



Record of Decision: WEGO KPIs and assigned weight for 2021/22

1. Introduction and background

The WEGO system aims to incentivise the Authority to play its role of landlord to terminal operators effectively by driving efficient operations. Overall changes in selected and agreed KPIs in the base year or previous best performance determines whether the Authority receives a performance incentive or a disincentive. As set up in the tariff methodology, up to a 15% increase or decrease in current year KPI performance relative to previous best performance results in an increase or decrease of up to 7,5% on the Authority's allowed return.

In line with the Record of Decision on the Weighted Efficiency Gains from Operations ("the WEGO") (published on 29 March 2018) which established the WEGO and the updated WEGO component of the Port Tariff Methodology for 2021/22 – 2023/24 (published in February 2020), port users through the Port Consultative Committee ("the PCC") and the National Ports Authority ("the Authority") have the opportunity to make submissions to the Ports Regulator on performance indicators that must be measured to drive efficiencies in SA terminals on both water and land side. The selected KPIs and the weight assigned to these reflect the performance areas in the port system that must be addressed. The current KPIs comprise the following (with their calculation):

1. Ship Turnaround Time (STT) measuring the total hours vessels stay in the port (from breakwater-in to breakwater-out) divided by the total number of vessels serviced, excluding force majeure (weather delays), surge, under currents, and external power supply failures
2. Ship Productivity Indicator (SPI) measuring total volumes handled divided by total vessel hours in the port, i.e. the sum of volumes/ship turnaround time.
3. Vessel Service Delay (VSD), which measures the average delay to vessels as a direct result of a terminal or marine service and is calculated as Actual Berthing Time (ABT) minus Planned Berthing Time (PBT) divided by number of vessels delayed.
4. Berth Productivity, which measures total volumes handled divided by total time the ship is alongside the quay and is calculated as the sum of volume handled divided by the time between last line untied and first line tied.
5. Ship working hour that measures the total volume handled during the total productive working hours of the vessels, which will be a sum for all vessels during the month divided by total time between last lift and first lift. Total volume for a given period, number of moves (for containers) tons handled (for breakbulk and bulk cargoes), kilolitres (for liquid bulk) and number of units (for Auto/RORO) divided by Total vessel productive time.

In its 2020 WEGO ROD, the Regulator required that Truck Turnaround Time be measured during 2020/21 to establish a baseline for inclusion into WEGO during 2021/22 where it was anticipated that the outcomes of the port of Durban De-Congestion Committee's work and the Richards Bay Truck Staging pilot, which was reportedly being piloted for possible replication in the system, would be completed and result in an integrated measurement system.

The submissions captured below, highlights the intention by users in the ports of Ngqura, Port Elizabeth and Cape Town to include Truck Turnaround Time. However, the Regulator has noted the overall sentiment expressed by port users, i.e. that no new measures be included during 2021/22 and for WEGO to continue with all the current measures until there are demonstrable improvements on the KPIs. The Authority on the other hand has proposed the exclusion of two KPIs and inclusion of a new "Port Turnaround Time" measure. The Regulator considered both submissions, reported performance on each KPI as summarised in section 2, in arriving at its decision and WEGO 2021/22 ROD in section 3 below.

2. WEGO KPI and weight submission for the 2021/22

2.1. Port users submissions

Port Users, in each of the eight commercial ports, made the following proposals for KPIs to be measured during 2021/22. The submissions in March 2021 followed joint sittings of the KPI and WEGO KPI subcommittees across the ports at which the WEGO measures were reviewed and discussed.

Table 1: Proposed WEGO KPIs and weight allocation by Port Consultative Committees

Port/ Proposed KPIs and weights	Durban	Ngqura	Cape Town	Richards Bay	Port Elizabeth	East London	Mossel Bay	Saldanha
	Weight (%)	Weight (%)	Weight (%)	Weight (%)	Weight (%)	Weight (%)	Weight (%)	Weight (%)
Ship Turnaround Time (STT)	20	20	20	20	15	20	25	20
Ship Productivity Indicator (SPI)	20	20	15	20	20	20	25	20
Vessel Service Delays (VSD)	20	20	15	20	15	20	15	25
Berth Productivity (BP)	20	15	15	20	20	20	20	20
Ship Working Hours (SWH)	20	15	20	20	20	20	15	15
Truck Turnaround Time (TTT)		10	15		10			
	100	100	100	100	100	100	100	100

The Regulator has noted port users' registered concerns with poor performance throughout the port system and the recommendation based on lack of improvements, that performance measures not be changed dramatically by adding new measures or removing current measures in favour of a renewed focus on the current measures to ensure improved performance and improved target setting.

2.2. The Authority's submission

In its submission the Authority recommends the exclusion of two indicators, i.e. Ship Productivity Indicator and Ship Working Time and its proposed weights are as follows.

