

National Ports Authority

NPA and the way ahead.

Isabel Laubscher

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Presentation Overview

NPA and the way ahead.

- Who is the NPA? Is it the same as Portnet?
- What is being done to enhance operational efficiency of South African ports?
- Who is responsible to ensure infrastructure provision in the ports and what about the backlog?
- Who will ensure competitive tariff rates in the South African ports system and will it realise net port cost reduction?
- When will concessioning become a reality?

NPA Vision

To be a transformed,
self sufficient Port Authority
that facilitates and enables
competitiveness in a world-class
port system.

NPA Mission

To facilitate growth in South Africa, by providing and sustaining port systems that are amongst the best in the world.



Core Values

- Open and honest communication
- Service excellence
- Employee development
- Safe and secure environment
- Human dignity and respect
- Integrity in our business conduct
- Employee participation and empowerment
- Cultural diversity and inclusiveness
- Recognition of good performance and behaviour
- The well being of communities in which we operate
- Legislative and regulatory compliance

Positioning of NPA

**National Ports
Authority**



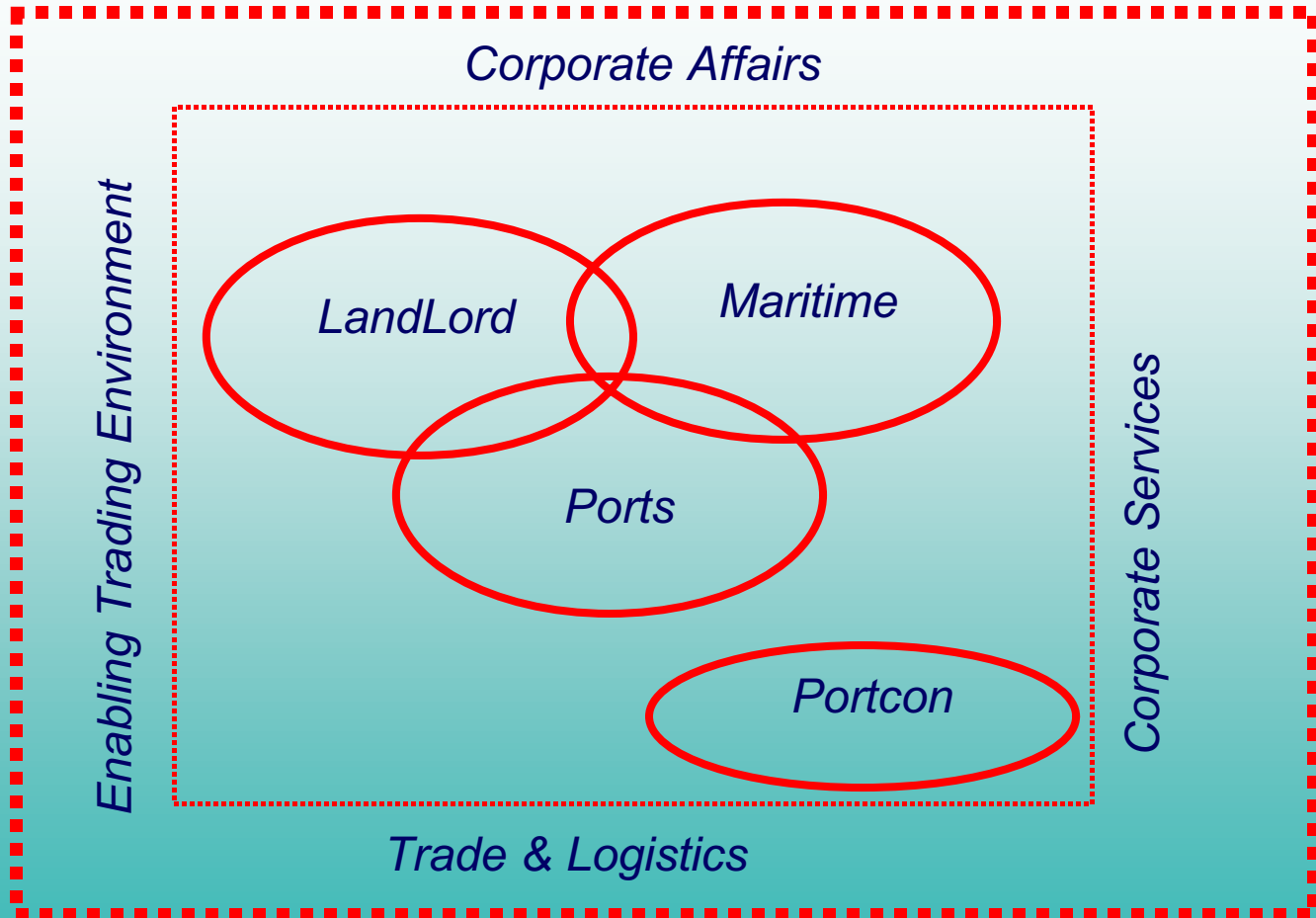
of South Africa

"The world is closer than you think"

Role:

- Landlord function
- Maritime function
- Marketing function

NPA Structure



NPA Structure

organogram

organogram

THE EXECUTIVE COMMITTEE OF THE NATIONAL PORTS AUTHORITY.



CEO
National Ports Authority
Siyabonga Gama

EXECUTIVE SUPPORT



CEO
Portcon
Ivor Funnell

Chief Executive Officer (Portcon), is responsible for the international arm of the National Ports Authority. He is involved in port consulting throughout the African continent as well as in the exploration of trade opportunities.



GM
Landlord Services
Mlamuli Buthelezi

Heads Landlord Services, which focuses on infrastructure and port development, property portfolio management, risk and security, environmental and port planning.



GM
Maritime Services
Mvikeli Matutu

Is responsible for Maritime Services, focusing primarily on shippers and shipping lines and covering all areas related to Marine services, lighthouses, dredging, dry-docks, navigation and port control.



GM
Trade and Logistics
Isabel Laubscher

