The history of port governance and performance in Namibia: a case of Port of Walvis Bay

Hileni M. Amakali

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The History of Port Governance and Performance
In Namibia

A Case of Port of Walvis Bay

By

Hileni. M. Amakali
Namibia

A dissertation submitted to the World Maritime University in partial
Fulfilment of the requirements for the award of the degree of

MASTER OF SCIENCE
In
MARITIME AFFAIRS
(PORT MANAGEMENT)

2017

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DECLARATION

I certify that all the material in this dissertation that is not my own work has been identified, and that no material is included for which a degree has previously been conferred on me.

The contents of this dissertation reflect my own personal views, and are not necessarily endorsed by the University.

(Signature): ........................................

(Date): 19 SEPTEMBER 2017

Supervised by: Professor Dong-Wook Song

World Maritime University
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To my wonderful parents, beautiful sisters and adorable nieces and nephews; I could not have asked for a better family, thank you for all the unconditional love, support and prayers that have carried and sustained me on this journey.

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Apart from the rich knowledge I have acquired, I am so blessed to have enlarged my family circle; I will deeply miss my friends from Port Management, you all are simply the best one could ask for. WMU came with a unique package altogether, the bountiful memories from all the events, international field study trips and lifetime friendships gained, has enriched my life in so many ways. To Mrs. Ursula Hoebeke and Mrs. Kylie Lundqvist, your warm hospitality truly made the Henrik Smith Residence feel like home away from home. To all my fellow shipmates from the Class of 2017, I wish you fair winds and following seas.

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Finally, and most importantly, I dedicate this thesis to my Heavenly Father, I remain forever indebted to the love, grace, favor and faithfulness of Yahweh. Thank you LORD for this smooth sail and continuously showing Yourself mighty in my life.
ABSTRACT

Title of Dissertation: A History of Port Governance and Performance in Namibia: A Case of Port of Walvis Bay

Degree: MSc

The driving forces behind the success of many ports around the world, are mainly attributed to the influence stemming from governance models and port policies that are in place. OECD (1999) defines governance as the system that regulates and oversees' institutions, with the aim of boosting performance.

This research presents an analysis of the historical evolution of governance and its’ cascading effects on port performance over a period of ten years (2006 – 2015), at the Port of Walvis Bay. In the wake of the port expansion project currently underway and transition of ministerial change over, it is expedient that newly revised policies and governance reformations are to be implemented.

This study presents a background review of port governance and port performance literature, to identify the major trends, from an international perspective and furthermore, address the research objectives. In addition, as the country’s main port that is regulated by the state, the national port strategies, policies and regulations will be examined to provide an overview of the current practices and explore ways to modify these for increased port efficiency.

The paper will further look at the port management structure and discuss the indicators of port performance and competitiveness. A mainly qualitative approach was undertaken to analyse the case port of which the results of the analysis, limitations, recommendations and conclusions were deduced.

Keywords: Governance, Port Policy and Regulation, Performance, Port Management, Port Competitiveness
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LIST OF ABBREVIATIONS

CEO – Chief Executive Officer
CTE – Container Terminal Extension
ESPO – European Sea Port Organization
IANTC - Infrastructure Australia and the National Transport Commission
IDSA – Institute of Directors in Southern Africa
ILO – International Labor Organization
IMF – International Monetary Fund
KING III – King Code of Governance of South Africa
KPI – Key Performance Indicator
LPI – Logistics Performance Index
MWTC – Ministry of Works, Transport and Communication
NAD/ N$ – Namibian Dollars
NAMPORT – Namibian Ports Authority
OECD – Organization for Economic Co-operation and Development
PA – Port Authority
PMAESA – Port Management Association of Eastern and Southern Africa
POL – Port of Lüderitz
PPIAF - Public-Private Infrastructure Advisory Facility
PPI – Port Performance Indicator
PPP – Private Public Partnership
PWB – Port of Walvis Bay
SADC – Southern African Development Community
SATS – South Africa Transport Services
SOE – State-Owned Enterprise
SOEG – State-Owned Enterprise Governance
TEU – Twenty-foot Equivalent Unit
UNCTAD – United Nations Conference on Trade and Development
UNDP - United Nations Development Programme
UNESCAP - United Nations Economic and Social Commission for Asia and the Pacific
UNESCO – United Nations Educational, Scientific and Cultural Organization
WBCG – Walvis Bay Corridor Group
WBPRTK – World Bank Port Reform Toolkit
WMU – World Maritime University
WTO – World Trade Organization
CHAPTER ONE

1.0 INTRODUCTION

For decades, ports have played an instrumental role within the global maritime transport and logistics fraternity. Situated on the South-Western coastline of the African continent, the Port of Walvis Bay is the largest commercial port and the maritime backbone of the Namibian economy.

The Namibian Ports Authority (Namport) is a state-owned enterprise (SOE) which carries the mandate of overseeing the country’s two ports, which are located in Walvis Bay and Lüderitz respectively. The Port of Walvis Bay has a significant role in the South Africa Development Community (SADC), serving mainly landlocked nations, including Zambia, Zimbabwe, the Democratic Republic of Congo (DRC), Botswana and neighbouring South Africa.

An estimated 4000 vessels call at the port annually, with approximately five million tonnes of cargo being handled, according to Namport’s profile. Currently, the container terminal can accommodate 355,000 containers per annum, which is expected to increase to a holding capacity of 750,000 containers, once the terminal expansion project is completed in 2018.

1.1 Background
Namibia gained its independence on 21 March 1990; however, up until 1994, Walvis Bay was still under South African colonial jurisdiction. The reintegration of the harbour town of Walvis Bay was finally witnessed on 1 March 1994, thus making the Port of Walvis Bay a relatively young port (Namport profile, 2013). Traditionally, serving as a fishing harbour in its early phases, the Port of Walvis Bay has grown to become a fully-fledged commercial and industrial trans-shipment hub.
Namport has an ultimate goal to become a world-class port and the port of choice in Africa, hence, this research targets to examine the ports’ governance and policy to evaluate port efficiencies for futuristic trade facilitation and overall port business performance which will benefit both national and international interests.

Port governance is one of the core pillars of any port authority with the aim to boost the port performance. Ports continue to evolve over time and for this reason, management, operational and financial efficiency is expected to be on par with these new trends and evolutions for port reformation.

Approximately half of Namport’s revenue is allocated to cover labor costs. This is unfortunately not a good indication of cost efficiency; however, it is up to management to develop and improve efficient strategies to curb this expenditure trail by critically reviewing procedures, revenue and expenditure budgets.

The Port of Walvis Bay is currently undergoing mass transformation with the present port expansion project. The aim of the new container terminal is to support the growth and performance of Namibia’s economy. This project is expected to reach its final completion around mid-2018, upon which operations will commence.

The success of the new terminal is dependent on various factors pertaining to efficiency that ultimately lead to desired performance. For instance, to improve ship turnaround time, the Port of Walvis Bay will have its first ship-to-shore (STS) cranes, which will be integrated at the new container terminal. Plans are also underway to improve vessel productivity, container transit time and overall port reliability.

As ports are capital intensive and mainly national businesses, they are expected to be sustainable in various aspects, including, employment creation, trade facilitation and effective operations. In this regard, Namport prides itself with its current operational efficiencies; however, there is still much room left for improvement before and once the new terminal comes into operation.

The maritime trade industry is technologically driven, hence, to be competitive on the global scale, the port will have to improve its ICT infrastructure, invest in manpower training, modernize and sustain port operations and promote increased efficiency of cargo handling. It is however doubtful, under the current capacity and knowledge
stance, if the port is equipped enough to run the new terminal independently, efficiently and profitably. To cope better with new requirements set by the market, a feasible option would be to issue a management contract to run the shore, at least until the port has gained sufficient experience to take over the operations.

Ports are known to be one of the main drivers of economic growth. It is against this background that this research will look at ways to best utilize these elements for full-scale optimization of the existing and newly expanded container terminal.

In Namibia, politics typically drives regulations which in turn shapes corporate governance patterns. This study looks into examining the historical evolution of governance over the last 10 years and strives to consolidate these components to further develop efficiencies for long-term optimal port performance.

At organizational level, port performance is being measured in terms of effectiveness, efficiency and overall participant or customer satisfaction. Salem (2003) refers to performance as the drive to do the work, getting it done and achieving desirable results. Performance outcomes are strongly connected to an organization’s strategic goals and economic contributions. Salem further elaborates on ‘performance management and measurement as being any integrated, systematic approach that improves organizational performance to achieve strategic aims and promote an organization’s mission and values’.

1.2 Research Objectives
The aim of the research is to examine the relationship between port governance and port performance between 2006 to 2015. It will look at port governance from a performance perspective, and further address issues in management and administration structures.
The main objectives to be addressed are outlined below:

i. Review and identify the influence of governance on the overall administration and performance of the port

ii. Develop a survey to gauge the current policy framework and governance practices, and propose initiatives to revise and improve overall delivery of port governance

1.3 Research Questions

i. What is the governance model of the port and how has it affected or improved the port's performance and efficiency?

ii. In line with international standards, how well have governance practices and port policy framework been adopted?

iii. What role has governance and port policy played so far, in enhancing the business interests and competitive index of the Port?

iv. How can the Port of Walvis Bay take optimal advantage of its new expansion and what measures have been considered for maximized benefit of the new container terminal?

1.4 Research Methodology

A mixed methods approach is applied to analyze both qualitative and quantitative data. The nature of the case is a historical review, hence, various data sources (primary and secondary) are used for analysis. Among the variety of sources used are books from WMU library, academic articles and papers related to the subject matter, obtained from WMU archives, Science Direct, Google Scholar and other online platforms. For a more comprehensive analysis, portals such as UNCTAD, ESPO, LPI, PMAESA, World Bank and WTO are used to measure indicators.
Furthermore, data and documents obtained from the port authority's website and stakeholders, are utilized to provide a detailed study of the way in which the port is governed and describes how this reflects on the overall performance of the port, for the period under review. A case study approach, by means of assessing annual reports and online questionnaires is undertaken, to examine the trends of governance and performance at the Port, over a period of ten years.

1.5 Significance and Scope of the Research
Given the significant economic impact of the expansion project and the port in general, this research will look at efficient ways on how to best optimize business development at the Port of Walvis Bay. In addition to evaluating elements of good governance, important factors such as labor force flexibility and technological preparedness will be analyzed.

The outcome of the results is expected to produce recommendations for the implementation of efficient measures that will steer the port and the new terminal to its desired goal of optimal productivity and success.

The historical analysis of the country’s port governance structure and policy will strive to capture the relationship, between various components, using the case port, in order to see what governance model or structure is ideal in terms of performance, in the context of Namibia. With major reforms taking place in the global ports fraternity, it is the researchers expectation that this paper will serve as a minor guideline for shareholders of the port, state policy makers, the board supervisory unit, the executive committee, departmental management and staff on all levels. Moreover, it is expected that the findings of this study will make a valuable scholarly contribution to the pool of literature on governance in ports and its impact on performance, especially in the Namibian context.
1.6 Scope of the Research

Chapter one gives a brief introductory overview of the history of port governance in Namibia, using the Port of Walvis Bay as the case port. The research objectives, research questions, significance of the study and methodology used, are also covered in this chapter.

Chapter two discusses the history of governance and performance at the Port of Walvis Bay and zooms in on the evolution pattern in the last ten years. Some of the factors that drive port business in Namibia are covered in this chapter.

Chapter three presents a review of the literature, highlighting elements of good governance, port governance, i.e., port management and administration models as well as organizational and port performance measures.

Chapter four provides the conceptual framework and describes the type of research methodology employed to conduct the research. The research design, data collection process and analysis thereof are outlined in this section.

Chapter five provides a discussion of the research findings, deriving from participants’ responses and reviews of annual reports.

Chapter six summarizes the research findings and gives insight into the limitations that were encountered. This chapter also suggests opportunities for future research and concludes with recommendations to be considered by the port authority and policy makers, for short, medium and long-term strategic planning.
1.7 Dissertation Structure

Figure 1: Research Structure

CHAPTER ONE
INTRODUCTION

CHAPTER TWO
DRIVING FACTORS OF PORT BUSINESS IN NAMIBIA

CHAPTER THREE
REVIEW ON PORT GOVERNANCE AND PERFORMANCE

CHAPTER FOUR
EMPIRICAL ANALYSIS

CHAPTER FIVE
DISCUSSION

CHAPTER SIX
CONCLUSION
2.1 Introduction
Sorgenfrei (2013, pp.131) identifies drivers of port business as factors that influence the ports’ operations and overall growth. As a firm advocate of Namibia’s National Development Plan 4 (NDP4), Namport has undertaken a series of measures in supporting the national quest of promoting and establishing the country as a transport and logistics hub.

This chapter provides an industry review and overview of the governance evolution, structure thereof and driving forces of the Port of Walvis Bay (PWB). Various legal acts, governance guidelines, policies and performance measures are also outlined in this section.

2.2 Political/ Governance Factors

2.2.1 Historical Background

- Pre-reintegration

Once considered as the only deep water port in Namibia, the Port of Walvis Bay has a rich and longstanding history, dating back as far as the 1800's. Given the Port’s strategic and geographical position, it has been of special interest to colonial powers (Namport Handbook, n. d). According to a report prepared by SIDA (1990, pp. 20), the Bay as it was formerly called, was annexed by the British in 1878, on behalf of the Cape Colony. Walvis Bay was administered as part of the mandated territory from 1922, under *The South West Africa Affairs Act, No. 24 of 1922*. Walvis Bay was however reintegrated as part of the South African Cape Province in 1977, an action
which was strongly opposed by the Security Council who adopted resolutions (UNSCR 432) and (UNSCR 435), advocating for the Bay’s reintegration as part of Namibian territory. Prior to Namibia’s independence, the PWB was operated by South Africa Transport Services (SATS). SATS staff handled onshore facilities, whereas stevedoring and a fraction of the storage facilities were owned and run by private companies.

SIDA (1990, pp.45) further reveals that the commercial operations of the Port of Walvis Bay were administered by South African Harbours which was an independent business unit within SATS. The Port was fully equipped with harbour craft, cranage for cargo handling and storage facilities.

