



Strategic Plan
for the
fiscal years
2012/13 to 2014/15

Foreword

The Regulator is finishing the first phase of its existence and preparing to embark on a new phase of its evolution. The Regulator has completed the first 5 years of its existence, wherein it was required to establish an entity from scratch, with no national precedent, and few global ones, for such an institution. There were many parallel lessons in other economic regulators in the country, but none had the specific nuances and clear institutional reform obligations to the extent that the Ports Act stipulated. The Regulator first established the elements of the Regulatory framework that were within its ambit prior to embarking on the capacitation of the organisation. As a parallel process, the Regulator had established the governance institutions and frameworks necessary for managing an organisation in a complex framework of oversight that dealt with the administrative and operational requirements of the organisation to ensure that all elements of the compliance frameworks imposed by the Public Finance Management Act, amongst others, were adhered to. These processes can be best be appreciated by the analogy of trying to build a car on the highway while travelling from one place to the other.

The past year has highlighted the challenges of operating in a constrained resource environment while seeking to expand the activities of an institution to the full extent required by the legislation. The requirements of the Regulator have sustained their trajectory with respect to volume and complexity of outputs, and while they have been met to a major extent, the challenge of resource constraints and the capacity of the organisation remain a challenge. The recent enhancements to the powers of the Regulator to appoint staff and the additional financial resources that have been allocated will go a long way to raising the capacity of the organisation to a level that is sustainable and moving in the direction envisaged by the Act. As these changes occurred after the commencement of the 2011/2012 financial year and the additional funding provided by the DOT had been allocated late in the year, it presented a range of additional challenges that required significant effort at the peak resource demand periods of the Regulator.

The impact of the global financial crisis on the country and the sector has not sufficiently abated to allow a shift away from a path of caution in structural amendments to the industry. Sufficient reasons exist to take the approach that incrementalism when having regard to structural shifts is preferred to unsustainable but seemingly popular interventions that target the short term.

The Regulator has in the past year completed its first decisions in the area of complaints and appeals and is confident that this developing area of jurisprudence has sufficient clarity to ensure a base for regulatory certainty in the critical areas of economic regulation. The completion of some of these matters allows the Regulator to enter the next phase of Regulatory development with the experience of the recent past as an indicator of the areas that require augmentation and clarification to reduce the complexity of the processes and therefore the Regulatory burden, but also to empower port participants to better engage in the Regulatory processes.

As indicated in the previous Strategic Plan, no stimulus has been perceived that agitates in favour of a grand re-alignment of its business strategy. This is not to suggest that tactical shifts have not been effected to the strategic path of the organisation. The Regulator therefore remains on its current strategic trajectory as articulated in previous strategic plans.

The Regulator now has an enhanced budget and has the administrative capacity to appoint staff, within the confines of its financial allocations. The key strategic element that differentiates the nuances of this strategic plan from its previous iterations is the implications arising from the pending establishment of a Single Economic Regulator. As such, the Regulator Strategy has to take into account that portions of its current functions would be subsumed into the Single Economic Regulator on its establishment by the Department of Transport.

Executive Authority of the Ports Regulator

It is hereby certified that this Strategic Plan:

Was developed by the management of the Ports Regulator under the guidance of the honorable Minister of Transport, Mr S J Ndebele, and takes into account all the relevant policies, legislation and other mandates for which the Ports Regulator is responsible. Accurately reflects the strategic outcome oriented goals and objectives which the Ports Regulator will endeavour to achieve over the period 2012 to 2015.



Mr. R Khan

Acting Chief Financial Officer



Mr. R Khan

Accounting Officer

Approved by:

Executive Authority

Table of contents

1.	Vision of the Ports Regulator	4
2.	Mission of the Ports Regulator	4
3.	The Values sets of the Ports Regulator	5
4.	Legislative and other Mandates	9
4.1	Constitutional Mandates	9
4.2	Legislative Mandates	9
4.3	Policy Mandates	11
5.	Situational analysis	13
5.1	Performance environment	17
5.2	Organisational environment	23
6.	Strategic outcome orientated goals	28
7.	Programme	30
7.1	Strategic objectives	34
7.2	Resource considerations	47
7.3	Risk Management	47

PART A: STRATEGIC OVERVIEW

1. Vision of the Ports Regulator

The Ports Regulator has a vision that is mandate driven and stakeholder focused toward the enhancement of the role ports system in the economic and social development of the country. The vision articulates the future view of the organisation and its mandate. This vision originally articulated in 2009 has been consistently reviewed and been found to remain relevant within the context of changes in the port system globally and unchanged legislatively defined mandate. The implications of the recent global financial changes and the resultant changes in traffic patterns have given pause to some of the programmes that were considered, but do not in any way amend the relevance of the strategic articulation of the organisation's vision

The Ports Regulator Vision therefore remains as:

“The Ports Regulator will be regarded nationally and internationally as a world class institution which sets the standards for economic regulation in maritime ports”.

This vision is articulated and defined in the context of South African policy, its state of development, the global ports governance frameworks, and the specific mandate articulated for the organisation.

2. Mission of the Ports Regulator

As a Legislatively created entity, the Ports Regulator's Mission is largely defined by the explicit mandates of the legislation and the implied mandates of the Policy, Strategy and Legislation of the Government. The Mission therefore requires no amendment to respond to the environment, but may need to be nuanced as a result of the outcomes of the Port Reform Strategy currently being developed by the DOT and the process towards the creation of a Single Economic Regulator for the transport sector. The Mission of the Ports Regulator therefore sets out the key areas of engagement and effort that would be expected of the organisation.

"The Mission of the Ports Regulator is to:

- ***exercise economic regulation of the South African ports system consistent with the government's strategic objectives;***
- ***support the development of the ports industry and system;***
- ***promote equity of access to ports and to facilities and services provided in ports; and,***
- ***monitor the activities of the National Ports Authority to ensure that it performs its functions in accordance with the National Ports Act, 2005."***

3. The Value Set of the Ports Regulator

The lack of significant change in the value context defined by the State and its policy imperatives and the legislative base of the society has ensured that the relevance of the value system of the Regulator remains constant. The evolution of the Regulator and its engagements with the broader society in the country and abroad has further entrenched the need for these values and their relevance in meeting the output and impact requirements of the Legislative and Executive context of the organisation.

The Ports Regulator therefore continues to adhere to the values of:

- the Constitution of the Republic of South Africa, with special reference to the creation of a democratic, non-racial, non-sexist, fair society in South Africa;
- a stakeholder focus;
- fairness;
- integrity;
- transparency, accountability and responsibility;
- honesty and trust; and,
- respect for the trust placed in it for the proper use of taxpayer and stakeholder resources.

These values will be the foundation upon which the corporate culture in the Ports Regulator will be developed and maintained, which will be spread throughout the organisation's personnel and act as the standards against which all decisions and actions should be measured. As such, any action of any person or process associated to or with the Ports Regulator should seek as a minimum to attain the standards contained in the value set either as process standards or as key elements of the outcomes or impacts of the organisation.

