

TRANSNET



**National Ports Authority
Proposed Pricing Strategy—Q&A**

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1. Purpose of this Document

On 21 December 2012, the Ports Regulator of South Africa ("the Regulator") published the proposed Pricing Strategy, that was submitted by the National Ports Authority ("NPA") in accordance with Section 72(1)(a) of the National Ports Act, 2005 (Act No. 12 of 2005) ("the Act"), which requires NPA, with the approval of the Regulator, to determine tariffs for services and facilities offered by NPA and to annually publish a tariff book containing those tariffs. The Directives in terms of Section 30(3) of the Act, which were approved on the 13th July 2010 (gazetted on the 6th August 2010) and amended on 29 January 2011, require that the Regulator, when considering the proposed tariffs for NPA, must ensure that such tariffs allow NPA to:

- Recover its investment in owning, managing, controlling and administering ports and its investment in port services and facilities;
- Recover its costs in maintaining, operating, managing, controlling and administering ports and its costs in providing port services and facilities; and
- Make a profit commensurate with the risk of owning, managing, controlling and administering ports and of providing port services and facilities.

In the first week of March 2013, the Regulator hosted public hearings in Cape Town, Johannesburg, Port Elizabeth and Durban to present the proposed Pricing Strategy and engage with port users and other stakeholders in a dialogue. In parallel, the public had the opportunity to submit questions in writing to the Ports Regulator by March 15. These questions were meant primarily as request for additional data and clarification.

This document contains NPA's response to these questions. We use this opportunity to further explain our proposed Pricing Strategy and implications thereof. Answers to questions concerning the proposed Tariff Methodology can be found in a separate document.

The questions and responses are organised along the structure of the proposed Pricing Strategy. Please note that any numbers in this document are preliminary and illustrate the application of the methods and principles of the proposed Pricing Strategy. They are based on best data available in early 2012 and will be recalculated once the Pricing Strategy is implemented, based on the most up-to-date information.

2. Responses to Stakeholder Questions and Comments

2.1. Allocation of Required Revenue to the Different Port User Groups

Question 2.1.1. Allocation to Shipping Lines vs. Cargo Owners

Question:

We would like to recommend that NPA pass the portion of 46% of the tariff structure allocated to Cargo owners to Shipping lines to further reduce tariff burden cargo owners will face in terms of the new proposed tariff strategy. (*question by Columbus Steel*)

NPA Response:

The proposed Pricing Strategy is designed with a few key principles in mind, the *user-pays* principle being one of them. The recommendation to shift a portion of the 46% of Required Revenue from cargo owners to shipping lines would indeed be better aligned with the user-pays principle. In our proposal, cargo owners will pay for the common infrastructure, a large proportion of which is wet infrastructure. Further, the shipping lines should pay for the wet infrastructure as its direct users.

NPA considered this specific option when developing the proposed Pricing Strategy. However, we decided against it for a very important reason: this would significantly reduce the attractiveness of South African ports to Shipping Lines and have negative knock-on effects to the broader South African economy. For example, should the Shipping Lines be burdened with an additional 46% of the Required Revenue this would result in approximately 3.5 times higher marine charges than current levels. We believe these marine charges would be prohibitively high and may result in shipping lines significantly reducing the number of port calls in South Africa or avoiding South Africa altogether. This could lead to less competition among shipping lines and ultimately disadvantages for the South African economy as a whole.

The reason marine charges are higher than other benchmarks on a “pure” user-pays principle is due to the fact that the vast majority of ports worldwide are subsidised in terms of breakwaters, channels, basins, etc. whereas NPA is 100% self-funded. NPA is able to fulfil its mandate by charging cargo dues to cargo owners in lieu of other public funding, hence recovery of certain investments, which should be for the account of marine, are allocated to cargo owners.

2.2. Charges to Shipping Lines: Marine Charges

Question 2.2.1. Use of Gross Tonnage

Question:

The method of using gross tonnage as a method to calculate port dues and tugs etc. discriminates against the type of PCTC ship design which makes this type of ship twice nearly as heavy as a container ship of same length. At the same time revenue tons of a 60,000 ton PCTC is about 6,000 tons due to cargo type, whereas a container ship can carry three times or more revenue tons. This gross tonnage method is considered old fashioned and if other methodologies used in other ports are considered, for example use the length of quay or deadweight. This will cause a lowering of cost to do business in the Auto segment, and assist that sector economically. How far has this been considered? (*question by SAASOA*)

NPA Response:

Gross tonnage is a widely used metric in many ports around the world to determine marine related port charges. NPA did consider alternative metrics to be used as basis for marine charges. However, we resolved this question in favour of gross tonnage because, from a Port Authority perspective, the actual total vessel size in gross tons is the most relevant metric to align with the user-pays principle:

- the size of tugs must correspond to the gross tonnage of a vessel
- risks of damage to port infrastructure associated with windage and other factors correlate more to gross tonnage rather than length or dry weight
- time and effort to support vessels in catastrophic events, e.g. to clear a channel from a capsized vessel, is mostly driven by total size in gross tonnage

We would also like to highlight that under the proposed Pricing Strategy, and specifically due to the adjustments in the way port dues are charged, vessels with faster turnaround times, such as PCTCs, will pay overall lower marine charges than they currently pay (see also Question 2.2.4 regarding port dues for car carriers).