Is responsible for new business development, pricing, marketing and logistics optimisation, corporate strategy and policy and performance management.



GM
Ports & Corporate Affairs
Riahi Phiyega

Is charged with the efficient and profitable running of the ports as well as corporate affairs.



GM
Corporate Services
Swazi Tshabalala

Heads Corporate Services and is responsible for finance, procurement, legal services, information technology and human resources.

NPA Environment

POLITICAL

- National Ports Policy implementation
- SADC protocols/ partnering
- Ports regulator
- Achievement of BEE & Employment Equity targets.
- Compliance with BCEA
- Coega: port dynamics
- African port reform process
- New ports legislation

ECONOMICAL

- Impact of globalisation/ Global slowdown
- Lower growth rates
- Impact of global terrorism on trade
- National Economic Policy & Industrial Strategy
- Increasing demand for bulk capacity
- Continual pressure to lower port charges
- Fluctuating currency rates
- Local negative sentiment. Lack of local investor trust

SOCIAL

- HIV/Aids pandemic
- High levels of unemployment
- International crime syndicates targeting SA ports
- Pressure from environmentalists
- Weather disrupts operations at certain ports
- Compliance with international environmental standards.

TECHNOLOGICAL

- Technological obsolescence
- Demand for proper logistics platforms
- E-Commerce: Business to Business (B2B) and Business to Customer (B2C)



NPA



NPA Strategic Overview

R4bn turnover target.

Maintain existing markets with selective growth through business development and introduce **new price policy**, supported by **new business development** to broaden revenue pond, in combination with a **low-cost, highly efficient operational** program.

NPA Business Strategy 2002/3

Financial Perspective:

NPA Corporate	Landlord	Maritime	Trade & Logistics	Ports & Corp Affairs	Corporate Services
<ul style="list-style-type: none"> • Drive sustainable revenue growth <ul style="list-style-type: none"> • Sustainable volume growth & competitive pricing policy in existing markets • New Business development: R35m • Ensure cost-efficiency • Delivering promised operating profit to shareholder 	<p><i>Sustainable market growth & comp tariff policy</i></p> 			<p><i>New Bus Development</i></p> 	
<p><i>Cost-efficient management drive</i></p> 					
					<p><i>Shareholder value mng</i></p> <p><i>Sound procurement aligned to Transnet and BEE</i></p> 

NPA Business Strategy 2002/3

Customer Perspective:

