

APPENDIX 1: THE AUTHORITY'S RESPONSE TO WRITTEN STAKEHOLDER COMMENTS ON THE TARIFF APPLICATION FY 2026/27

Stakeholder	Key Issue	Authority's Response										
1. Aquarius MOGS (AQMS)	<p>1.1. PRSA ROD required the Authority to prioritise safety-critical projects at the Port of Saldanha Bay (e.g., Berth 103 jetty rehabilitation, marine loading arms, mooring equipment, and basic facilities), however there is limited progress hereon. This results in risks for AQMS operations and continued viability of the Astron refinery.</p>	<ul style="list-style-type: none"> The Authority does categorize projects into various classifications, such as Efficiency, Volumes, Environment, Safety, Protection and Social. Therefore, in line with categorization, projects relating to safety are then prioritized accordingly. In the current tariff, TNPA plans to spend as follows on safety related projects: <table border="1" data-bbox="1220 630 1898 873"> <thead> <tr> <th>Financial Year</th> <th>Budget</th> </tr> </thead> <tbody> <tr> <td>2025/26</td> <td>R 512 million (Latest Estimate)</td> </tr> <tr> <td>2026/27</td> <td>R 276 million</td> </tr> <tr> <td>2027/28</td> <td>R 175 million</td> </tr> <tr> <td>2028/29</td> <td>R 288 million</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Safety related projects planned for the Port of Saldanha Bay has been included, noting that some of the projects mentioned are the subject of an existing TOA with the TO actively pursuing them. 	Financial Year	Budget	2025/26	R 512 million (Latest Estimate)	2026/27	R 276 million	2027/28	R 175 million	2028/29	R 288 million
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<p>1.2. The Authority's tariff differentiation occurs only by cargo type (freight category), not by port, resulting in uniform increases that result in the Port of Saldanha Bay users subsidising other ports.</p>	<ul style="list-style-type: none"> The approved Tariff Strategy recognises that, while pricing should ideally be determined at a facility or port level to fully reflect cost differences, a system-wide average costing approach is currently applied across the national ports system. This approach helps to minimise the financial burden on any single port user, promote equity of access and benefit, and spread funding and operational risk across the system. 											

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		<ul style="list-style-type: none"> • System-wide pricing ensures that users across all ports contribute fairly to the sustainability of the port network, particularly in a developing country context where infrastructure investment requirements are significant. This approach enables the shared funding of new port and terminal developments across the entire system, rather than limiting cost recovery to users of a single facility. It reflects a single tariff book principle that underpins the Authority's mandate to operate the South African port system as an integrated and cohesive network. • However, the Authority acknowledges that variations in service levels and cost structures between ports may, over time, warrant further differentiation. In such cases, the Authority will explore the potential for distinguishing between "project-internalised user charges"—for services or facilities that directly benefit a specific user group—and broader system-wide user charges, which support network-wide efficiency and development.
	<p>1.3. The Authority's Required Revenue (RR) model excludes strategic capacity obligations, such as storage and handling for the Strategic Fuel Fund (SFF). Excluding these volumes overstates tariffs per unit and shifts costs onto a small number of commercial users.</p> <p>1.4. AQMS recommends inclusion of the strategic capacity obligations in throughput forecasts, ensuring equitable cost allocation and competitive tariffs.</p>	<ul style="list-style-type: none"> • Crude oil volume forecast is obtained in consultation with industry players, including SFF. The volumes reflected in the Tariff Application represent cargo volumes that have passed over the quay wall, within the ports (imports and exports). • Strategic stocks that are held by the refinery, located outside the quay wall, fall outside the Authority's mandate and are regulated by other regulators such as National Energy Regulator of South Africa (NERSA) and Department of Mineral Resources and Energy (DMRE). • The proposal to restate strategic stock equivalent as volume handled will have the effect of overstating volumes handled.

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	<p>1.5. Cumulative tariff increases (e.g., $\approx 9.61\%$ annually) will erode South Africa's competitiveness versus global crude hubs.</p>	<ul style="list-style-type: none"> • The Port Directives require that the tariffs enable the Authority to recover its investment, recover its costs, and make a profit commensurate with the risk. These requirements are embedded in the Tariff Methodology. • Pure application of the Tariff Methodology results in a tariff increase in excess of the applied for 9.61% increase. • However, the Authority remains mindful of current economic conditions and the pressures faced by port users, alongside the Authority's mandate to support economic growth through infrastructure investment and job preservation, in alignment with the R4G strategy. • Accordingly, the Authority has opted for a "smoothed" Tariff Application by withdrawing from the ETIMC facility resulting in an evenly spread tariff increase over the next 3 years. • The Tariff Application therefore requests for an RR of R16 730m, translating into a tariff increase of 9.61% for FY 2026/27 and indicative tariff increases of 9.61% for both FY 2027/28 and FY 2028/29.
	<p>1.6. AQMS raises concern over restrictive transshipment rules (e.g., 90-day limit), which classify long-stored crude as full imports. It is recommended that the Regulator aligns the crude oil transshipment rules with international norms or introduce a dedicated crude transshipment tariff for the Port of Saldanha Bay. This would attract higher volumes, broaden the tariff base, and enhance South Africa's position as a trading hub.</p>	<ul style="list-style-type: none"> • The Tariff Book supports the principles of the Port Directives and further progresses the objectives of the Tariff Strategy which amongst others, progresses the user pay principle and infrastructure pricing. • In accordance with the Tariff Strategy, Transshipments currently enjoy a lower tariff to to incentivise port users and potential port users, to attract additional lucrative business and volumes. • The Transshipment Tariff, however, has seemingly been used, in recent times, specifically in the liquid bulk sector, for product that has been stored for pro-longed periods to benefit from speculation of the

