National Ports Authority

NPA and the way ahead.

Isabel Laubscher

May 2002
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?
To be a transformed, self sufficient Port Authority that facilitates and enables competitiveness in a world-class port system.
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

CEO
National Ports Authority
Syxombi Gama

EXECUTIVE SUPPORT

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

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

CEO
Parcon
Ivor Funnel
Chief Executive Officer (Parcon), 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
Landport Services
Manuli Butheleni
Heads Landport Services, which focuses on infrastructure and port development, property portfolio management, risk and security, environmental and port planning.

GM
Maritime Services
Mvukeli Matutu
Is responsible for Maritime Services, focusing primarily on shipping and shipping lines and covering all areas related to Marine Oil Spills, lighthouses, dredging, drydocks, navigation and port control.

GM
Landers Services
Manuli Butheleni
Heads Landers Services, which focuses on infrastructure and port development, property portfolio management, risk and security, environmental and port planning.
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)
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.
## Financial Perspective:

<table>
<thead>
<tr>
<th>NPA Corporate</th>
<th>Landlord</th>
<th>Maritime</th>
<th>Trade &amp; Logistics</th>
<th>Ports &amp; Corp Affairs</th>
<th>Corporate Services</th>
</tr>
</thead>
</table>
| • Drive sustainable revenue growth  
  • Sustainable volume growth & competitive pricing policy in existing markets  
  • New Business development: R35m  
  • Ensure cost-efficiency  
  • Delivering promised operating profit to shareholder | New Bus Development | Sustainable market growth & comp tariff policy | Cost-efficient management drive | Shareholder value mng | Sound procurement aligned to Transnet and BEE |
Customer Perspective:

- Drive a stable, enabling trading environment through CRM and ensure high CSI measure
  - Customers
  - Stakeholders
  - Shareholder/ POD
  - Unions
  - Repositioning NPA corporate image
  - Ensure high ICSD index

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- Integrated NPA CRM Program
- Integrated Networking Approach
- Industry Cluster Program
- Shareholder relationship mng
- Corporate Repositioning
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<tbody>
<tr>
<td>• Training drive (1 - 5% of turnover)</td>
<td>Training</td>
<td>Competency Training</td>
<td>Consultative Support and Research</td>
<td>Continuous Improvement Drive</td>
<td>Academy &amp; Library</td>
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<tr>
<td>• EE thrust - race and gender specific</td>
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<td>EE Program</td>
<td></td>
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<tr>
<td>• Drive best practice learning environment</td>
<td></td>
<td></td>
<td>Best practice global drive - training, networking, research, special projects</td>
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</table>
**NPA Business Strategy 2002/3**

### Internal Business Perspective:

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<tr>
<td><strong>Coega Port</strong></td>
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<tr>
<td>• Creating an enabling facilitating environment</td>
<td>• Optimised development framework plans</td>
<td>• Maritime Service delivery</td>
<td>• Ports policy and bill</td>
<td>• Standardise port implementation, Corporate repositioning:</td>
<td>• ERP</td>
</tr>
<tr>
<td>• Drive business re-engineering</td>
<td>• Manage &amp; maintain infrastructure</td>
<td>• Lighthouse Project</td>
<td>• Port Community System (PCS)</td>
<td>• CI Program</td>
<td>• Corporatisation Formulation and compliance mng of policies and procedures</td>
</tr>
<tr>
<td></td>
<td>• Environment program</td>
<td>• Maintenance</td>
<td>• BSC</td>
<td>• Selective corp adv</td>
<td>• Knowledge mng</td>
</tr>
<tr>
<td></td>
<td>• Security Upgrade</td>
<td></td>
<td>• GPSo</td>
<td>• Publicity</td>
<td>• IR management</td>
</tr>
<tr>
<td></td>
<td>• Durban 2005</td>
<td></td>
<td>• Tariff Reform</td>
<td>• Networking</td>
<td>• Corporate Culture mng with zero tolerance approach</td>
</tr>
<tr>
<td></td>
<td>• Lease commercialization</td>
<td></td>
<td>• Business Strategy</td>
<td>• Industry Initiatives, e.g. IAPH 2003; harbour festivals</td>
<td>• AIDS Program</td>
</tr>
<tr>
<td></td>
<td>• Maydon Warf Project</td>
<td></td>
<td>• Market intelligence</td>
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</tbody>
</table>
Key Marketing Projects

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

- **Example: Tug Assistance**
  - PTB R 11 820
  - ABC R 20 946

- **Example: Pilotage**
  - PTB R 5 071
  - ABC R 9 290

- **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

Tariff Reform Project
<table>
<thead>
<tr>
<th>Port User</th>
<th>Service Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo Owners</td>
<td>Unit Cargo Dues (wharfage)</td>
</tr>
<tr>
<td>Shipping Lines</td>
<td>Port Dues</td>
</tr>
<tr>
<td></td>
<td>Berth Dues</td>
</tr>
<tr>
<td></td>
<td>Marine Services</td>
</tr>
<tr>
<td>Terminal Operators</td>
<td>Rentals/Berth Dues</td>
</tr>
</tbody>
</table>
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.
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

- CARGO OWNERS
- FORWARDING AGENTS
- SHIPPING AGENTS
- RESERVE BANK
- BANKS
- CUSTOMS
- PORT OPERATIONS
- ROAD & RAIL TRANSPORT

National Ports Authority of South Africa
PCS: Future Port Interfacing

- CARGO OWNERS
- FORWARDING AGENTS
- RESERVE BANK
- SHIPPING AGENTS
- BANKS
- Customs
- PORT OPERATIONS
- ROAD & RAIL TRANSPORT

National Ports Authority of South Africa

PCS
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:
New Business Development

- Revenue
  - Lowering of tariff levels
  - Economic global decline

...need to grow the pond.

New Revenue Opportunities

- New Revenue Opportunities
  - NPA
  - Portcon
  - PCS in SA
  - PCS int
  - Light house Project
  - Ship repair
  - New
  - Existing
  - Markets
  - Products

...need to grow the pond.
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• 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 have mapped the road ahead, join us, because...

“the world is closer than you think” and “success is closer than you think”.

Thank You.