NPA Corporate	Landlord	Maritime	Trade & Logistics	Ports & Corp Affairs	Corporate Services
<ul style="list-style-type: none"> • Drive a stable, enabling trading environment through CRM and ensure high CSI measure <ul style="list-style-type: none"> • Customers • Stakeholders • Shareholder/ POD • Unions • Repositioning NPA corporate image • Ensure high ICSD index 					

The diagram illustrates the following initiatives and their cross-functional reach:

- Integrated NPA CRM Program:** Spans Landlord, Maritime, Trade & Logistics, and Ports & Corp Affairs.
- Integrated Networking Approach:** Spans Landlord, Maritime, Trade & Logistics, and Ports & Corp Affairs.
- Industry Cluster Program:** Spans Trade & Logistics, Ports & Corp Affairs, and Corporate Services.
- Shareholder relationship mng:** Focuses on Corporate Services.
- Corporate Repositioning:** Focuses on Ports & Corp Affairs and Corporate Services.

NPA Business Strategy 2002/3

Innovation & Learning Perspective:

NPA Corporate	Landlord	Maritime	Trade & Logistics	Ports & Corp Affairs	Corporate Services
<ul style="list-style-type: none"> • Training drive (1 - 5% of turnover) • EE thrust - race and gender specific • Drive best practice learning environment 	<p data-bbox="741 411 1881 491">← Training →</p> <p data-bbox="973 505 1843 605">Competency Training</p> <p data-bbox="973 605 1843 648">↔ ↔ ↔ ↔</p> <p data-bbox="1089 662 1785 805">Consultative Support and Research Drive</p> <p data-bbox="741 876 1881 948">← EE Program →</p> <p data-bbox="741 1062 1881 1219">← Best practice global drive - training, networking, research, special projects →</p> <p data-bbox="1669 448 1901 548">Academy & Library</p> <p data-bbox="1688 634 1862 733">Change Mng</p> <p data-bbox="1398 662 1669 805">Continuous Improvement Drive</p>				

NPA Business Strategy 2002/3

Internal Business Perspective:

NPA Corporate	Landlord	Maritime	Trade & Logistics	Ports & Corp Affairs	Corporate Services
<ul style="list-style-type: none"> • Creating an enabling facilitating environment • Drive business re-engineering 	<p style="text-align: center;">Coega Port</p> <p style="text-align: center;">←←←←←</p> <ul style="list-style-type: none"> • <i>Optimised development framework plans</i> • <i>Manage & maintain infrastructure</i> • <i>Environment program</i> • <i>Security Upgrade</i> • <i>Durban 2005</i> • <i>Lease commercialization</i> • <i>Maydon Warf Project</i> <p style="text-align: center;">Concessions</p> <p style="text-align: center;">←←←←←</p>	<ul style="list-style-type: none"> • <i>Maritime Service delivery</i> • <i>Lighthouse Project</i> • <i>Maintenance</i> 	<p style="text-align: center;">←←←←←</p> <ul style="list-style-type: none"> • <i>Ports policy and bill</i> • <i>Port Community System (PCS)</i> • <i>BSC</i> • <i>GPSO</i> • <i>Tariff Reform</i> • <i>Business Strategy</i> • <i>Market intelligence</i> 	<p style="text-align: center;">←←←←←</p> <ul style="list-style-type: none"> • <i>Standardise port implementation</i> • <i>Corporate repositioning:</i> <ul style="list-style-type: none"> • <i>CI Program</i> • <i>Selective corp adv</i> • <i>Publicity</i> • <i>Networking</i> • <i>Industry Initiatives, e.g. IAPH 2003; harbour festivals</i> 	<p style="text-align: center;">←←←←←</p> <ul style="list-style-type: none"> • <i>ERP</i> • <i>Corporatisation</i> • <i>Formulation and compliance mng of policies and procedures</i> • <i>Knowledge mng</i> • <i>IR management</i> • <i>Corporate Culture mng with zero tolerance approach</i> • <i>AIDS Program</i> <p style="text-align: center;">Port Restructuring</p> <p style="text-align: center;">←←←←←</p>

A vertical teal sidebar on the left side of the slide features a collage of financial and business-related images. At the top, there are tangled wires or cables. Below that, a close-up of a computer keyboard is visible. Further down, a stack of coins is shown. At the bottom, a man in a suit is talking on a mobile phone. The overall theme is business and finance.