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		<p>market and arbitrage (both being principles not supported by the Tariff Strategy), and not aligned to the objectives of Transshipment.</p> <ul style="list-style-type: none"> The 90-day limit included (aligned to the Authority's collation period) in the tariff book therefore aims to ensure that the correct pricing signals are sent to the market; ensure upholding of the principles of the Port Directives and Tariff Strategy; and ensure revenue protection of the Authority. The Authority remains open to continued engagement with industry stakeholders to explore mechanisms that the support the Port of Saldanha Bay's development as a crude and energy trading hub, while ensuring compliance with regulatory definitions, customs frameworks, and the principles of equitable and cost-reflective tariff application across the port system
	<p>1.7. The Astron Energy refinery depends on affordable, reliable access via the Port of Saldanha Bay. Rising tariffs without corresponding infrastructure upgrades threaten the refinery's viability and the country's fuel supply chain.</p> <p>1.8. AQMS propose that a sustainable funding model be considered in which future infrastructure growth is not financed solely through tariff increases that could undermine the viability of current port users, but rather through alternate mechanisms such as project linked financing, blended capital structures or public private partnerships thereby ensuring that growth is balanced with affordability and long-term competitiveness.</p>	<ul style="list-style-type: none"> The Authority continues to deliver projects at the Port of Saldanha Bay, with Access Platform Corrosion Protection System and Security Requirements to Maintain International Ship and Port Security (ISPS) Accreditation having been completed last financial year. The import corridor port infrastructure supporting Astron Refinery, is intact and carries sufficient capacity. Some upgrades to terminal infrastructure by the TO is necessary to ensure reliability and adequate terminal capacity. This work is in progress by the TO.
<p>2. Exporter EC</p>	<p>2.1. How many containers (TEU's) does the Authority currently move through the Eastern Cape or SA ports annually?</p>	<ul style="list-style-type: none"> The projected Container volumes (TEUs) for the Central region are as follows:

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		<table border="1"> <thead> <tr> <th data-bbox="1146 235 1314 321">Port</th> <th data-bbox="1318 235 1472 321">FY 2025/26</th> <th data-bbox="1476 235 1629 321">FY 2026/27</th> <th data-bbox="1633 235 1787 321">FY 2027/28</th> <th data-bbox="1791 235 1950 321">FY 2028/29</th> </tr> </thead> </table>	Port	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	15 242	15 619	16 009	16 410
Port	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29							
		Port Elizabeth	151 329	154 205	157 137	160 119					
		Ngqura	735 400	762 650	791 090	820 761					
	2.2. What percentage growth (or decline) in container volumes does the Authority project over the next 3 years?	<ul style="list-style-type: none"> The Authority projects an overall growth rate of 3% per annum in the container sector over the three-year period, contingent upon the absence of extraordinary impacts resulting from the Trump Tariffs and the potential non-renewal of the African Growth and Opportunity Act (AGOA) incentives. 									
3. National Association of Automobile Manufacturers of South Africa (NAAMSA)	3.1. The debt structure and uncertainty about the Authority's independence remains a concern for stability of the institution and impact on the competitiveness of the Ports. This further raises an alarm on capacity to invest in Infrastructure.	<ul style="list-style-type: none"> The appropriate debt structure of the Authority, upon corporatisation, is to be determined by the work being performed by the Ministerial Task Team. Following the incorporation of the Authority, interest rates for future/new debt capital will be informed by negotiations with lenders, which is unknown at this stage. Additionally, the debt structure utilized in the determination of tariffs is per the prescribed Tariff Methodology. Any deviations between the actual cost of debt and the proxy/estimated cost of debt utilised for the tariff application period, is adjusted through the clawback mechanism in future tariff years. 									
	3.2. The port lagging performance and ongoing uncompetitive operations in relation to global markets within which the automotive market competes, remains a concern	<ul style="list-style-type: none"> Based on Terminal Operator Performance Standards (TOPS) performance assessments, the automotive terminals are demonstrating strong performance. However, the feedback is noted, 									

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	<p>3.3. In terms of the Weighted Efficiency Gains from Operations (WEGO), the request for a baseline comparator has repeatedly been made to benchmark the port network at a global standard. The current struggles remain:</p> <ul style="list-style-type: none"> i) Berthing delays; ii) Vessel turnaround time; iii) Truck turnaround time; and iv) Available port space and port congestion. 	<p>and the Authority, in collaboration with relevant stakeholders, will continue to foster improvements ensure its competitiveness in global markets.</p> <ul style="list-style-type: none"> • The procurement of new tugs and Terminal Operator cargo handling equipment is expected to contribute to a reduction in berthing delays and an improvement in both vessel and truck turnaround times across the ports. • This is evident through the TOPS Quarter 1 report which indicates that 62% of terminal operators achieved positive performance. Furthermore, 19% of operators were within a 5% negative performance tolerance, suggesting their situation warrants performance monitoring rather than immediate intervention.
	<p>3.4. The proposed cargo dues (4.4%) and marine charges (6.15%) are above prior-year levels and out of step with actual service performance.</p>	<ul style="list-style-type: none"> • The proposed differentiated tariffs are in alignment with the approved Tariff Strategy which requires a rebalancing and rebasing of tariffs, resulting in certain cargo dues tariffs reducing, and increases required on marine services charges to progress the user pay principle. • As illustrated in the Tariff Application, Marine Charges remain significantly cross-subsidised and requires intensive rebalancing to reflect/ support the user pays principle. • The increase in Marine service charges further reflects amongst others, the recovery of costs relating to increased fuel costs, and increased investment in marine fleet. • Whilst the efficiency levels of the Authority are duly dealt with through the WEGO mechanism, port performance and efficiency levels, are considered when considering the differentiated marine services tariffs.

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	<p>3.5. The industry's transformation and growth are guided by the South African Automotive Masterplan (SAAM) 2035 and the Automotive Production and Development Programme (APDP2). The sector is transitioning toward New Energy Vehicles (NEVs), requiring cost competitiveness and infrastructure reliability to attract investment.</p> <p>3.6. Excessive port tariffs threaten the industry's ability to meet SAAM 2035 goals and NEV transition objectives.</p>	<ul style="list-style-type: none"> • It would be beneficial for NAAMSA to present its perspective on EV tariff structures, and cost levels and the rationale for the need for a stand-alone tariff for EV. • Additionally, the Authority's proposed differentiated tariffs for automotives reflects a careful balance amongst competing objectives, inclusive of the strategic importance of the automotive sector to the SA economy, and prevailing market conditions, whilst ensuring progression of the implementation of the Tariff Strategy. In line with these considerations, the proposed differentiation for automotives of 8.61% is lower than the average tariff adjustment of 9.61%.
<p>4. South African Association of Ship Owners (SAASOA)</p>	<p>4.1. SAASOA has in the past called for the adoption of a genuine price-capping approach, with the rate-of-return methodology used purely as an analytical tool.</p>	<ul style="list-style-type: none"> • The Authority has applied the approved Tariff Methodology in the determination of the Tariff Application. The discussion of an appropriate Tariff Methodology therefore is more academic in nature, with the following to be noted as discussions on the review of the Tariff Methodology are progressed: <ul style="list-style-type: none"> ○ The price cap approach is contradictory to the spirit of the Port Directives. ○ The implementation of the R4G strategy and capital investment programme renders inflation level tariffs unsustainable. ○ The progression of inflation level tariffs would result in shortfalls to fund Capex thereby encouraging perverse incentives to curtail capital expenditure.
	<p>4.2. Relative to the FY 2025/26 ROD, the Authority claims an increase in allowed revenue of R1 413m, an increase of 9.22%, which can be attributed to:</p> <ul style="list-style-type: none"> ○ The claimed Return on Assets (ROA) increase of R621m (from R6 330m to R6 951m) represents a 9.8% rise in capital costs, 	<ul style="list-style-type: none"> • The ROA is a function of RAB multiplied by WACC: <ul style="list-style-type: none"> ○ RAB: The RAB for FY 2026/27 is projected to be higher than the FY 2025/26 figure due to the inclusion of R2 685m in capitalisations realized during FY 2024/25 (as of 31 March 2025). This amount, which was not yet reflected in the earlier FY