Question 2.2.2. Port Dues: Start of Calculation

Question:

With regards the Port Dues periods being reduced from 24 hour periods to 6 periods/windows. When will these 6 hour periods start?

- From the start of the cargo operation?
- From the time when the vessels ramp is down?
- From when vessel secure alongside?

(*question by SAASOA*)

NPA Response: The start of calculation of the time period will not change from current practice. Port Dues are calculated from the time the vessel crosses the breakwater line coming into port until the vessel crosses the breakwater line when leaving port.

Question 2.2.3. Port Dues and Priority for Sailing/BerthingQuestion:

Priority for sailing and berthing of container ships is given. This sometimes forces longer port stay after completion of loading on for car carriers and other types of ships. This exacerbates the high cost as car carriers are charged per gross tonnage. A KPI is suggested to be introduced to control long waiting for sailing service, which effects cost for the lines. The target is improved efficiency to lower costs to Lines. Will this be considered? (*question by SAASOA*)

NPA Response:

NPA currently applies the following policy with respect to prioritisation of berthing or departing and granting way of passage in channels:

1. Naval vessels
2. Passenger vessels
3. Container vessels and car carriers are given equal priority
4. Other vessels

In addition, decisions by the harbour master on the order of berthing or departing are influenced on situational circumstances such as weather.

This policy will remain effective under the proposed pricing strategy.

The proposed Pricing Strategy does not provide a mechanism to track "waiting for sailing service". NPA acknowledges that the situation could arise where higher port dues than warranted would be charged without any wrongdoing by the shipping line. Therefore, NPA believes that it would be beneficial to implement a mechanism that will hold all parties accountable for their respective inefficiencies in order to deliver high service levels and maximise port throughput. We are open to consider such a mechanism, and would encourage our port users to come forward with suggestions on how this mechanism could work effectively for all parties involved.

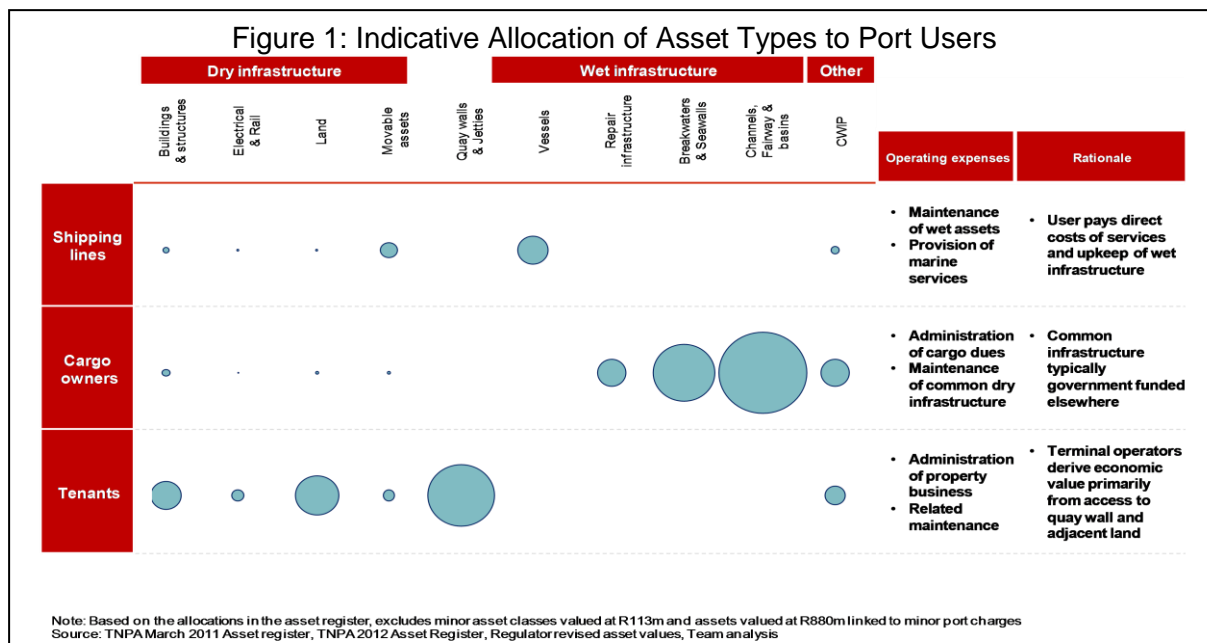
Question 2.2.4. Port Dues for RoRoQuestion:

The quayside infrastructure for car carriers is only used to lower the ramp. The berth dues cost by gross tonnage cannot be justified in the view of this type of ship. What is the view of NPA on this subject for example can the tariff be modified to fairly differentiate the different types of ships? (*question by SAASOA*)

NPA Response:

The proposed pricing strategy consolidates Port Dues and Berth Dues into a single Port Dues charge, which is based on gross tonnage. All marine charges cover only the assets allocated to Shipping Lines, as described in Section 6 of the proposed Pricing Strategy.