4. Legislative and other Mandates

The Ports Regulator is a Public Entity established in terms of Section 29 of the National Ports Act, 2005 (Act No 12 of 2005). The Regulator with a mandate for economic regulation, has to regulate the activities of the ports industry. Its primary context is to regulate in accordance with the policy and legislative mandate of the state.

4.1 Constitutional mandates

Section 9(2) of the Constitution of the Republic of South Africa provides for the Constitutional mandate of the Ports Regulator to ensure that it promotes the achievement of equality of access by all port industry stakeholders in accessing the port services and facilities in a manner that does not discriminate against any group or categories of persons, especially previously disadvantaged persons or categories of persons. In terms of the National Ports Act No.12 of 2005 and Ports Regulations, the Ports Regulator is to monitor the activities of the Authority by ensuring that the National Ports Authority incorporates black economic empowerment in Agreements entered into in terms of Section 56 and when granting licences in terms of Section 57 of the Ports Act, 2005.

Section 34 of the Constitution provides that “every person has the right to have any dispute that can be resolved by the application of law decided in a fair public hearing before a court or, where appropriate, another independent and impartial forum.” The Ports Regulator has a quasi-judicial function in that it is required to investigate complaints and hear appeals against the National Ports Authority. The Ports Regulator, through its quasi-judicial function, ensures that access to ports and port facilities are provided in a non-discriminatory, fair and transparent manner. Further, that small and medium-sized enterprises owned by historically disadvantaged groups have an equitable opportunity to participate in the operation of facilities in the ports environment through its complaints and appeals process.

4.2 Legislative mandates

- **National Ports Act No.12 of 2005** – The Act provides for the Ports Regulator’s mandate, which is to exercise economic regulation of the ports system in line with government’s strategic objectives; promote equity of access to ports and ports facilities and services provided in the ports; monitor the activities of the

Authority to ensure that it performs its functions in accordance with this Act; hear appeals and complaints, consider proposed tariffs of the Authority, promote regulated competition and regulate the provision of adequate, affordable and efficient port services and facilities.

- **Ports Regulations in terms of section 80(1) of the National Ports Act** –The Ports Regulator is required to monitor the measures taken by the Authority in incorporating BBBEE into decision-making, section 56 agreements, granting or issuing of licences in terms of section 57, monitor the manner in which the measures taken by the Authority have enhanced access to and participation in ports services and port facilities by previously disadvantaged individuals and to conduct an economic review of the ports.
- **Draft White Paper on National Commercial Ports Policy 2002** –to ensure that port users are able to access the port system in the most efficient way possible, ensure safe affordable, effective and efficient port services and promote Black Economic Empowerment and Small, Medium, and Micro Enterprises.
- **Public Finance Management Act No.1 of 1999** – Allows for the regulation of financial management in the Public Entity so as to ensure that all revenue, expenditure, assets and liabilities are managed efficiently and effectively and provides for the responsibilities of person entrusted with financial management in the Public Entity.
- **Broad-Based Black Economic Empowerment Act No.53 of 2003** –Allows for the establishment of a legislative framework for the promotion of black economic empowerment.
- **Preferential Procurement Policy Framework Act No.5 of 2000** – provides a framework for the implementation or development of preferential procurement policies in order to provide for the protection or advancement of previously disadvantaged persons.
- **Promotion of Access to Information Act No.2 of 2000** –gives effect to the Constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights.
- **Promotion of Administrative Justice Act No.3 of 2000** – gives effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in

section 33 of the Constitution of the Republic of South Africa, 1996; and to provide for matters incidental thereto.

4.3 Policy mandates-

The Ports Regulators mandate is to be exercised in accordance with Government policy as set out in the National Commercial Ports Policy.

The basic principles of the National Ports Policy are as follows:

1. National needs, aspirations and requirements shall be of primary consideration;
2. Consideration of user and other stakeholder needs and views;
3. Port system development, management and enhancement will primarily remain a national function;
4. Regulation should be kept to a minimum, without compromising national aspirations, safety, health, security, efficiency and environmental sustainability;
5. Participants in the market should be treated equally and fairly;
6. The principle of user pays or cost recovery, benchmarked against international best practice to ensure that the costs are globally competitive will be applied as far as possible, including an appropriate return; and
7. Strategic port planning will include the integration of social and biophysical aspects at the earliest stages to ensure sustainable port development.

In exercising its mandate, the Ports Regulator will apply the principle of cost-effectiveness through the responsible, effective and efficient exercise of its powers as defined in the National Ports Act. The principles are prioritised as follows:

- **Consideration of user and other stakeholder needs and views**

The Ports Regulator, in exercising its powers under the National Ports Act, will invite port users and other stakeholders to comment and will consider those comments in order to effectively and efficiently make decisions that are in the public interest.

- **Participants in the market should be treated equally and fairly**

One of the key functions of the Ports Regulator is to ensure equity of access to ports and to services and facilities provided in the ports. The government's Black Economic Empowerment policies will be prioritized to ensure that small and medium-sized enterprises owned by historically disadvantaged groups have an equitable opportunity to participate in the operation of facilities in the ports environment and artificial barriers to the entry of new participants in the economy of the ports will be removed.

- **Regulation should be kept to a minimum, without compromising national aspirations, safety, health, security, efficiency and environmental sustainability**

The Ports Regulator's mandate makes provision for the economic regulation of all service providers operating within the ports, including monitoring the granting of licences and concession agreements with a view to ensuring transparency with regard to, inter alia, the control of pricing levels, minimum levels of service to be offered and the avoidance of anti-competitive practices. The Regulator is therefore required to intervene in a manner that is pragmatic, appropriate and not more onerous than is required to deliver on its mandate.

- **The principle of user pays or cost recovery, benchmarked against international best practise to ensure that the costs are globally competitive will be applied as far as possible, including an appropriate return**

The Ports Regulator is undertaking research to ensure that South African ports are on par with other world class ports. Further research, using the limited resources of the Regulator, will be undertaken to identify and benchmark international best practice, which, when applied to South African ports, will make them globally competitive. The complexities of benchmarking aside, the global competitiveness is partially defined by the competitiveness of South African supply chains, of which the costs and efficiency of ports are key determinants.

5. Situational analysis

The policy context within which the Regulator performs its functions and discharges its mandate has changed significantly since the establishment of the Regulator. When the Regulator was established, a key component of the regulatory framework was a process of port reform that would result in the corporatisation of the NPA and the long term extraction of the NPA from Transnet. Although this has not been amended in any legislative document it appears from the various engagements with stakeholders, both inside and outside of government, that this is unlikely to occur in the short term and may be reviewed.

It is highly likely that this review will result in a long term delay in the extraction of the NPA from the Transnet stable or a total realignment of the institution architecture that will result in the medium to long term. The organisational implications of such a strategic shift cannot be underestimated. The original design context of both the Regulator structure and strategy and its operational planning was based on a full implementation of the Ports Act in a shorter period than currently appears to be the case. Specifically, the corporatisation of the NPA would have simplified the processes and procedures of economic regulation of the ports environment. Seeing that this is unlikely to result in the short term the Regulator has to respond in a pragmatic manner that enables it to deliver on its mandate outside of the regional design parameters of the port institutional architecture, but within the context of its mandate. This shift has huge resource and capacity implications, particularly with respect to staffing and funding, as has been articulated in previous strategies. It also clouds the planning horizon that guides this strategy.

