



**Thursday, 16 October 2014**

For Attention: The Chairman, Ports Regulator  
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### **Comments: The National Ports Authority Tariff Application 2015 / 2016**

#### **Introduction**

The Cape Town Regional Chamber of Commerce and Industry represents small and corporate businesses, across various sectors in the Western Cape.

On behalf of our membership and business in South Africa the Chamber wishes to comment on the The National Ports Authority Tariff Application 2015 / 2016.

#### **Submission**

The Cape Chamber of Commerce and Industry was extremely disappointed to see the proposed increases in port tariffs. They are well above the inflation rate and appear to indicate that Transnet will continue to use the ports as a cash cow to the great disadvantage of our exporters.

Our research and the exhaustive research of the previous Ports Regulator, Mr Riad Kahn, confirmed that port tariffs for container shipping in South Africa were by far the highest in the world and that a new approach was needed in order to make them more realistic and competitive. In fact, the previous port regulator recommended new methodology to determine the rates. His recommendations appear to have been ignored.

It is clear that when an organisation requires tariff increases well in excess of the inflation rate that something is wrong. Either there are exceptional reasons for the steep increases or internal costs are not being effectively controlled. Either way, it is unreasonable to simply pass these costs on to business in the form of tariff increases.

As we pointed out in 2013, the "exceptional reasons" were revealed in the Wikileaks cable from US diplomatic Staff in South Africa to Washington. The report stated that "the South African Government has historically redistributed TNPA's profits to other divisions". The "sensitive but unclassified" cable recorded proceedings of a meeting which took place in Cape Town "some time" after 2008 and it

*Founded in 1804 and registered as an NPC in 2014. Reg No: 2014/055908/08*

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described how the ports were being used as a cash cow. The meeting was attended by officials from Transnet National Ports Authority, Transnet Port Terminals, the CSIR, and the maritime industry.

The allegations that profits from the ports were being used to subsidise other Transnet operations were not challenged.

The Chamber would once again like to point out that exporters play a vital role in our economy and without their containerised exports the country's balance of payments situation would deteriorate rapidly. It is both unfair and economically unsound to target this vital sector of our economy with punitive tariffs. In doing so the ports are undermining their ability to compete in the global market.

## Conclusion

We would remind the Ports Regulator that, according to the National Ports Act 12 of 2005, the purpose of the Act is ***"to promote the development of an effective and productive South African ports industry that is capable of contributing to the economic growth and development of the country."***

We believe that the primary concern of Transnet and its Ports companies should be, in line with the legislation quoted above, "the development of effective and productive South African Ports". Instead we have expensive under-performing ports that have become a negative factor in the bid to improve economic growth.

We therefore urge that the Ports Regulator consider our submission, in a positive light, in order to simplify and streamline business processes and thereby cut through the bureaucracy and red tape that hinders the development of our local and national economy.

Yours Faithfully



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**Mr Peter Hugo**

Chairman of the Transport and Transport Infrastructure Portfolio Committee  
Cape Chamber of Commerce and Industry