Quayside infrastructure, including quay walls and jetties, is not allocated to shipping lines, unless directly related to provisioning marine services, and is therefore not recovered via marine charges. Rather, this infrastructure is allocated to tenants and therefore recovered via THCs (see Figure 1).



The purpose of Port Dues is to pay for expenses related to the operation of the wet infrastructure and maintenance thereof, e.g. in the form of maintenance dredging. Since many of these expenses are related to the size of vessels that the wet infrastructure has to be provided for, it is fair to charge these by gross tonnage as per the user-pays principle. For further information on why Gross Tonnage is the adequate base for calculation, see Question 2.2.1.

Question 2.2.5. Tugs: Incentives for Efficiency

Question:

On the pricing strategy Marine Services, the new policy of charging per tug at the discretion of Harbour Master takes away all incentives for efficiency and competency of pilots. (question by SAASOA)

NPA Response:

We envisage that the decision on the required number of tugs, to be used in any situation, will be made in alignment with NPA’s standard operating procedures and coordinated between the harbour master, the pilot, and the vessel captain. The new policy allows for greater discretion in the number of tugs to be used. However, this does not mean that the decision is made arbitrarily. On the contrary, the harbour master will make the decision based on the specific needs of each situation and considering the operational context in consultation with the pilot and the vessel captain.

This will lead to a more efficient usage of tugs to the benefit of the shipping lines, as NPA will pass on cost savings to shipping lines by charging only for tugs actually used in alignment with the user-pays principle.

Finally, it must be noted that the ultimate responsibility of safe operations for people and the port infrastructure lies at any given point with the harbour master.

Question 2.2.6. Tugs: Mandatory Use of Tugs**Question:**

Regarding the number of tugs to use, in other ports in other parts of the world vessels can (dependant on weather conditions) berth and depart without the use of tugs. Some Shipping Lines have invested in the latest technology in vessels and many of them have a very high degree of manoeuvrability through the use of Schilling Rudders and more powerful Bow Thrusters like the latest Cruise vessels and so do not need to same amount of Tug support, other than when the weather does not allow it. Do all the vessels have to use tugs? (*question by SAASOA*)

NPA Response:

The proposed Pricing Strategy offers a distinct advantage on this matter compared to the current policy. Currently, the minimum number of required tugs is determined solely by vessel size and does not factor in the level of dependency on tugs. The charge for tugs is based on this minimum required number of tugs, irrespective of whether the tugs are actually employed or not. As a result, under the current practice, it would be possible that a vessel, e.g. a car carrier, berths with the aid of one tug, but has to pay for two tugs based on its Gross Tonnage.

We recognise that this policy is not in line with the user-pays principle and therefore propose under the new Pricing Strategy that shipping lines pay only for the number of tugs that are actually used.

All vessels do not have to use tugs. Under certain circumstances, vessels may berth or depart without the aid of tugs. The decision by the harbour master to allow a vessel to berth or depart without the aid of tugs will depend on a variety of factors, e.g., good weather, adequate vessel manoeuvrability, layout/ occupation of berth, and structural integrity of quay walls foundations, which are documented and part of NPA's standard operating procedures.

Please see also answer to Question 2.2.5 for additional context.

2.3. Charges to Terminal Operators: Rent**Question 2.3.1. Status of TPT as a Tenant****Question:**

Is TPT considered as a Tenant / Rental company? If so, with the planned increases how is TPT expected to recover their increased costs? (*question by SAASOA*)

NPA Response:

Transnet Port Terminals (TPT) is considered a Terminal Operator tenant and contributes to the NPA's Required Revenue referred to as "Tenants" or "Rental" in the proposed Pricing Strategy document.

All Terminal Operators – including TPT – are expected to recover their increased costs primarily by improving their operational efficiency and through processing higher volumes over time.

We can't exclude the possibility that Terminal Operators, especially during the early stages of the Pricing Strategy implementation, will attempt to recover the increase in rent through higher THCs charged to their customers. However, as part of the new lease management

regime under the proposed Pricing Strategy, NPA is empowered to cap excessive increases in THCs.

Please see also answer to Question 2.3.2 for more details.

Question 2.3.2. Pass-Through of Tenant Rent Increases

Question:

Will NPA put mechanism in place to ensure that tenants are prevented from passing the entire 100% tariff increase received from Transnet Port Terminal to cargo owners due to the proposed new tariff allocation? (*question by Columbus Steel*)

NPA Response:

We are aware of this possibility and we will monitor the developments carefully. To evaluate the feasibility of our proposal, we have modelled the financial impact of the new rental rates on the Terminal Operators. We concluded that relatively minor improvements (<10%) in terminal handling productivity/turnaround times would allow them to handle incremental volumes generating incremental revenues that will offset the increase in rent even without an increase in THCs. We are therefore confident that Terminal Operators will focus on driving efficiency in their own interest and to the benefit of increased overall port efficiency and limit the impact on THCs.

