PRESS STATEMENT

On 13 September 2013 the National Ports Authority (the NPA) applied to the Ports Regulator of South Africa for approval of an across the board 14.39% increase in the tariffs for services and facilities offered by the NPA for the period 1 April 2014 to 31 March 2015.[1] After considering the application and the submissions by all stakeholders during the consultation period, the Ports Regulator declined the proposed tariff increase and, after considering all relevant information at its disposal, concluded that the following tariff book adjustments are appropriate for the tariff year 2014/15: -

Specific tariffs:

I. All cargo dues to increase by 5.9%, except:
II. 8.15% tariff increase in Dry Bulk Cargo Dues for Coal, Iron Ore and Manganese
III. 8.15% tariff increase on all Marine Services and related tariffs (sections 1-8 of the tariff book excluding section 7 that deals with cargo dues).

While the NPA applied for a general across the board tariff increase the Regulator's own research raised significant concerns about anomalies with specific tariffs in the tariff book. The tariff changes outlined above were informed by the continued cross-subsidisation of vessel and specific dry bulk commodities tariffs by mainly excessively high container and automotive cargo dues. The relative movement of tariffs is similar to the changes effected in the 2013/14 decision (reduction in container and export automotive cargo dues while all other tariffs remained at 2012/13 levels).

The adjustments also take into account higher inflation expectations, the impact of the recent depreciation in the South African rand on the dollar price of services, as well as the expected under recovery of the 2013/14 allowed revenues. Correcting the cross-subsidisation between tariff categories is an important step in the Regulator's quest to establish a more equitable and efficient port tariff book.

[1] The NPA indicated that an equivalent alternative would be to increase its tariffs by 8.5%, but to make up the shortfall in revenue by reducing the ETIMC customer savings balance by R454m. In effect this will therefore also amount to a 14.39% tariff increase.

Furthermore, the Regulator is committed to reducing the cost of doing business within the port system. More than 80% of all cargo due tariffs, making up 60% of revenues, are increased below the inflation rate, whilst the determination also addresses areas of cross-subsidisation and other imbalances in the tariff system. The Regulator remains concerned about the overall level of the NPA's tariffs. It will therefore, during the following year, continue with its investigations into key drivers of the tariff levels, including factors such as the appropriate valuation of the NPA's assets.

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