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	<p>while the Regulatory Asset Base (RAB) grew only 4.6%, indicating higher required returns.</p> <ul style="list-style-type: none"> ○ Forecast Operating costs (Opex) rise by R1 089m (15.89%) to R7 943m, despite only 2% projected volume growth, suggesting declining cost efficiency. ○ The projected clawback decreases by R578m, from R1 583m to R1 005m, contributing further to higher allowed revenue. 	<p>2025/26 RAB calculation (which considered actual capitalisations up to FY 2023/24).</p> <ul style="list-style-type: none"> ○ WACC: Inflation is a critical input in the WACC calculation. Given the trending of the RAB, the WACC return is calculated in real terms (net of inflation). The higher inflation rate used in the FY 2025/26 ROD (4.40%) results in a lower WACC of 7.36% for that year compared to the 7.73% WACC proposed for FY 2026/27. • Opex for FY 2026/27 considers the Transnet Corporate Plan FY 2025/26 and premised on the Authority being an operating division of Transnet. As such, at this time, the Opex included in the Tariff Application represents the best estimate of the costs required by the Authority to deliver on its mandate and day to day running of the business. Furthermore, the nature of the Authority's costs under Opex are either fixed (e.g. labour costs and constitutes approximately 50% of the Authority's Opex) or variable, with most variable costs subject to administered pricing (e.g., electricity, water, fuel, rates and taxes, e.tc). • According to the Tariff Methodology, the key purpose of applying Clawback is to ensure that the Authority or any port user is fairly treated and is not subjected to unfair gains or losses that are the result of incorrect forecasting, inaccurate information and system shocks. Historically, periods of elevated inflation in South Africa eroded the Authority's returns, consequently triggering higher Clawback adjustments in favour of port users. Conversely, the Tariff Application for FY 2026/27 reflects a normalisation of the inflation forecast, which is projected to result in a higher return for the Authority and a corresponding reduced Clawback.

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	<p>4.3. The Authority projects a depreciation charge of R2 848m yet plans to spend less than this in total Capital Expenditure (Capex), including projects not aimed at maintaining existing capacity—the basis for the depreciation allowance.</p>	<ul style="list-style-type: none"> • The Port Directives require the Authority's approved tariffs to enable it to recover its cost, recover its investment and make a profit commensurate with its risk. For regulatory purposes, depreciation is considered the recovery of the investment i.e., "return of capital". • Depreciation, therefore, firstly represents the repayment of loans and secondly, any funds left over after repayment of loans is utilised for replenishing capital. • As the regulatory model is based on the concept of patient investment, there is currently a mismatch between the debt repayment period and asset useful lives, which could result in cash shortfalls.
	<p>4.4. The Authority's continued negative Weighted Efficiency Gains from Operations (WEGO) results confirm a declining performance trend. While the Authority claims to exceed agreed targets, meeting lowered expectations does not justify ongoing decline.</p>	<ul style="list-style-type: none"> • In setting the TOPS performance standards, the Authority engages in extensive consultation with Terminal Operators and other Port Stakeholders, through the Port Consultative Committees (PCCs) to determine relevant targets. These targets specifically consider the recommendations of the PwC benchmarking study. Therefore, the assertion that the Authority is adopting lowered standards is incorrect. • The PRSA WEGO Methodology establishes targets based on the principle of previous best performance, a criterion that fails to account for inherent operational dynamics. Consequently, a decline in WEGO performance should not be misconstrued as an indicator of poor port performance, given its lack of consideration for these internal operational dynamics. • In contrast, the achievement of agreed TOPS targets accurately reflects improved performance, as the WEGO and TOPS are distinct, non-directly aligned processes.
	<p>4.5. The use of a model which implies that the long-term risk-free rate is higher than the private long-term borrowing rates of many firms</p>	<ul style="list-style-type: none"> • The Authority has applied the approved Tariff Methodology in the determination of the Tariff Application, which prescribes the use of

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	<p>and households (CPI is at the time of writing 3.3% and PPI is 2.1%) should be questioned.</p>	<p>the South African Reserve Bank's (SARB) published time series KBP2003M as a proxy for the RFR. This specific bond yield is utilised to avoid anomalies associated with a single data series bond and is deemed to adequately reflect the market's perception of sovereign risk and inflation throughout the regulatory period.</p> <ul style="list-style-type: none"> • The Regulator has consciously not adopted the use of PPI as it tends to be volatile in nature.
	<p>4.6. The Capital Asset Pricing Model (CAPM) does not work particularly well in the South African context, a problem exacerbated by the difficulty in identifying a suitable proxy for the risk-free rate (RFR).</p>	<ul style="list-style-type: none"> • The Authority has applied the approved Tariff Methodology in the determination of the Tariff Application, which prescribes the use of CAPM to determine the Cost of Equity (Ke). • The discussion of an appropriate model to determine the Ke is therefore academic in nature, with the following to be noted as discussions on the review of the Tariff Methodology are progressed: <ul style="list-style-type: none"> ○ From a South African perspective, most economic regulators use CAPM as a method to compute the cost of equity e.g., NERSA uses CAPM for its regulated business i.e., Electricity, Petroleum Pipelines and Piped-Gas. ○ CAPM links risk and return, which aligns to the provisions of the Port Directives which require the Authority to recover a profit commensurate with its risk.
	<p>4.7. There must be serious questions about the Authority asserting that its real cost of debt is as high as 6.83%. Given that the Authority is a regulated monopoly, it seems improbable that it carries any real risk of failing to pay lenders.</p>	<ul style="list-style-type: none"> • The Authority has applied the approved Tariff Methodology in the determination of the Tariff Application, which prescribes the use of the Authority's embedded actual Cost of Debt (Kd). • Alternatively, the Regulator reserves the right to benchmark the NPA's Kd, however no such benchmarking has been concluded or shared with the Authority.