Key Marketing Projects

- **Tariff Reform**
- **Ports Policy**
- **Port Community System**
- **New Business Development**

Tariff Reform Project

Objective:

- *Introducing a new NPA and SAPO tariff reform structure*

Motivation:

- Introduce a fair tariff structure based on ‘user pays’ and ‘cost plus %ROAM’ principles, ensuring alignment with the ports policy, introducing a unit-based charge stabilizing trade marketplace.
- *Introducing a net port cost reduction in terms of new port tariffs spread over the next two fiscal years, 2002/3 and 2003/4, to the value of app R400m*

Motivation:

- Introduce tariff levels that are globally competitive and introduce a net cost reduction in port cost, thereby facilitating port trade.

Status: 20-month project with Successful introduction on 1 May 2002.

Tariff Reform Project

- Maritime Services
 - ABC model and asset allocation
 - Determined by ship movements
 - Cost plus margin with CPI increase
- Landlord
 - Detailed asset split and revaluation with costing per port/terminal
 - Unit Cargo Dues
 - ROAM as cost basis
 - Differentiated model for range of assets
 - Rental Model
 - Implemented via commercial leases
- Example : Tug Assistance
 - PTB R 11 820
 - ABC R 20 946
- Example : Pilotage
 - PTB R 5 071
 - ABC R 9 290

Tariff Reform Project

Port User	Service Charge
Cargo Owners	Unit Cargo Dues (wharfage)
Shipping Lines	Port Dues Berth Dues Marine Services
Terminal Operators	Rentals/Berth Dues

Ports Policy

Objective:

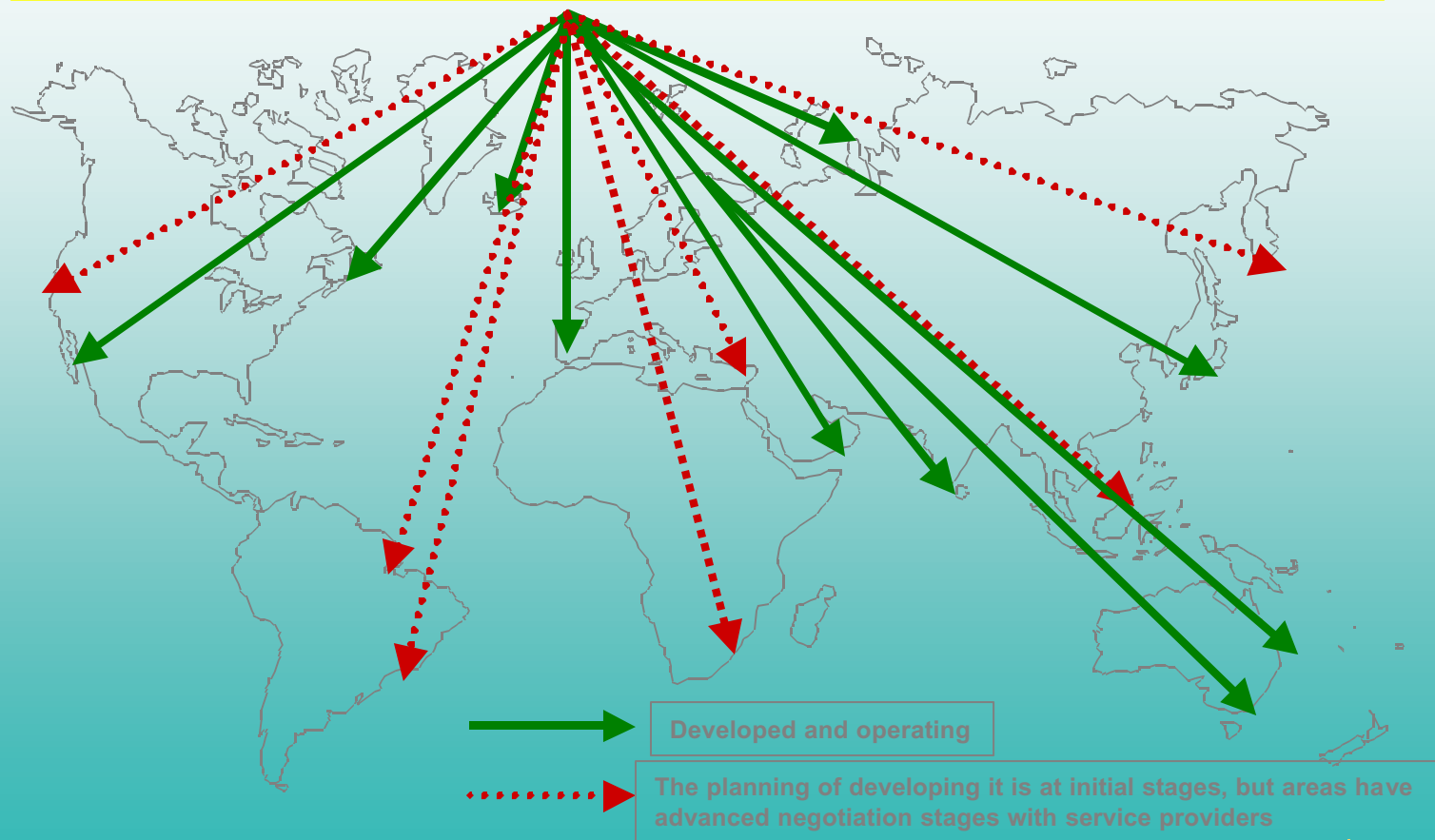
- To enable the NPA to enter into legal contracts;
- Enable NPA to initiate and manage concessioning of port terminals, which will enhance choice of service offerings and efficiency within ports;
- Enable NPA to realise infrastructure undertakings and development framework plans;
- Enable NPA to implement competitive tariff policy.

