



# ATLAS HOLDINGS (PTY) LTD

REG NO: 2002/001052/07 PO Box 786864 - SANDTON 2146

GROUND FLOOR BLOCK H, WEDGEWOOD OFFICE PARK, 3 MUSWELL RD, BRYANSTON, 2191

TEL: 011 581 9200 FAX: 0866 930 800 EMAIL: INFO@ATLAS.ZA.COM

The Chairman  
Ports Regulator  
Private Bag X54322  
Durban  
4000

30 September 2015

**RE: Tariff Application FY2017/18**

**Att: Mr Thaba Mufamadi**

Dear Sir,

In line with previous submissions to the Ports Regulator, Atlas Holdings hereby wishes to address particular issues raised by port users within the automotive industry. The matters specifically relate to tariffs applied to the automotive industry's RoRo cargo, but by default may affect all other port users owing to the zero-sum nature of the Required Revenue Methodology.

The issues in question were raised within the NAAMSA forum, but unfortunately the industry's representative body had already submitted its comments to the Regulator for consideration. As such, the stakeholder comments are submitted separately for the Regulator's consideration, but fully supportive of the NAAMSA position tabled.

Once again we would like to thank the Ports Regulator, as well as the National Ports Authority, for the continued efforts to align tariffs with port asset utilisation. Together, with the process underway to determine the most accurate and appropriate revenue model for the NPA, the expeditious implementation of the long-term Pricing Strategy is considered prudent to improve South African global competitiveness and ease consumer cost pressure.

We trust the proposal motivated herein will be considered as appropriate and in the best interest of the ports system.

Yours faithfully,

**Costas Couremetis**

C.E.O.

Director: Costas Couremetis (CEO)

## RoRo IMPORT:EXPORT TARIFF RATIO

The 2015/16 tariff Strategy for the South African Ports System noted that “export tariffs for Containers and RoRo’s will be maintained at a 50% discount to import tariffs so as to align with government objectives on benefited products”. However, the current RoRo tariffs do not reflect the policy in this regard. The existing Import:Export ratio reveals an imbalance (2.53: 1) with the tariffs at:

- R90.33 for Imports; and
- R35.64 for Exports

As such we hereby request that the Regulator consider addressing the issue as early as 2017/18, irrespective of any tariff increases and/or decreases motivated. It is proposed that the Regulator phases the narrowing of the tariff ratio over a 5-year period, so as to manage the effect on other port users that will ultimately incur any projected shortfall in the Required Revenue.

Assuming that all things remain constant, in 2015/16 terms, the projected narrowing of the tariff ratio could appear as follows:

### RoRo Tariff Ratio - Proposed Narrowing to 2:1 over 5 Years

	Base - 2016/17	Year 1		Year 2		Year 3		Year 4		Year 5	
	Tariff	Narrowing	Tariff	Narrowing	Tariff	Narrowing	Tariff	Narrowing	Tariff	Narrowing	Tariff
<b>Import</b>	R 90.33	-5.31%	R 85.54	-4.17%	R 81.97	-4.35%	R 78.41	-4.55%	R 74.84	-4.76%	R 71.28
<b>Export</b>	R 35.64	-	R 35.64	-	R 35.64	-	R 35.64	-	R 35.64	-	R 35.64
<b>Ratio</b>	2.53 : 1		2.4 : 1		2.3 : 1		2.2 : 1		2.1 : 1		2 : 1

However, this should not detract from the Pricing Strategy’s principal objective to align port tariffs with their proportionate cost of port asset utilisation. In this regard, tariff reductions proposed for both RoRo Export and Import tariffs are supported. The differentiation between Import and Export tariffs should therefore be applied in accordance with the strategy as follows:

Example: If a 5% reduction was proposed and applied to the Export tariff every year for the next 5 years, the Import tariff should be adjusted accordingly:

### RoRo Import Tariff - Adjusted According to Export Tariff Determination

	Base - 2016/17	Year 1		Year 2		Year 3		Year 4		Year 5	
	Tariff	Reduction	Tariff	Reduction	Tariff	Reduction	Tariff	Reduction	Tariff	Reduction	Tariff
<b>Import</b>	R 90.33	-10.04%	R 81.26	-8.96%	R 73.98	-9.13%	R 67.23	-9.32%	R 60.96	-9.52%	R 55.16
<b>Export</b>	R 35.64	-5.00%	R 33.86	-5.00%	R 32.17	-5.00%	R 30.56	-5.00%	R 29.03	-5.00%	R 27.58
<b>Ratio</b>	2.53 : 1		2.4 : 1		2.3 : 1		2.2 : 1		2.1 : 1		2 : 1

## RoRo TARIFF PER SIZE CATEGORY

The second issue relates to RoRo tariff differentiation by size category of vehicle. Similarly, the 2015/16 tariff Strategy for the South African Ports System noted “Vehicles will be charged per unit per size category, in line with TPT’s vehicle category classifications.”

In the first year of the Pricing Strategy implementation, namely 2016/17, there was no tariff differentiation according to size of vehicle, instead the standard equivalent tonnage method was continued. We ask that the Regulator address this issue in order to align tariffs more appropriately with port asset usage.