Table 1: Historical profile of the Port

<table>
<thead>
<tr>
<th>Number of berths</th>
<th>8 (dredged to 10.67m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wharf length</td>
<td>1400m</td>
</tr>
<tr>
<td>Channel</td>
<td>10.05m (below LTD)</td>
</tr>
<tr>
<td>Vessel draft size</td>
<td>10.4m</td>
</tr>
<tr>
<td>Dolphin-type tanker jetty</td>
<td>Serving vessels with LOA between 128m – 192m, with DWT between 7000 – 25,000</td>
</tr>
<tr>
<td>Wharf equipment</td>
<td>14 rail-mounted cranes (replaced by mobile cranes)</td>
</tr>
<tr>
<td>Bulk cargo handling</td>
<td>Automated loading system</td>
</tr>
<tr>
<td></td>
<td>• Ore loader operated by Tsumeb Corp Ltd with capacity of 400T per hour</td>
</tr>
<tr>
<td>Container volumes</td>
<td>300 per week (equiv. 15,600 per annum)</td>
</tr>
<tr>
<td>Occupancy rate</td>
<td>17%</td>
</tr>
<tr>
<td>Rail connections</td>
<td>Railway linked directly to container stacking area</td>
</tr>
</tbody>
</table>

Source: Adopted from SIDA (1990, pp. 45)

With the exception of the Territorial Waters of South West Africa Proclamation, AG 32 of 1979 which came into effect in 1981, SIDA (1990, pp. 32) noted the absence of Namibian legislations governing maritime affairs. The Merchant Shipping Act, No. 57 of 1951, overseen from Pretoria, was the only additional South African law, still active in Namibia.
Table 2: The Evolution of Transport Policy in Namibia

<table>
<thead>
<tr>
<th>The Welgemoed Commission</th>
<th>The first step towards formulation of new transport policy directions in Namibia was the appointment of the Welgemoed Commission of Inquiry into Transport Affairs, which reported in 1981 (ref 85).</th>
</tr>
</thead>
</table>
| The Draft Development Strategy | Initially developed by the Directorate of Development Co-Ordination in 1985 (ref 17), with these set goals:  
  - Optimal maintenance and full utilization of existing infrastructure;  
  - Development of new infrastructure on the basis of demonstrated need and viability (using cost-benefit analysis);  
  - Giving priority to infrastructure required for development;  
  - Giving priority to exploitation of local resources or provision of services;  
  - Seeking to recover quantifiable infrastructural costs from direct beneficiaries, and involving the community in planning and utilization |
The Namibian Ports Authority (Namport), though relatively young, has experienced tremendous growth and proven itself as a force to be reckoned with, in the maritime transport and port industry.

- **Post-reintegration**

Table 3 presents a timeline, highlighting some of Namport’s notable achievements, since its reintegration into Namibian territory.

Source: Adopted from SIDA (1990)

| The Advisory Committee on Transport Services | This report was published in 1986 (ref. 1) with much influence from the changing ideology in South Africa. The following recommendations were suggested:
| --- | --- |
| Post-reintegration | • Cost recovery from users wherever possible;  
|  | • Commercial considerations as the prime determinant of the level of operations, prices etc.  
| Table 3 presents a timeline, highlighting some of Namport's notable achievements, since its reintegration into Namibian territory. | • Creation of an autonomous transport system and legal framework in Namibia;  
|  | • Establishment of a multimodal transport corporation to own and operate railways, harbors, lighthouses and other activities of the SATS in Namibia, on a commercial basis;  
| Privatization | • Establishment of Transport Tribunal and of a Transport Advisory Council |

The Privatization Advisory Committee was established by the Transitional Government of National Unity in 1986, with the following terms of reference:

- Privatization and implementation of government activities;
- Regulation (with emphasis on deregulation);
- Government strategies for the upliftment and extension of the private sector
Table 3: Namport’s Historical Success Story

|         | The Port of Walvis Bay’s assets, management and staff are reintegrated into an independent Namibia; similarly, the assets and management of the Port of Luderitz are transferred to Namport  
|         | Under its line Ministry (MWTC), Namport is tasked with managing, operating and developing the ports in Namibia  
|         | A cold storage extension agreement is signed, enhancing the quality of port services to the Namibian fishing industry |
| 1996 - 1997 | A cooperation agreement is signed for a 10-year strategic Port Development Plan to align the PWB to become a regional port candidate  
|         | New service levels are achieved when Namport successfully exports a record single consignment of 36,000t of bulk salt  
|         | The Namport Regional Trading Plan is launched in order to establish the WBCG  
|         | The PWB purchases a 104t mobile crane to complement port infrastructure  
|         | A new entrance building for the commercial PWB is completed |
| 1998 - 1999 | The new Container Terminal is complete at the PWB with new reefer catwalks under a Kreditanstalt für Wiederaufbau (KfW) loan scheme to triple container traffic capacity  
|         | An international agreement is signed with the Danish International Development Agency for the manufacture and delivery of the fifth Namport marine fleet tug, the Cormorant  
|         | Another 72 reefer plug points are added to car for frozen produce at the Port of Luderitz (PoL) |
| 2000 - 2001 | With assistance from the European Investment Bank, a new multi-purpose quay is completed at the Port of Luderitz and the port is deepened, a cargo and container quay is opened at the same port  
|         | Namport is instrumental in establishing the WBCG  
|         | Rosing Uranium Ltd erects sulphuric acid tanks at the PWB  
|         | The PWB is deepened to -12.8m below chart datum  
|         | Maersk introduces the first biweekly shipping service between the United Kingdom and the PoL  
|         | The PWB is accredited by the Harvard Business Review as the best port in Africa for its impressive service levels and competitive tariffs  
|         | The PoL takes delivery of a second tug with a 32t pulling capacity |
2002 - 2003
- Namport starts to implement the ISO 14001 management system
- The PoL acquires a 60t mobile crane and major handling equipment
- The 8,560m² Skorpion Zinc Mine warehouse is completed at the PoL
- Maersk opens a new empty container depot at the PWB
- The PWB takes delivery of a 100t mobile crane

2004 – 2005
- Two 25t Grove mobile cranes are acquired by the PoL and the port entrance is reconstructed to streamline traffic
- A direct biweekly service is introduced between South America and West Africa, with the PWB being the first port of call on the African continent
- A new Radar and Vessel Traffic Control System (VTCS) is successfully installed and commissioned at the PWB and PoL
- Regional study initiated for the growth plan of WBCG
- Upgrade the existing container terminal surfacing in the PWB (NAD2.5 million)
- Rehabilitation of concrete jetty at the PoL (N$500,000)

2006 - 2007
- 2004 – 2006: Construction of new port entrance road at the PWB (N$5.5 million)
- 2005 – 2006: Syncrilloft effluent water treatment plant constructed (N$1 million)
- Waste oil collection and storage facility construction at PoL (N$200,000)
- 2005 – 2007: Extension to container terminal – dry, and reefer stacks at PWB (N$21 million)
- 2005 – 2007: Ten (10) new re-locatable Rubbhall warehouses and 16,000m² of interlock surfacing as part of the new break bulk cargo terminal constructed at PWB (N$10 million)
- 2005 – 2007: Two (2) new re-locatable Rubbhall warehouses constructed at the PoL (N$2 million)
- 2006 – 2007: Water infrastructure upgrade at the PoL (N$1 million)
- Purchased 5 Rubbhall (Mobile Storage Facilities) for the PWB
- Installation of CCTV cameras
- Container Terminal Extension (Phase 2): Dry Stack capacity 16,000m²

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
</table>
Implementing of Loading Cell System at Syncrilloft Platform X22  
2007 – 2008: Additional manoeuvring space at the CTE (Phase 7)  
2007 – 2008: 8 Reefer Calwalks erected at the CTE (Phase 8)  
Dry Stack Container Terminal at PoL increased to 128 TEU capacity  
2007 – 2008: Dredging at PoL Turning Basin  
2007 – 2008: Stabilizing existing gypsum surfacing  
2008: Conduct concept designs, investigations and feasibility studies for Port Master Plan |
2008 – 2009: Laying of Rail Link at Rubbhall farm/ Break Bulk Terminal  
2008 – 2009: Environmental Impact Assessment Port Master Plan  
2008 – 2009: Geotechnical Investigation for Port Master Plan  
2009: Purchasing of Mobile Harbour Cranes, Reach stackers and various equipment  
CTE (Phase 9), ABC Costing System Implemented and Rail Link for new Rubbhall  
2009 – 2010: Financial and Contractors Tendering for Port Master Plan  
2010: Upgrade of Cargo Mess and Ablution facilities  
Purchasing of RTG’s, Empty Container Handlers, Container Trailers, etc. |

Source: Adopted from Namport Handbook (2009)
Namport has received high praises for its tremendous accomplishments since taking over in 1994. The most recent developments of the PWB facilities and infrastructure, will further be elaborated in section 2.3 of this chapter.

2.2.2 Acts and Legal Environment
Under the directive of the Ministry of Works, Transport and Communication, the Namibian Ports Authority was instituted in 1994 as the overseeing enterprise over the country’s ports. Under section 29 of the Namibian Ports Authority Act, 1994 (Act No. 2 of 1994), the line ministry revoked the Regulations for the Harbors of the Republic of South Africa and of South West Africa (Government Gazette, 2001).

The Act sets out all the regulations that the ports are to comply with; the arrangement of regulations are sectioned into the following parts:

- PART I: Preliminary Provisions
- PART II: General Provisions
- PART III: Port Procedures for Vessels
- PART IV: Small and Pleasure Craft
- PART V: Safety and Environmental Protection
- PART VI: Wrecks
- PART VII: Port Operations
- PART VIII: Synchrolift
- PART IX: Handing of Dangerous Goods
- PART X: Flammable Liquid Bulk Cargoes
- PART XI: Savings, Offences and Penalties
Additionally, the State-Owned Enterprise Governance (SOEG) Act No. 2 of 2006 is the legal framework for public enterprises in Namibia, which governs the functional and operational parameters of these enterprises. The Act has been criticized for not effectively achieving its intended purpose, following the failures of the dual governance model and the State-Owned Enterprise Governance Council (SOEGC), who were tasked with establishing policy frameworks to guide SOE’s towards practices of good governance, as well as monitoring and regulating their performance.

The new Ministry of Public Enterprises has expressed concern over the limitations that the SOEG Act places on its mandate of transforming SOEs by ‘ensuring that public enterprises comply with the statutory financial, legal and governance requirements’ (New Era, 2017).

The recently introduced Public Enterprises Governance Amendment Act, 2015 (No. 8 of 2015) is set to make amendments to the SOEG Act of 2006 and effectively handover the affairs of SOEs to the responsible designated Minister for Public Enterprises. This amendment will mean that the PA will transfer from the current line Ministry of Works, Transport and Communication (MWTC) to the Ministry of Public Enterprises.

Internally, Namport has a company secretariat and legal advisory department, who are responsible for handling the organizations’ governance and legal matters.

2.2.3 Port Governance Structure
In terms of legislation, the governance structure of Namport comprises a portfolio Minister, being the MWTC, who appoints the Authority’s board of directors, who are responsible for the management and control of the Authority (Namport, 2009)

The BOD oversees the affairs of Namport and are therefore held liable for the performance of the national ports. In conjunction, the board’s mandate is to give
strategic direction and monitor executive management closely, in implementing board strategies and plans.

The BOD assigns duties and responsibilities for identified issues to its committees or management; however, the board actively engages in collective decision-making, for major organizational decisions. The official, authorized delegation of the board, is outlined in a formal framework, which clearly stipulates those matters that requires the board’s collective decision (Source: www.namport.com.na).

Furthermore, the board comprises five non-executive, independent directors appointed as provided in the State-Owned Enterprises Governance Act, 2006. These appointments are normally on a three-year basis, of which the contract can be renewed. In compliance with the Act, on 20 May 2010, a five-year Governance Agreement was signed by the board and the MWTC. This agreement outlines the roles, duties and commitments of the Minister and the PA, and makes provision to measure Namports’ progress towards achieving its objectives and strategies, by using KPIs, as set out in the agreement (Namport, 2013).

Also known as a Governance Policy Statement, a Charter has been approved by the Board on 4 December 2010, which sets out the Board’s obligation, in serving the best interests of the Port Authority, as well as the requirements for its composition and meeting procedures. In alignment with the Charter, the boards’ conduct, its’ stakeholder relationships and administrative structure, are designed and decided, in the Board Protocol. Furthermore, board committees were created by the directors, with the aim of improving the board’s effectiveness, by facilitating in main areas of the boards’ tasks. Ultimately, the BOD is accountable for the committees’ actions and decisions; hence, the board continuously engages the committee, to stay up-to-date with all the proceedings. The feedback and results are produced from reports which are prepared by the committee heads, that are then presented and discussed at each board meeting (Namport Board Charter, 2010).
In the following three (3) figures, the researcher presents an evolution of Namports’ management structure, as approved by the Board of Directors. New positions were created which further expanded the structure of the Port.
Figure 3: Management Structure at 30 January 2011
Source: Namport Quayside (2011)
In 2014, Namport yet again, underwent organizational restructuring. Figure 4 is a representation of the structure prior to its remodeling.

Figure 4: Management Structure at 31 August 2014
Source: Namport (2014)
The following figure shows the new structure that came into effect on 1 September 2014.

Figure 5: New Management Structure from 1 September 2014

Source: Namport (2014)
2.3 Socio-Economic Factors
The Port Authority is firmly anchored on three crucial principles, these are, openness, integrity and accountability. The BOD recognize the importance of conducting the business affairs of Namport in line with the best practices of internationally accepted accounting principles, that reflect the values of good governance.

2.3.1 Audit Governance and Financial Health
The Performance Agreement between the MWTC and the BOD, entrusts the board to successfully carry out the duties described in the King Report of 2009 (King III). Hence, Namport fully endorses King III and during the reporting period, has strived to comply with the recommendations, as set out in the King Report (Namport, 2013).

The BOD is assisted by the Audit and Risk Committee in its duties, pertaining to integrated reporting, combined assurance, internal duties, risk management and external audit. In May 2011, an assessment of the Committee’s performance was conducted by an independent consultant (Namport Profile, 2013).

The PWB is financially stable, having posted rising profits consecutively. In spite of the slowdown in global trade in recent years, the Port still managed to ride the industrial tides and operate profitably, although lower than previous years, which was expected. However, the operating costs and expenditure of the PA has seen an unhealthy and destructive rising trend, that could threaten the financial health of the Port. Further emphasis will be provided in Chapter 5.

2.3.2 Employment and Training Policy
Namport strongly supports the government’s goals of poverty eradication and employment creation, and therefore, prides itself as an equal opportunity employer, with a record of close to 1000 people employed permanently, at the country’s ports. Namport has various initiatives of empowering the youth, by providing full bursaries/scholarships that targeted at different specialization fields that are deemed crucial for the PA, including, Law, Information Technology (I.T) and Accounting/ Auditing. In 2013, Namport introduced the “Catch-Them-Young” Training Scheme which is aimed at nurturing maritime skills at a tender age, i.e., high school learners. This initiative
was established to create a solid maritime career foundation for the Port, the maritime industry and the country in general (Namport Quayside Talk, 2016).