During implementation of the Pricing Strategy, mechanisms will be explored to prevent Terminal Operators from passing the entire 100% tariff increase to cargo owners.

Please see also answer to Question 2.3.1.

2.4. Charges to Cargo Owners: Cargo Dues

Question 2.4.1. Differentiation of Import and Export Dues

Question:

The general import rates of TEU will double the rate of export TEU. Will this determination take into account whether the imported product/part is not available in the South Africa? Our organisation imports Ferro-nickel and Molybdenum which are not available in RSA. Do we have to pay the same penalty as imported goods that are readily available in South Africa or could we get an exception? (*question by Columbus Steel*)

NPA Response:

The fact that cargo dues for imports are higher than for exports is not interpreted by NPA as a penalty for importers. Instead, the tariff differentiation was designed and is seen by NPA to be a way of incentivising exports. Additionally this also supports the policy directives of the government aimed at promoting export driven macro-economic growth for South Africa.

In order to keep the pricing structure for cargo dues as simple as possible, exceptions on import cargo dues rates for goods not readily available in South Africa were not modelled. However, we are open to consider exceptions to reduce import cargo dues rates for particular goods on a case-by-case basis, if the strategic relevance of an import good to South Africa would be signed off by the Department of Trade and Industry (DTI).

Question 2.4.2. Required Revenue for Different Commodities/Cargo Types**Question:**

Pages 19 to 24 of the presentation “Pricing strategy road show presentation March 4-7” describe a disparity between costs and revenue for the handling of RORO, Drybulk, TEU and Breakbulk. These slides also elaborate on such disparities for certain individual commodities.

- Please advise a full breakdown of these costs per commodity that were shown on these pages.
- Please advise how these costs have been calculated.
- Please advise if these costs have been audited.

(question by SAASOA)

NPA Response:

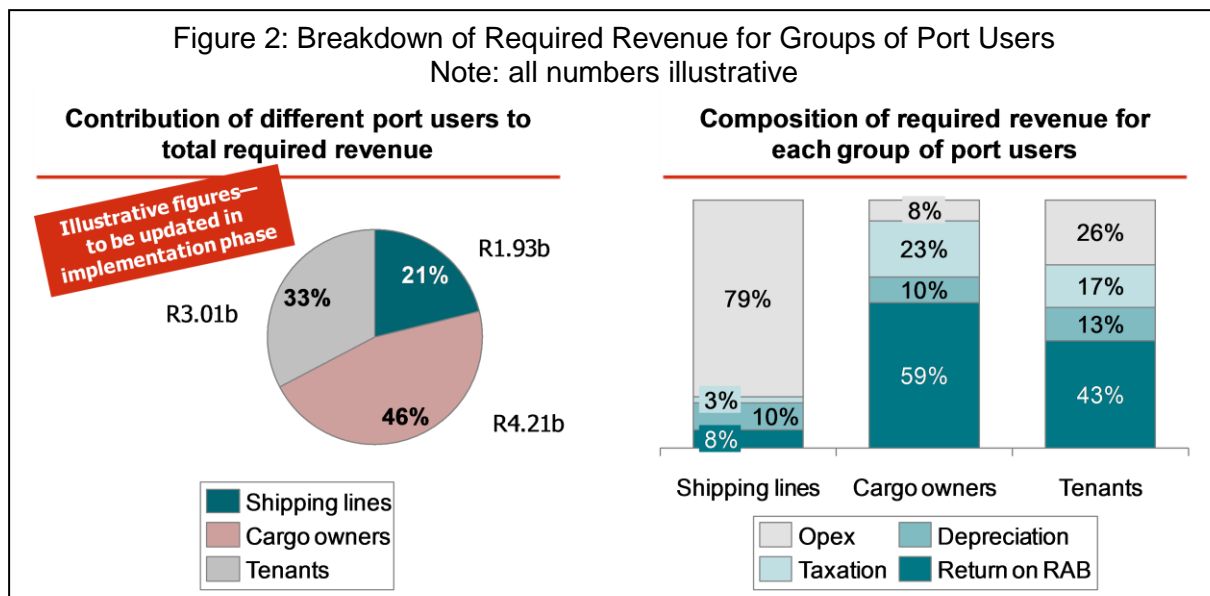
Pages 19 to 20 of the presentation Pricing strategy road show presentation March 4-7) show how cargo dues will be determined under the proposed Pricing Strategy.

Pages 21 to 24 compare the current total port charges per unit of cargo¹ for selected high-volume commodities with the proposed charges. The intention of these comparisons is to provide a high-level indication of the changes in revenue raised from a total port cost perspective. The figures are indicative and will be reviewed in the implementation phase using the principles detailed in the proposed Pricing Strategy.

In the data shown, current cargo dues have been taken from the tariff book 2011/12. The proposed tariffs were calculated as shown on page 19 and detailed in the proposed Pricing Strategy document. Rent and marine charges are shown as average unit values calculated top-down for the entire port system. This means that the total Required Revenue from rent and marine services across all South African ports was divided by the volumes of each cargo handling type based on their respective terminal throughputs and number of vessel arrivals.