A further institutional shift has been clearly articulated by the Department of Transport in its perspectives around the single transport economic regulator. This consolidation of regulators presents a significant challenge to the Regulator in the short and medium term in so far as its planning has to take into account the extinctive possibility of a stand alone ports economic regulator. This is dealt with in operational matters below.

The policy ambiguities in specific areas of economic regulation further complicate the context in which the Regulator operates. As these ambiguities are unlikely to be clarified within the time period and planning context of this strategy that being financial year 2012/2013, it would be appropriate for the Regulator to chart a path that is both non-

committal and capable of multiple application in an environment where change is guaranteed rather than reasonably expected. As such, it is impossible to define a five year planning context for the Regulator. The activities of the Department of Transport and the establishment of the rail economic regulator, its planning and development around a single economic regulator, and the potential ramifications of consolidating all economic regulators into such a single regulator context, further hamstring the Regulator in its path of developing a permanent and enduring internal capacity to respond to the regulatory requirements in the medium to long term. The regulatory capacity required to discharge its mandate in the short to medium term adequately, is of such a nature that mere short term responses without consideration as to its long term implications would be inappropriate.

As articulated last year, The Regulator is thus faced with the dilemma of forging ahead with its immediate output requirements in a context that ignores the medium to long term restructuring of the regulatory environment and thereby complying with its mandate, or pragmatically approaching the short, medium and long term output requirements on the organisation. This pragmatic response requires that the Regulator prioritises its interventions to ensure that it deals with the most pressing concerns in the industry while delaying the implementation on certain areas of its mandate because of the possible redundancy which would result in a consolidated regulator. The shift in the financial allocations to the Regulator certainly changes its ability to deliver to a greater extent on its mandates that have to date not been fulfilled.

The economic and port environment within which the Regulator must regulate has slowly been recovering from the fundamental shifts in the recent past. The continuing impact of the financial meltdown has ensured the retention of significant caution in the Regulator activities in so far as it regulates tariffs and intervenes in any structural issues in the industry. This further curbs the expansion space for regulatory intervention. Although ports had suffered significantly in the aftermath of the financial meltdown, the shipping industry has faced huge challenges to its revenue base resulting from the decreased demand. That some of this has reversed is without doubt, but the long-term sustainability of the cargo owners, logistics facilitators and transport companies appears not to have been resolved. If the above issues are added to the fact that the port environment faces a significant and expensive capital enhancement program, the dilemma faced by the Regulator is between intervening effectively and weakening certain elements of the ports system, or on the other

hand not intervening and allowing a range of suboptimal arrangements to continue due to a reluctance to introduce threats to the sustainability of the system.

The Regulator previously chose in the context of all these stimuli to chart a middle path. There does not appear to be any new information and stimuli that suggest abandoning this course is prudent. This entails dealing with those aspects that are critical and responding to them in a way that is less likely to result in a structural weakening, while balancing out the impact of the existence of such undesirable structures and impacts on other stakeholders in the industry.

As example, the NPA capital expansion program requires a regulatory framework that incentivises capital expansion when appropriate, but does not do so in a manner which makes port infrastructure services unaffordable or does so in a manner that allows excessive profit gouging by the NPA. This is a narrow balance which has to take into consideration a range of factors not clearly articulated in any regulatory framework or policy which has been articulated. In this context the appropriateness of capital expenditure becomes even more important. Excessive capital expenditure which is required due to low levels of efficiency of the operation side could easily be extracted from the system to ensure immediate efficiency in a theoretical sense. However, the objective reality faced in the industry is that an immediate and decisive intervention to reduce capital expenditure to levels that are correct and appropriate for the industry without a sustained effort to raise the levels of efficiency in port terminal operations may result in a reduction of port capacity in the short to medium term that could have drastic consequences for the economy. The Regulator is therefore faced with taking a policy position to live with a certain amount of inefficiency in return for the certainty of port capacity availability. That this is no doubt exploited in the short to medium term is significant but needs to be balanced in the context that a gradual contraction in the space for excessive profit extraction with a medium to long term resulting higher level of efficiency and lower costs structure is preferable to an immediate reduction in pricing that cannot be matched by an increase in efficiency to enable a resulting level of output appropriate for the economy. The Regulator has therefore chosen to develop its capacity and target its outputs at a gradual narrowing of over-recovery by the NPA in the short to medium term, with a multi-year capex view being taken on tariff increases and tariff smoothing as a principle. The implications for the Regulator therefore would be that the planned expansion in capacity in

areas related to capital expenditure, capital assessment and performance in accordance with existing capital stock has therefore been enhanced. The concentration of capacity and resources in this area will therefore largely be targeted at retaining an even keel in pricing assessments and an increasing capacity to assess performance both in infrastructure and in operations that informs such tariff processes, while building rapidly off a low base the capability to actively intervene in the planning and capex activities in support of the National Ports Consultative Committee.

One of the key challenges faced by the Regulator, that is continuing is the fact that it is faced by a group of relatively inert stakeholders that are not proactive and largely engage the Regulator in two contexts. The first context being that of tariffs, where the majority of responses are anecdotal, non-specific and unstructured to engage with a tariff assessment and methodology principles and considerations of the Regulator, although the engagements with the Regulator during the 2012/2013 tariff year application has shown an increase in quality of submissions. The sustained attempt by the Regulator to clearly articulate the areas that the Regulator considers in its tariff determinations has clearly been successful, but has still not resulted in a majority of responses from stakeholders that deal with the structural elements with the tariff, as stakeholders have continued to respond a specific tariff and not a generalised and targeted intervention at the tariff approach or the tariff assessment approach. With respect to the complaints and appeals regime, the Regulator continues to face many informal complaints that do not translate into formal processes, in spite of the issues being complained about not being resolved.

In response to specific requests to engage in the formal process of complaints and appeals, many stakeholders continue to indicate their reluctance for fear of being victimised. That there is no doubt that such a possibility could exist, it is not a perception that the Regulator can dissipate in the short term. The shift in the approach of the NPA under its new CEO in fact indicates that industry is encouraged to engage on their issues. While a blanket warrantee of resolution has not been provided a co-operative attempt is being experienced in our opinion. This would obviously reduce the number of complaints and appeals at the same time that the perception of the efforts and independence of the Regulator would increase the number of complaints lodged due to a belief that a neutral and decisive outcome can be expected. The Regulator therefore has to resign itself to the fact that significant management and technical time is absorbed in the engagement of stakeholders

without any clearly definable outcome or process internally documented inside of the Regulator. This process is further complicated by the fact that the Regulator cannot engage in any process which could potentially bias an outcome. The Regulator secretariat is therefore faced with charting a path between the interventionist role of the Regulator to change things in the industry on one hand and the requirement to be a neutral arbitrator in the resolution of disputes between the NPA and the ports industry.