Learning and Development

Namport also recognizes that its employees are the most important assets; hence, their learning and development policy advocates and encourages employees to continuously develop their core competencies, skills, knowledge, attitudes and qualifications, in order to enhance capability for corporate excellence (Namport, 2014).

The scope of this policy makes provision for (i) Specialized and generic learning and development, (ii) Professional membership, (iii) Experiential learning and development for staff, (iv) Private study aid, (v) Employee bursary scheme, and (vi) Research work.

2.4 Market Trends and Technical Factors

The global maritime industry has experienced a series of changes over the last decade, and more so in recent times, with the escalating phenomenon of shipping alliances and bigger vessels entering the market; thus, putting a strain on ports to expand their facilities to accommodate these monster ships. Namport recognizes the need for infrastructural development and has taken the necessary actions to steer its ports towards meeting the growing global demands.

2.4.1 Port Facilities and Infrastructure

In 2008, the container terminal had a handling capacity of 250,000 TEU's per annum, accommodating 3,875 ground slots for containers with provision for 424 reefer container plug points. The capacity currently stands at 355,000 TEU's and this will soon be doubled.
Table 4: Port of Walvis Bay Facilities

| Berthing Facilities | • Berths 1 – 3 are working berths used for container and bulk commodities. Berth length measures at 504.2m with a depth of -12.8m CD; Ro-Ro vessels can be accommodated at Berth 3
  • Berths 4 – 8 measure at 909.4m in length, with a depth of -10.6m CD. Berths 4 and 6 are used for Ro-Ro and general cargo, whereas the other berths accommodate fishing and other bulk commodities |
| Container Terminal | • Terminal handling services include receiving and delivering containers at the terminal, stacking and de-stacking containers, reefer connections and monitoring and conveyance between the stack and ship
  • Berthing operations take place at Berths 1 – 3, with a total berth length of 463m, depth of -12.8m CD. Excess containers can be hosted at Berths 7 and 8 |
| Bulk Terminals | • Walvis Bay Bulk Terminal (WBBT) is privately owned and run by Grindrod Terminals, handling a wide array of dry bulk commodities |
| Stevedoring Services | • Salt Terminal mainly exports salt produced by Walvis Bay Salt Refiners, to markets in Southern and Western Africa |
| Cold Storage Facility | • Dockside labour is divided between private stevedoring companies and Namport, which owns and supplies all quayside equipment |
| | • Privately owned and operated by Commercial Cold Storage (Namibia) Pty Ltd, trading in fresh and frozen produce |
| | • Mobile racking system housed in a state-of-the-art warehouse |
| Ship Repair Facility | • Lifting capacity up to 2000t displacement, 80m LOA and 14 in width, handling approximately 25 vessels per month
  • Syncrolift operates at 85% of its capacity, and plans for expansion have been approved. Maintenance repairs conducted in February 2010
  • Namport and Elgin Brown & Hamer (EBH) Namibia jointly own floating docks, NAMDOCK I & II |
| Port Access | • Shipping Liner Routes: Maersk Sealine, MACS, OACL, CMA-CGM, MOL, MSC, Safmarine
  • Rail and Road (via WBCG)
  • Airport (situated 12km from Walvis Bay) |

Figure 6: Map of the Port of Walvis Bay
Source: Namport website (2017)

Technical Factors

The Port of Walvis Bay is faced with space constraints and land shortage, resulting in limitations to accommodate larger vessels and other large scale operations. Namport has however, addressed this issue when it announced in 2008, that expansion plans were underway, that would ultimately increase the Port’s capacity.
Recent Improvements at the Port of Walvis Bay:

i. The main entrance channel has been extended from 4.5 nautical miles (NM) to 5.2 NM, coupled with a new set of navigational buoys.

ii. Deepening of the main entrance channel, turning basin and adjacent berths 1 – 3, from -12.8m Chart Datum (CD) to -14m CD.

iii. Expansion of Port limits to facilitate improved Port safety and security.


New Expansion Projects

To narrow the infrastructure deficit, Namport embarked on a series of futuristic mega projects that will see the Port of Walvis Bay competing in the big league of the African and international port industry. In November 2013, Namport reached a great, historical milestone when it secured a loan worth N$3 Billion from the African Development Bank for the new Container Terminal project valued at N$4 Billion.

The PWB is currently undergoing two (2) major constructions, namely, the new Container Terminal and Phase 1 of the Petroleum Product Liquid Bulk Terminal, both scheduled for completion in 2018. The projects were commenced on 19 May 2014 and 30 March 2015 respectively. The new modern container terminal is expected to accommodate a record of 750,000 containers per annum, as well as increased handling capacity of dry bulk and break bulk cargo. The reclamation process involves dredging and reclaiming 40 hectares of new land from the bay and will have a 600m quay wall length (in addition to the current 1500m) and water depth of 16m below chart datum (Namport, 2013).
To date, the Port has amassed a relatively good fleet, which has contributed to its efficient operations. Table 5 is a summary of the current equipment owned by the PWB, which serves as a clear indication that the Port is indeed striving towards achieving its vision of being the first-choice world-class port service provider in Africa.

**Table 5: PWB Cargo Handling Equipment**

<table>
<thead>
<tr>
<th>Equipment Type</th>
<th>Size</th>
<th>Qty</th>
<th>Size</th>
<th>Qty</th>
<th>Size</th>
<th>Qty</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Harbour Crane</td>
<td>104 Ton</td>
<td>4</td>
<td>140 Ton</td>
<td>3</td>
<td>84 Ton</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Reach Stacker</td>
<td>45 Ton</td>
<td>15</td>
<td></td>
<td>5</td>
<td></td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Empty Handler</td>
<td>5 Ton</td>
<td>2</td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Forklift</td>
<td>4 Ton</td>
<td>23</td>
<td>16 Ton</td>
<td>2</td>
<td>45 Ton</td>
<td>1</td>
<td>26</td>
</tr>
<tr>
<td>Hauler</td>
<td>75 Ton</td>
<td>54</td>
<td></td>
<td>4</td>
<td></td>
<td></td>
<td>54</td>
</tr>
<tr>
<td>Container Trailer</td>
<td>60 Ton</td>
<td>49</td>
<td>40 Ton</td>
<td>5</td>
<td></td>
<td></td>
<td>54</td>
</tr>
<tr>
<td>MHC Spreader</td>
<td>51 Ton</td>
<td>7</td>
<td>41 Ton</td>
<td>4</td>
<td></td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>RTG Spreader</td>
<td>51 Ton</td>
<td>8</td>
<td></td>
<td>8</td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>MHC Grab</td>
<td>18 Ton</td>
<td>1</td>
<td>16 Ton</td>
<td>1</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Wharf Crane</td>
<td>4 Ton</td>
<td>7</td>
<td></td>
<td>7</td>
<td></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Front End Loader</td>
<td></td>
<td>2</td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Tractor</td>
<td></td>
<td>2</td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>RTG's</td>
<td>51 Tons</td>
<td>6</td>
<td></td>
<td>6</td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL EQUIPMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>197</strong></td>
</tr>
</tbody>
</table>

Source: Namport Profile (2013)
2.4.2 Vessel Traffic
The Port Control Service directs and monitors all shipping movements within port limits and keeps a 24-hour Very High Frequency (VHF) radio watch on channels 16, 12 and 14 respectively. A Vessel Traffic Control System (VTCS) was installed in 2004, which has since been updated in recent years (Namport Handbook, 2009). The Port has recently installed a new state-of-the-art Port Surveillance System, commonly known as the Vessel Traffic Service (VTS), to monitor traffic movements in the wake of increased traffic due to a growing ship and Rig repair industry (Source: www.namport.com.na).

2.4.3 Hinterland Access and Connectivity
The Port of Walvis Bay offers the shortest access route to and from the SADC region, Europe and the America's. Through the Walvis Bay Corridor, the Port’s position and ability to serve the seaborne trade and cargo of the SADC region, is greatly enhanced by the its’ location and efficient infrastructure. Alternatively, the Port also provides competitive and cost-effective services, in connection to the ports of Southern Africa, that are operating at maximum capacity (Namport Handbook, 2009).

The Walvis Bay Corridors are a network of transport routes that are instrumental in easing and improving traffic flows. Hence, the Port is linked to Namibia's air, rail and road network, making it a suitable location to service landlocked countries in Southern Africa, via the Trans-Caprivi Corridor, Trans-Kalahari Corridor, Trans-Cunene Corridor and the Trans-Oranje Corridor.

In order to enhance the Ports’ status as the gateway for SADC markets, Namport has been instrumental in the establishment of the Walvis Bay Corridor Group. Officially established in 2000, the WBCG is a public private partnership (PPP) mandated to act as a service and facilitation centre, to coordinate international trade with SADC countries through the PWB and accelerate last mileage solutions (Source: www.wbcg.com). For the years 2010 to 2015, the Group embarked on a new Strategic Plan aimed at boosting cargo volumes as well as overall competitiveness for the PWB and its Corridors.
In its quest of becoming SADC’s logistics hub, the WBCG, Namport, the Namibian government and other stakeholders continue labouring tirelessly and have successfully reached some key milestones over the years. To date, WBCG has offices in Namibia, Brazil, Democratic Republic of Congo (DRC), South Africa and Zambia. Some of achievements of the WBCG are highlighted in Appendix A.

The deep-sea PWB allows for a direct access to principal shipping routes, offering shippers a time saving of up to five days between the SADC region, Europe and the Americas (Namport, 2013).

Figure 8: Corridor Development
Source: Namport (2014)

2.5 Operational Performance and Logistics Factors
Walvis Bay is a congestion-free port with competitive turnaround times, complemented by world-class equipment and infrastructure, which guarantees safe and reliable cargo handling with no pilferage (Namport, 2009).

Under the National Development Programme (NDP_4) goals of 2012/13 to 2016/17, the Namibian government has prioritized logistics and capacity building as one of the
economy's main drivers for trade growth; hence, the ambition to transform the PWB and its corridors into SADC’s logistics and distribution hub.

2.5.1 Reliability of Intermodal Structure
The usage of the Walvis Bay Corridors presents certain benefits such as time and cost effectiveness, high standards of safety and security, and the overall reliability of the WBCG systems (Source: www.wbcg.com.na). Additionally, the fast, efficient and safe road and rail transport networks along these Corridors, makes the regional economy more attractive to global players (Namport, 2013).

Road and Rail Network
Namibia’s roads are well maintained and ideally regarded as one of the best road networks in Africa. The country’s rail network is maintained by TransNamib, the national SOE for rail services. In successfully serving its markets, the PWB has the following Corridor connections:

i. Trans Kalahari Corridor
Road: This Corridor covers a distance of 1900 kilometers (km), linking the PWB to Botswana, South Africa and Zimbabwe. The infrastructure is well developed and efficient, granting transit time of 48 hours to and from Gauteng, South Africa. Moreover, the intermodal blueprint of the Corridor is sophisticated and well connected to rail networks, ports, air and tarred roads.

Rail: Stretching over 644 kilometers, the railway line connects the PWB to Gobabis, where further transshipment facilitates the last mileage (Source: WBCG).

ii. Trans Cunene Corridor
Road: The road connects the PWB to its market in Angola and stretches over a distance of 1600 kilometers, offering reliable and cost efficient transit time.
Rail: The railway line covers a distance of 965 kilometers from PWB to the border post at Oshikango, where goods are further transported by road (Source: WBCG).

iii. **Trans Caprivi Corridor**

Road: Well-maintained tarred roads, stretching over 2650 kilometers, links the PWB to markets in Zambia and Democratic Republic of Congo, with transit times of 3 to 4 days and 5 to 7 days respectively. Automated customs procedures at the border post contribute significantly to the swift and hassle free transit of goods being transported on this Corridor.

Rail: A distance of 626 kilometers connects the PWB to Grootfontein, where goods are further arranged for transshipment to their respective destined markets (Source: WBCG).

iv. **Trans-Oranje Corridor**

Road: The Corridor connects the PWB and the Port of Lüderitz to South Africa’s Northern Cape Province, allowing for transit times between 4- to 72 hours to and from Johannesburg.

Rail: A railway line also connects the Port of Lüderitz to the Northern Cape via Upington (Namport, 2009).

2.5.2 **Throughput Velocity**

Some of the key benefits cited for using the PWB include:

- The competitive turnaround time (TAT) for handling container vessels, is recorded between 12 to 15 hours
- Turnaround times for bulk vessels (depending on tonnage and shipment), is normally between 24 to 48 hours, whereas the timing for break-bulk vessels averages between 18 and 20 hours
• The Port is congestion free, has minimum delays and container clearance is normally completed within 3 days of arrival (Namport, 2009)

2.5.3 Logistics Performance Index

The Logistics Performance Index (LPI) is an interactive benchmarking instrument that assists countries to enhance their overall performance by identifying loopholes and opportunities in trade logistics (International LPI Global Ranking, n. d). The index samples and scores a total of 160 countries by measuring six indicators, namely, customs, infrastructure, international shipments, logistics competence, tracking and tracing, and timeliness.

![LPI Comparison Chart]

Figure 9: Namibia's position on the LPI
Source: Data retrieved from World Bank LPI (2017)

Figure 9 depicts an LPI comparison between Namibia, other SADC countries and Singapore, known for being the best international port and overall high levels of logistics efficiency. These indicators are useful in measuring logistics performance benchmarking to improve national performance by aligning with international best practices.
Environmental Factors

Namport’s mission is to provide world-class port services to all local, regional and international seaborne trade through excellent customer service, sustainable growth and social responsibility (Namport, 2007). The Port is operated in line with internationally recognized standards, which are:

- Quality according to ISO 9001
- Environment according to ISO 14001
- Occupational Health and Safety according to OHSAS 18001

According to the Safety, Health, Environmental and Quality (SHEQ) Policy, Namport is fully dedicated ‘to protect the quality of air, water, soil and human health for the continual benefit of persons and ecosystems’ (Source: www.namport.com.na). The Port is committed to provide quality customer service and apply the necessary environmental care, ensuring a conducive and safe working environment, in addition
to establishing targets and objectives that are both measurable and aimed at improving the annual performance of the SHEQ initiatives.

**Water Consumption**

Fresh water is accessible at all quays and can be supplied at a rate of 15t per hour (using four hoses at most, for each vessel). Upon prior consent from the Port Captain, tugs may be used to supply water to vessels (Source: www.namport.com.na).

