



Record of Decision: WEGO KPIs and Weights for 2020/21

1. Introduction

In line with the Record of Decision on the Weighted Efficiency Gains from Operations published on 29 March 2018, port users and the National Ports Authority have the opportunity to advise the Ports Regulator on performance indicators that cover the port value chain (water and land side) for which performance in the base year is set and changes in performance on each is measured in the subsequent year. Verified changes in performance on each KPI influences whether the Authority receives a performance incentive or a disincentive through an increase or decrease of up to 5% on their allowed return for up to a 10% increase or decrease in year on year KPI performance, respectively, or as revised by the latest approved Tariff Methodology.

The Ports Regulator of South Africa (the Regulator) hereby publishes:

- Preliminary port performance information for 2018/19 (baseline) and the first three quarters of 2019/20 from the National Ports Authority (the NPA) summarised in Table 1. The table reflects percentage change in KPIs between baseline and up to Q3 2019/20,
- Port Consultative Committee (on behalf of port users) proposed KPIs for the 2020/21 period (Table 2),
- National Ports Authority proposed KPIs for the 2020/21 period (Table 2), and

- Ports Regulator decision on KPI's and weights based on the performance information for the 2020/21 period (Table 3).

2. New measure

Heeding the call for landside measures to be included in WEGO to cover the full port logistic chain, users in the ports of Durban and Cape Town have proposed inclusion of truck turnaround time, with the port of Durban having established a De-Congestion Committee comprising affected stakeholders across the value chain. Accordingly, the Regulator will include Truck turnaround time in WEGO with performance in 2020/21 setting the baseline, thus allowing for finalisation of the measure.

3. Exclusions from WEGO

3.1. Safety and environment

The same exclusions that were announced in the 2019 Notice and Record of Decision apply to the 2020 WEGO process. In particular, are those dealing with safety and environment factors. The Regulator welcomes the proposal for “safety measures to be monitored and recorded by the NPA, all its license operators and all lessees”, as well as by the respective environmental and safety authorities. As operational efficiencies have a large impact on future tariffs, an economic regulator has the right to introduce incentives and disincentives relating to efficiency gains on operations, hence WEGO was introduced by the Ports Regulator. However, environmental and safety regulation is not within the legislated mandate of the Ports Regulator.

As a statutory observer at the PCC, the Regulator is aware that part of the PCC agenda includes the NPA's report on its oversight over terminal operators, including audits and recommends that this KPI be monitored and reported through the oversight process. As part of its compliance monitoring, the Regulator will also monitor NPA compliance on this function in line with the National Ports Act.

3.2. Pilotage and NPA manoeuvring time

As per previous Notice and ROD, the NPA manoeuvring and pilotage time are excluded because there are set safe operating standards governing these and changing these is likely to compromise safety of operations. Instead delays in servicing vessels account for factors relating to the two KPIs, hence “vessel service delay” is adopted as a KPI.

3.3. Proposal on Recovery plan KPI

The Regulator has noted a new proposal on the “Effectiveness of the implementation of the recovery plan” which includes mitigating wind delays, superstructure investment, and Delegation of Authority (DOA) challenges. The Regulator also recognises that this indicator reflects the frustrations by port users with delays and deteriorating terminal operations in our ports owing to ineffective management of ports and terminals. The downtime adjustment on WEGO which is a new feature in the 2021/22 – 2023/24 Tariff Methodology was introduced to address the results of failures in the management of ports and terminals.

Accordingly, the following indicators will not be included in the 2020/21 WEGO measures, and corresponding alternative recommendations are suggested:

	Reason for exclusion from WEGO	Recommendation
1. Environmental: Air emissions 2. Safety	Governed by legislation which the NPA and operators must comply with, and overseen by environmental regulators and SAMSA	PCC to place monthly/quarterly report on agenda
3. NPA Manoeuvring time 4. Pilotage	Provides perverse incentive to compromise safe operations Has been addressed by introducing “vessel service delay” as a KPI	PCCs to receive reports and monitor adherence to set safe operational standards
5. Recovery plan and Craft availability	Results of lack of implementation to be addressed in the WEGO “downtime adjustment factor”	Clear articulation of KPI and for inclusion in WEGO downtime adjustment factor. All stakeholders to assist in identifying all downtime by state and private operators.

3.4. Proposed exclusion of two KPIs by NPA

The National Ports Authority proposed the exclusion of the following KPIs in 2020/21.

Ship Productivity Indicator.

The Authority’s motivation for excluding Ship Productivity indicator is that it would be accounted for in Berth Productivity, arguing that Ship Productivity will not be met if manoeuvring in and out of times

are longer. However, as indicated above, NPA manoeuvring time has been excluded from measure due to safety consideration.

Ship working hour.

The Authority's motivation is that Ship Working Hour is monitored through TOPS to monitor terminal performance. Furthermore, the Authority must ensure that pre-cargo waiting and pre-departure waiting are reduced to ensure berth productivity is achieved. Therefore, achieving SWH is a requisite for Berth Productivity.

Noting that WEGO measures are not exclusive of TOPS as the intention is to incentivise the Authority and operators' performance, the Regulator has decided to retain the two KPIs to allow the Authority to focus on these (directly or through oversight on operators) within the broader suite of measures that make up Berth Productivity and Ship Turnaround Time.