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	<p>4.8. In the application, the Authority seeks to explain why Opex is projected to rise from R7 441m to R7 943m but offers no explanation for why its budgeted costs exceed the allowed operating costs in terms of the ROD for the 2025/2026 tariff application by R587m.</p> <p>4.9. The Authority's operating costs must remain unchanged in real terms relative to the FY 2025/26 ROD. Based on the inflation forecast of 4.09%, this translates into Opex of R7 134m.</p>	<ul style="list-style-type: none"> • The Opex included in the Tariff Application FY 2025/26 is based on the Transnet Corporate Plan FY 2025/26 and premised on the Authority being an operating division of Transnet. The revised Opex included in the Tariff Application FY 2026/27 is reflective of the revised costs based on Latest Estimates that are a more accurate reflection of the costs required by the Authority to deliver on its mandate and day to day running of the business. • In terms of the rules of the Tariff Methodology, any differences between forecasted and actual opex costs are subject to clawback. • It is also worth noting that the corporatisation of the Authority may result in additional costs (including establishment and other costs associated with a corporatised entity) that may only become evident as the process towards a corporatised entity progresses. • Furthermore, the nature of the Authority's costs under Opex are either fixed (e.g. labour costs and constitutes approximately 50% of the Authority's Opex) or variable, with most variable costs subject to administered pricing (e.g., electricity, water, fuel, rates and taxes, e.tc). • Reducing the Opex included in the application with no justification will impede the Authority from fulfilling its mandate and may be non-compliant with the Port Directives which require the Authority to recover its costs.
<p>5. National Port Consultative Committee (NPCC)</p>	<p>5.1. The NPCC asserts that corporatisation of the Authority is a vital step for South Africa's economy, as it will strengthen governance, improve operational efficiency, and enhance institutional independence in line with global best practice.</p>	<ul style="list-style-type: none"> • The Corporatisation of the Authority as a subsidiary of Transnet SOC Ltd presents significant financial complexities for both Transnet and the Authority. Recognising these challenges, the Minister of Transport has established a dedicated Task Team comprising members from the Authority and Transnet Boards, alongside the management team

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	<p>5.2. Effective implementation is expected to address ongoing challenges such as inefficiencies, capital expenditure underspending, and limited transparency, which currently hinder port competitiveness.</p> <p>5.3. The Authority's ability to exercise independent oversight remains limited by its position within Transnet. Empowering its Board in line with the Companies Act should be prioritised to ensure full compliance with the National Ports Act, 2005 (Act No. 12 of 2005) (the Ports Act) and related Directives.</p>	<p>representatives from both entities, with support provided by the World Bank.</p> <ul style="list-style-type: none"> • Concurrently, the Authority is proceeding with project activities within its control to ensure operational readiness for a seamless transition.
	<p>5.4. In line with Section 72(2) of the Ports Act, the Authority must consult the NPCC before implementing any major tariff changes. Although some improvement has been noted, the NPCC remains concerned that consultation has often been indirect and insufficient to meet legislative intent.</p> <p>5.5. The Authority's subsequent un-consulted OPEX increase of R587 million was implemented without engagement with the PCCs or NPCC, and without evidence of formal approval from the PRSA.</p>	<ul style="list-style-type: none"> • It is the Authority's considered view that there are no major Tariff changes that warranted specific engagements with the National Ports Consultative Committee (NPCC) noting further that the Regulator undertakes a robust consultative process with Port Users who also attend these sessions. • Furthermore, the Tariff Application submitted to the Regulator is consistent with the approved Tariff Methodology, to which all port users and other stakeholders contribute.
	<p>5.6. Capex disclosures remain unclear and poorly aligned with port development frameworks. Ongoing underspending and uncertainty around projects like Durban and other precinct plans indicate a gap between stated strategies and actual implementation.</p>	<ul style="list-style-type: none"> • The Authority confirms that all projects that are in the Port Development Framework Plans (PDFP) that are at a stage where they require capital investment are incorporated in the capital plans. Where there is possibility of misalignment is in the operational date cited in the PDFP and the commissioning date. The PDFP is informed by demand timelines based on industry growth and reflects an optimistic timeframe. Whilst acknowledging the room for continuous improvement, the reality of delivering mega port infrastructure projects within a public entity in a complex port environment must be better reflected, with timelines being more realistic.

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	5.7. The NPCC's request for clarity and supporting details from the Authority have gone unanswered. This lack of timely and comprehensive responses undermines transparency, limits effective stakeholder engagement, and raises compliance concerns with the ROD requirements.	<ul style="list-style-type: none"> A comprehensive response was shared by the Authority, with the NPCC Secretariat on 05 October 2025.
	5.8. Rental methodologies, including oversight and consistent treatment of leases, wayleaves, port licences, section 57 and section 56/ 79 operators, as well as potential preferential treatment, remain unresolved concerns.	<ul style="list-style-type: none"> The rental methodology is the outcome of the property valuation exercise, which is consistent throughout for Commercial Leases, current Incorporated leases, wayleaves and complimentary leases. However, on new Section 56 agreements, the negotiations are driven by the New Business Development in line with the Concession Management Manual.
	5.9. The current strategy focuses heavily on building a Capex pipeline rather than achieving measurable improvements in service quality, competitiveness, and customer retention. This approach raises concerns about its ability to create business value, given the limited evidence of investments translating into operational or economic benefits.	<ul style="list-style-type: none"> The Authority's strategy does cater for this, for example compliance account for 32%, revenue protection is 20%, operational sustainability is 14%, revenue increase 14%, operational efficiencies 6% and the balance distributed between cost optimisation, capacity increase, volume protection, safety, etc. The details are included in the Tariff Application.
	5.10. The Authority should link each Capex item to a business pillar, report annual Marine Capex, and connect investments to specific assets and service outcomes.	<ul style="list-style-type: none"> This item is already catered for in the compilation of the Capex Annexures of the Tariff Application. In the Tariff Application, each project is aligned with a strategic pillar, and there are tables that indicate investment required per asset type, strategic intent and discipline i.e. Engineering, Real Estate Dredging, Fleet etc.
	5.11. The Capex tables in the Tariff Application do not clarify which bottlenecks will be addressed, when, or through which asset deployments, aside from general notes on tugs.	<ul style="list-style-type: none"> The Tariff Application provides a comprehensive Capital Expenditure (Capex) programme for a six-year period, covering FY 2025/26 onwards.