### 2.7 Problems in Namibian Ports

When comparing the performance levels of the two national Ports with that of the industry, especially in the Southern and Eastern African region, the Ports of Walvis Bay and Lüderitz seem to have fared rather well, in terms of efficient and productive operations. The Ports lag behind however, in certain aspects, which hampers maximized performance. Some of the observed issues are mentioned below:

a) Governance of the Ports are mainly politically driven, which can be regarded as a blessing and a curse. The absence of a national ports policy has somewhat curbed any major reforms, for example, intraport competition. It is therefore not surprising that the Ports still operate as a monopoly to an extent; a practice which has seen mass devolution in many port countries, particularly in Africa.

b) Namport’s ever expanding management model and excessive recruitments, has led to threatening high salaries (over 50% of the revenues) and operating expenditure bills. Although Namport is supporting the national employment goals of the country, the Port appears to be overstuffed and management have yet to remedy various bottlenecks to improve its financial performance and position.

c) Limitations of current infrastructure, like in most African ports, is a dilemma for the PWB. The Port is largely dependent on transhipment cargo but with the
market changing rapidly and the pandemic of megaships, Maersk being one of the ports’ key clients recently decided to re-route their transhipment volumes due to channel width limitations. If this trend is to continue with other shipping lines, this could pose serious implications on the Port’s productivity and commercial performance.

d) Lack of innovation and advanced technological systems, for example, modern port I.T systems and automated terminal and gate processes. Manual documentation procedures are still a very active part of the Port’s operations; however, in realizing its ambitions of being Africa’s preferred port of call and the logistics hub of SADC, Namport will need to engage smart strategies and strongly focus on best practices in the global port and maritime industry.

e) The PWB has made considerable investments to expand the Port’s operational capacity and boost its regional competitiveness; however, the social aspect of staff development has not received sufficient attention to date. Singapore has attributed its success mainly to staff training, in the same manner, Namibian ports ought to prioritize on this very crucial aspect for successful port performance.

This chapter provided a brief synopsis of Ports in the Namibian context and specifically zooming in on the Port of Walvis Bay. Since its inception, Namport has operated on a monotonous and one-dimensional pattern in their operations as a service port. This has triggered some observations in which the researcher identified a number of gaps and issues. The following chapter will attempt to address these gaps with a discussion and background on literature covering port governance, elements that constitute good governance, and port performance.
CHAPTER THREE

3.0 LITERATURE REVIEW ON PORT GOVERNANCE AND PERFORMANCE

3.1 Introduction
The chapter will begin by looking at a general view of governance and scale it down to governance in the port sector. This chapter refers to and analyses the work of various authors who have written different views on the topics of port governance and port performance. An academic review of these authors published work will be done, to assess the scope and variation in opinions of the subject matter.

3.2 Governance Defined
Corporate governance or simply governance has been a topic of paramount importance over the last few decades, with many scholars and experts on the topic, researching and contributing a broad range of interpretations, approaches and disciplines. Keasey et al. (1999, pp.2) identified two latent requirements that embody an effective governance system, these are micro and macro level governance. At organizational level, it needs to guarantee that the firm, as a productive entity, persistently pursues its targets of increasing shareholder value. Fundamentally, this includes all the actions and decisions that accommodate the need to safeguard the risk to investors (management accountability), to urge the management team to engage in entrepreneurial initiatives by taking calculated risks that will boost added-value return to shareholders. Macro level governance, according to a quotation of Alan Greenspan: ‘has evolved to more effectively promote the allocation of the nation’s savings to its most productive use. Thus in financing corporate activity, whether through equity or debt, savings are channelled into productive activities, the
return on which ultimately determines national prosperity’ (Keasey et al. (1992, pp. 2)).

Solomon (2007) supports this notion by defining corporate governance as the controlling and supervisory instrument that is responsible for safeguarding shareholders interest by serving as a compliance guide for management. This definition can be seen as biased in that its focus is primarily on shareholders, not taking all the other players into account. Sternberg (1998, pp.28) further elaborates that governance can be considered as a means of guaranteeing that corporate activities, operators and resources are coordinated at and geared towards accomplishing the corporate targets set up by the organization's investors.

CMP (2015, pp.30) annual report refers to good governance as a system that ‘creates conditions for clear allocation of responsibility between the different corporate bodies, which increases efficiency and reduces risks’. Governance further establishes objectives, policies and measures to facilitate decision making for corporate affairs whilst providing the structure to achieve goals and monitor performance (Brooks, 2001, p.2).

According to UNESCAP (n. d), governance is the general process by which decisions are made and implemented. Governance is applicable in various contexts namely, corporate, international, national and local governance. From a broader point of view, the World Bank Institute (2000) as cited in Brooks and Cullinane (2007, pp.10) expresses governance as, ‘the traditions and institutions by which authority in a country is exercised for the common good’. This involves (i) the selection, monitoring and replacement process of authorized officials; (ii) government's ability to implement sound policies and manage resources efficiently, and (iii) the respect of citizens and the state for the institutions that govern economic and social interactions among them.
3.2.1 Governance Framework

The G20/ OECD (2015, pp.13) describes the corporate governance framework as a promoter of transparency, where resources are allocated efficiently. 'This governance framework typically comprises elements of legislation, regulation, self-regulatory arrangements, voluntary commitments and business practices that are the result of a country’s specific circumstances, history and tradition'.

Elements of soft law complement the regulatory and legislative fundamentals, on the basis of the ‘comply or explain’ principle, with the aim to encourage flexible and adaptable processes and address peculiarities of individual companies. King III (IoDSA, 2009, pp.6), however, encourages an ‘apply or explain’ governance framework, which is an approach that allows the board the freedom to adopt practices that are not necessarily recommended or outlined in King III, provided that it can be explained and that it is within the company’s best interests.

Clarifying the distinctive practice adopted and a satisfactory explanation behind it, brings about consistency with King III standards. The code espouses and recommends a framework that is principles-based; therefore, making it unique for different industries and organizations, according to the size, nature and business complexity (PricewaterhouseCoopers, 2009).

A renowned expert of corporate governance, Professor Mervyn. E. King held a workshop in September 2009, where he presented the following, self-explanatory governance framework, as seen in Figure 11.
An additional framework is presented, known as the Deloitte Governance Framework, which is a tool designed to assist boards in having a better understanding of their oversight roles and responsibilities. Deloitte states that a framework is useful in defining and evaluating the roles of the board and that of management in order to prevent duplication of duties. Moreover, it assists in addressing potential governance risks, thus enabling the board to concentrate on relevant and crucial matters, where its restricted time and limited resources are properly prioritized. A framework further serves as a collaborative gauge between the board and management, in structuring constructive ways for addressing specific issues, thus minimizing potential conflicts. Lastly, a framework can be instrumental in clarifying the roles and objectives to be fulfilled by each board committee (Deloitte, 2013).

With Risk Intelligence as a focal point, the framework lays the foundation upon which boards and executives can build and swiftly identify possible opportunities for overall improvement of effectiveness and efficiency. So far, it has successfully been applied in several ways, including IPO readiness, transition of board chairperson and
assessing board performance. It should be noted however, that this framework is not necessarily a one-way solution that will suit all organizations and industries.

![Figure 12: Deloitte Framework for Corporate Governance](source: Deloitte (2013))

### 3.2.2 Traits and Elements of Governance

#### Traits of Good Governance

Deloitte further elaborates that the framework can be activated by analysing four attributes to measure the performance level of the board. Boards can therefore use these attributes as a yardstick to evaluate its strengths and opportunities to improve and make the necessary amendments *within each of the governance attributes, as identified below:*

- **Skills and knowledge:** What are the skills that are needed for the board to effectively execute its responsibilities?
- **Process:** What processes are necessary for the board to both understand and properly oversee the activities of the organization?
- **Information:** Is the information received by the board adequate to support effective oversight and decision-making?

- **Behavior:** Does the board's behavior support and reinforce strong oversight?

These questions are instrumental in detecting gaps and developing opportunities to improve the overall framework.

**Elements of Good Governance**

Good governance highlights the practices involved in creating and applying principles for decision making. However, instead of solely focusing on making relevant or accurate decisions, the emphasis for good governance is more on complying with ‘the best possible process for making those decisions’. When combined, the effect is more positive for the various parties involved, including ‘local government, consultation policies and practices, meeting procedures, service quality protocols, councillor and officer conduct, role clarification and good working relationships’ (Governance Guide, n. d).

UNESCO (n. d) supports these sentiments and underlines that the design of governance structures and processes ought to encapsulate the essential elements of governance. ‘Governance also represents the norms, values and rules of the game through which public affairs are managed in a manner that is transparent, participatory, inclusive and responsive’. From a port’s perspective, governance embodies and fosters an organizational culture where participation about the port’s affairs and interaction between lower and upper level staff is integral and well rooted.

These universal elements are recognized, encouraged and practiced internationally, across various sectors and industries. International organizations such as the World Bank, the IMF, OECD and WTO amongst others (Wouter & Ryngaert, 2004), have widely endorsed these principles as a crucial part of their decision-making. Each of these elements will briefly be expounded upon.
i. **Participation**

Informed and organized participation by all parties should be exercised, allowing for freedom of expression and association in decision-making processes (Sheng, n. d). An important social aspect in ports, which should not be neglected, is the level of participant satisfaction that needs to be harnessed by engaging in a constant series of social dialogue, i.e., consultations and information exchange (Meletiou, 2017).

ii. **Rule of Law**

Legal frameworks should be fair and enforcement thereof executed by an impartial regulatory body, particularly laws protecting human rights and stakeholder interest, in the corporate context (Governance Guide, n. d). In relation to ports, the port policy, legislations and regulations that govern the port need to be well defined, firmly established, implemented and adhered to.

iii. **Transparency**

Transparency refers to the general ability of people to monitor and understand aims, details and the procedures undertaken for decision-making. A transparent governance system avails information and grants valid and direct access to all parties involved in and affected by governance policies and practices (Governance Pro, n. d). In the port sector, the importance of transparency, both internal and external, cannot be overemphasized, as it is the basis of building good relations between the port as service provider, the clients as service recipients, the employees as major participants and the shareholders as the main investor.

iv. **Responsiveness**

Organizations that practice good governance, design their processes to match and best serve the interests of stakeholders, within a reasonable and timely fashion (Governance Pro, n. d). The port industry being a highly competitive market with a high dependency on business from clients, requires service providers to respond and
cater to the needs of its' vast client base. Similarly, the port management is expected
to respond to the needs, questions and concerns of both shareholders and employees alike.

v.  **Consensus Oriented**

UNDP (1997) elaborates that by consulting all stakeholders, good governance creates a better understanding between parties and mediates the varying needs and interests to reach a broad consensus that is sustainable and beneficial for all concerned parties. It is therefore the obligation of a ports' leadership to ensure that policies, procedures and other related matters are agreed upon and understood by all parties, in order to uphold the best interests of the port and its participants.

vi.  **Equity and Inclusiveness**

A value creating organization is one that maintains, improves and/ or promotes the well-being of its' stakeholders and society at large. Furthermore, it serves as a provider of equal opportunities where participants inputs are valued (Sheng, n. d; GovernancePro, 2010). Having invested over N$24 million since 2006, through the Namport Social Investment Fund (NSIF), the Port of Walvis Bay has been an avid custodian of corporate social responsibility geared towards the development of Namibian citizens and the economy at large.

vii.  **Effectiveness and Efficiency**

This governance element encompasses the successful implementation of decisions and processes that satisfy stakeholders needs, by making the best possible use of available resources, to yield favourable outcomes (UNDP, 1997). The role of ports in any economy, be it trade facilitation, maximizing economic benefits or increasing profitability, is considered of great importance; the board is therefore expected to take decisions that will further enhance the ports' efficiency and success.
viii. **Accountability**

Sheng (n. d) identifies accountability as a key requirement of good governance. This element requires the rule of law and transparency to be enforced, given the magnitude of consequences that can stem from unaccountable actions. Brooks (2005) further expresses that in order to boost a sense of responsibility, directors should be held accountable for the outcome of the decisions and actions that they undertake. This element is particularly significant for the ports sector due to the large capital investments that are usually associated with port projects.

![Diagram of Elements of Good Governance](image)

**Figure 13: Elements of Good Governance**

*Source: Author’s elaboration*

Achieving good governance is an on-going process, which strives to duly address and consider the interests of stakeholders by ensuring that they are reflected and aligned with the organizations’ policy initiatives (Governance Pro, n. d). The senior management team of port authorities, therefore, have to endeavour to address these
elements adequately for the common good of the resources that they are overseeing and for the overall achievement of commercial objectives.

### 3.3 Port Governance

Port governance as defined by the World Bank Port Reform Toolkit (PPIAF, 2003) refers to a port authority, port management or port administration that acts as the governing body of the ports’ activities and facilities. Port governance is therefore one of the main pillars of any port authority with the aim to boost the ports’ performance.

In Namibia, like in most developing countries, port authorities are ideally set up by national governments to boost employment creation and support trade facilitation. In as much as the concept of governance is often viewed as a governmental matter, in actual fact, it stretches beyond the scope of the public setting. Monios (2015, pp.768) emphasizes in this respect that, governance encompasses “a broader process of distributing authority and allocating resources, of managing relationships, behavior or processes to achieve a desired outcome”. As players in the global supply and service chain, ports are typical commercial enterprises and therefore performance-oriented. The notion of commercialization has been the driving force of mass institutional and governance reforms worldwide, within the port sector (IANTC, 2010, pp.5). Ideologically, seaport governance facilitates port development and trade growth by maximizing the effects of such opportunities, in order to yield the best possible economic long-term results or benefits.

Trends in global supply chain and logistics have evolved at rapid pace over the last decade and ports are no exception, especially with the fast growing demands of larger vessels entering the market. A notable observation, therefore, comes to the forefront, that governance models are influenced by changes and conditions in the market (Gonzáles Laxe, et al, 2016, pp.1). In this regard, Notteboom (2001, pp.438) shares his view that ports are liable for improving governance and administration structures, which ought to be customized to blend with the ports’ targets, culture and the local conditions.
Ports in their diversity are characterized by their respective governance systems, which are distinguishable by two tiers, namely, the governance of ports and that of port authorities, treated as separate units (Verhoeven & Vanoutrive, 2012). Baltazar and Brooks (2001), and De Lange (2007, pp.458) as cited in Brooks and Cullinane (2007), share the same view that, PA governance is synchronized with issues pertaining to corporate governance, “such as, board of directors’ structure, shareholder influence and social responsibility”, whereas port governance is more connected to a widespread cluster of port actors that includes economic, societal and public policy stakeholders.

3.3.1 Models of Port Governance

In their paper, Verhoeven and Vanoutrive (2012) identified the following seven parameters, which are considered useful for the analysis of port governance practices: (i) devolution, (ii) corporate governance, (iii) operational profile, (iv) functional autonomy, (v) functional pro-activeness, (vi) investment responsibility and (vii) financial autonomy.

The concept of port governance models has evolved over time; therefore, making governance models susceptible to change due to various factors, including market transitions, introduction of new objectives or revised goals, technological advancements, redundancy of excess resources or merely the ineptitude of services and facilities rendered by the port (González Laxe, et al., 2016).