4. WEGO KPIs and weights for 2020/21

The tables below provide information considered by the Regulator i.e. aggregate change on KPIs between 2018/19 and first three quarters of 2019/20; the proposal received from port users as represented by their respective PCCs, and PRSA weighting where higher weight were placed on KPIs where performance has not improved and/or was limited and lower weights in areas of significant improvement to maintain a focus on such areas to discourage a decline in performance.

It must be noted that the tables attached are not the full year of performance against the baseline, and whilst these are deemed to be sufficient to set KPI weights for the following year, they will not be the final data upon which a WEGO incentive/disincentive will be based.

Record of decision

Table 3 below constitutes the Record of Decision on the KPIs to be used for the 2020/21 financial year as well as the weighting of each KPI in each port.

The process for arriving at the final WEGO incentive/disincentive will be as follows:

- April/May 2020: the NPA submits to the Regulator the full performance data for 2018/19 and 2019/20.
 - Regulator will publish the results and make a call for comments/inputs from port users,

- In case(s) where performance is contested by a port user or a port user segment verifiable data must be provided and/or Ports Regulator and/or KPI subcommittee must be provided with access to such information.
- May – June 2020: consultations will be held with port users through PCC KPI subcommittees (including the NPA) to interrogate and verify performance data.
- 1 August 2020: NPAs submits its tariff application for 2021/22 including WEGO incentive/disincentive based on performance in 2018/19 and 2019/20.
- PCC and/or individual port users comment on WEGO as part of written submissions to the Regulator on the NPAs tariff application.
- 01 December 2020: Ports Regulator WEGO decision as part of tariff determination ROD



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Chairperson, Ports Regulator of South Africa
Date: 30 March 2020

Unverified aggregate percentage change in performance on 2018/19 and 2019/20 WEGO KPIs

Table 1: Aggregated percentage port performance changes per WEGO KPI up to Q3 2019/20

Port Aggregated Performance changes 2018/19 to Q3 2019/20 (%)	Richards Bay	Durban	East London	Ngqura	Port Elizabeth	Mossel Bay	Cape Town	Saldanha
Vessel service delays(VSD)	-14,0	7,9	-16	9,4	-2,3	30	-2,0	-1290
Ship working Hour (SWH)	-0,6	-1,0	3,0	-4,4	1,3	0	-2,6	-1,9
Berth Productivity (BP)	-1,0	-1,7	4,5	-5,3	0,1	0	-4,8	-4,6
Ship Productivity Indicator (SPI)	-1,8	-4,3	-1,1	-6,1	1,8	3,5	-4,5	-4,4
Ship Turnaround Time (STT)	-2,8	-0,7	1,5	-2,6	-3,6	5,0	-3,1	-5,1

Source: National Ports Authority submission to PRSA, March 2020.

Proposed KPIs and weight allocation for WEGO 2020/21 to the Ports Regulator

Table 2: Proposed WEGO KPIs and weight allocation by Port Consultative Committees and NPA (%)

Port of	Durban		Ngqura		Cape Town		Richards Bay		Port Elizabeth		East London		Mossel Bay		Saldanha	
	PCC (%)	NPA (%)	PCC (%)	NPA (%)	PCC (%)	NPA (%)	PCC (%)	NPA (%)	PCC (%)	NPA (%)	PCC (%)	NPA (%)	PCC (%)	NPA (%)	PCC (%)	NPA (%)
Ship Turnaround Time (STT)	20	33,33	25	33,33	15	33,33	16	33,33	25	33,33	25	33,33	25	33,33	15	33,33
Ship Productivity Indicator (SPI)	20		25		20		17		25		25		25		15	
Vessel Service Delays (VSD)	15	33,33	15	33,33	20	33,33	12	33,33	15	33,33	15	33,33	20	33,33	10	33,33
Berth Productivity (BP)	15	33,33	20	33,33	10	33,33	13	33,33	20	33,33	20	33,33		33,33	15	33,33
Ship Working Hours (SWH)	15		15		0		10		20		15		15		15	
NPA Manouvering Time					10											
Safety															20	
SPM and CBM productivity													15			
Pilotage					10		10									
Craft Availability							22									
Truck Turnaround Time	15				15											

Table 3: Ports Regulator decision on KPI's to be measured and their weights for 2020/21 (%)

Port of	Durban		Ngqura		Cape Town		Richards Bay		Port Elizabeth		East London		Mossel Bay		Saldanha	
KPI/ Changes/ 2020/21 weight	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)
VSD	7,9	15	9,4	10	-2,0	15	-14,0	40	-2,3	25	-16,0	40	30,0	20*	-1290	65
SWH	-1,0	20	-4,4	20	-2,6	15	-0,6	10	1,3	15	3,0	10	0		-1,9	5
BP	-1,7	20	-5,3	25	-4,8	25	-1,0	15	0,1	20	4,5	10	0	**	-4,6	10
SPI	-4,3	25	-6,1	25	-4,5	25	-1,8	15	1,8	15	-1,1	25	3,5	40	-4,4	10
STT	-0,7	20	-2,6	20	-3,1	20	-2,8	20	-3,6	25	1,5	15	5,0	40	-5,1	10
TTT***	Measure for baseline		Measure for baseline		Measure for baseline		Measure for baseline		Measure for baseline		Measure for baseline		Measure for baseline		Measure for baseline	

* Port users in the port of Mossel Bay proposed the inclusion of a measure which fits the description of VSD albeit measured at SPM/CBM.

**Berth productivity is not measured at the port of Mossel Bay

***TTT = Truck turnaround time which should be measured in 2020/21 to establish a baseline for inclusion into WEGO in 2021/22

---End.