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		<ul style="list-style-type: none"> • Many of these expansionary projects are closely aligned to the port development framework plans that are informed by capacity studies and aim to de-bottleneck particular berth capacity challenges • The Capex programme is segmented based on whether the investment sustains or expands current capacity across all commodity types, among other criteria. The programme is primarily expansionary (except for the Breakbulk and Automotives segments), driven by projected volumes and supporting research studies. Other key initiatives include the procurement of dredgers to increase depth to accommodate larger vessels, cranes for Ship Repairs, and the execution of the Durban Container Terminal (DCT) berth deepening project for berths 203 to 205.
	<p>5.12. The Authority's current real estate approach within the tariff framework is fragmented and largely price-driven, lacking a coherent strategy to position it as a developmental partner.</p>	<ul style="list-style-type: none"> • The Real Estate Strategy is being developed as part of the Authority's Commercial Services business strategy and is currently still at its infancy stage.
	<p>5.13. What are the Authority's plans to align rental increases with market benchmarks? Specifically:</p> <ul style="list-style-type: none"> ○ Will the Authority publish a transparent rental index methodology for tenants? ○ How will future increases be linked to service improvements, infrastructure upgrades, or strategic initiatives? ○ Is there a mechanism for structured engagement with anchor tenants to co-design long-term real estate strategies? 	<ul style="list-style-type: none"> • The Real Estate department is currently focused on aligning rentals by normalising "historic leases" that benefited from low rates. As these leases expire, new agreements are being concluded at market-related rentals. • The Authority's established rental determination methodology utilises the Comparable Approach to ensure that rentals are standardised consistently across each precinct. • As the Authority develops its Real Estate strategy, the publication of a rental index, will be considered. • Furthermore, a structured engagement process with Anchor Tenants is being implemented through the Customer Relationship Management (CRM) department. These engagements will provide the

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	<p>5.14. The implementation of section 56 and section 79 has been sporadic, with limited transparency and few structured opportunities for long-term collaboration.</p>	<p>foundational base and framework for rolling out a comprehensive tenant engagement approach to all other anchor tenants.</p> <ul style="list-style-type: none"> • Section 56: <ul style="list-style-type: none"> ○ The Authority has conducted two rounds of Business-to-Business (B2B) Meetings with all stakeholders located in the respective port Regions this year, during which the Authority shared its planned Section 56 projects intended to be released to the market. ○ Specifically, Quarter 1 meetings covered Ports of Durban, Cape Town, and Nelson Mandela Bay, whilst Quarter 2 and 3 meetings focused on Ports of Saldanha, East London, Mossel Bay, and Richards Bay. ○ Furthermore, media statements are consistently issued each time a Section 56 project is advertised to the market and when a preferred bidder is appointed. ○ Finally, Section 56 projects inherently represent a long-term collaboration between the Authority and the Private Sector, typically spanning 25 years, necessitated by the high-value and high-risk nature of these investments. • Section 79 <ul style="list-style-type: none"> ○ Ministerial Directives as clearly stated in the Ports Act, and consequently, the Authority does not establish an annual quota or plan for the number of Section 79 directives to be granted. ○ Furthermore, to maintain transparency, the Authority always issues a media statement upon the conclusion of any Section 79 Terminal Operator Agreement.

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	<p>5.15. Significant amounts of Capex are presented under broad categories such as "sustain" or "expand," without sufficient explanation, this creates a transparency gap.</p>	<ul style="list-style-type: none"> • The Authority's CAPEX portfolio is strategically divided into two primary categories that serve distinct operational objectives. <ul style="list-style-type: none"> ○ Sustaining CAPEX focuses on maintaining and preserving existing port infrastructure and assets. These investments are essential for ensuring that current port facilities remain operational, safe, and efficient, enabling them to continue handling existing cargo volumes without disruption. This category includes major maintenance, replacement of aging equipment, critical repairs, and upgrades necessary to maintain service standards and regulatory compliance. ○ Expansionary CAPEX, on the other hand, is directed toward growing the port system's overall capacity and capabilities. These investments aim to enhance the ports' ability to accommodate increased cargo volumes, serve larger vessels, or handle new types of cargo. Expansion projects might include constructing new terminals, extending existing berths or developing entirely new port areas. • The Authority's comprehensive CAPEX portfolio encompasses both sustaining and expansion projects, reflecting a balanced approach to infrastructure management. This dual strategy ensures that while current operations are properly maintained and protected from deterioration, the port system simultaneously evolves to meet future demand and capitalize on growth opportunities. Within the Authority's detailed project inventory, each initiative is clearly designated according to its primary purpose—whether it serves to sustain existing operations, expand capacity, or in some cases, achieve both objectives simultaneously.

Stakeholder	Key Issue	Authority's Response
	<p>5.16. The KZN Port Master Plan lacks strategic alignment with key hub drivers (traffic, service, and cost efficiency) and the absence of alternatives analysis.</p> <p>5.17. Its unvalidated forecasts rely on unsupported market assumptions, projecting an aggressive, scientifically unjustified TEU growth from 2.9M to 11.4M [with short-term Compounded Annual Growth Rate (CAGR) of 5.6% and long-term of 4.6%].</p> <p>5.18. The plan's productivity assumptions are significantly overstated at 27.0 moves/hour, compared to the actual 15.0 (based on World Bank report) and the peer average of 19.2.</p> <p>5.19. The Authority doesn't drive the Private Sector Participation (PSP) strategy, the impact of PSP on productivity is unknown).</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Strategic options assessment – evaluate different development frameworks aligned to hub imperatives • Port development roadmap • Scientific demand validation • Productivity benchmarking • Formal engagement with NPCC 	<ul style="list-style-type: none"> • The KZN Port Master Plans provide a long-term spatial and investment planning framework for the Ports of Durban and Richards Bay. The Hub strategy aligns with Transnet's strategic imperatives of fixing and optimising the core, transforming the business and ultimately growing the business through expansionary initiatives outlined in the Master Plans. • Scientific validation that has been completed on the KZN Port Masterplans. In 2023 the Authority shared with the NPCC the basis of the Long-Term Planning Framework (LTPF) which underpins the Masterplans, and further shared the demand volumes and how they are aggregated, and the 30-year forecast based on macro-economic principles and past South African GDP growth. • Thus, through the Durban and Richards Bay Programmes, the Authority seeks to maximise port infrastructure capacity and optimise revenue to the Authority through growth of existing markets and diversification into new markets. • It cannot be argued that the combination of the World bank, MTBS and PRDW would have fallen short of working alongside the Authority to produce such scientific validation. The primary objective of the validation which was done in 2022 was to precisely set out a Port Development Roadmap and implementation plan to establish the Port of Durban as an international container hub port. • Programmes of this nature are fluid and adaptable as business needs evolve, therefore, the Authority is undertaking an exercise that prioritises initiatives according to business need and considers alternate funding mechanisms that reduces the burden on Transnet's balance sheet and subsequently on port users.