In order to further clarify, it is helpful to explain the composition of the Required Revenue by port user group. Figure 2 illustrates how the Required Revenue is broken down into Return on Regulated Asset Base, Depreciation, Taxation, and Opex for each of the port user group.

¹ Unit is defined as 1 TEU for containers; 1 ton for dry/break bulk, 1 kilo litre for liquid bulk; 1 unit for RoRos.



The Required Revenue for shipping lines consists predominantly of Opex, which includes, for example, cost of labour and fuel to provide services like towage, pilotage, or the operation of maintenance dredgers. Depreciation and returns on the Regulated Asset base are generally related to vessels and other movable assets such as equipment.

The Required Revenue for cargo owners is heavily driven by depreciation and returns on common infrastructure assets. The operating costs included here are limited, including, for example, expenses related to the planning of these assets and the administration of cargo dues.

The Required Revenue for Tenants is again primarily driven by depreciation and return on assets, but also includes an amount of Opex required to run the property management business and maintaining allocated assets.

The total costs and asset valuations on which these calculations are based have been audited as part of Transnet's annual financial reporting process and assessed by independent valuers as explained in the proposed Tariff Methodology.

Question 2.4.3. Break Bulk vs. Dry Bulk

Question:

Kindly advise NPA / Port Regulator's definition of the break bulk vs. dry bulk—different ports make use of different classifications (our cargo is therefore classified as break bulk in one port and dry bulk in another which creates confusion). (*question by Xstrata*)

NPA Response:

The distinction between break bulk and dry bulk is primarily driven by the way in which the cargo is handled when loaded onto a vessel, and therefore is related to the purpose of the cargo terminal that is used.

Dry bulk is defined by NPA as "free-flowing homogeneous cargoes in granular, powder or crystal form which are not subject to packaging". Therefore, a key characteristic of cargo to qualify as dry bulk is a continuously flowing loading process, e.g., by using a reclaimer and conveyor belts.

Break bulk is defined by NPA as "loose or packaged general cargo". The key characteristic of cargo to qualify as break bulk is a discontinuous and repetitive loading process, e.g. on pallets, in bags, or unpacked in batches.

Therefore, for example, iron ore that is loaded in a terminal classified as "dry bulk", would be treated for the purposes of cargo dues as "dry bulk". However, iron ore handled at a terminal classified as "multi-purpose" (and without a terminal license for dry-bulk), would be treated as break bulk.

The rationale for this definition lies in NPA’s responsibility to ensure that the port infrastructure is used in the most efficient way to maximise port throughput. Dry bulk is handled most efficiently in dedicated dry bulk terminals. Therefore, charging higher break bulk cargo dues rates when iron ore, coal and similar cargo are handled in a multi-purpose terminal should discourage the inefficient use of the port infrastructure. Should there be a structural shortage of dry-bulk terminal handling capacity, NPA would need to consider converting a multi-purpose terminal to a dedicated dry bulk terminal or alternatively construct further dry bulk terminals to meet demand taking into consideration the current efficiency levels.

Two additional remarks are important to understand when defining cargo types for purposes of cargo dues:

- Containers will be always treated as containers, irrespective of whether they are handled at a dedicated container terminal or at a multi-purpose terminal with a license to handle containers.
- Vehicles on their own wheels will be always treated as vehicles/RoRos, irrespective of whether they are handled at a dedicated automotive terminal or at a multi-purpose terminal with a license to handle vehicles.

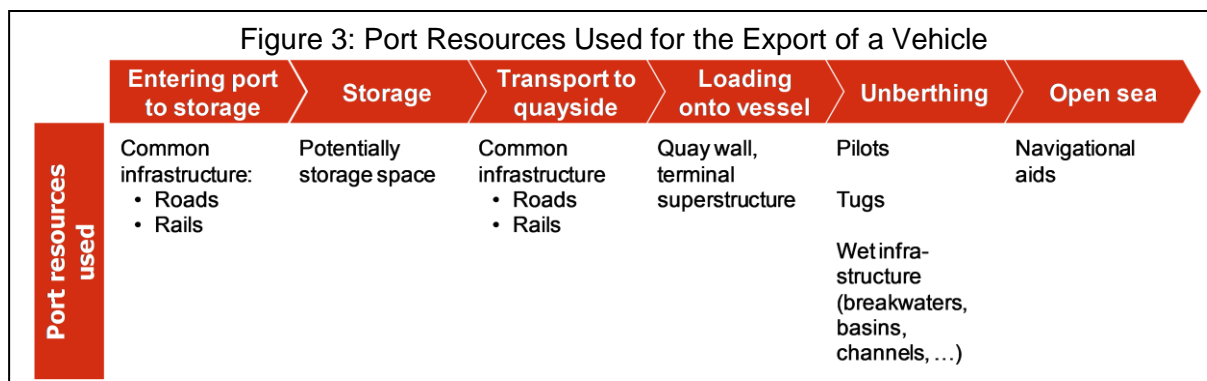
Question 2.4.4. RoRo Port Resources

Question:

Kindly list all port resources used in the process of importing and exporting of Fully Built Up vehicles on own wheels? (*question by Atlas*)

NPA Response:

Vehicles imported and exported use various port resources along every step of the way from deep sea to landside through the port or vice versa. Figure 3 illustrates the resources used in the export of a vehicle; the mirrored image holds for imports.