5.1 Performance environment

The Ports Regulator has managed over the past financial years to discharge some of its mandated functions under difficult circumstances. The Human Resource regime has in the past been amongst the main challenges that delayed the full implementation of all the programmes. Furthermore the budget constraints also limited operations of the entity, thus affecting the desired output. These have been resolved by the Ministers of Transport and Finance and are no longer impediments to the extent that they were. The enhanced budget, although not what was requested will raise the level of outputs of the organisation to a more acceptable level.

The entity has managed to strengthen its governance structure with the intention to fully comply with the Acts, policies & procedures and regulations. This process of strengthening governance has also led to development and approval of policies and procedures that will govern the operating activities of the entity to achieve the output (both financial and non-financial) that will be in line with Annual Performance Plans (short-term) and strategic plans (long-term). This process is to be continued as the capacitation of the organisation allows a greater degree of separation between functions and therefore a greater level of substantive compliance with the governance requirements of an organisation of this type.

The development of the Regulator is also dependent on good financial management techniques to comply with policies and procedures as well as the reporting frameworks; this has been achieved in the past financial years based on the external audit outcomes. However there is still a room for improvement where the Ports Regulator aims to comply with Acts, directives, policies, regulations and procedures fully by strengthening the governance structure to become more technically competent and possess adequate experience to deliver to the process and outcome requirements placed on the organisation

The regulator aims to improve on industry performance and compliance monitoring and benchmarking internationally the port system and the regulatory methodologies, and furthermore to proceed with its analysis of the South African port system. Another task planned is the alignment of the strategy with the implementation of the Integrated Transport Sector Broad Based Black Economic Empowerment Charter in the Department of Transport. This will be implemented through internal capacity in co-operation with the DOT and its agencies. The specific elements that fall under this area that are within the monitoring and compliance jurisdiction of the Regulator shall also be fully performed in this financial year for certain of the major ports, while the rest of the ports will be assessed in subsequent years.

The Regulator has developed its BBBEE procurement and Employment Equity policies and planning. The performance of the Regulator to date in the areas of EE and BBBEE have been in line with the targets set and have exceeded the targets in some instances. The concentration within this financial year shall be on supplier development of SMME's. A large proportion of the discretionary spend has been from SMME's, which does raise its very own complications and challenges, but is in accordance with state policy in procurement.

The targets that have been set by the Regulator are as follows:

Indicators	Description	Actual(projected)				
		2011/12	2012/13	2013/14	2014/15	
Major Performance Indicators:						
1	BBBEE	Procurement from BBBEE as a percentage of total discretionary spend	69%	70%	70%	70%
2	Female Management	Female managers as percentage of total	(1) 20%	5 (50%)	5 (50%)	5 (50%)
3	Black Managers	Black Managers as percentage of management	(4) 80%	7 (70%)	7 (70%)	7 (70%)

The capacity of the PR is its key internally determined and developed resource. The PR Members (part-time) and CEO are appointed through a public process and sanctioned by Cabinet. As such the externally determined resources of the organisation feature prominently in the resource mix and capacity of the organisation, but the internally determined resource and capacity base is required to augment the restraints imposed on the organisation by having part-time Members. A review of the Act, currently under way by the DOT, may enhance this capacity by engaging Commissioners in the Ports Regulator that will enhance the ability of the Secretariat to respond speedily to the sector's needs. As this process has major implications for the Regulator and its operations, it is critical that the PR actively articulate its requirements in this process, and ensure that the amended legislation makes provision for an appropriate resourcing of the organisation, by some Regulator Members that are employed in a more regular capacity, than is currently possible with part-time Members.

In the first year(2012/2013) the Regulator shall complete its draft submissions to the DOT to deal with specific technical amendments to the Ports Act that are required to change the operational processes and environment of the Regulator to raise its effectiveness and the extent to which its Regulatory services are delivered timeously and to an expected level of quality.

The Regulator re-iterates the centrality of capacity to the fulfilment of its mandate. The sole output class of the PR is a regulatory service. As the regulatory service is largely a function of the effective exercise of competence of the organisation, one of the key determinants of organisational effectiveness would be the extent to which competence and capacity has been acquired, developed internally and the extent to which that competence has been effectively applied to the functions of the PR. The ports sector is a highly skilled environment with silo's of specialisation that will always compete in their various areas of expertise against a closed list of generalists that have regulatory responsibility across all those specialisations. The shortage of regulatory specialists in areas of the activities of the Regulator appears to be even more acute than had been considered before. Exposure to various external processes has embedded a belief that economic regulation education appears to not be an area that is being targeted aggressively by educational institutions. The relative shortage of experts that are not already employed by Regulated entities or Government is concerning. The need to attract these specialists into the Regulator has not changed from the previous Corporate Plan and will now be more actively implemented as the Regulator is able to offer permanent employment to such specialists.

The need to deliver regulatory services immediately agitates against having a slow development phase that embeds new personnel, that have functional but not Port competence, in a multi-year development programme. The requirement to develop personnel at a rapid pace may agitate against hiring personnel with great potential that may not necessarily have the sector exposure.

The PR HRD programme that shall be completed once all the positions are filled and an accurate context of the gaps can be assessed, hamstrung as it is by the expected inability to release the limited staff for extended periods of training, has to ensure the PR remains relevant within such a rapidly changing environment. The changes in perspective in the articulation of state policy with regard to Port Reform Strategy also makes it difficult to

stabilise the organisation and establish a structure populated by the most appropriate personnel, as the changing nuances in mandate and emphasis on the various components of the mandate may change the personnel requirements in the various components of the PR. The impact of the transition to the Single Economic Regulator shall exacerbate this.

The high proportion of internally delivered services, relative to external services and consultants, has created a need for a core of capacity that is able to respond to the changing needs of the organisation across the various disciplines and in a range of cross-cutting competencies. However, this is not a sustainable approach over the medium and long term. These individuals at the core of the organisation, that are largely flexible and capable of functioning across a range of roles, are rapidly approaching levels of utilisation across multiple functions that are not sustainable. To respond, the organisation faces the challenge of expanding the depth and breadth of the functions and capacity with the increased complexity of operations and making a transition from informal methods and processes of internal management to formalised management processes without losing the flexibility and ability to respond in the short cycle times that exist at present. This environment has remained to a certain extent and has been worsened by the loss of key staff that had been internally trained quite extensively.