An important factor that cannot be overlooked, as it poses a potential challenge for port governance is the instrumental role of ports as nodes within the logistics chain network. The adequacy of a port governance model, therefore, becomes more favourable when all key players that can influence change are integrated into the decision making processes, thus making the model more efficient.
Port Management and Administration

The administration or management models and ownership traits of ports vary for every country, depending on the organizational set-up, roles and structure of the port. Various factors influence the way in which ports are organized and managed which ultimately leads to the success or failure of a port. “These factors include the socioeconomic structure of a country, the historical development of the port, the location of the port, and the types of cargo that are typically handled” (Brooks, 2004, pp.169).

The variations of administration models that are practiced and adopted worldwide can be categorized into four classes, as outlined by the WBPRTK.

a) Public Service Port

Alderton (1999, pp.94) describes the service port as one where the Port Authority oversees and provides all the services and facilities for cargo handling operations. According to the WBPRTK, this model is predominantly used in developing countries.
where PA’s are mostly owned by the state, which usually falls under the Ministry of Transport. Given the nature of state involvement and public ownership, the Board of Directors (BOD), Chairman or CEO and senior officials are normally politically appointed and are liable to report directly to the Ministry. These PA fully own and maintain the land, port infra- and superstructure and are responsible for rendering the full range of port services, carried out by employees of the PA (Brooks, 2004, pp.169). The PA under this model is mandated with executing regulatory functions, to advocate and maintain development initiatives and administer the operations as efficient and effective as possible. A beneficial aspect of this model as highlighted by Brooks and Cullinane (2007, pp.408) is the potential for a streamlined development approach, stemming from the facilities and operational responsibility being administered by a sole entity, i.e., port authority. As presented in Table 6, certain flaws do, however, exist in this model, which are triggered by factors such as lack of internal competition and innovation that could result in inefficient administration and mediocre services rendered. Additionally, the PA’s dependency on state-funding may lead to potential under-investment or resources being wasted. These drawbacks can be detrimental if not addressed and treated appropriately and realistically.

b) Tool Port

This port is almost identical to the public port, with the exception that cargo operations are handled by private entities. The PA, however, still owns the terminal equipment and is mainly responsible for developing and maintaining port infrastructure and superstructure, as well as cargo-handling equipment (WBPRTK, 2003). These private operators are normally small companies, which causes the distribution of cargo handling to be highly fragmented, which can be conflicting at times.

c) Landlord Port

The WBPRTK (2003) has identified this model as the most dominating one worldwide, for large and medium-sized ports, allowing a PA to engage in private and public partnerships (PPP), in providing port services. Some of the main players in the port
industry that have adopted this model include, Singapore, Amsterdam, Antwerp and New York. In this type, the land is fully owned by the State and the use of terminals is leased to external stevedoring operators, who have the liberty of using their own labor force (Brooks, 1999, pp.93). The port plays the role of both landlord and regulator and owns the basic port infrastructure; however, private operators maintain, provide, purchase and install their own superstructure and equipment to comply with operating standards. The PA as landlord is responsible for economic exploitation, for developing the land and for maintaining the basic infrastructure that it owns (Brooks and Cullinane, 2007, pp.409).

**d) Private Service Port**

This port is usually fully privatized with no state interference, meaning that the state is completely detached from the port sector and all related matters, including port policy; thus, making the private sector the key regulators and decision makers. In this set-up, the port is flexible in its operations and both land and functions of the port are placed entirely under private control. Famously used in New Zealand and the United Kingdom, this model is the least practiced or rarest form of port reform due to its extreme nature.

The strengths and weaknesses for each port model, are captured in Table 6.
### Table 6: Pros and Cons of Port Management Models

<table>
<thead>
<tr>
<th>Port Type</th>
<th>Strength</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Service Port</strong></td>
<td>Superstructure development and cargo handling operations are the responsibility of the same organization (unity of command).</td>
<td>There is no or only a limited role for the private sector in cargo handling operations. There is less problem-solving capability and flexibility in case of labor problems, since the port administration also is the major employer of port labor. There is lack of internal competition, leading to inefficiency. Wasteful use of resources and under-investment as a result of government interference and dependence on government budget. Operations are not user-oriented or market-oriented. Lack of innovation.</td>
</tr>
<tr>
<td><strong>Toll Port</strong></td>
<td>Investments in port infrastructure and equipment (in particular ship/shore equipment) are decided and provided by the public sector, thus avoiding duplication of facilities.</td>
<td>The Port Administration and private enterprise jointly share the cargo handling services (split operation), leading to conflicting situations. Because the private operators do not own major equipment, they tend to function as labor pools and do not develop into firms with strong balance sheets. This causes instability and limits future expansion of their companies. Risk of under-investment. Lack of innovation.</td>
</tr>
<tr>
<td><strong>Landlord Port</strong></td>
<td>A single entity (the private sector) executes cargo-handling operations and owns and operates cargo-handling equipment. The terminal operators are more loyal to the port and more likely to make needed investments as a consequence of their long-term contracts. Private terminal handling companies generally are better able to cope with market requirements.</td>
<td>Risk of over-capacity as a result of pressure from various private operators. Risk of misjudging the proper timing of capacity additions.</td>
</tr>
<tr>
<td><strong>Fully Privatized Port</strong></td>
<td>Maximum flexibility with respect to investments and port operations. No direct government interference. Ownership of port land enables market-oriented port development and tariff policies. In case of redevelopment, private operator probably realizes a high price for the sale of port land. The often strategic location of port land may enable the private operator to broaden its scope of activities.</td>
<td>Government may need to create a Port Regulator to control monopolistic behavior. The Government (be it national, regional or local) loses its ability to execute a long term economic development policy with respect to the port business. In case the necessity arises to re-develop the port area, Government has to spend considerable amounts of money to buy back the port land. There is a serious risk of speculation with port land by private owners.</td>
</tr>
</tbody>
</table>

Table 7 provides a summarized version of the responsibilities allocated to each model. Brooks and Cullinane (2007) explain that these classifications are useful in garnering a better informed understanding of assigning duties for the port’s infrastructural capital investment prospects as well as the management, i.e., labor aspect of it.

**Table 7: Responsibilities of Port Management Models**

<table>
<thead>
<tr>
<th>Type</th>
<th>Infrastructure</th>
<th>Superstructure</th>
<th>Port Labor</th>
<th>Other Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Port</td>
<td>Public</td>
<td>Public</td>
<td>Public</td>
<td>Majority Public</td>
</tr>
<tr>
<td>Tool Port</td>
<td>Public</td>
<td>Public</td>
<td>Private</td>
<td>Public/Private</td>
</tr>
<tr>
<td>Landlord Port</td>
<td>Public</td>
<td>Private</td>
<td>Private</td>
<td>Public/Private</td>
</tr>
<tr>
<td>Private Port</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
<td>Majority Private</td>
</tr>
</tbody>
</table>


In the wake of rapid evolving port reforms and transitions over the years, the types of port authorities have taken on new characteristics with slight modifications from the original port models, as defined by the WBPRTK (Verhoeven, 2010).
Table 8: Matrix of hypothetical typology of Port Authorities

<table>
<thead>
<tr>
<th>FUNCTION</th>
<th>TYPE</th>
<th>‘Conservator’</th>
<th>‘Facilitator’</th>
<th>‘Entrepreneur’</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landlord</td>
<td>Passive real estate ‘manager’: - continuity and maintenance - development mainly left to others (government/ private sector) - financial revenue from real estate on “tariff” basis</td>
<td>Active real estate ‘broker’: - continuity, maintenance and improvement - development broker and co-investor - includes urban and environmental real estate brokerage - financial revenue from real estate on commercial basis</td>
<td>Active real estate ‘developer’: - continuity, maintenance and improvement - direct investor - includes urban and environmental real estate development - financial revenue from real estate on commercial basis - financial revenue from non-core activities</td>
<td>Mediator in commercial B2B relations between service providers and port customers - active pursuit of market niches Direct commercial B2B negotiations with port customers</td>
</tr>
<tr>
<td>Regulator</td>
<td>Passive application and enforcement of rules and regulations mainly set by other agencies</td>
<td>Active application and enforcement of rules and regulations through cooperation with local, regional and national regulatory agencies &amp; setting of own rules and regulations</td>
<td>idem facilitator &amp; selling expertise and tools outside the port</td>
<td></td>
</tr>
<tr>
<td>Operator</td>
<td>Mechanical application of concession policy (licence-issuing window) - ‘Leader in dissatisfaction’ as regards performance of private port services providers</td>
<td>Dynamic use of concession policy, in combination with real estate broker role</td>
<td>Dynamic use of concession policy, in combination with real estate development role Shareholder in private port service providers</td>
<td></td>
</tr>
<tr>
<td>Community Manager</td>
<td>Not actively developed</td>
<td>Economic dimension: - solve hinterland bottlenecks - provide training and education - promote RT services - promotion and marketing - lobbying</td>
<td>idem facilitator type but economic dimension with more direct commercial involvement</td>
<td></td>
</tr>
<tr>
<td>GEOGRAPHICAL DIMENSION</td>
<td>LOCAL</td>
<td>LOCAL + REGIONAL</td>
<td>LOCAL + REGIONAL + GLOBAL</td>
<td></td>
</tr>
</tbody>
</table>

3.4 Port Performance

The performance of a port is the lifeblood of its existence and therefore an important measure for determining overall efficiency and effectiveness.

A famous quote by James Harrington states that, “Measurement is the first step that leads to control and eventually to improvement. If you can’t measure something, you can’t understand it. If you can’t understand it, you can’t control it. If you can’t control it, you can’t improve it.”

Competition in the global shipping industry is rife; hence, ports have to constantly improve their efficiency levels, to stay in the game. Port performance measurement serves three critical functions, as identified by Vitsounis (n.d), namely: (i) serves as a guide for port planning, (ii) monitors the validity of endorsed strategies, (iii) tracks the adjustment progress of port actors, to relevant industry changes. Cited in Esmer (2008, pp.241), ‘UNCTAD (1999) suggests two categories of port performance indicators: macro performance indicators, quantifying aggregate port impacts on economic activity, and micro performance indicators, evaluating input/output ratio measurements of port operations’. Esmer (2008) further stresses the ‘importance of understanding performance as a vital element for any business to measure its’ achievements against set goals and objectives or, against the competition’.

3.4.1 Organizational Performance Measures

Performance measures are a control mechanism that assists firms to evaluate and monitor their progress for reaching their set targets and objectives. The most common measurement tools are those that look at financial and operational performance. For many years, traditional performance measures have been applied and developed across different industries, including the port sector.
Exploration of organizational performance measurement arrived at the following:

- **The Balanced Scorecard**

  Investopedia (n. d) defines the balanced scorecard as a performance measurement metric, which is commonly used in strategic management, to detect and develop or improve various internal functions of a business and their subsequent outcomes. The scorecard analyses operational management to trace and monitor any bottlenecks, shortcomings, deficiencies or wastage.

  The balanced scorecard measures performance from four perspectives, namely, customer satisfaction, financial and operational measures, internal business practices, and the entity’s innovation and development undertakings (Kaplan & Norton, 1992). The authors further refer to ‘operational measures as the main driving force of future financial performance’.

  Kaplan and Norton (1992) further elaborate that earlier experiences and observations derived from using the scorecard, yielded results whereby managerial needs have been successfully met. The scorecard consolidates all the elements that define or make up an organization’s competitive agenda. This allows senior management to have a broader scope or eagles’ view of gaps and imbalances, as a result of their decisions. These elements include, customer-centric business attitude and operations, increasing response time, enhancing the quality of customer and business service, promoting teamwork, and overall long-term management. The scorecard is also known to shield against suboptimization; thus, minimizing the risk of lacklustre processes due to poor coordination.
The framework highlights the interconnectivity of the environment in which an organization operates, the structures, strategies and their impact on performance. ‘The greater the fit, the greater the expected performance; the lower the fit, the poorer the expected performance’ (Baltazar & Brooks, 2001; Hoskisson et al., 1999).

Brooks and Pallis (2001, pp.413) base their opinion of port governance on three input factors:

(a) the strategy (i.e., the objectives, the strategic decisions, and the action plans) of the port, as developed by the PA; (b) the structure, which is implemented as a result of government regulations and policies, and the strategy chosen by the PA; and (c) the environment in which a port operates, has both controllable and uncontrollable
factors. These inputs produce an output (performance), the quality of which results from the consistency or fit of the inputs when taken together.'

Similarly, Daft (1998) as referenced in Baltazar and Brooks (2001, pp.4) focuses on the external sectors of the organization’s environment; these include, human and financial capital, the market and industry (local and international), government influence, economic conditions, technology infrastructure and raw materials. The authors also cited Quinn (1996), whose view on strategy is expressed as the ‘pattern or plan that integrates an organization’s major goals, policies, and action sequences into a cohesive whole’. Organization structure captures the operating procedures as well as the reporting hierarchy and flow of information on different management levels, for the purpose(s) of formulating, facilitating and implementing strategies (Bourgeois et al., 1999).

![Diagram](image)

**Figure 16: The Matching Framework**

Source: Baltazar and Brooks (2001)

### 3.4.2 Port Performance Measures

From an economics perspective, Talley (2007, p.499) presents the evaluation of port performance from the viewpoint of measuring effectiveness, cost efficiency and technical efficiency against the actual and optimum throughput volumes. The economic optimum throughput of a port refers to the throughput that yields profitable economic objectives. The author further notes that a port can embark on two
approaches to measure its performance indicators, namely a single-port approach or a multi-port approach.

a) A Single-Port Performance Evaluation Approach

This approach evaluates a port's performance over a specific timeframe, using a comparison of actual and optimum throughput, or evaluating actual PPI values against indicator standards.

i. Throughput Performance Evaluation

A port’s productivity or deterioration can be determined by evaluating the extent at which the actual throughput drifts away from or towards the optimum throughput. Furthermore, optimum throughput is a function of a two-way capacity measure, which are:

- Engineering Production Capacity (theoretical), which focuses on:
  1) Design capacity, being the maximum rate that facilities can be utilized;
  2) Preferred capacity, refers to facilities usage rate that exceeds that of set requirements;
  3) Practical capacity, deals with the port’s optimal realistic rate of utilization

- Economic Optimum Throughput (estimations):

  This throughput has a direct impact on the economic targets of the port and in comparison with engineering capacity, they are generally more complex to measure.
ii. Indicator Performance Evaluation

- **Indicator Selection:**

  1) *Operating objective specification* – to select PPIs, it is essential that the operating objective is clearly specified, i.e., the variables that indicate the ports’ economic objectives. These variables are usually controlled by port management institutions and are treated as standardized indicators or benchmarks;

  2) *Criteria specification methodology* – sets the criteria(s) to be met by selected PPIs, such as, conciseness, consistency, data availability, time and cost of data collection, measurability, minimization of uncontrollable factors, and robustness.

b) **Multi-Port Performance Evaluation Approach**

Talley (2007, pp.511) argues that this comparison practice can be misleading, stating the diverse economic objectives and capabilities of each port. Therefore, in comparing ports, he further elaborates, that it is preferable to measure similar ports. The normal practice of simply measuring KPI's has been criticized as being basic and somewhat incomplete (Flitsch, 2012, pp.164); thus, various frontier statistical models such as Data Envelopment Analysis (DEA) have been developed, to give a more accurate measure of the technical efficiency of multi-port performance, by using throughput and resources, as output and input measures respectively.