Question 2.4.5. RoRo Volume ForecastsQuestion:

Why is NPA using a volume of $\pm 610,000$ RoRo units? Where does this number come from and how was it calculated? Why was the industries formal commitment of $\pm 720,000$ not used in the calculation? (*question by Atlas*)

NPA Response:

The volume of 610,000 units of RoRo originates from the Transnet seven-year volume plan approved by the Transnet board in February 2012. This number was the best data available at the time when the Pricing Strategy was developed in early 2012.

The purpose of the calculation was to illustrate the mechanics of how cargo dues would be determined under the new Pricing Strategy. NPA will update any calculations with relevant data before implementation.

Question 2.4.6. Container/RoRo Volume RatioQuestion:

The ratios between Container and Ro-Ro traffic is based on 2011/2012 material but with the big increases in the automotive sector expected in the future, when and how often will this ratio mix be reviewed? (*question by SAASOA*)

NPA Response:

NPA will periodically review the mix of vessel arrivals per cargo handling type to ensure that cargo owners of each cargo handling type pay their fair share based on actual usage. NPA suggests resetting the ratios for vessel arrivals by vessel types every five years. In between, NPA intends to regularly compare the applied mix with annual actual numbers and, should the ratios have changed considerably, NPA proposes a resetting before the end of the five year cycle.

2.5. Beneficiation Promotion Programme (BPP)**Question 2.5.1. BPP Validity**Question:

Our understanding is that the new proposed rates that take the level of beneficiation into consideration will only be applicable from April 2014. Is this correct? (*question by Xstrata*)

Question:

On page 54 of the document is clearly stated that Beneficiation Promotion Programme will be fully implemented in 2013/14. Will we see the benefit of phase approach this year 2013/14? (*question by Columbus Steel*)

NPA Response:

The implementation of the BPP will require significant groundwork and not all of the preparatory work will be fully under the control of NPA. Under the guidance of government stakeholders, the understanding has been reached that the Department of Trade and

Industry (DTI) should apply their expertise in elaborating definitions of beneficiation stages for all applicable industry sectors. In parallel, NPA will develop required capabilities and systems to operate the BPP in an efficient way.

DTI's role will not be limited to the definition of the framework for the BPP. DTI will play an important role during the ongoing application of the program by virtue of confirming if and what level of discount applies for each export shipment. NPA will then be instructed by DTI what discount factor should be considered for each shipment when charging cargo dues.

The timeline indicated in the document submitted to the Regulator for discussion in 2012, describing the proposed Pricing Strategy, was based on the best available information at that point in time. In the meantime, a better understanding has been reached with respect to the division of roles between DTI and NPA as well as the operational complexities, indicating a longer actual timeline for implementation.

NPA can't provide at this point a date by when the BPP will be fully implemented. We would expect that the finalisation of the BPP as described above to take several quarters. As a result, NPA suggests proceeding with the implementation of the proposed Pricing Strategy with the understanding that the BPP will be implemented at a later stage, once the necessary preparations have been completed.

Question 2.5.2. BPP Stages of Beneficiation

Question:

According to NPA / Port Regulator, is there only 4 stages of beneficiation or will each commodity be viewed individually? (*question by Xstrata*)

NPA Response:

NPA has adopted the stage-logic of beneficiation as defined by the DTI in their metals sector strategy. This logic is based on four stages of beneficiation that were developed with the metals sector in mind. The beneficiation stages of commodities have to be seen in the context of their corresponding sector.

For the metals sector, as per the DTI metals sector strategy, the four stages of beneficiation are defined as follows:

- Stage 1 – The primary action of mining and producing an ore or concentrate.
- Stage 2 – Converting a concentrate into a bulk tonnage intermediate product (such as a metal or alloy). The production of intermediate products usually takes place in capital-intensive, energy-intensive smelters and refineries. The value added to the original ore increases significantly in this stage, however, the broader economic advantages are constrained by the high level of skills required by employees and low employment levels needed.
- Stage 3 – Transforming an intermediate good into a refined, semi-fabricated product suitable for purchase by both small and sophisticated industries. Such activities take place in blast furnaces and foundries using heat-treating and/or cold finishing processes. Employment levels are greater and the degree of value added increases substantially due to the inclusion of other resources and inputs (skills, technology, etc) required in the manufacturing process.
- Stage 4 – The converted metal is further transformed into a finished product for sale and subsequent inclusion in a variety of different applications. The range of employment opportunities is significantly greater at this stage and firms include both small- and medium-sized firms as well as large manufacturers.

We expect that the concept of four stages will apply to other sectors, but we will rely on DTI's expertise in this domain to define details for relevant industry sectors.

See also Question 2.5.1 for details on the division of responsibilities between NPA and DTI with respect to the BPP.