Ports Regulator of South Africa: Selected performance and operations indicators

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of tribunal days per year	Tribunal and complaints and appeals	-	-	1	10	30	30	30
Percentage of complaints and appeals processed within timeframe of those that are heard (number of cases received/number of cases heard/number of cases processed within the timeframe of those that were heard)	Tribunal and complaints and appeals	-	-	-	83% [50/12/10]	87% [50/15/13]	90% [50/16/14]	95% [50/16/15]
Tariff Assessments	Establish all elements of the regulatory framework within its mandate	-	-	-	Annually	Annually	Annually	Annually
Tariff Methodology	Establish all elements of the regulatory framework within its mandate	-	-	-	-	100%	-	-
Global Tariff and Performance Benchmarking	Establish all elements of the regulatory framework within its mandate	-	-	-	Annually	Annually	Annually	Annually
Section 56, 57 and Licensing Compliance review	Monitoring regulatory compliance in the ports industry, with the Ports Act, Regulations and Directives	-	-	-	-	Durban	Cape Town, Saldanha, Mossel Bay	Richards Bay, PE, East London, Ngqurha
Technical amendments to the Act	Establish Tribunal to hear complaints and appeals under the NPA Act	-	-	-	-	100%	-	-
Technical amendments to the Directives	Establish Tribunal to hear complaints and appeals under the NPA Act	-	-	-	-	100%	-	-
Staff Establishment completed and maintained	Maintain and expand the Regulator secretariat to deal with the expansion of the Regulator into all its mandates.	-	-	-	12/14	21/22	21/22	21/22

5.2 Organisational environment

The operating principles that are utilised by the PR are to extract the maximum regulatory impact from the lowest overhead cost. There appears no reason to change this, although some unintended consequences arising from this have to be dealt with. As such, a core of critical personnel shall continue to engage with and manage a lean organisation that in-sources specialist and non-specialist expertise on a required and necessary basis to keep costs as low as possible. As a result of the nature of the organisation and the probably high level of required effort fluctuations, a very lumpy profile of resource requirements with internal and external components will prevail over the medium term. The Regulator has no incentive to change this approach drastically, although greater financial resources make the management thereof easier in expanding into additional mandate areas.

The augmentation of the core staff by a range of training opportunities for interns among others, ensures that high cost staff are not bogged down by lower level research and activities, and can concentrate on higher order analysis and activities congruent with their level of expertise and employment level. To further enhance and retain the relevance of both the organisation and its interventions, the Regulator shall develop a range of relationships with academic institutions within the public domain and foreign Regulators within the port sector, that are targeted at sharing capacity and building the staff capacity. Such relationships shall be targeted at developing the Regulator's personnel in the various disciplines. This process could not be delivered in the 2011/2012 financial year due to significant impacts on the overall availability of senior staff due to illness.

The approach with respect to the ports industry stakeholders is to engage as widely as possible with industry associations that concentrate and co-ordinate the views of member companies into accepted positions for that subset of the port system. This is purposefully done to increase the level of interest concentration in the initial stages of the establishment of the PR, so as to get maximum value for the industry components from the actions of the PR, while retaining its relevance. The port fora that have been established by the DOT in the Ports Consultative Committee processes shall remain the focus of engagement, with specific matters being engaged in a public manner that aggregates all stakeholders across that specific issue.

The ambiguity surrounding the specifics of the Single Transport Economic Regulator will impact on the planning and consolidation of the Regulator operational capabilities over the medium term. As such, the Regulator has to acknowledge that the development of capacity in individual areas and in particular, the appointment of staff has to be performed in a context which may result in such positions or persons, that have been created and appointed, being redundant in the medium to long term. The Regulator therefore has to appoint staff in the context that they may be moved within the medium term to another province(Gauteng), and could possibly not be integrated within the Single Economic Regulator establishment. This represents a significant area of uncertainty and ambiguity to the Regulator operationalisation of its mandates as key staff appointments have to be made with the realisation that such persons and/or positions may not be within the structure and/or planning of a consolidated economic regulator.

As these issues and their timeframes have not been clarified as yet, the Regulator is caught between the need to proceed with caution and the obligation to capacitate itself to deliver on its mandate over the medium term.

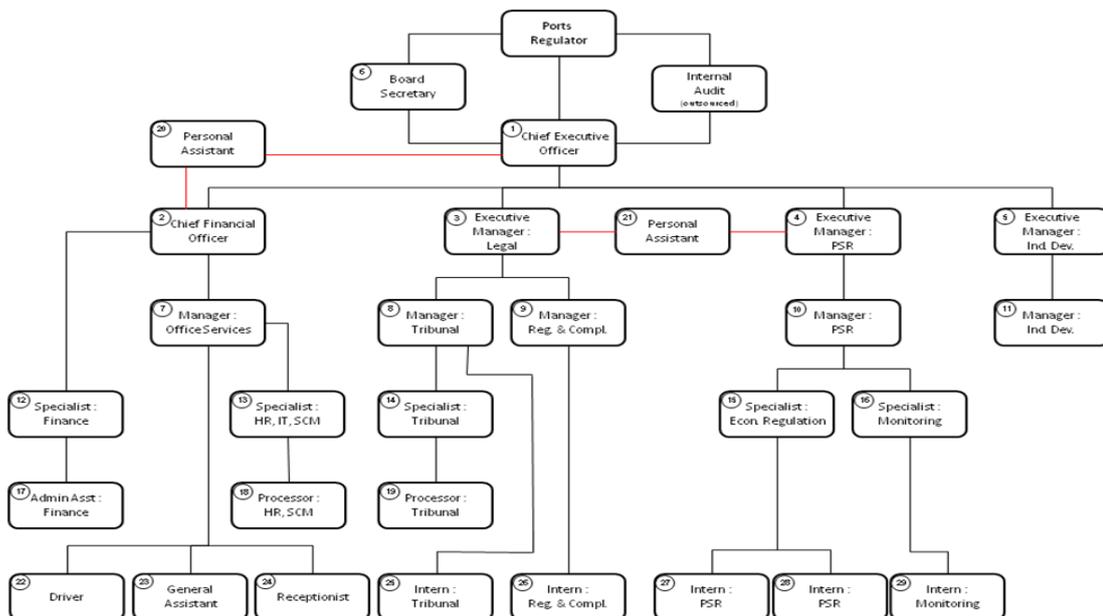
The communication efforts of the Regulator will be further expanded to extend awareness of the rights and obligations of all port players and the role that the Regulator plays in the institutional framework.

The initial structure of the Regulator as articulated below is designed with the establishment and consolidation requirements of the organisation. In terms of the National Ports Act, the Regulator does not have a Board in the traditional sense of the word, but the members of the Regulator form the Regulator. The CEO is responsible for the day to day running of the Ports Regulator, and can be delegated to perform functions of the Regulator (none have been delegated as yet) with the approval of the Minister. The Regulator has established a range of committees with advisory powers to the Regulator, but no delegated authority, other than those committees such the Audit Committee that have statutory powers articulated in other legislation, such as the PFMA.

The Regulator Committees are as follows:

- The Regulatory Committee (permanent committee dealing with strategy and regulatory matters, (particularly the finalisation of the regulatory framework))
- The Human Resources Committee
- The Risk Committee
- The Audit Committee

The Secretariat is composed as follows:



The organisational structure of the Ports Regulator is defined by the confluence of the Mandates that are imposed on the organisation and the functional grouping of skills in the various disciplines required in the professional environment. Although functionally defined organisational design is used, the programmatic nature of the Regulator’s operations requires that a multi disciplinary approach to programme and project management and delivery be used. This remains largely unchanged from that submitted in previous years. All the key result areas of the Regulator require the multi-disciplinary efforts across the organisation, but have accountability in a specific function.