Additional literature by Esmer (2008) sheds light on the performance measurements of container terminal operations. Container terminals thrive as a result of the productive utilization of land, labor, and equipment; therefore, measuring a terminal’s level of productivity is a way of quantifying the efficient usage of these assets.
Esmer (2008, pp. 246), quoted Kisi et al. (1999), highlighting the following grouping, as a measurement of PPI:

![Figure 17: Port Performance Indicators](image)

Similarly, PPI measurement has been classified into four categories by Thomas and Monie (2000), as referenced in Esmer (2008, pp. 247). A brief description of these measures are given below.

1) **Production measures**

These measures indicate the level of business activity at the terminal, including trade and output. Traffic is measured in unit time to capture the actual volumes of cargo that are handled at a terminal. Throughput measures each container move per unit of time, a practice which is considered vital in estimating cargo handling costs. Typical throughput measured are those of vessels, quay transfer and container yard.

2) **Productivity measures**

These measures are related to the terminal operating costs of handling all input and output cargo. Several other productivity measures can be used to monitor progress,
these include productivity levels from ships, cranes, quay, labor, terminal area and cost effectiveness

3) Utilization measures

These measures give management an indication of the degree or extent of usage of the terminal's production resources. Common measures usually include the utilization of the gate, storage facilities, quay and equipment.

4) Service measures

Satisfied customers are the heartbeat of a port, hence, customer satisfaction feedback is essential in measuring the quality of services rendered and facilitate overall improvement of services.

In summary, this chapter was a revision of published literature on governance and corporate performance measurement. Governance is a rather broad subject; however, the researcher focused governance and performance within the port industry. The chapter covered generalized base of governance framework and elements that are considered crucial for good governance. Additionally, further emphasis was made on port sector governance and port performance measures.
CHAPTER FOUR

4.0 EMPIRICAL ANALYSIS

4.1 Introduction
This chapter covers the qualitative methods used to conduct the descriptive research study. It further presents the conceptual framework, describes the research design, the ethical considerations, data collection, data analysis and procedures followed to analyze the results of this research paper.

4.2 Conceptual Framework and Hypothesis
According to Miles and Huberman (1994, pp. 18), a conceptual framework provides a graphical or narrative explanation of the main concepts or variables to be examined, with the purpose of measuring the influence and relationship between them. The researcher, therefore, deemed it be fitting to use the descriptive variables in Figure 18, to narrate governance and performance in Namibia. With the government as main shareholder and owner of the Port of Walvis Bay, it can be argued that the effectiveness of the Port’s governance is therefore driven by the legal system and environment of the country (Klapper and Love, 2004).
Figure 18: Conceptual Framework
Source: Adopted from Moya and Akodo, 2012 (pp. 127)

Figure 19 is an extension of the matching framework developed by Brooks and Pallis (2008, pp.415). Port performance (output), according to the authors is a product of governance (input). This conceptual framework is particularly designed to guide or describe the reformation process of ports by adjusting existing governance models. Further emphasis is placed on the integration of the user’s viewpoint, ‘to improve port performance and, as feedback, to assess the effectiveness of the governance model imposed by the government’s port policy’.
Figure 19: The Link between Governance and Performance
Source: Brooks and Pallis (2008)

Hypothesis
The Board is held liable for the performance of the Port, which means that the performance outcomes (financial and operational), whether negative or positive, are considered to be as a result of the decisions made by the Board. At the other end of the spectrum, the delegation given to management to run the business affairs of the Port, with the aim of delivering favourable results, is a task that requires diligent monitoring and scrutiny. The actions and decisions of management, should be aligned with the Ports growth plans and ensure that the states’ interests are upheld, with the highest sense of accountability, governance practices and ethical conduct.

The notion of the hypothesis parameters is centred on the premise that governance ultimately influences performance and that a constructive restructuring in governance has the potential of affecting change and improving an entity’s performance positively.
Although the Port seems to have progressed well over the years, some consideration needs to be given in adjusting the port management model. The weaknesses of a Public Service Port as identified in the WBPRTK, some of which relate to the Namibian model, can create serious setbacks which hampers growth and competitiveness of a port. The Port of Walvis Bay has vast room for improvement, coupled with the right and intelligent strategic moves, it has great potential in changing its current status and realize its vision of becoming Africa’s Port of choice and the logistics hub of the SADC region.

Good examples in Africa of ports that have undergone institutional reforms of their administration models in order to catch up with global standards and efficiency levels, include Ghana, Tanzania and Kenya. Evidence has shown that some of the major international ports, like Singapore, Rotterdam and Antwerp, have outpaced the industry and made significant strides, resulting from model transformations by taking high-quality Specific, Measurable, Attainable, Relevant and Timely (SMART) strategic decisions.

![Port Reform Score](image)

**Figure 20: Port Reform Score**  
4.3 Research Design and Ethics

Research design narrates the general strategy that is employed to incorporate the various elements of the study in a rational fashion, enabling the researcher to successfully address the research issue(s) at hand. In other words, it creates the blueprint to collect, measure, and analyze data effectively (USC, n. d).

A non-experimental, qualitative research method is used for this study, to facilitate and answer the research questions, by means of surveys, port document reviews and annual performance reports. The goal of qualitative research is to examine, gain understanding and gather details about a specific experience or phenomenon (UMSL, n. d). This study, therefore, wishes to answer ‘what’ and ‘how’ questions; hence, mixed methods of research was used to develop the results and provide a more complete picture of the research.

A case study approach was selected, to specifically focus on port governance and performance of the case port, within the Namibian framework. A case study is a focused, detailed study aimed at addressing a specific research problem. Yin (1989, pp. 13) identifies a case study as a practical analysis that ‘investigates a contemporary phenomenon within its’ real-life context’, and even more so, when the link between the phenomenon or incident and the context is blurred.

Research Ethics

Of paramount importance in any research project is the ethical aspect, which the researcher addressed accordingly. Valid consensus to conduct the research was sought and approval was duly granted by WMU Ethics Committee. In line with the Ethical Guidelines, all participants were well informed of their privacy rights and anonymity, as survey respondents (see Appendix B).
4.4 Research Instrument
An instrument can be referred to as a device that the researcher uses to measure the validity and reliability of the research tools. In facilitating the data gathering phase, the questionnaire compiled by the researcher was made up of rating questions, otherwise known as the Likert-type scale. The survey consisted of fifteen (15) statements, whereby the respondents were asked to indicate their level of agreement or disagreement for each of the statements. Optional commentary sections were also made available, allowing survey participants to share their views and opinions. The survey was designed to capture the research objectives and questions, thus covering governance characteristics, port performance and the new terminal development.

4.5 Data Collection
Considering the nature of this research being a qualitative review of the Ports’ historical performance, a mixed method approach was employed. Data collection was therefore conducted in two phases, namely, primary and secondary data. The researcher resorted to gathering data that would be instrumental in explaining the influence that governance has on performance of the Port of Walvis Bay.

4.5.1 Participant Selection
Sargent (2012, pp.1) explains that the sample size in qualitative research is normally not fixed but is rather dependent on ‘the number required to inform fully all important elements of the phenomenon being studied’. In evaluating the case study, a combination of purposeful and partially stratified sampling was applied, to gather and analyze a wider pool of informed perspectives, which the researcher deems beneficial in addressing the research objectives and questions accordingly.

The target population for this research was grouped into five categories, namely (i) the board of the Namibian Ports Authority as the main governing body and shareholder representative; (ii) the executive management, who are accountable to the board and responsible to carry out directives of the board; (iii) the senior and middle management; (iv) staff members from various departments of the Port of
Walvis Bay, as the main executors of port duties, and (v) the external auditor for an additional expert opinion. Taking into consideration, inclusiveness, transparency and participation as elements of good governance, the researcher sought the inputs of employees with different levels of knowledge, influence and expertise.

4.5.2 Primary Data source: Survey-Questionnaire
The researcher first resorted to request permission from the Port Authority’s CEO to conduct the research at the organization, which was endorsed favourably. Thereafter, the research survey was mailed to prospective respondents who upon giving their consent were all given the liberty of participating in the survey, on a voluntary basis. In addition, respondents were well informed and guaranteed of their identity protection and confidential treatment of all responses gathered.

4.5.3 Secondary Data source: Review of Annual Reports
Audited reports of the Port Authority were selected as the secondary data tool as they contain important information of the organizations’ annual financial performance, achievements, strategies and targets. Annual reports are also known to reveal details about the company’s development and further conveys the entity’s compliance to reporting standards. As a firm supporter of transparent accountability, Namport avails its annual reports on its corporate website, giving access and sharing vital information with staff, shareholders, clients and the public at large. Thee researcher, therefore, makes use of the available reports for 2006 to 2015, to observe the traits of resource management, governance and performance in general.
4.6 Data Processing and Analysis
The researcher made use of Microsoft Excel (2010) to process the survey responses and extracted statistical diagrams that are presented in the next chapter. Investopedia (n. d) defines descriptive statistics as a supporting tool that is used for describing and understanding the elements of a particular data sample. Data was analyzed, using the interpretive approach to identify and explain the core meaning of concepts (Creswell, 2003, pp.182). To elaborate on the findings brief summaries accompanied the sample data accordingly.
CHAPTER FIVE

5.0 DISCUSSION

5.1 Introduction
Upon analysing the questionnaires and reviewing the audited annual reports, the findings of this research work are discussed in this chapter. In addressing the research objectives and measuring the influence of port governance on performance, the researcher identified (i) governance structure, practices and port administration, and (ii) performance assessment. The results of the analyzed data are presented in several diagrams, supported by detailed descriptions.

5.2 Questionnaire Findings
A survey was administered to the Board members, Executive Committee of the PA, management and employees from different departments. The responses to each of the fifteen questions will be presented, using diagrams and tabulated format for the commentary.

5.3 Annual Report Findings
The annual reviews are prepared and published on an annual basis, after the external audit is completed and signed off. Graphical presentations of performance indicators will therefore be utilized to discuss the Port’s governance and performance, covering the period of 2006 to 2015.

5.4 Analysis of Questionnaire Responses
A total of 42 respondents participated in the survey, and the results of their expressed views are highlighted in this section. The survey was divided into three (3) main parts,
namely, governance characteristics, port performance and new terminal developments.

Participants Profile:

- Responses from Board of Directors: 1
- Responses from Executive Committee: 2
- Responses from Management: 5
- Responses from Employees: 34

A total of 24 males and 18 females participated in the survey. The mean average number of years that these employees have been in the service of Namport is 8 years, which demonstrates their loyalty to the Port Authority. Thirty-five percent (35%) of the participants, have been employed at the Port, between 10 to 20 years, with the majority stationed at the head office.
PART I: GOOD GOVERNANCE CHARACTERISTICS

This part of the survey covered seven (7) questions, which will be discussed below. The essence of this part is to get an overview of internal governance and to determine whether Namport complies with and incorporates the elements of good governance.

**Statement 1:** *Namport management and employees are well informed and included in the decision making processes of the organization.*

This statement received a mixed response, with a mere 33% of participants agreeing and confirming the staff’s involvement in key decision making of the Port Authority; thus, highlighting the degree of information exchange and social dialogue between the Board, executives and employees. The level of staff participation is relatively low; hence, it is essential that the senior management of the Port Authority bridge this gap and increasingly engage their staff and get them involved in decision making and business improvement processes. Taking into consideration that employees are stakeholders or participants of the organization, it is therefore expedient that stakeholder inclusiveness at the corporate level, should not be neglected.

![Figure 21: Staff involvement in decision making](image)
Statement 2: Information is shared freely before any major decisions or new policies that might affect stakeholders are implemented.

Similar to the first statement above, this one focused on the flow of information, prior to the implementation of major decisions. The response pattern portrays some resemblances with a vast majority of respondents, either disagreeing (26%) or having a neutral opinion (38%); whereas 5% strongly disagreed; 21% agreed, and 10% strongly agreed. This is another major area that the Board and executive management should address, to improve the communication channel of the Port Authority. As an endorser of the King III Code of Governance, the Port Authority should prioritize on transparent and efficient flow of information, on all levels of the entity, for more effective leadership practices.

Statement 3: Namport management and employees are well exposed and/or acquainted with the governance agreement, practices and policy statement(s).

This question was answered with 21 out of 42 respondents (50%) gave a neutral rating, whereas 29% expressed their disagreement, that Namport staff have sufficient exposure to the documents that outline governance. The remaining responses comprised of 14% agreeing, 2% strongly agreeing and lastly, 5% strongly disagreeing. It appears that many of the employees are not aware nor well informed about the policies and practices that embody the Ports governance. Table 9 provides the comments from participants, expressing their respective views.
### Table 9: Summary of Responses from Statement 3

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Namport employees are not well informed and acquainted with governance, and information are not disseminated timely to employees at lower levels.</td>
</tr>
<tr>
<td>ii. As much as the Board makes strategic decisions, the information required to make such decisions goes through executive scrutiny before being presented to the Board for a decision. In this way management and stakeholder input is obtained before strategic decisions are made and policies are formulated. Namport has a well-structured delegation framework which encourages participation by employees and management in the decision making process at appropriate levels.</td>
</tr>
<tr>
<td>iii. There is an exposure of all agreements but not all employees are involved. There is a need for Namport to start conducting information sessions where all employees can be sensitised and engaged on all the agreements and policies implemented.</td>
</tr>
<tr>
<td>iv. Not very sure that all employees, especially in operations are fully involved and updated.</td>
</tr>
<tr>
<td>v. The fact that information is being shared electronically, at times, does not reach all audiences timely and contributes to lack of adequate information shared.</td>
</tr>
<tr>
<td>vi. The communication of the company’s vision, mission and governance structures needs to be seriously reconsidered. The way communication and information flows between top management and the lowest placed employee and vice versa needs to be urgently revisited. Communication and clear information flow is the blood line of the organization and cannot be neglected.</td>
</tr>
<tr>
<td>vii. The workforce is quite unionised and agreements do exist with Trade Unions and therefore the employee update and information is greatly happening from that angle of this relationship and given the likely end result if the representatives (and thus workers) are not updated. Clients, shareholders and other stakeholders are adequately updated and consulted on business principles.</td>
</tr>
</tbody>
</table>
**Statement 4:** The current governance structure and policies are suitable for future advancements of the port.