Status:

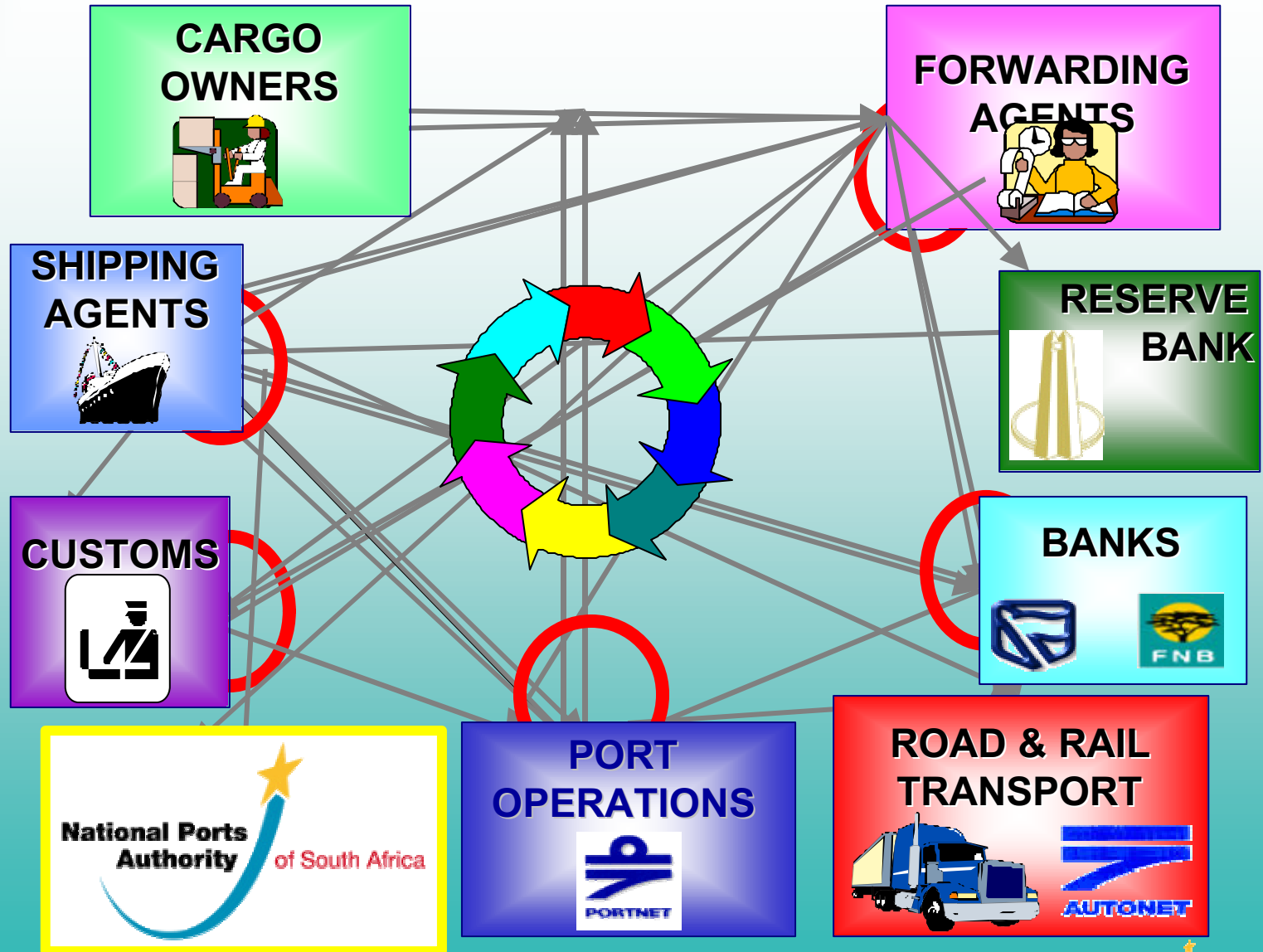
- White paper on ports policy expected to be released by cabinet within weeks, bill and draft act to be finalized within next 2 months;
- Concessioning preparation in progress;
- Concessioning realised in April 2003.