The organisational structure is developed in the context of the following functional alignment:

	CEO	CFO	EM: Regulatory and Compliance (Legal)	EM: Economic Regulation Strategy , Policy and Research	EM: Industry Development
Admin and Compliance	Accounting authority OD, HRD and staff wellness Master systems planning	Delegated authority AO Finance Admin and IT HRM SCM	Corporate Legal	None other than line	None other than line
Legal Regulatory and judicial	Co-ordinate regulatory development Legal and SPR Negotiate and	Support to judicial function in finance area	Manage legal role in regulatory development and	Manage Economic regulatory policy, strategy and	Support to judicial function in operations area Regulatory framework content

	CEO	CFO	EM: Regulatory and Compliance (Legal)	EM: Economic Regulation Strategy, Policy and Research	EM: Industry Development
	engage stakeholders in process		<p>maintenance Tribunal administration and legal advice</p> <p>Investigations for tribunal</p>	research for regulatory development	development
Strategy, Policy, Research and Monitoring	<p>Co-ordinate Policy and strategy</p> <p>High level negotiations</p> <p>Co-ordinate capacity, planning assessments into Tariff process</p>	<p>Systems design and integration</p> <p>Resource administration management</p> <p>Financial analysis for function</p>	<p>Support strategy and policy development process from regulatory framework perspective research and development</p> <p>Support investigations processes</p>	<p>Manage strategy, and policy development</p> <p>Manage research, monitoring and investigations</p>	<p>Capacity planning and assessments</p> <p>Industry development strategies</p> <p>Performance and benchmarking on licensing and port system</p>

6. The Strategic Goals of the Ports Regulator

Strategic Outcome Orientated Goal	Establish all elements of the regulatory framework within its mandate
Goal statement	A regulatory framework is in place that ensures regulatory certainty and intervention in required areas in accordance with state policy, that responds to all appropriate stakeholder needs

Strategic Outcome Orientated Goal	Develop the capacity to deal with all the output requirements of the organisation
Goal statement	Establish and maintain all systems, resources and staff to ensure the delivery of the Regulators mandate

Strategic Outcome Orientated Goal	Establish its reputation as an organisation with integrity focussed on delivery
Goal statement	Ensure that it delivers the appropriate outcomes that are predictable, timeous, clear, in alignment with policy and the regulatory framework and meet the needs of the country

Strategic Outcome Orientated Goal	Ensure that all port sector participants comply with the National Ports Act
Goal statement	Monitor and intervene in the industry to ensure that the industry as a whole complies with the Ports policy and legislative requirements.

Strategic Outcome Orientated Goal	Support the development of the port system and the port regulatory system architecture.
Goal statement	Support the development of the port system to comply with the outcomes intended by Policy and the Act, and to support the development of the South African economy and its transformation and structural outcomes.

The Regulator has as strategic goals that operate within the long term context, the following:

- Establish all elements of the regulatory framework within its mandate
- Develop the capacity to deal with all the output requirements of the organisation
- Establish its reputation as an organisation with integrity focussed on delivery
- Ensure that all port sector participants comply with the National Ports Act
- Support the development of the port system and the port regulatory system architecture.

These strategic goals are incorporated across the functional areas of the organisation and find expression in each of the Programmes.

The Programmes of the Ports Regulator are:

- Economic Regulation and Tariffs
- Monitoring
- Tribunal complaints and appeals
- Industry Development
- Corporate, financial & support services

The expenditure across these programmes reflect the strategic importance of the Goals above over the period of establishment and consolidation of the Regulator and reflects the changing priorities of the Regulator over the period.

PART B: STRATEGIC OBJECTIVES

7. Programme

The Regulator has identified all the Short to Medium-Term Objectives that are critical to delivering on its mandate as articulated in the various legislative and policy documents. These are required to be developed and delivered over the MTEF periods so as to embed the regulatory framework and give meaningful content to its actions.

The objectives established in the 2010/11 Corporate Plan that are multi-year projects or programmes are repeated and the objectives that have been revealed by developments in the environment are articulated below.

The objectives are as follows:

- Finalisation of Ports Regulatory Framework
 - Support the extension of regulatory instruments to encompass all aspects of the Regulator's mandate
 - Engage and support the DOT in its review of the National Ports Act
 - Articulate the requirement for empowerment of Regulator decisions with attached sanctions
- Establish the credibility of the Regulator as a fair arbiter that is decisive and consistent in its hearing of Appeals and Complaints
- Support amendments to the Ports Act and Directives which will enhance the efficiency of Tribunals
- Expand the systems and procedures within the administrative apparatus of the Regulator Secretariat to deal with the increased complexity of operations resulting from gearing up both scale and scope in the Regulator
- Establish the medium-term port compliance, monitoring and performance measurement framework and system
 - Benchmarking study to establish performance indicators of port environment(Socio-Economic ex the baseline of the Economic Review)
 - Development and maintenance of the port performance measurement system
- Expand Stakeholder engagement processes and fora, for industry sub-sectors and special interest groups that form discrete engagements

- Assess NPA infrastructure capex planning over medium to long term in support of the Port Consultative Committees
- Finalise and implement tariff regulation framework and support enactment of legal instruments effecting such framework
- Finalise a Tariff methodology in consultation with stakeholders.

The Ports Regulator has the following sub programmes / activities and their respective 2012/2013 budgets will be made up as follows;

Economic Regulation and Tariffs reports on the establishment of all elements of a regulatory framework and the development of the ports system and port regulatory system architecture. This sub-programme has a total budget of R2, 839 million for the 2012/13 financial year.

Monitoring reports on port sector participants' compliance with the National Ports Act (2005). This sub-programme has a total budget of R 2, 211 thousand for the 2012/13 financial year.

Tribunal Complaints and Appeals reports on the establishment and operation of a tribunal to hear complaints and appeals under the National Ports Act (2005). This sub-programme has a total budget of R 2,398 million for the 2012/13 financial year.

Industry Development reports on the support provided to the ports industry in the development of the port system and the port regulatory system architecture. This sub-programme has a total budget of R1, 791 million for the 2012/2013 financial year..

Corporate Financial and Support Services reports on the establishment and maintenance of the regulator secretariat; which deals with the organisational requirements of the regulator. This sub-programme has a total budget of R 6,137 million for the 2012/13 financial year.