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

Port/ Proposed KPIs/ assigned weight	Durban	Ngqura	Cape Town	Richards Bay	Port Elizabeth	East London	Mossel Bay	Saldanha
	Weight (%)	Weight (%)	Weight (%)	Weight (%)	Weight (%)	Weight (%)	Weight (%)	Weight (%)
Ship Turnaround Time (STT)	40	33,3	40	33,3	40	35	40	40
Vessel Service Delays (VSD)	40	33,3	30	33,3	30	25	60	20
Berth Productivity (BP)	20	33,3	30	33,3	30	40	0	40
	100	100	100	100	100	100	100	100

Instead of Truck Turnaround Time (TTT), measured under Terminal Operator Performance Standard (TOPS), the Authority proposes to develop a “port turnaround time” measure to be included when information management system is developed and implemented and the Authority is capable of capturing data at port boundaries. The proposed port turnaround time which will include road and rail is still to be defined relative to the current TTT and Rail Operator Performance Standards (ROPS). The Regulator therefore requires the following from the NPA by 01 May 2021:

1. A comprehensive progress report on the pilot implemented in the ports of Richards Bay and the Port of Durban De-congestion task team, and any initiative undertaken during 2019/20 and 2020/21 to develop a system that would measure truck turnaround time beyond the port boundaries; system design and requirements; and project milestones to ensure implementation by 2022/23; and
2. Port stakeholder engagement plan and buy-in on the system, including evidence of sign-off on the system by PCC KPI sub-committees and/or PCC in the respective ports.

2.3. Proposed exclusions from WEGO KPIs

The NPA has proposed that ship productivity indicator and ship working hours be excluded from WEGO measurement based on a propose alignment of indicators for the Ports Authority’s oversight and those for the Regulator’s oversight. From an alignment perspective, the Authority want to monitor the following TOPS KPIs:

- Vessel Service Delays at terminal,
- Ship Working Hour,
- Cargo Dwell Time,
- Volume Throughput and,
- Terminal Turnaround Time –road and rail.

In turn the Authority proposes that the Regulator, through WEGO, must monitor the Authority on three measures i.e. Vessel Service Delay (to ensure that vessels are berthed or sailed as per planned time); on Ship Turnaround Time (to turn vessels around as planned); and port turnaround time (to monitor rail and road trucks being turned around on planned time). Accordingly, the NPA proposed the following WEGO KPIs:

- Berth Productivity;
- Vessel Service Delays – terminal and marine;
- Ship Turnaround Time; and
- Port Turnaround Time – road and rail (which is still to be developed).

The Regulator wishes to re-iterate that WEGO measures are not mutually exclusive of TOPS. Rather WEGO affords port users the opportunity to choose KPIs which reflects areas that the Authority must focus on to bring about changes in the port system which include TOPS (directly or through exercising its oversight). It should be borne in mind that WEGO intends to incentivise or penalise the Authority on improved or deteriorating performance. WEGO KPIs will be retired when there is sufficient improvement demonstrated and agreement to retire these or put lower weights on these.

Consistent with this approach, the Regulator has assessed progress made on all the KPIs and has assigned higher weights on KPIs with poor performance. KPIs showing good improvement are assigned a lower weight to sustain focus on the KPI. Retiring KPIs from being measured will be based on demonstrable and marked improvement between previous best performance and the previous year's performance.

2.4. Analysis of submissions and aggregate performance change for 2020/21

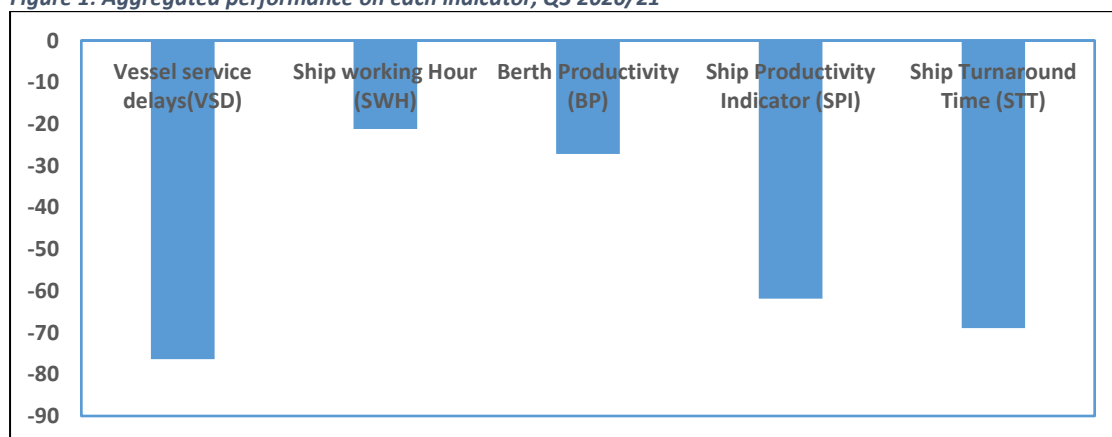
The aggregate percentage change in performance on each of the KPIs up to quarter 3 of 2020/21, reflected in table 3, shows no notable improvement across the KPIs and across ports. Furthermore, performance on all KPIs has worsened between reported results for 2019/20 for which the NPA had an R62m reduction in its return and in 2020/21.