Question 2.5.3. BPP in the Ferro Alloys Industry

Question:

Kindly clarify what is exactly proposed for the Ferro Alloys industry. (stages as in page 26/27 of presentation) (*question by Xstrata*)

NPA Response:

As per the definition of the stages given in Question 2.5.2, for the ferro-alloys industry, the alloys themselves would be classified as stage 2, whereas any refined, semi-fabricated goods made from these alloys would be classified as stage 3, and final products would be classified as stage 4.

Please consider the above statement as preliminary and pending confirmation by DTI.

See also answer to Question 2.5.2 for further context on definition of stages of beneficiation.

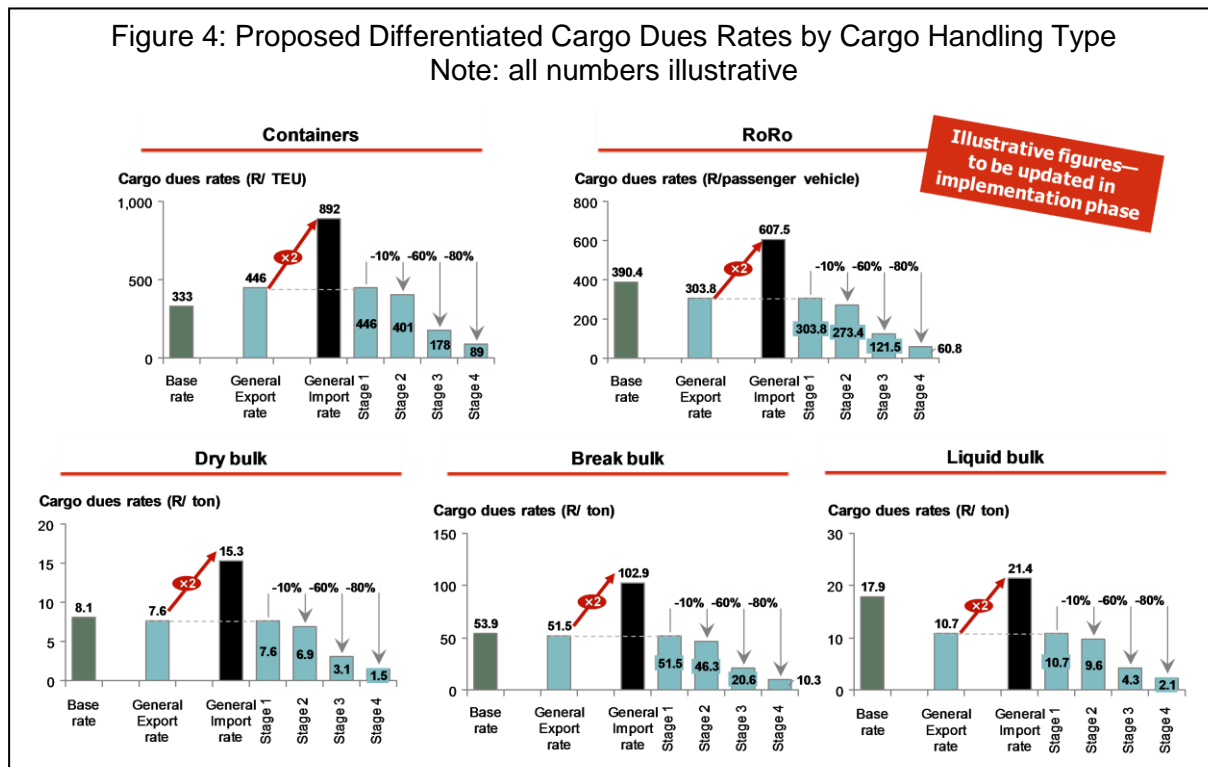
Question 2.5.4. Applicability of the BPP

Question:

Will the BPP only be applicable to bulk cargoes? If not, will the discount structure be the same as for bulk cargoes? (*question by Xstrata*)

NPA Response:

The BPP is intended to be applied to all cargoes and all cargo handling types. The proposed differentiation in cargo dues rates by cargo handling type are detailed in the proposed Pricing Strategy submitted to the regulator and reproduced in Figure 4 for reference.



3. Definitions

"Act" means the National Ports Act No. 12 of 2005

"Agent" refers to all representatives having commercial dealings with a vessel or its cargo, unless the context indicates that it refers to a particular kind of agent, and includes a vessel's agent and a cargo agent.

"Area of jurisdiction" means the area within which Transnet has jurisdiction at the respective ports as appearing in the Port Regulations.

"Authority" means National Ports Authority, a division of Transnet.

"Cargo" means any cargo, goods, wares, merchandise, and articles of every kind whatsoever, including animals, birds, fish, plants and containers, carried, or intended to be carried, by sea.

"Claims for adjustment or refund of port fees" All claims related to fees raised by the Authority in terms of the Authority's Tariff Book will, for prescription purposes, be dealt with strictly in terms of the Prescription Act, Act 68 of 1969.

"Coaster" refers to vessels carrying cargo exclusively between the ports in the Richards Bay/Walvis Bay range on a regular schedule. To qualify as a bona fide coaster, an application must be lodged and approved by the Authority.