Ports Regulator of South Africa: information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic Regulation	-	-	1 559	3 242	2 839	3 037	3 403
Monitoring	-	-	458	557	2 211	2 322	3 019
Tribunal	-	-	1 197	1 652	2 398	2 528	3 097
Industry Development	-	-	-	-	1 791	2 025	2 912
Corporate Services	5 990	10 413	5 608	7 358	6 137	6 301	4 723
Total expense	5 990	10 413	8 822	12 809	15 376	16 213	17 154

Ports Regulator of South Africa: Financial information

Statement of financial performance							
R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Tax revenue	-	-	-	-	-	-	-
Non-tax revenue	7	79	-	276	307	313	302
Sale of goods and services other than capital assets	7	-	-	-	-	-	-
<i>of which:</i>							
Admin fees	-	-	-	-	-	-	-
Sales by market establishments	-	-	-	-	-	-	-
Other sales	7	-	-	-	-	-	-
Other non-tax revenue	-	79	-	276	307	313	302
Transfers received	6 467	10 707	8 832	14 361	15 069	15 900	16 852
Total revenue	6 474	10 786	8 832	14 637	15 376	16 213	17 154
Expenses							
Current expense	5 990	10 413	8 822	12 809	15 376	16 213	17 154
Compensation of employees	1 934	3 000	3 655	4 576	9 200	9 744	7 602
Goods and services	3 517	6 787	4 537	8 052	5 249	5 599	9 044
Depreciation	526	620	630	171	927	870	508
Interest, dividends and rent on land	13	6	-	10	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-
Total expenses	5 990	10 413	8 822	12 809	15 376	16 213	17 154
Surplus / (Deficit)	484	373	10	1 828	-	-	-
Acquisition of assets	1 034	187	135	1 552	21	22	1 430
Statement of financial position							
Carrying value of assets	2 000	1 567	1 073	2 454	1 548	700	1 622
<i>of which: Acquisition of assets</i>	1 034	187	135	1 552	21	22	1 430
Investments	-	-	-	-	-	-	-
Inventory	-	65	74	70	70	70	70
Loans	-	-	-	-	-	-	-
Accrued Investment Interest	-	-	-	-	-	-	-
Receivables and prepayments	283	5	87	185	193	436	244
Cash and cash equivalents	-	4 972	5 163	4 635	4 821	3 858	3 537
Non-Current assets held for sale	-	-	-	-	-	-	-
Defined benefit plan assets	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-
Derivatives financial instruments	-	-	-	-	-	-	-

Total assets	2 283	6 609	6 397	7 344	6 632	5 064	5 473
Accumulated surplus/deficit	1 981	2 354	2 364	4 192	4 192	4 192	4 192
Capital and reserves	-	-	-	-	-	-	-
Capital Reserve Fund	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-
Finance lease	-	-	-	-	-	-	-
Accrued Interest	-	-	-	-	-	-	-
Deferred income	-	-	-	-	-	-	-
Trade and other payables	263	4 054	3 868	2 982	2 186	577	965
Taxation	-	-	-	-	-	-	-
Provisions	39	201	165	170	254	295	316
Managed Funds (e.g. Poverty Alleviation Fund)	-	-	-	-	-	-	-
Derivatives financial instruments	-	-	-	-	-	-	-
Total equity and liabilities	2 283	6 609	6 397	7 344	6 632	5 064	5 473
Contingent liabilities	-						

Expenditure trends

Revenue is generated from transfers from the DOT, and is expected to increase from R14,361 million in 2011/12 to R 16,852 million in 2014/15 at an average annual rate of 5.67% per cent.

In the Medium term, funding for 2012/2013 represent an increase of 4.93% or R 708 thousand over 2011/2012, this is because of an increase in Compensation of employees (filling of funded posts) and a decrease in Goods and Services due to Consultants who will no longer be contracted as employees will be used to perform the tasks previously performed by the consultants.

Funding for 2013/2014 represent an increase of 5.051 over 2012/2013 or R 831 thousand due to a general salary increase for employees and goods and services reflects an inflationary increase.

Funding for 2014/2015 increase by 6.00% or R 952 thousand over the 2013/2014 financial year due to decrease of R 2, 142 million in Compensation of Employees due to the single Regulatory body that is envisaged and an increase of R 3, 445 million or 61.53% in Goods and Services mainly due to a transfer of staff and relocation of office and equipment to the new single Economic Regulator premises.

The Ports Regulator is currently operating on 44.83% of its proposed structure.

7.1 Strategic objectives

Strategic Objective	Establishment and maintenance of administration
Objective statement	Expansion of technical staff complement to meet capacity requirements and reduce external resource utilisation.
Baseline	Staff appointed in all funded and approved vacancies within approved staffing regime(current 12)

Strategic Objective	Establishment and maintenance of administration
Objective statement	HRD strategy and skills plan developed and implementation commenced
Baseline	Plan developed for each appointed staff member within 6 months of appointment (after 2 quarterly assessments completed).

Strategic Objective	Establishment and maintenance of administration
Objective statement	Internship Programme complexity increased and formalised in Economic Regulation branch.
Baseline	HRD plan for all interns developed within 2 months of appointment.

Strategic Objective	Establishment and maintenance of administration
Objective statement	Implementation of additional Conditions of service not yet in place.
Baseline	Majority staff on term contract.

Strategic Objective	Establishment and maintenance of administration
Objective statement	Staff performance management system (PMS) implemented
Baseline	PMS on organisational level

Strategic Objective	Establishment and maintenance of administration
Objective statement	Ensure skills and capacity development in alignment with Single Transport Economic Regulator perspectives of DOT
Baseline	Skills and capacity planning in line with DOT Single Transport Economic Regulator

Strategic Objective	Establishment and maintenance of administration
Objective statement	Purchase scalable IT platform that is cost effective and appropriate for the Regulator and develop systems plan and architecture, that is aligned with DOT enterprise wide IT system and scalable to a Single Transport Regulator level
Baseline	Selected system components in place.

Strategic Objective	Establishment and maintenance of administration
Objective statement	Develop gap response to Auditor General's comments and recommendations on 2011/12 financial statements
Baseline	Gap response implemented for 2010/2011

Strategic Objective	Establishment and maintenance of administration
Objective statement	Develop a Regulator funding model with DOT that has application across all sub-sectoral components of the Single Economic Regulator
Baseline	Regulator funding on fiscal base

Strategic Objective	Establishment and maintenance of administration
Objective statement	Induction manual to be developed for new members and staff in additional areas
Baseline	Initial industry induction manual developed and initial training delivered

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Tariff methodology development
Baseline	Tariff approach resolved for 2012/2013

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Initial Tariff approach developed for specific treatment of leases and real estate and consulted in tariff application process
Baseline	Specific real estate Tariff Approach resolved for 2012/2013

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Normalisation of specific tariffs process and standards of determination including individual tariff level setting considerations agreed/established
Baseline	No tariff strategy and implementation plan

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Perform NPA 2013/2014 Tariff Assessment
Baseline	Tariff determination completed for 2012/2013

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Commence engagement with DOT to develop integrated tariff methodology approach for Single Transport Economic Regulator beyond medium term ports economic regulatory approach
Baseline	Engagement and consultation commenced

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Track and monitor the NPA capital expenditure planning for 2012/2013 through the PCC and NPCC processes and integrate into the tariff decision for 2013/2014 and establish capital medium and long term planning
Baseline	2010/2011 final determination on capex spending completed, 2011/2012 forecast capex spending modelled in tariff decision 2012/2013

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Revise Directives to include procedures for monitoring and compliance filing by all port industry participants
Baseline	Revised Directives in progress of development

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Revise directives to articulate application of Regulator powers and mandates in areas hitherto not covered by Directives
Baseline	Revised Directives in progress of development

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Tariff baseline RAB methodology development for real estate and port assets resulting from current and medium term capex programme
Baseline	Valuation methodology for real estate and port assets determined for current assets: Trended Depreciated Optimised Replacement Cost(SRAB 2010)