The outcome of responses derived from this statement, generally received positive feedback with 20 out of 42 participants citing their agreement of the governance structures’ suitability, for prospective development of the Port. Other respondents strongly agreed (2), disagreed (4), and (16) had neutral views. A summary of respondents comments is presented in Table 10.

**Table 10: Summary of Responses for Statement 4**

<table>
<thead>
<tr>
<th>Comments:</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. The current structure and policies are suitable but there is always a room for optimisation. Namport should benchmark with the best performing ports in the world, compare what would make the port of Walvis Bay competitive, and meet its future needs. The current structure and policies should be reviewed constantly.</td>
</tr>
<tr>
<td>ii. Not all business activities are covered by the policies.</td>
</tr>
<tr>
<td>iii. The governance upper structure is too large, which leads to inefficiency. In addition, the policies do allow for growth of current employees, in the form of promotion.</td>
</tr>
<tr>
<td>iv. The Port of Walvis Bay needs to reconsider its set-up, especially to allow private sector involvement. There is a need to reinvent the concept of operation.</td>
</tr>
<tr>
<td>v. Application and implementation and continuous enhancement need to be reinforced and sustained</td>
</tr>
</tbody>
</table>

**Statement 5:** The Board and senior management prioritizes on adequately trained staff and equal opportunities for skills development across departments.

A joint 32% of respondents agreed that equal opportunities for training and staff development are granted, whereas 33% disagreed to this notion. As shown by Figure 22, 14% disagreed and 22% rated training and opportunities as average. Human
capital is the most dynamic resource of the port, their productivity and maximized performance is, therefore, an attribute of training. This study, however, illustrates that corporate training and staff development is relatively low, which could be a result of a weak or under-utilized training policy. In achieving its objectives and greater success levels, Namport should remedy this lack of training and create more avenues for targeted and professional skills development, as a motivating tool for advancing the ports’ performance and long-term competitiveness, stemming from highly skilled workforce.

![Figure 22: Opportunities for Staff Training and Skills Development](image)

**Statement 6:** Namport is responsive to the needs, concerns, wellbeing and suggestions of employees and external stakeholders.

Results indicate that 22 respondents had neutral views, while 15 respondents affirmed that the Port Authority acknowledges and responds to the needs of its stakeholders. Responsiveness as one of the elements of good governance, requires the Port Authority to best respond to and serve the interests of its stakeholders. Namport conducts a bi-annual *Customer Satisfaction Survey* to establish the level of satisfaction among its clients and identifies possible areas for improving the entity’s services. This practice has been greatly beneficial in responding to clients’ concerns.
and developing practical solutions. However, the results of employees’ overall satisfaction require more attention.

![Pie chart showing responses to Namport's Stakeholder Responsiveness Statement 7: Namport is accountable and transparent about its' financial and operational performance.]

**Figure 23: Namport’s Stakeholder Responsiveness**

**Statement 7: Namport is accountable and transparent about its’ financial and operational performance.**

Literature reviewed in Chapter Two, highlighted transparency and accountability as key elements of good governance. This statement was widely answered positively, with 48% of respondents affirming their agreement of the Authority’s transparency, as required by King III; respondents who strongly agreed accounted for 19% of responses and the remaining 33% gave a neutral rating. Further, commentary is provided in Table 11, in support of the responses provided.
Table 11: Summary of Responses for Statement 7

<table>
<thead>
<tr>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Financial statements are prepared every month to track monthly performance of the Port.</td>
</tr>
<tr>
<td>ii. Namport is required by law to submit financial and operational reports to the line Ministry and the Ministry of Public Enterprises which documents are tabled in Cabinet. The overall performance of the Company is reported to Parliament with its audited financial statement published. It is therefore open to public scrutiny and accountability.</td>
</tr>
<tr>
<td>iii. Quarterly CEO briefings are held to inform employees on current financial status, potential threats and overall day-to-day business.</td>
</tr>
<tr>
<td>iv. The Port Authority may need to relook into the integrity of all its employees.</td>
</tr>
<tr>
<td>v. Agree selection in 7 above pertains only to transparency not accountability. If accountability question was set alone my selection was going to be Neutral.</td>
</tr>
</tbody>
</table>

In summary, a vast majority of the statements in this section yielded neutral results, which could be denoted as giving the Port an average score; also ranking high were respondents who disagreed that the Port Authority fully complied with elements of good governance. This could indicate that the Port Authority needs to revisit some practices of its governance culture to promote a more inclusive approach.
PART II: PORT PERFORMANCE

This part aims to evaluate the relationship between governance and Port performance and looks at the general performance of the Port of Walvis Bay.

Statement 8: *The manner in which the Port is governed and managed, has a direct impact on its' performance.*

As evidenced by Figure 24, most respondents positively affirmed that indeed the Port’s performance is a direct result of the governance practices and/ or structure that is in place. The two (2) respondents with divergent views, did however not provide any reasons to justify their opinion. The table below, features some remarks by some of the respondents.

![Figure 24: Influence of Governance on Performance](chart)

<table>
<thead>
<tr>
<th>Agreement Level</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>21</td>
</tr>
<tr>
<td>Agree</td>
<td>18</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
</tr>
</tbody>
</table>

Figure 24: Influence of Governance on Performance
Table 12: Summary of Responses for Statement 8

<table>
<thead>
<tr>
<th>Comments:</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Namport offers significant comparative time/price efficiencies as there are relatively minimal to no delays in ship schedules and throughput unlike other ports in South and West Africa. This is due to smooth berthing when loading and unloading cargo from vessels and smart utilization of existing capacity. The prices Namport charges are also on a par or better than other sub-Saharan ports.</td>
</tr>
<tr>
<td>ii. The port operates in an internationally competitive environment and good governance and sound management is prerequisite to good performance.</td>
</tr>
<tr>
<td>iii. The port has geographical advantage, however, it has a challenge with capacity. To remain competitive, the port must be able to accommodate bigger vessels being rolled out into the market.</td>
</tr>
<tr>
<td>iv. For the past ten (10) years, the Port has grown significantly, which indicates that it has been managed properly.</td>
</tr>
<tr>
<td>v. The PWB needs to start thinking about PPP approach for managing the infrastructure and services in order to attract the necessary skill and capital in this regard.</td>
</tr>
<tr>
<td>vi. The results (performance) we see is the outcome of the manner of governance and management, thus governance and management becomes inputs and process to the performance.</td>
</tr>
</tbody>
</table>

**Statement 9: The Port of Walvis Bay (PWB) is highly competitive in the SADC and Eastern Africa regions and has great potential to become the leading gateway and Africa's port of choice.**

Ports thrive because of increased demand for cargo or throughput volumes. The port industry, however, is a competitive one; hence, for ports to maintain their competitive edge, operating costs should be regulated; efficiency, reliability and the quality of services rendered should be a main priority. The competitive edge of the Port was highly attested by the respondents, with 10 strongly agreeing, an additional 22 respondents supported this notion by agreeing, and the remaining 10 participants
gave a neutral rating. In Table 13, respondents further expounded that the Port can enhance its performance and become more competitive.

Table 13: Summary of Responses for Statement 9

<table>
<thead>
<tr>
<th>Comments on how the port can improve its performance and overall competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
</tr>
<tr>
<td>ii.</td>
</tr>
<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>iii.</td>
</tr>
<tr>
<td>iv.</td>
</tr>
<tr>
<td>v.</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>vi.</td>
</tr>
</tbody>
</table>
vii. By acquiring advanced equipment, for example, ship to shore cranes, and by having adequate berths to accommodate big vessels and reasonable tariffs that will attract clients to utilize the Port of Walvis Bay.

viii. The Port can deepen its’ channel and quay to allow larger vessels to dock. The Port could also introduce a Port Community System, to minimize time loss with documents.

ix. The PWB has taken too long to develop its infrastructure and adapt to fast paced market dynamics. Other ports in the region have made strides in these areas and significantly modernized their ports and this by concessions. The PWB must think in the same lines or generate innovative ideas that will trump the other regional players.

x. The greatest resource (workforce) and the related governing national labour laws in an effort to protect workers are unfortunately not very friendly or flexible with business/economic environment and thus affect competitiveness. Therefore, as the port grows, it will add value by to identifying activities (especially the significant ones) where technology (automation) can better serve the purpose to ensure balance and continuity.

**Statement 10:** *The port and its’ resources are managed in an effective and efficient manner, that allows for more business and future economic growth.*

The statement received a mixture of responses, with 21 out of 42 participants agreeing while the other half yielded two different responses; with 14 respondents maintaining a neutral view and the remaining 7 respondents expressed their disagreement. In essence, according to the study results, the efficient management of the Port’s resources are rated at 50%, this could imply that there might be some mismanagement or negligence in the way resources are handled.
Statement 11: The PWB is an environmentally sustainable port that promotes awareness of safety in the workplace and creates a hazard-free working environment.

This statement widely received positive feedback, with 85% of respondents agreeing, supported by those who strongly agreed that the environmental performance of the Port is at par with industry standards. A small fragment of respondents had a neutral outlook (10%), while 5% disagreed. This shows that the environment policy of Namport is well implemented and executed accordingly, to meet the International Standards Organization (ISO) principles. One respondent elaborated on the measures that the PA has in place, in fulfilling their safety and environmental obligations.

Table 14: Summary of Responses for Statement 11

<table>
<thead>
<tr>
<th>Comments:</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Safety talks and PPE is provided to staff working in the Port. The Port also has a clinic on-site and occasional fire drills are conducted.</td>
</tr>
</tbody>
</table>
Figure 26: Environmental Sustainability at the Port of Walvis Bay

**Statement 12:** *The Port’s documentation and electronic processing system is efficient and competitive, in an ever changing and growing global market.*

According to the results of the survey, 25 out of 42 respondents disagreed that the Port has efficient data processing systems or technologies in place, while 10 participants rated these processes as average. This indicates to the researcher that the Port is still dependent on manual processes; thus, slowing down the speed of execution and service delivery. In this era of fast paced operations, the Port seems to be lagging behind and therefore needs to adjust its internal processes to enhance efficiencies that will ultimately lead to providing better services to their clients.
Statement 13: The Port has performed considerably well over the years by continuously improving the quality of its services as well as meeting and/or exceeding its' set targets.

This statement attempted to examine the growth in performance over the past ten (10) years. Fifty-five percent (55%) of the participants agreed that the performance and service quality of the Port is commendable, whereas 43% had a neutral opinion with regards to the performance of the Port.
PART III: NEW TERMINAL DEVELOPMENT(s)

In this section, the researcher determines to weigh the capability of the Port Authority for long-term performance of the new Container Terminal. In hindsight, this section also looks at the progress of the governing body, in terms of preparation of the Terminals projected operations.

Statement 14: The Port is fully prepared, in terms of trained staff and upgraded technology, to operate the new terminal(s), independently and successfully.

This statement strives to assess the extent of the Port’s readiness for the commissioning of the soon-to-be completed Container Terminal that is currently under construction. Results from the 42 participants (see Figure 29), mainly indicated that the Port is not equipped enough, to operate the Terminal independently. The lack of readiness, as extracted from the responses, is somewhat worrisome, given the magnitude of this project undertaking. The Board and senior management of the Port Authority have a great responsibility of ensuring the success of the new Terminal, with the collective drive from employees and other stakeholders.
Figure 29: Namport's readiness for the New Terminal
**Table 15: Summary of Responses for Statement 14**

<table>
<thead>
<tr>
<th>Comments:</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. The port is not yet fully prepared and staff skills is not upgraded to utilise modern technology and equipment.</td>
</tr>
<tr>
<td>ii. Preparedness is hampered to some extent by the financial resources required to be fully automated.</td>
</tr>
<tr>
<td>iii. Technology upgrade and employee retraining are still work in progress and hence readiness is pending.</td>
</tr>
<tr>
<td>iv. The port should identify the skills required for the new terminal personnel and begin to train potential employees. Although it is not easy hence their placement should be done in line with the recruitment policy, it is necessary to ensure that all operators are equipped and ready to work at the new terminal without promising them any potential position/jobs. The success of the new terminal rest on two things, human element and technology, hence, the port should constantly train the operators and those that will be managing/monitoring the technology/systems used to avoid accidents and lost time in operation.</td>
</tr>
<tr>
<td>v. At present, no training is visible yet.</td>
</tr>
<tr>
<td>vi. In my opinion the port is not very well prepared. This process should have started already and should involve all departments. Some departmental stakeholders, thus far, have had little to no involvement in the project, which should have been a very good learning tool. However, there is a lot of room for improvement.</td>
</tr>
<tr>
<td>vii. The new terminal is, among others, introducing new machinery at this facility, which has not been operated by the port before. In this case, training/exposure to this new machinery is paramount before the machines are put into use, as induction alone will be inadequate. Also current processes need to change in certain instances to adopt what all other terminals are doing world-wide (best practices) as the port deals with international clients.</td>
</tr>
</tbody>
</table>
**Statement 15:** The Port should consider a private operator to handle the operations of the new terminal, through a concession agreement.

The responses of this statement are presented in Figure 30:

![Figure 30: Consideration for Private Operator](image-url)
Table 16: Summary of Responses for Statement 15

**Comments:**

i. Public-private partnerships in port operations flourish in the major ports of the world with most container terminals operated by private terminal operators leading to increased volumes, improved efficiencies, and investment in infrastructure. The income from leasing such terminals is then used to fund much-needed capital investment, which in the case of Namport is critical in terms of rehabilitating and upgrading the aging infrastructure at Berths 4 to 8 and widening the channel to accommodate larger vessels at the Port of Walvis Bay. An ideal opportunity to embrace such a public-private partnership presents itself at an opportune time in the form of the New Container Terminal that will be commissioned in two years’ time. This will afford sufficient time for the procurement processes relating to such a strategic operational change. Namport will be proceeding with a comprehensive feasibility study for potential partnership with a private.

ii. It is an option worth exploring especially having regard to the technological requirements and operational costs.

iii. The Port Authority should continue to run operations and use current employees.

iv. An assessment on the tenability of this option would still need to be conducted before such direction can be embarked upon.

v. At the moment the port does have capacity to run the new terminal, what is required is to have a strong management team that is strategic oriented and understand the needs of the business, appoint competent people, monitor performance and training constantly. Of equal importance, employees should remain motivated and engaged in all decision making that affect their performance.

vi. With the suitable management on board who are here for the greater good of Namport, and further developing the staff who are familiar with port operations, which is specialised field, the Port will not need a private operator for the new terminal.

vii. I agree, the public sector does not have all the answers and more often than not, the required capital to invest in modern infrastructure that drives development. The PWB must follow the models implemented in other countries and involve private partnerships.

viii. Currently, the Port has or is already acquiring and financing all the infrastructure and equipment/technology, therefore concession agreement at this stage of development may not be practical but operation/management agreements can be considered with due consideration to the interest of the workforce and its representatives and shareholder sanction as well. The time to implementation (engaging to agreement) also may be significantly longer than the remaining intended dates for implementation.
5.5 Review of Annual Reports

This section provides an analytical overview of the empirical findings that were extracted from the audited annual reports, for the period under review. The researcher will address both operational and financial performance of the Port.

i. **Operations Performance**

Key Performance Indicators (KPIs) are an essential apparatus for organizations to measure their progress, in meeting their strategic targets. KPIs should, however, not be measured blindly, but strive to be purpose-driven and target-oriented, with the aim to bring about positive change. With reference to Figure 31, the SMART principles is one of the ways that organizations can assess their KPIs (Klipfolio, n. d).