Stakeholder	Key Issue	Authority's Response
		<ul style="list-style-type: none"> • Each individual initiative follows the appropriate process for optioneering in accordance with Transnet's Project Lifecycle Process. • Throughout the Programme lifecycle, periodic volume validation will continue to be undertaken to ensure that project delivery timelines align with market demands to ensure that new capacity is reasonably created ahead of demand. • The Authority remains amenable to constructive conversations on the Port Master Plan development.
	<p>5.20. Commodity relocation uncertainty - NPCC has not been informed of the specific dry bulk commodities earmarked for relocation from Durban, which limits NPCC's ability to assess operational impact, Capex and Opex limitations and compensation for early termination. The Authority has not given a timeline for finalising or sharing the critical Maydon Wharf Strategy feasibility study with affected stakeholders.</p>	<ul style="list-style-type: none"> • Part of the Hub Strategy for the KZN Ports is to optimise port layouts by consolidating similar activities in specific precincts within each port. Accordingly, the handling of dry bulk minerals (typically referred to as 'dirty' cargo) is intended to be displaced from Durban to Richards Bay to optimise dry bulk handling in both ports and foster growth in contrasting dry bulk sectors and avoid contamination across neighbouring terminals. • The Authority will undertake a study for storage sites in the Port of Richards Bay that are earmarked to accommodate displaced cargo, however, no early termination of leases within Maydon Wharf is anticipated. The current approach is to logically allow the leases to expire while creating capacity in the Port of Richards Bay for displaced cargo, not to relocate cargo.
	<p>5.21. Port infrastructure development in Richards Bay has not commenced, even though Section 56 concessions have already been awarded to multiple terminal operators in the South Dunes precinct.</p>	<ul style="list-style-type: none"> • A Prefeasibility Study for the South Dunes precinct is at an advanced stage, the findings of which will be an impetus that triggers enabling works for port infrastructure. • To ensure seamless delivery, the Authority will develop an integrated project schedule that incorporates port and terminal development timelines once negotiations with Preferred Bidders have concluded.

Stakeholder	Key Issue	Authority's Response
	<p>5.22. The Port of Boegoebaai is not yet declared a commercial port under Section 10 of the Ports Act. The project is considered not actionable due to the absence of contracted offtake agreements or confirmed anchor tenants.</p> <p>5.23. Demand validation is stressed as a non-negotiable gate to avoid repeating the mistake of the Port of Ngqura, where supply-led investment led to underutilization and corridor misalignment.</p>	<ul style="list-style-type: none"> • While the Port of Boegoebaai has not yet received official promulgation status, it's important to understand that the formal promulgation process cannot proceed without first establishing clear land ownership. The regulatory framework requires that land acquisition be completed as a prerequisite to promulgation, making property ownership a fundamental step in the port's official establishment. • Beyond the procedural requirements, there are compelling strategic reasons for securing this land now. The identified site possesses unique geographical advantages that make it exceptionally well-suited for port development. These characteristics—which may include favourable water depths, natural shelter, along the shipping route, adequate space for port facilities and future expansion—render this location invaluable for maritime infrastructure development. • The timing of the port's actual development, whether in the immediate or as part of longer-term planning horizons, does not diminish the critical importance of acquiring this land. Securing the property now ensures that this strategically significant site remains available for its intended purpose and prevents potential complications such as competing development interests, land price escalation, or fragmentation of the required area. Early acquisition also provides the Authority with the flexibility to proceed with development when market conditions, funding availability, and economic factors align optimally. • In essence, acquiring this land represents a prudent investment in future port infrastructure, safeguarding a prime location that will be essential for the region's maritime development regardless of the specific timeline for construction and operationalization.

Stakeholder	Key Issue	Authority's Response
	<p>5.24. Port users are urgently pressing for the Length Overall (LOA) restriction at the Multi-Purpose Terminal (MPT) to be resolved, as the current constraint prevents all four MPT berths from simultaneously accommodating Ultramax vessels (which are approximately 200m in length).</p> <p>5.25. This constraint has direct financial implications for cargo owners; the inability to consistently accommodate Ultramax vessels means they can't access the more favourable freight rates and economies of scale that larger vessels offer, forcing them to rely on smaller vessels for bulk exports.</p>	<ul style="list-style-type: none"> • The Berth 205 initiative is currently incorporated into the capital portfolio under the "Ore Expansion New Berth" project, with projected capital expenditure cash flows scheduled to commence in Year 5 of the planning cycle. • This timing reflects the anticipated progression from preliminary planning stages through to actual construction and implementation phases. • In the interim, the Authority has initiated a Business Case for mooring dolphin infrastructure at the MPT. Based on the technical assessment, the solution will improve berth capacity in the short to medium term, however, 4 x 200m LOA will not be accommodated and thus the continuation of Berth 205.
	<p>5.26. Recent safety concerns raised by the Authority for Durban's Berths 202–205 are not reflected in the current Capex submission. This absence further highlights the need to reconsider project alignment and budget transparency.</p>	<ul style="list-style-type: none"> • The Berths 203-205 development project has been formally incorporated into the capital portfolio, as documented in Annexure C. According to current planning schedules, the project is designated to commence in the upcoming financial year (2026/27). The implementation strategy involves a phased approach, with a significant portion of the initial work being conducted off-site. This includes activities such as prefabrication of components, manufacturing of specialized equipment, and preparation of materials at external facilities. The major on-site construction activities and infrastructure works are strategically scheduled for subsequent years, allowing for proper site preparation and minimization of operational disruptions to existing port activities. • The project has encountered significant setbacks that have compromised its original timeline. These delays stem from allegations of procurement irregularities that emerged during the

Stakeholder	Key Issue	Authority's Response
		<p>tendering and contract award processes. Such allegations have necessitated thorough investigations, reviews of procurement procedures, and potentially the re-initiation of certain bidding processes to ensure compliance with governance requirements and procurement regulations. These procedural complications have created a cascading effect, pushing back the project's initiation date and creating uncertainty around the implementation schedule.</p> <ul style="list-style-type: none"> Given the critical safety concerns that have been identified and documented, it is imperative that no additional delays occur in launching this project. The safety risks associated with the current infrastructure condition pose potential hazards to port operations, personnel, cargo handling activities, and vessel movements. These risks may intensify over time if left unaddressed, leading to operational incidents, regulatory non-compliance, or costly emergency interventions. Therefore, expediting the resolution of outstanding procurement issues and mobilizing for project commencement in the 2026/27 financial year must be treated as a high priority to mitigate these safety vulnerabilities and ensure the continued safe operation of the port facilities.
	<p>5.27. The New Manganese Export Terminal (NMET) at Ngqura is delayed until FY 2030/31 because the Authority awarded the license to TPT, which hasn't begun land acquisition.</p> <p>5.28. This leaves the 70-year-old Port of Port Elizabeth facility running without upgrades, creating severe environmental and operational risks and undermining confidence in the Authority's planning.</p>	<ul style="list-style-type: none"> Transnet Port Terminals (TPT) was granted the operating license for NMET in 2015, authorized by a Section 79 ministerial directive. Pas part of the Authority's oversight and monitoring function, the following can be confirmed: <ul style="list-style-type: none"> Port Infrastructure: At the Port of Ngqura, the resurfacing of the C-Series area, which is the dedicated manganese berth, has been finalized by the Authority.