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Annual Global Tariff Comparator 4 cargo/commodity type
Baseline	April review completed 2011 September review completed 2011

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	BRICSA Tariff comparator study 2012 2013
Baseline	BRICSA Tariff study completed

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Support the development of the Ministerial Framework for Private Sector Participation in Ports
Baseline	Support provided to DOT on development and consultation of the Ministerial Framework for Private Sector Participation in Ports

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Implement the Ministerial Framework for Private Sector Participation in Ports
Baseline	No implementation required to date

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Support the National Transport Planning Committee initiatives
Baseline	Support provided to national planning processes

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Support the further implementation of the Ports Act
Baseline	Implement and monitor the components of the Ports Act as directed by the DOT

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Support the implementation of the Ministerial Agreement elements within the mandate of the Regulator
Baseline	Implemented Annexure A and aspects of Annexure B

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Port comparator review 2012
Baseline	Port Comparator 2011

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Port capacity and utilisation review 2011
Baseline	To be commenced

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Support the implementation of the National Freight Logistics Strategy
Baseline	Implement all aspects of the implementation of the NFLS as directed by the DOT that are within the mandate of the Regulator

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Support the Maritime Industry Development Programme initiatives of the DOT and SAMSA
Baseline	Implement the economic regulatory aspects of the DOT and SAMSA Maritime Industry Development Programme as required

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Develop changes to the Port Act that facilitate its implementation and the operations of the Regulator, under ports Act revision process of DOT
Baseline	Support the development of a National Ports Amendment Bill

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Twice yearly selected port kpi review with regional case studies
Baseline	2010 April completed, September not performed

Strategic Objective	Economic regulation (Price, access, institutional structure, etc) of the port industry
Objective statement	Develop detailed port performance measurement system with stakeholders
Baseline	Key indicators and areas of emphasis developed

Strategic Objective	Monitoring the port industry and its compliance with the port policy, strategy and regulatory instruments
Objective statement	Develop compliance scan methodology in consultation with industry to target concerns not yet capable of Tribunal submission
Baseline	Methodology established

Strategic Objective	Monitoring the port industry and its compliance with the port policy, strategy and regulatory instruments
Objective statement	Perform regulatory compliance review
Baseline	Review commenced

Strategic Objective	Monitoring the port industry and its compliance with the port policy, strategy and regulatory instruments
Objective statement	BBBEE status review of all s56 and s57 port service providers port of Durban
Baseline	BBBEE Review commenced

Strategic Objective	Monitoring the port industry and its compliance with the port policy, strategy and regulatory instruments
Objective statement	Port service provider tariff filing compliance review
Baseline	Not commenced

Strategic Objective	Monitoring the port industry and its compliance with the port policy, strategy and regulatory instruments
Objective statement	Perform joint high level review of Maritime Charter implementation progress with DOT and other maritime SOE's
Baseline	Commenced

Strategic Objective	Monitoring the port industry and its compliance with the port policy, strategy and regulatory instruments
Objective statement	Joint port traffic statistics review performed with DOT
Baseline	Traffic review suspended for implementation 2012/2013, data unavailability

Strategic Objective	Monitoring the port industry and its compliance with the port policy, strategy and regulatory instruments
Objective statement	Develop and consult revised directives for information filing and requirements for port sector participants
Baseline	Amendment commenced.

Strategic Objective	Establishing and operating a tribunal to hear complaints and appeals under the National Ports Act.
Objective statement	Finalising the Directives for amended tribunal establishment processes and procedures
Baseline	Amendment commenced

Strategic Objective	Establishing and operating a tribunal to hear complaints and appeals under the National Ports Act.
Objective statement	Revise the Tribunal procedure manuals to respond to challenges that had been experienced in initial tribunals.
Baseline	Initial Tribunal Manual

Strategic Objective	Establishing and operating a tribunal to hear complaints and appeals under the National Ports Act.
Objective statement	Tribunal manual, training course and tutor support for new members and refresher for existing members
Baseline	Develop training materials and deliver training

Strategic Objective	Establishing and operating a tribunal to hear complaints and appeals under the National Ports Act.
Objective statement	Tribunal to have at least 18 days availability in year
Baseline	Tribunal availability or days in sitting.

7.2 Resource considerations

The resources required to deliver on the organisational mandates, within the constraints of the fiscal allocations are as follows:

Detail of approved establishment and personnel numbers according to salary level

	Post Status as at 30 September 2011				No. of posts filled on funded establishment				Projections over the MTEF			
	No. of posts on approved establishment	No. of funded posts	No. of Vacant posts	No. of posts additional to the establishment	Actual			Actual (as at 30 September 2011)				
					2008/09	2009/10	2010/11		2011/12	2012/13	2013/14	2014/15
Salary Level												
Executive Man.	5	1	4	0	1	1	1	1	2	2	2	
Senior Man.	6	1	5	0	1	1	1	1	4	4	4	
Middle Man.	5	3	2	0	0	2	3	3	5	5	5	
Professionals	0	0	0	0	0	0	0	0	0	0	0	
Skilled	0	0	0	0	0	0	0	0	0	0	0	
Semi-skilled	11	7	4	0	0	5	7	7	8	8	8	
Very low skilled	2	2	0	0	1	1	2	2	2	2	2	
Total	29	14	15	0	3	10	14	14	21	21	21	
Compensation (R thousand)					1,934	3,000	3,655	4,576	9,200	9,744	7,602	
Unit cost (R thousand)					644.7	300.0	261.1	326.9	438.09	464.0	362.0	

It should be noted that although the staff establishment remains the same in 2014/2015 as that in 2013/2014, portions of the compensation are allocated to the central services of the Single Transport Economic Regulator and only the technical staff that are required for the continuous delivery of the regulatory services are fully accounted for.

7.3 Risk Management

The key risks facing the organisation and the risk management responses are:

- **Human Resource Management**
 - The HRD Strategy shall address the key elements of the skills availability risks, but the succession of key personnel risks remain over the medium term
- **Single Economic Regulator transition**
 - The capacitation of the organisation is being implemented in accordance with what is the current perceived SER requirements to ensure very limited possibility of redundancy and all staff are hired on the condition that the impending shift is a condition of their employment

- **Credible economic regulation**
 - Increasing the regulatory certainty over time and ensuring that the development of the regulatory framework keeps pace with requirements
- **Stakeholder management**
 - The Regulator constantly engages stakeholders and ensures that the regulatory outcomes are explained particularly when they are negative toward stakeholder expectations
- **Compliance**
 - Regulator is increasing its staff to ensure that the compliance capability is embedded and is constantly reviewing its processes and procedures to adapt to the compliance regime changes
- **Legislative gaps/loopholes**
 - The Regulator is revising technical aspects to deal with certain lacunae and developing responses thereto
- **Tribunal credibility**
 - Consistent and timeous decisions are made and articulated in accordance with all requirements under the regulatory framework to ensure that the tribunal credibility is established and maintained. This is also enhanced by ensuring sufficient tribunal availability.