"Coastwise cargo" means cargo moving by sea between South African ports, including Walvis Bay and Luderitz, provided that both the country of origin and destination is South African or Namibia.

"Container operator" means any person providing international transportation of containerised goods, and approved by the Commissioner for the South African Revenue Service under section 96A of the Customs and Excise Act 91 of 1964, as amended, for operating containers in the Republic.

"Entering port" means a vessel entering the port's limits.

"Fees" means all fees, charges and dues contemplated in Section 73 of the Act. (The fees in the Tariff Book are for the basic services only and other fees may be levied in the event of a departure from or addition to basic services.) Fees will be raised at the time the service is performed excluding, where tariffs are adjusted annually where the actual time of vessel arrival will be used for cargo dues purposes.

"Fishing vessel" means a vessel that is used for the purpose of catching fish or other living resources of the sea for financial gain or reward.

"Harbour Master" means the employee of the Authority appointed for each port as contemplated in Section 74(3) of the Act.

"Importer/Exporter" – the responsible party at the time of ship to shore / shore to ship transfer of cargo.

- Importer = the buyer or nominated representative
- Exporter = the seller or nominated representative

"ISO container" means a freight container with the specifications prescribed by the International Organisation for Standardisation.

"Length" refers to the length overall (LOA) and means –

- (i) in the case of a registered vessel, the length shown in the certificate of registry; and
- (ii) in the case of a vessel licensed in terms of Section 68 of the Merchant Shipping Act, 1951 (Act No. 57 of 1951), the length shown in the license.

"Marine services" include pilotage, tugs, berthing services, running of vessel lines and hire of marine equipment/ service

"Maritime services" include all marine services as well as port dues, light dues, vessel traffic services and ship repairs (drydocks, floating docks, syncrolifts and slipways)

"Master" means any person, other than a pilot, having charge or command of a vessel or pleasure vessel.

"Owner" means any person to whom a vessel or pleasure vessel or a share in a vessel or pleasure vessel belongs or any other organisation or person, such as the manager or charterer, who has assumed the responsibility for the operation of the vessel or pleasure vessel from the owner of the vessel or pleasure vessel.

"Passenger" means any person carried in a vessel, except:

- (iii) a person employed or engaged in any capacity on board a vessel on the business of the vessel;
- (iv) a person on board the vessel either in pursuance of the obligation laid upon the master to carry shipwrecked, distressed or other persons or by reason of any circumstance that neither the master nor the owner nor the charterer (if any) could have prevented; and
- (v) a child under one year of age

"Passenger vessel" means a vessel that carries more than 12 passengers.

"Pleasure vessel" means a vessel, however propelled, that is used, or intended to be used, solely for sports and recreation and that does not carry more than 12 passengers.

"Port Regulations" means the Regulation that the Minister of Transport promulgated in the Government Gazette, 23 November 2007.

"Port Rules" are the rules that the Authority may, with the approval of the Minister of Transport, adopt in terms of Section 80(2) of the Act.

"Republic" means the Republic of South Africa

"Revenue Office" means the Authority's Revenue Office.

"SAMSA" means the South African Maritime Safety Authority, established as a juristic person by virtue of Section 2(1) of the South African Maritime Safety Authority Act No. 5 of 1998.

"Shift" means the movement of a vessel from one place in the port to another, and "shifting" bears a corresponding meaning.

"Small vessel" means a commercial small vessel that:

- 1) is registered in the Republic
- 2) lies in, is used in or operates from a port; and
- 3) includes a tug, fishing vessel, launch, barge, lighter, rowing boat, ski boat, sailing boat, yacht or similar vessel, or a hulk of any of the vessels enumerated, but excludes a pleasure vessel

"Tanker" means a vessel designed to carry liquid cargo in bulk, including a combination carrier being used for this purpose.

"Tariff Book" means the Tariff Book contemplated in Section 72 of the Act.

"Transnet" means Transnet SOC Ltd registration No. 1990/00900/30.

"Unit of tonnage" means 1 metric ton (1 000kg), subject to a minimum of 1 ton, except for the following:

- Vehicles (empty) driven or towed from/to the port and (including boats, yachts, etc.) including these on trailers: 1 meter of length = 2 tons
- Bulk liquids = 1 kilolitre

The metric tonnage for tariffing purposes of cargo dues shall include all packaging i.e. mass of cargo, cases, pallets, bags etc.

"Vessel" means any water-navigable vessel or structure and includes a passenger vessel, ship, seaplane, small vessel and a non-displacement vessel, but excludes a pleasure vessel, to which Part B of Chapter 2 applies.

"Vessel agent" means the agent or owner of the vessel.

"Vessel in need of assistance" means a vessel in a situation, apart from one requiring rescue of persons on board, that could give rise to the loss of the vessel or an environmental or navigational hazard.

"Vessel's tonnage" (excluding Section 6) means the tonnage for port tariff purposes is the gross tonnage of a vessel as per the tonnage certificate issued in terms of the Tonnage Convention 1969. (NOT converted to cubic metres)

"VTS" means the vessel traffic service of a port administered by the Authority in respect of a VTS zone.

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