Stakeholder	Key Issue	Authority's Response
		<ul style="list-style-type: none"> ○ Terminal Infrastructure: The Authority has purchased the stockpile land from the Coega Development Corporation (CDC) and is currently undertaking the process of promulgating that land into the port limits; this promulgation is requisite for the site to be recognized as statutory port land. Concurrently, Transnet is engaging the market to secure private-sector participation for the financing, construction, and operation of the NMET in partnership with TPT. The anticipated RFP for these packages is targeted for 2026. ○ Rail Infrastructure: Phase 1 of the NMET rail works—the section between Kimberley and De Aar (approximately 230 km)—was completed in 2019. The Department of Transport issued a Request for Information (RFI) concerning commodity strategies for the national corridors (e.g., Southcor, Northcor, Westcor, Maputo corridor); the RFI concluded at the end of May 2025, the evaluation is underway, and Requests for Proposals (RFPs) are projected to follow in 2026.
	<p>5.29. The construction of the new Liquid Bulk Terminal at the Port of Port Elizabeth is threatened by significant uncertainty: the necessary storage tanks haven't been erected, and it remains unclear if land approvals are finalised or when construction will start.</p> <p>5.30. Without firm certainty on land readiness and construction timelines, the Liquid Bulk Terminal project risks facing the same severe delays that derailed the NMET.</p>	<ul style="list-style-type: none"> • It is important to clarify that the Authority's planned new Liquid Bulk Terminal development is designated for the Port of Ngqura, not the Port of Port Elizabeth as captured. • This strategic location choice reflects Ngqura's modern infrastructure capabilities, deeper water access, and capacity for accommodating large-scale liquid bulk operations. The Port of Ngqura's position as a purpose-built, deep-water facility makes it particularly suitable for handling the specialized requirements of liquid bulk cargo, including petroleum products, chemicals, and other liquid commodities.

Stakeholder	Key Issue	Authority's Response
		<ul style="list-style-type: none"> • The Ngqura liquid bulk facility encompasses comprehensive infrastructure development, with the marine berth structure serving as the central element of the project. This includes not only the berth itself but also the complete suite of associated port infrastructure necessary for efficient liquid bulk operations. Such infrastructure typically comprises specialized loading arms, pipeline networks, storage tank connections, safety systems, fire-fighting equipment, environmental protection measures, and utility services. These integrated components are essential for ensuring safe, efficient, and environmentally compliant liquid bulk cargo handling operations. Land based facilities form part of terminal infrastructure and would be provided by the Terminal Operator. • The Authority is responsible for provision of berthing structure and associated infrastructure such as navigable areas. This part of the Authority's responsibility has progressed substantially through the Authority's governance framework and is currently in its final approval stages. • Having successfully navigated preliminary assessments, feasibility studies (design development), and internal review processes, the project is now positioned for tender advert. The tender for this significant infrastructure development will be publicly advertised during the current financial year, allowing qualifying service providers to submit their proposals and the successful service provider is scheduled to be appointed in FY 2026/27.
	<p>5.31. Capex program for the Port of Port Elizabeth focuses primarily on supportive infrastructure, specifically a Port Logistics Park, a Desalination Plant, and a 5MW Renewable Energy Plant. While these</p>	<ul style="list-style-type: none"> • To address the core competitive constraints of the port as a maritime trade hub, the Authority plans to invest in deepening container berths to accommodate larger vessels. Concurrently, the Ukuvuselela project

Stakeholder	Key Issue	Authority's Response
	<p>projects offer peripheral value, they fail to address the port's core competitive constraints as a maritime trade hub.</p> <p>5.32. A more essential and transformative intervention required to boost Port of Port Elizabeth's competitiveness is the deepening of the port to a minimum of 14 meters to accommodate larger, more efficient vessels.</p>	<p>is underway, which is expected to deliver the required rail capacity for automotive volumes between Gauteng and the Port of Port Elizabeth. By increasing rail capacity, the port and its corridor will become more competitive and efficient for automotive exports, thereby reducing dependence on road haulage, lowering costs, and improving reliability. An integrated planning approach focused on ensuring the supporting services necessary to increase the port's competitive advantage is currently being developed to provide long-term benefits for port users.</p> <ul style="list-style-type: none"> • The port is currently evaluating the reinstatement of the container berth project, which includes deepening the berths to 16.5 meters. This action is contingent upon the full validation of cargo volumes via the National Port Plan (NPP), as these volumes are critical for substantiating the business case. Once the required volumes are confirmed and the project is formally incorporated into the PDFP, the Authority will proceed with reviewing and validating the previously completed feasibility studies ahead of project execution. • The Authority has issued a Request for Proposal (RFP) for the appointment of a terminal operator for a Liquid Bulk Terminal. This is a 25-year concession period for the design, finance, development, construction, operation, maintenance, and transfer of the terminal, aligned with Section 56 (1) and (5) of the Ports Act. The RFP is scheduled to close on 12 December 2025. • Bulk earthworks were already completed by a previous concessionaire with soil improvements performed to accommodate liquid bulk tanks. • The Project Site is fully serviced with municipal infrastructure: <ul style="list-style-type: none"> ○ Water supply reticulation;