PCS's around the world

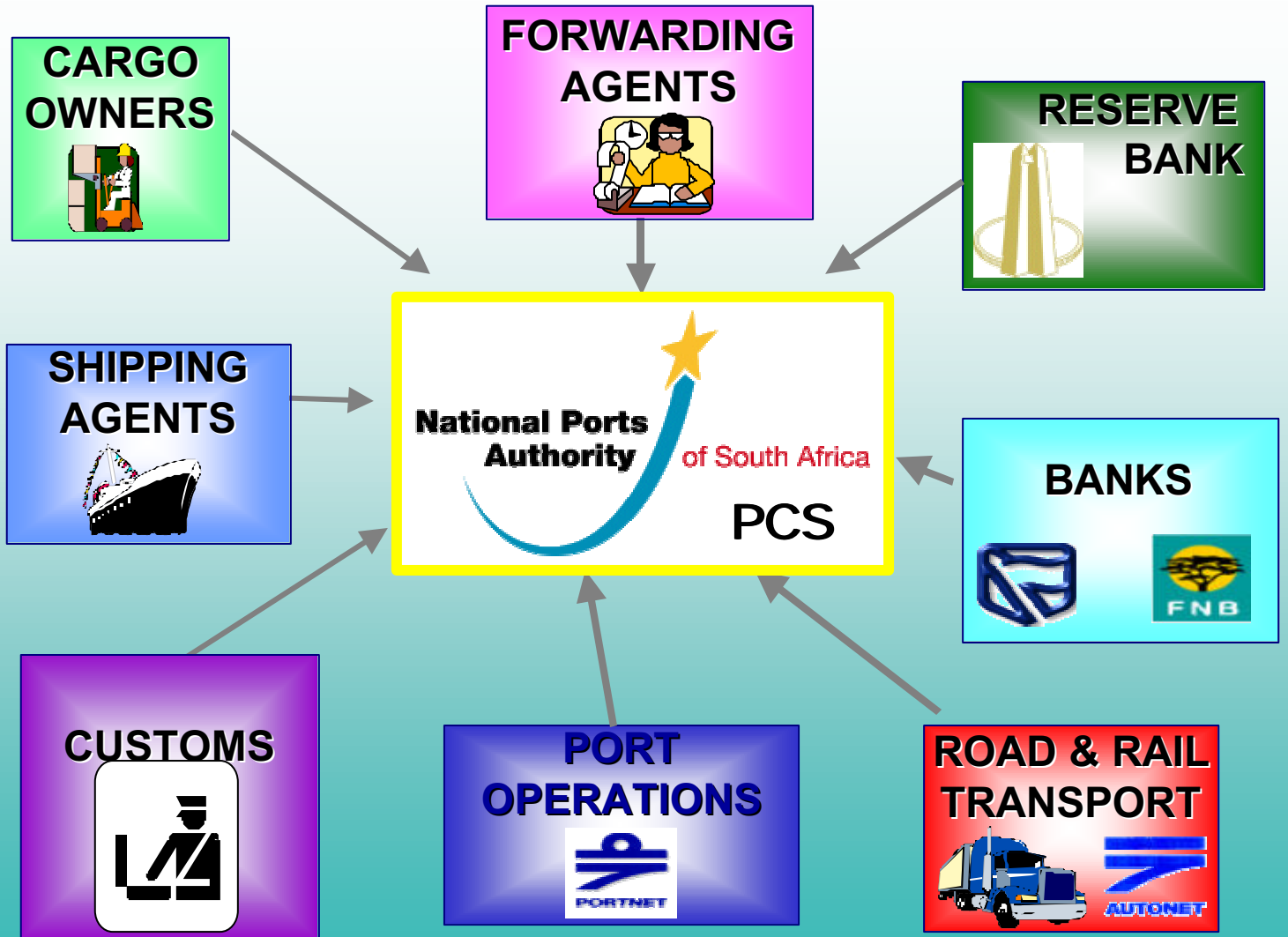
Establishes a centralized, e-commerce internet-enabled database with real-time data integrity, which can be accessed by all (large & small) port users in order to manage their logistical chains hands-on.



