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## Record of Decision

### WEGO KPI's & Weights 2019/20

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In line with the Record of Decision on the Weighted Efficiency Gains from Operations (WEGO) published on 29 March 2018, port users and the National Ports Authority ("the Authority" / "the NPA") are given the opportunity to select performance indicators and weights that cover the port value chain (water and land side) for which performance in the base year is set and changes in performance on each is measured in the subsequent year. Verified changes in performance on each Key Performance Indicator (KPI) influences whether the Authority receives a performance incentive or a discentive through a proportional increase or decrease of up to 5% on their allowed return for up to a 10% increase or decrease in year-on-year KPI performance.

The Ports Regulator of South Africa (the Regulator) hereby publishes the final approved port performance KPI's and corresponding weights for the 2019/20 Tariff year (As per the notice published on the 8<sup>th</sup> of April 2019). The approved KPI's and corresponding weights are informed by the information submitted by the National Ports Authority for the 2017/18 (baseline) and 2018/19 financial years which reflects percentage change in KPIs between the baseline and 2018/19. The overall WEGO performance for the 2018/19 tariff year based on the submitted information is 8.34%. In addition, the submission by the Port Consultative Committee KPI subcommittees at each port also made submissions which were taken into consideration.

The Ports Regulator of South Africa (the Regulator) hereby publishes as part of this ROD the information that was considered as part of the determination:

- Preliminary port performance information for 2017/18 (baseline) and the first three quarters of 2018/19 from the National Ports Authority (the NPA) summarised in Table 1. The table reflects percentage change in KPIs between baseline and up to Q3 2018/19,

- Port Consultative Committee (on behalf of port users) proposed KPI weights for the 2019/20 period (Table 2),
- National Ports Authority proposed KPI weights for the 2019/20 period (Table 2), and
- Ports Regulator KPI weights based on the performance information (Table 3).

## KPI Exclusions from WEGO

Notably, proposed KPIs dealing with CAPEX, safety and environmental dimensions were not considered by the Regulator as possible WEGO KPIs as WEGO is 'operation focused'. The inclusion of CAPEX in the PCC proposals reflects the concerns of port users regarding the NPAs underspend on CAPEX. The Regulator has noted these concerns and will continue to monitor the Authority's CAPEX implementation capability and expenditure independently from WEGO. The return on the RAB remains the prime incentive for CAPEX spend and will be reviewed as part of the review of the Multi-year Tariff Methodology. As previously determined, KPIs that are likely to compromise safety of operations (NPA maneuvering time, pilotage) are excluded. In addition, independent institutions of Government tasked with the responsibility for port safety and the environment exists and for part of the Port Consultative Committees through which port user concerns can be given due attention.

## Evolution of WEGO

The WEGO process to focus on performance at port level, is evolving. In the inception phase focus was on defining KPIs and assigning a weight to each at a system level. The disaggregation of performance at port level as reflected in Table 3 is the start of a process to address performance on each KPI at port level. Table 3 provides weights assigned to the 5 KPIs at port level as a contribution to the aggregate system level performance, which we intended detailing in the future into measurement at a terminal level to enable performance challenges to be isolated and addressed at terminal level.

## Finalisation of WEGO KPIs and weights for 2019/20

The PRSA weighting in Table 3 was based on an approach that puts higher weight on KPIs where performance has not improved and/or was limited and reduced weights in areas of significant improvement to maintain a focus on such areas to discourage a decline in performance.

This ROD therefore serves to provide some clarity regarding the data that need to be collected by the NPA during 2019/20, as well as calling upon port users and stakeholders to formulate landside

performance KPIs as proposed in the PCC KPI subcommittees. It also serves to illustrate the Ports Regulator's approach in assigning weights on a year on year basis.

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

## WEGO Decision Process

The process for arriving at the final WEGO incentive/disincentive were set out as follows:

- April/May 2019: the NPA submits to the Regulator the full performance data for 2017/18 and 2018/19.
  - Regulator will publish the results and make a call for comments/inputs from port users,
  - In case(s) where performance is contested by a port user or a port user segment verifiable data must be provided and/or Ports Regulator and/or KPI subcommittee must be provided with access to such information.
- May – June 2019: consultations will be held with port users through PCC KPI subcommittees (including the NPA) to interrogate and verify performance data.
- 1 August 2019: NPAs submits its tariff application for 2020/21 including WEGO incentive/disincentive based on performance in 2017/18 and 2018/19.
- PCC and/or individual port users comment on WEGO as part of written submissions to the Regulator on the NPAs tariff application.
- 29 November 2019: Ports Regulator WEGO decision as part of tariff determination ROD

