Business critical of Transnet's proposed higher port charges

State-owned rail, port, and pipeline company Transnet has been criticised by business for pushing for "unjustifiable" hikes in port tariffs.

Transnet National Ports Authority, which manages all eight commercial ports in SA, is looking for increases of up to 25% in 2017 amid concern by industry players that above-inflation tariff increases could hit business hard and lead to job losses. The ports regulator is expected to make a decision by December.

SA's port charges are excessive by global standards and have long been identified as an impediment to business. In 2016, the Competition Commission launched a probe into Transnet for "excessive pricing" in port charges and the preferential treatment of some clients to the exclusion of others.

The Cape Chamber of Commerce and Industry said port users should be compensated for decades of overcharging.

"Wasteful spending and corruption"

Cape Chamber president Janine Myburgh said recent revelations and court cases had made it clear that Transnet had been involved in wasteful spending and corruption and that it was time for cargo owners to "claw back" money spent on excessive port charges.

She pointed out that a study by the port regulator found that cargo dues paid by cargo owners were 874% above the global average. It was true these dues had been reduced but they were still above the global average, Myburgh said.

Myburgh said another problem was that the Transnet National Ports Authority based tariffs on how much revenue it needed rather than the cost of operating the ports. Port users had every right "to expect the revenue raised from the ports to be well and productively used".

"Unfortunately, this is not the case and profit on the ports goes to Transnet.

"In recent months we have become aware of a massive wasteful spending and a corruption problem in the Transnet family," she said.

"The Gupta leaks, for example, have revealed that a kickback of R95.6m was paid on a R651m order for cranes. On a second purchase of 22 cranes from Liebherr, a kickback of R46.4m was paid.

Transnet set to ditch 8,000 jobs
Kyle Cowan 8 Sep 2017

"In these circumstances, we submit, that it is absurd to base tariffs on 'revenue needed' when the revenue could include billions of rand for wasteful or corrupt transactions by Transnet," said Myburgh.

The port authority said in its application to the regulator that in line with the approved tariff methodology the key purpose of applying a clawback was to ensure that "neither the authority nor port user gain or lose out from differences arising between forecasts made at the time of the tariff application and actual figures on the realisation of capital expenditure, operating expenditure, depreciation, taxation, volume and inflation".

"In order to assist our customer base, the authority proposes to utilise R81m of the excessive tariff increase margin credit facility to achieve a tariff adjustment within CPI + 3%."

Source: Business Day