



NO JUSTIFICATION FOR ANY INCREASE IN PORT TARIFFS

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There is no justification for any increase in Port tariffs and it is time port users were compensated for decades of over-charging.

The Chamber was commenting on proposals to increase port tariffs by 8.45% this year and 24.8 percent next year.

Recent revelations and court cases have made it clear that Transnet has been involved in a great deal of wasteful spending and corruption and it's time for cargo owners to "claw back" money spent on excessive port charges.

A 2012/2013 study by the Port Regulator found that cargo dues paid by cargo owners were 874% above the global average. It's true that these dues had been reduced but they are still above the global average.

The Regulatory Manual for Tariffs say that "the key purpose of applying claw-backs is to ensure that the National Ports Authority or any other port user is fairly treated and is not subject to unfair losses or gains..."

A further problem is that the NPA bases tariffs on how much revenue they need rather than the cost of operating the ports. Port users have every right to expect the revenue raised from the ports to be well and productively used. Unfortunately, this is not the case, and profits on the ports go to Transnet.

In recent months we have become aware of a massive wasteful spending and a corruption problem in the Transnet family. The 'Gupta leaks,' for example, have revealed that a 'kickback' of R95.6 million was paid on a R651 million order for cranes. On a second purchase of 22 cranes from Liebherr, a 'kickback' of R46.4 million was paid.

The situation in Transnet is even worse. The former Chairman of the Transnet Board, Mr Popo Molefe, talked about wide-scale looting and went to court to have a R4.8 billion order for unsuitable Spanish locomotives set aside. The Court cancelled the deal and ordered Swifambo Rail Leasing, the intermediary in the deal, to refund a sum of R2.6 billion.



The Gupta leaks had revealed that, in all R5.3 billion in “fees” on locomotive purchases had been paid to companies with Gupta links.

In these circumstances, we submit, that it absurd to base tariffs on ‘revenue needed’ when the revenue could include billions of rands for wasteful or corrupt transactions by Transnet.

It is the Chamber’s view that it is now time for cargo owners to be given the advantage of the claw-back provision and for port dues and other tariffs to be reduced in order to compensate cargo owners for years of over-charging.

Janine Myburgh

President of the Cape Chamber

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