provider now in place

Single Economic Regulator transition

The capacitation of the organisation is being implemented in accordance with what is the current mandate but also perceived STER requirements to ensure very limited possibility of redundancy and all staff are hired on the condition that the impending shift is a condition of their employment. The engagements with the Minister have reduced the risks as the organisation is proceeding on the prioritisation of its own needs in the short to medium term.

Credible economic regulation

The credibility of the organisation will always be an issue of risk as the regulator is required to increase the regulatory certainty over time by embedding the tariff methodology and commensurate strategy ensuring that the regulatory framework keeps pace with the requirements of the regulatory processes. Decisions of the Regulator are becoming more robust and due to conformity within the port sector, will increasingly be taken on review.

Single source funding

The Regulator is reliant on a single source of funding, from the DOT through the fiscus. This affects the sustainability of the organisation as well as its ability to expand its function. The current mitigation factors are that the Regulator has sound budgetary processes, effective austerity measures have been put in place and innovative delivery mechanisms, in addition to proposals to amend its funding structure to the Minister of Transport have been published in the gazette and been put through the Cabinet processes for the necessary approval.

Stakeholder management

The Regulator constantly engages stakeholders and ensures that the regulatory outcomes are explained particularly when they are negative toward stakeholder expectations, as a means of reducing the risks attached to stakeholder apathy and discord. A more structured approach towards stakeholder management has been embedded in the regulatory system through the tariff application road shows; the call for public submissions on all aspects of the port tariff reforms processes; and port user perception survey and feedback at consultative events. The stakeholder management process will be further enhanced based on feedback from the 5-year public regulatory review.

Compliance and Governance

While the Regulator is increasing its staff compliment and reviewing all policies to ensure that the compliance capability is embedded and is constantly reviewing its processes and procedures to adapt to the compliance regime changes. Its governance risks have been mitigated with the appointment of a permanent Company/Regulator Secretary.

Tribunal credibility

To ensure that consistent and timeous decisions are made and articulated in accordance with all requirements under the regulatory framework to ensure that the tribunal credibility is established and maintained. This is also enhanced by ensuring sufficient tribunal availability. This reduces most of the credibility risks faced by the Tribunal.

Effective Internal Control and Audit Regime

The Regulator has incrementally improved its system of internal controls to ensure compliance with the PFMA as well as achieve a clean audit in the previous financial years and thereafter strive to maintain that status. The Audit Committee will be fully functional and effective and maintain effective oversight of the financial, internal control environment and operational performance of the organisation.

The organisation's strategic risks will be actively managed throughout the period for which this strategic plan remains valid.

End