## New measures for WEGO

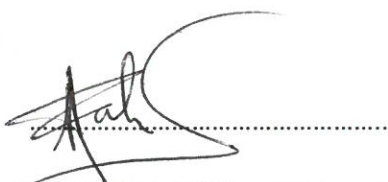
The Regulator notes that land side KPIs were not proposed by the PCCs and NPA and is requesting submissions from users regarding challenges with land side performance, including KPIs that directly address the problem(s). The submission should include how these can be measured, the formula for calculation as well as how they can be monitored in order to include such measures in the next WEGO



phase. Submissions should be made by the 01<sup>st</sup> August 2019 to the following email address:  
[info@portsregulator.org](mailto:info@portsregulator.org) for attention: Jowie Mulaudzi.

## Record of Decision

Table 3 reflects the final KPI's and weights that will form the basis of the WEGO measurements (KPI's and corresponding weights) pertaining to the 2019/20 Tariff Year.

A handwritten signature in black ink, appearing to read 'M Fakir', is written over a horizontal dotted line.

Mr. M Fakir (CEO and Delegated Accounting Authority)

30 July 2019

## Unverified aggregate change in performance on 2017/18 and 2018/19 WEGO KPIs

Table 1: Aggregated port performance changes per WEGO KPI up to Q3 2018/19

Port Aggregated Performance changes 2017/18 to Q3 2018/19	Richards Bay	Durban	East London	Nqura	Port Elizabeth	Mossel Bay	Cape Town	Saldanha
Anchorage Waiting Time (vessel service delays) (VSD)	13,3%	13,6%	10,0%	0,0%	10,0%	0,0%	11,1%	0,0%
Ship working Hour (SWH)	1,4%	0,8%	1,3%	-1,9%	0,4%	0,0%	0,5%	0,1%
Berth Productivity (BP)	-0,2%	0,9%	2,2%	-1,3%	-0,8%	0,0%	1,4%	-1,5%
Ship Productivity Indicator (SPI)	0,3%	5,4%	3,0%	-0,3%	-0,8%	17,0%	4,7%	-1,9%
Ship Turnaround Time (STT)	0,8%	1,0%	-3,9%	4,1%	-0,4%	5,6%	0,2%	-0,6%

Source: National Ports Authority submission to PRSA, February 2019.

## Proposed KPIs and weight allocation for WEGO 2019/20

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

Port of	Durban		Ngqura		Cape Town		Richards Bay		Port Elizabeth		East London		Mossel Bay		Saldanha	
KPI/proposed weights by PCC and NPA	PCC	NPA	PCC	NPA	PCC	NPA	PCC	NPA	PCC	NPA	PCC	NPA	PCC	NPA	PCC	NPA
Ship Turnaround Time (STT)	18%	20%	10%	20%	15%	20%	28%	20%	16%	20%	25%	20%	15%	20%	20%	20%
Ship Productivity Indicator (SPI)	18%	20%	20%	20%	20%	20%	0%	20%	16%	20%	15%	20%	25%	20%	20%	20%
Anchorage waiting time (Vessel Service Delays) (VSD)	20%	20%	18%	20%	25%	20%	10%	20%	10%	20%	20%	20%	15%	20%	10%	20%
Berth Productivity (BP)	0%	20%	18%	20%	0%	20%	18%	20%	16%	20%	10%	20%	20%	20%	20%	20%
Ship Working Hours (SWH)	0%	20%	10%	20%	0%	20%	18%	20%	18%	20%	15%	20%	15%	20%	20%	20%

Table 3: PRSA weights

Port of	Durban	Ngqura	Cape Town	Richards Bay	Port Elizabeth	East London	Mossel Bay	Saldanha
KPI/ Changes/ 2019/20 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
STT	1,0%	25%	0,2%	20%	-0,4%	25%	5,6%	25%
SPI	5,4%	15%	4,7%	20%	-0,8%	25%	17,0%	25%
VSD	13,6%	10%	11,1%	10%	10,0%	10%	0,0%	15%
BP	0,9%	25%	1,4%	30%	-0,8%	25%	0,0%	25%
SWH	0,8%	25%	0,5%	20%	0,4%	15%	0,0%	10%

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

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

Legend:

- Ship Turnaround Time (STT)
- Ship Productivity Indicator (SPI)
- Anchorage waiting time
- (Vessel Service Delays) (VSD)
- Berth Productivity (BP)
- Ship Working Hours (SWH)

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