Table 3: Aggregated percentage port performance changes per WEGO KPI up to Q3 2020/21

Port Aggregated Performance changes 2019/20 to Q3 2020/21 (%)	Richards Bay	Durban	East London	Ngqura	Port Elizabeth	Mossel Bay	Cape Town	Saldanha
Ship Turnaround Time (STT)	-1,6	-1,9	-24,6	0,1	-8,4	-9,1	-17,4	-6,0
Ship Productivity Indicator (SPI)	-6,0	-4,0	-6,1	-0,9	-5,8	-29,1	-6,0	-4,0
Vessel service delays(VSD)	1,5	-4,0	-3,1	-30,4	0,3	-40,0	0,4	-1,1
Berth Productivity (BP)	-0,7	-0,2	-7,1	-4,8	-5,3	0,0	-5,7	-3,4
Ship working Hour (SWH)	-0,7	-2,1	-5,8	-4,8	-2,5	0,0	-2,9	-2,4

Source: National Ports Authority submission to PRSA, March 2021.

Figure 1: Aggregated performance on each indicator, Q3 2020/21



The recorded performance on each indicator as summarised in Figure 1 above does not support proposal for exclusion of any of the KPIs as the Authority has not registered improvement on any. The highest level of regression in performance was on VSD, which accounted for the most improvement in 2019/20 and the additional profit the Authority earned, underlies the Regulator’s decision to not retire KPIs but to keep focus on them until there is sustained improvement. Although SPI and SWH ultimately contribute to the overall Ship Turnaround Time, the poor performance recorded above supports the continued focus on the individual KPIs which over time should drive overall STT.

3. Regulator’s decision

Due to sustained poor performance on all KPIs in 2019/20 and in 2020/21, the Regulator has decided to retain the five KPIs to be measured in 2021/22. This decision is also consistent with recommendations of the PCC WEGO and KPI subcommittees. Table 4 provides the Regulators’ weighting for each KPI based on assessment of aggregate change on KPIs between previous best performance and first three quarters of 2020/21 also taking into account proposal by PCCs and the NPA. As reported in Table 1 above, users in the ports of Durban, Richards Bay and East London motivated for application of equal weights across all KPIs. However, in line with adopted approach, the PRSA has placed higher weight 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. The weights at port level therefore varies based on the relative performance on each KPI in that port.

Table 4: Ports Regulator decision on KPI’s to be measured and their weights (%) for 2021/22

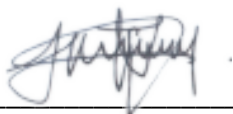
Port of:	Durban		Ngqura		Cape Town		Richards Bay		Port Elizabeth		East London		Mossel Bay		Saldanha	
	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)	Weighted change in performance (%)	PRSA weight (%)
KPI/ Changes/ 2021/22 weight																
VSD	-4,0	25	-30,4	40	0,4	10	1,5	10	0,3	10	-3,1	10	-40,0	50*	-1,1	10
SWH	-2,1	20	-4,8	20	-2,9	15	-0,7	15	-2,5	15	-5,8	15	0		-2,4	15
BP	-0,2	10	-4,8	20	-5,7	20	-0,7	15	-5,3	20	-7,1	20	0	**	-3,4	20
SPI	-4,0	25	-0,9	10	-6,0	20	-6,0	40	-5,8	20	-6,1	15	-29,1	30	-4,0	25
STT	-1,9	20	0,1	10	-17,4	35	-1,6	20	-8,4	35	-24,6	40	-9,1	20	-6,0	30

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

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

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

- April/May 2021: the NPA submits to the Regulator the full performance data for 2020/21.
 - 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 to Ports Regulator and/or KPI subcommittee.
- May – June 2021: consultations will be held with port users through PCC KPI subcommittees (including the NPA) to confirm performance data and obtain PCC sign-off.
- 1 August 2021: NPAs submits its tariff application for 2022/23 including WEGO incentive/disincentive based on performance in 2020/21.
- PCC and/or individual port users comment on the NPAs tariff application, including on WEGO as part of written submissions for the Regulator’s consideration.
- 01 December 2021: Ports Regulator published the tariff Record of Decision, including the WEGO incentive or disincentive.



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