PCS: Current Port Interfacing



PCS: Future Port Interfacing



PCS Project

Objective:

- Eliminate administrative paperwork and errors, information and approval delays, equalizes information accessibility, scope and data integrity;
- Enables NPA to strategically manage port logistics in order to facilitate trade competitively;
- Enables NPA to offer world-class system support to users and compete globally on service delivery;
- Important management tool to enhance efficiency, lower port costs and promote customer satisfaction.

Status:

- Negotiations underway. Pilot planned for late 2002.

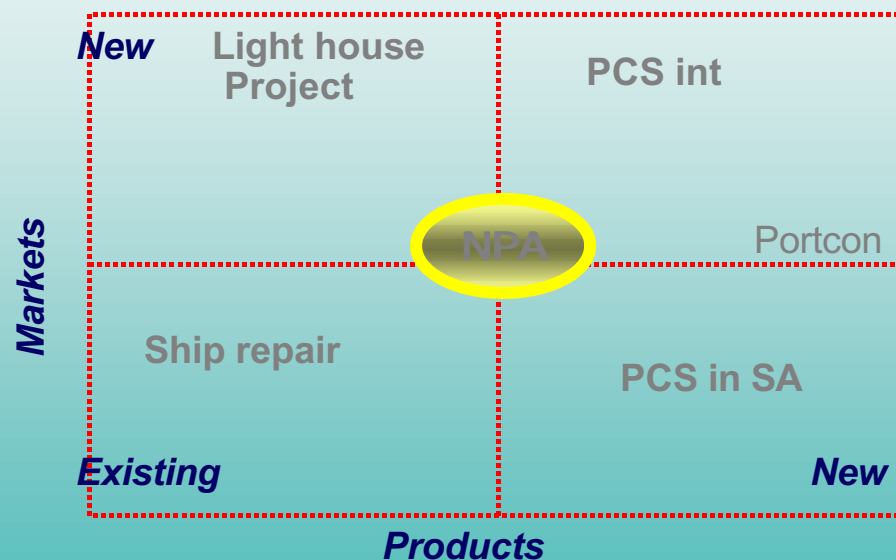
New Business Development

- Revenue

- Lowering of tariff levels
- Economic global decline

...need to grow the pond.

- New Revenue Opportunities



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**NPA have mapped the road
ahead,**

join us, because...

**“the world is closer than you
think” and**

**“success is closer than you
think”.**

Thank You.