Stakeholder	Key Issue	Authority's Response
		<ul style="list-style-type: none"> o Sewerage reticulation; o Access/ road frontage on to the main entrance/ exit road within Port Boundaries through the Coega SEZ Zone 7 via the N2 freeway; o Electrical supply (Low & Medium Voltage); and o Perimeter port land fencing with CCTV (Project Site not fenced) • An Environmental Authorization (EA) is in place and valid for this proposed new liquid bulk storage facility with associated services. • Additionally, a Provisional Atmospheric Air Emissions Licence is in place. • The Successful Bidder will be responsible for obtaining all necessary consents for the works, including land approvals.
	<p>5.33. To prevent inaccurate growth forecasts and subsequent inefficiency in the tariff-setting process, volume forecasts must move beyond merely reflecting Transnet's operational outlook. It is necessary to incorporate industry-verified demand data from key sectors, including mining, agriculture, automotive, and citrus exporters.</p>	<ul style="list-style-type: none"> • Port volume forecasting is a structured, iterative process that integrates multiple data sources. This includes analysing past and current trends, conducting qualitative and quantitative assessments, leveraging segment and product intelligence, and engaging with key port cluster stakeholders, including customers and operators. • Volume budgets are compiled using a bottom-up approach. Key Account Managers collaborate with customers to convert their plans into volume forecasts, which are then aligned with port terminals and other operators. This volume projection feedback is evaluated against historic and anticipated market conditions, operational efficiencies, and infrastructure capacity.
	<p>5.34. Evidence from the 2025 season indicates stronger conventional citrus uplifts, suggesting that global vessel availability, rather than port or rail constraints, may be the more significant limiting factor.</p>	<ul style="list-style-type: none"> • Port operational capacity and efficiency for fruit exports have significantly improved over the last two years; however, port and rail constraints remain the primary capacity limitation for citrus exports, outweighing global vessel availability issues.

Stakeholder	Key Issue	Authority's Response
	<p>5.35. ETIMC and clawbacks were regarded as temporary smoothing mechanisms to correct exceptional deviations in the Revenue Requirement, not as standing features of the tariff framework.</p> <p>5.36. Their repeated use in recent cycles marks a troubling structural dependence, masking inefficiencies rather than driving accountability.</p> <p>5.37. The NPCC recommends that the Regulator explicitly limit the use of ETIMC and clawbacks to exceptional, independently verifiable circumstances.</p>	<ul style="list-style-type: none"> • According to the Tariff Methodology, the key purpose of applying Clawback is to ensure that the Authority or any port user is fairly treated and is not subjected to unfair gains or losses that are the result of incorrect forecasting, inaccurate information and system shocks. Therefore, the Clawback is not considered a smoothing mechanism. • In the last few tariff cycles, South Africa has recorded high inflation rates, resulting in lower returns to the Authority's, and a higher Clawback in favour of Port users. In the Tariff Application for FY 2026/27, a lower actual inflation rate was recorded for FY 2024/25, resulting in a higher a return and a lower Clawback. • The Tariff Methodology empowers the Regulator to authorise the release of a part or a whole, of the value of the ETIMC facility only when conditions require an influence on tariff levels. The Authority considered it prudent to withdraw from the ETIMC, in order to reduce the tariff adjustment from 21.26% to 9.61%.
	<p>5.38. With corporatisation still incomplete, applying a 27% tax rate is inappropriate considering Transnet's Group financial position. The tariff proposal should therefore be benchmarked to an equitable tax level, with conservative profit and valuation assumptions maintained until full legal and financial separation is achieved.</p>	<ul style="list-style-type: none"> • The Tariff Methodology prescribes the use of corporate tax to forecast the taxation allowance for the Authority as a subsidiary of Transnet. To the extent that the Authority is not corporatised the Clawback, will be considered based on the equitable tax rate. • The Transnet loss making position, results in a nil tax allowance allowed to the Authority.
	<p>5.39. The calculation of the RAB remains insufficiently transparent. The Authority's current practice of revaluing fully depreciated assets to replacement cost, while these assets continue in service, creates the perception that users are effectively paying returns on "new" assets not yet commissioned.</p>	<ul style="list-style-type: none"> • The Trended Original Cost (TOC) regulatory asset valuation methodology has been applied to determine the RAB, given the significant progress made with the corporatisation of the Authority.

Stakeholder	Key Issue	Authority's Response
	<p>5.40. Clarity is lacking on whether a Group or the Authority specific Weighted Average Cost of Capital (WACC) is applied, with the current 50:50 debt–equity weighting appearing arbitrary in the absence of a corporatised balance sheet.</p> <p>5.41. The cost of equity, set at 8.63%, seems excessive given the Authority's reduced commercial risk under a 100% cost-recovery model, resulting in returns that overcompensate the Authority at the expense of port users.</p> <p>5.42. While the Authority reports progress on its "integrated" Oversight Enforcement Framework, critical gaps exist in its scope and implementation. Formal approval and confirmed adoption appear limited to Operations and Safety, Health & Environment (SHE).</p> <p>5.43. There is no confirmation of the framework's adoption across the remaining five essential oversight domains: Legal, Finance, Infrastructure, Real Estate, and Harbour Master.</p>	<ul style="list-style-type: none"> The fixed asset register and all financial models to support the Rab calculations are submitted to the Regulator on a confidential basis and further interrogated by the Regulator. The Tariff Application was prepared based on the approved Tariff Methodology, which provides inputs and parameters for, amongst others, WACC. The 50% gearing used, is as prescribed by the Tariff Methodology, for an infrastructure heavy landlord monopoly. The cost of equity is determined using the Capital Asset Pricing Model (CAPM), with an asset beta set at 0.35. For the purposes of calculating the WACC, the asset beta is converted from nominal to real terms using the Fischer equation. This takes inflation into account. A low inflation results in a higher equity beta; and vice versa. In the past few years, inflation was high, resulting in the Authority bearing the cost of a high inflation. The Oversight Framework is comprehensive, encompassing all functional areas and is not restricted solely to Operations and Safety, Health, and Environment (SHE). The Authority is fully conducting its oversight activities across all these areas. As part of maturing this oversight function, the Authority is currently assessing its performance in other areas to ensure the standardisation of the non-conformance classification matrix.
	<p>5.44. The application cites the PwC study but does not map specific recommendations to terminal-level targets (e.g., quay crane GMPH by ship class, weather-adjusted berth productivity, truck P90 turnaround, rail, dwell, stack occupancy ceilings)</p>	<ul style="list-style-type: none"> The recommendations derived from the PwC studies were fully implemented as part of the target setting process, which involved consultation with terminal operators, cargo owners, and shipping lines. This process was subsequently endorsed by the PCCs in all ports, and the resulting targets were confirmed during that consultative process.

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	<p>5.45. The newly added wording under Clause 8.2 creates ambiguity regarding the Authority's responsibility for correcting potential overcharges. Simply noting that a "file is closed" cannot absolve the Authority of its obligation to issue credit notes where overcharging has occurred</p>	<ul style="list-style-type: none"> • The proposed Tariff book amendment is meant to resolve the issue of outstanding cargo dues orders and cargo dues orders which are passed after the collation process has been concluded. Likewise, it attempts to ensure completeness of revenue for the Authority whilst eliminating the administrative burden thereof. • Credit notes requests, for any reason, will still follow the normal process and be submitted through the SAP system.

End.