![SMART Principles](image)

**Figure 31: Relevance of measuring KPIs**

Source: Klipfolio (n. d)

Ports are largely driven by productivity or efficiency levels and growth in cargo volumes; these indicators are formerly used for evaluating their business performance goals. Namport is committed to understanding and serving the needs of its customers; hence, over the years, the Port has endeavoured to keep a close eye on its performance.
performance by measuring terminal, yard, gate and other related KPIs, as a benchmark to improve its operations.

The vessel productivity, turnaround times, container clearance and container moves per hour, as mentioned in Chapter 2, are a testament of the strides that the Port has taken in achieving desirable efficiency levels. It is worth noting that in the operational period of 2007/2008, the Port handled 400,000 tonnes more than the previous year. The CEO then, expressed that ‘this performance is a clear manifestation of the significance of setting goals’. He further elaborated that, during that same period, the Port exceeded most of its goals because with the set goals, Namport became more focused, energized and concentrated (Namport Quayside Talk, 2009).

### Table 17: Operational Performance 2009/2010

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Target</th>
<th>Year-to-date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Container moves per hour (Maersk)</td>
<td>25</td>
<td>22</td>
</tr>
<tr>
<td>Average waiting time</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Heavy mobile cranes availability</td>
<td>90%</td>
<td>96%</td>
</tr>
<tr>
<td>Heavy mobile cranes utilization</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>Reach Stacker availability</td>
<td>90%</td>
<td>86%</td>
</tr>
<tr>
<td>Reach Stacker utilization</td>
<td>40%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: Namport Quayside Talk (2009)

**Port Traffic and Cargo Volumes**

The annual report of 2008 revealed that the Port handled 400,000 tons more than the previous operational year; an achievement and milestone that was greatly praised. The constant improvements in productivity, has attracted an increase cargo volumes and vessel visits to the Port, which can be attributed to the actions taken by the Port Authority, to continuously enrich the Port’s regional brand and footprint. According to
cargo statistics of the Port, there has been an increase in most spheres of the Ports’ operations, with most targets either met or exceeded.

Namport has seen an increase of 9.6 percent (%) in the number of cargo handling, from 2.6 million metrics tons in 2002/2003 to 5 million metric tons in 2010 to 2011. This growth reflects positively on the activeness of the transport corridors and on country’s economy, in general (World Bank, 2012).

![Graph showing Namport's Port Traffic](image)

**Figure 32:** Namport’s Port Traffic  
*Source: Retrieved from Namport Annual Reports by World Bank (2012)*

Figure 33 shows the monthly movement of containers (using a period of eight (8) months), from 2011 to 2016. Until 2015, the Ports’ annual financial and operations period ran from 1 September till 31 August. This was, however, changed after closing off the 2014/15 financial period, with the new period commencing in 1 March until 28 February the following year. The Port performed relatively well between 2011 and 2012, the decline in monthly volumes from 2013 to 2015, was largely as a result of slowdown in global commodity trade and plummeting oil prices.
In the annual report of 2008/9, the CEO proudly reported that Namport handled 5.4 million tons which is an increase of 690,000 more than the previous year. In the same period, the Port also reached the 250,000 TEU mark.

The PWB published the following cargo statistics on its website, highlighting the period from 2006 to 2012. The results indicate the growth of the Port, measuring the vessel calls, cargo processed and containers handled. In 2012, the Port exceeded the 6-million-ton threshold, for the first time. In the same year, the Port handled 337,000 TEUs; an achievement that the Port is proud of and committee to maintain and improve on, in the near future.
The Port of Walvis Bay has experienced exponential growth in container throughput, arriving at and departing from the Port. In a short space of time, the number of containers at the PWB, rose from nearly 145,000 units to approximately 335,000. This trend has led to the decision by Namport and its stakeholders to expand the terminal.
facilities in order to accommodate future growth. This growth is projected to rise in the coming years; therefore, the Port needs to be prepared for these impending developments.

Figure 34: TEU volumes at the Port of Walvis Bay
Source: Namport Situation Analysis (2012)

ii. Financial Performance

Namport is a firm advocate of transparency, having disclosed their audited annual reviews over the years. These reports highlight to the shareholder, the organization’s financial performance of the year under review and they are also useful for evaluating the performance against the business goals. The Port Authority has a fully-fledged internal auditing and accounting division, which is responsible for internal financial controls of the organization. In addition, the external auditor performs an annual review of the business performance, to ensure that the financial statements are free from material misstatement (Namport Annual Report, 2006). With effect from 1 September 2005, Namport’s financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).
In measuring the financial performance of an entity, accounting ratios such as financial leverage, liquidity and efficiency ratios, are largely considered as indicators for weighing the financial health. Poor financial management can be catastrophic for any entity; therefore, close monitoring of the business’ performance, coupled with accountability, is crucial for growing a business (NI Business Info, n. d). Investopedia defines financial performance as a firms’ ability to generate revenues from its’ primary assets, referred to Return on Assets (ROA) and measuring these subjectively.

Return on Equity (ROE), on the other hand, is more concerned with the return on shareholder investment, however, Hagel III et al. (2010) argue that an overdependence on ROE can be challenging. ROA and ROE can be used independently or interchangeably, when it comes to measuring operational performance.

**Highlights from Namport Annual Reviews**

**2007/2008:**

- Revenue increased with 34%
- Operating profit increased by 52%
- Net profit rose from N$ 91.4 million in 2007 to N$112 million
- Return on assets (ROA) was 12% against a target of 0.5%
Table 19: Namport’s Key Financial Indicators in 2008

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (N$000)</td>
<td>434,213</td>
<td>324,237</td>
<td>252,671</td>
<td>220,858</td>
<td>211,270</td>
</tr>
<tr>
<td>Operating Profit (N$000)</td>
<td>140,165</td>
<td>91,992</td>
<td>37,418</td>
<td>36,638</td>
<td>12,357</td>
</tr>
<tr>
<td>Profit before taxation (N$000)</td>
<td>164,658</td>
<td>113,062</td>
<td>45,638</td>
<td>33,520</td>
<td>7,455</td>
</tr>
<tr>
<td>Return on assets</td>
<td>11%</td>
<td>9%</td>
<td>4%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Return on equity</td>
<td>17%</td>
<td>13%</td>
<td>6%</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>32%</td>
<td>28%</td>
<td>15%</td>
<td>17%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: Namport Annual Report 2008

2008/ 2009

- Revenue for Namport Group increased exponentially within a year, from N$681 million to N$1.1 billion
- The operating profit of the Namport Group, experienced a great surge in the 2008/9 financial year, from N$162 million to N$353 million
- Against a target of 9.3 percent (%), the Namport Group’s ROA stood at 14.8 percent, compared to merely 9.67 percent the year prior

Table 20: Namport’s Key Financial Indicators in 2009

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (N$’000)</td>
<td>615,819</td>
<td>434,213</td>
<td>324,237</td>
<td>252,671</td>
<td>220,858</td>
</tr>
<tr>
<td>Operating Profit (N$’000)</td>
<td>234,303</td>
<td>140,165</td>
<td>91,992</td>
<td>37,418</td>
<td>36,638</td>
</tr>
<tr>
<td>Profit before taxation (N$’000)</td>
<td>257,352</td>
<td>164,658</td>
<td>113,062</td>
<td>45,638</td>
<td>33,520</td>
</tr>
<tr>
<td>Return on assets</td>
<td>13.21%</td>
<td>11%</td>
<td>9%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Return on equity</td>
<td>22%</td>
<td>17%</td>
<td>13%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>38%</td>
<td>32%</td>
<td>28%</td>
<td>15%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Annual Report 2009
2009 – 2015:

In 2011, the Port yielded the following results:

- The Port Authority’s revenue increased by 14%, and this was largely due to the reduced berth utilization, operating at 50% for four months, due to berth optimization projects
- The Group’s net profit increased with 16%, while the Port Authority recorded an increase of 14%

The year 2012 was highly successful, having exceeded set targets with flying colours.

- The Group recorded revenues of N$755 million, compared N$647 the previous year
- Against a target of 10 percent (%), return on assets was achieved by 8.9 percent
- A total of N$12.5 million was spent on training and development

In 2013, the Port of Walvis Bay received the prestigious award as ‘Port of the Year’ at the African Ports Evolution (Namport Annual Report, 2013).

The year 2014 marked Namport’s 20th anniversary and as mentioned in Chapter 2, the Port commenced its biggest projects to date; these new undertakings substantially increased the asset base of the Port, from N$2.8 billion in 2013 to N$5.6 billion in 2015.

The global port industry experienced some turbulences, which explains the results in Table 21. These economic challenges limited the Port from maximizing its operations, nevertheless, the Port still managed to maintain a positive and strong financial performance, posting an increase in revenue by 8 percent, which is impressive given the circumstances.
The annual report for 2015 also provided a list of KPIs and targets, set by the Port to measure its performance (see Table 22). From an analytical performance perspective, these results indicate that the Board and management are actively addressing key issues and driven towards achieving sustainable operations and meeting the strategic targets of the Port. Despite some of the setbacks that the Port experienced in that period, the gap between the actual outcomes measured against the envisioned targets, were not too significant. Namport has also shown its steady commitment towards preserving and protecting the environment in which it operates, by retaining the ISO certifications. The Port, however, needs to improve its client satisfaction ratings to carve out a solid reputation of efficient and cost effective operations, which is constructive for long-term regional competitiveness.
Table 22: Namport KPIs for 2015

<table>
<thead>
<tr>
<th>KEY PERFORMANCE INDICATORS</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATION PERFORMANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Container moves per hour per vessel</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td>Waiting time (hours) — Port of Walvis Bay</td>
<td>9</td>
<td>0.16</td>
</tr>
<tr>
<td><strong>FINANCIAL PERFORMANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year-on-year Increase in Turnover</td>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>Earnings Before Interest and Tax (EBIT)</td>
<td>20%</td>
<td>24%</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>4.78%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Profit per Tonne (N$)</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>EBIT/employee monthly (N$)</td>
<td>20,840</td>
<td>22,459</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>3.1</td>
<td>1.5</td>
</tr>
<tr>
<td>Debtors Days</td>
<td>56</td>
<td>60</td>
</tr>
<tr>
<td>Interest on Investment</td>
<td>7.9%</td>
<td>10.05%</td>
</tr>
<tr>
<td>Total Debt/Equity Ratio</td>
<td>1.21</td>
<td>1.99</td>
</tr>
<tr>
<td>Debt to Equity Ratio</td>
<td>0.86</td>
<td>0.35</td>
</tr>
<tr>
<td>Debt Service Coverage Ratio</td>
<td>1.90</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>EMPLOYEES, CUSTOMERS AND SAFETY PERFORMANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Employees</td>
<td>964</td>
<td>967</td>
</tr>
<tr>
<td>Total Cost of Employment/Turnover</td>
<td>42%</td>
<td>45%</td>
</tr>
<tr>
<td>Training (% of payroll)</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Customer Satisfaction Index (prior year survey)</td>
<td>75%</td>
<td>71%</td>
</tr>
<tr>
<td>Lost Time Injury Frequency Rate (LTIFR)</td>
<td>&lt;1</td>
<td>0.68</td>
</tr>
<tr>
<td>Safety, Health, Environment and Quality International Standards Certification</td>
<td>Retain</td>
<td>Retained</td>
</tr>
</tbody>
</table>

Source: Annual Report 2015
Dividends

Namport is known to be one of the best performing and self-sustaining SOE’s in the country, having faithfully paid their dividend dues to the government over the years, and not relying on any state bailouts for survival. From 2012, dividend pay outs were halted, this decision was made, to support the Port Authority with the major investment loan for the Port Expansion project.

A summary of dividend pay outs is presented in Table 23:

Table 23: Dividends Declared

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Dividends to Shareholder</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>N$ 3.5 million</td>
</tr>
<tr>
<td>2007</td>
<td>N$ 8 million</td>
</tr>
<tr>
<td>2008</td>
<td>N$ 15 million</td>
</tr>
<tr>
<td>2009</td>
<td>N$ 17 million</td>
</tr>
<tr>
<td>2010</td>
<td>N$ 25 million</td>
</tr>
<tr>
<td>2011</td>
<td>N$ 15 million</td>
</tr>
<tr>
<td>2012</td>
<td>-</td>
</tr>
<tr>
<td>2013</td>
<td>-</td>
</tr>
<tr>
<td>2014</td>
<td>-</td>
</tr>
<tr>
<td>2015</td>
<td>-</td>
</tr>
</tbody>
</table>

Remuneration

It is reported that Namport’s expenditure on salaries and payment of board members and executive management, has sparked concerns; especially, given the fact that the salary bill takes up approximately half of the revenue that is generated by the Port. An article published in the Namibian newspaper on 23 October 2015 (pp. 1), titled ‘What’s in a board’, criticized the Port Authority for what they described as an excessive salary bill. The journalist further reported that, compared to other public enterprises, Namport’s BOD are overpaid. Tighter measures, therefore, need to be implemented to minimize the high labor cost and improve the financial management and performance of the Port, if it is to continue creating value for the shareholder and its stakeholders.

The data in Table 24 was retrieved from the Income Statement of the respective annual reports. The researcher opted to use Company performance results, not the Group financials, in order to get a clearer picture of the Port Authority’s financial performance. The table includes a summary of Namport’s revenue and what the Port has spent on salaries, from 2006 to 2015.

Table 24: Namport Remuneration (in N$’000)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>252,671</td>
<td>324,237</td>
<td>434,213</td>
<td>615,819</td>
<td>566,025</td>
<td>646,792</td>
<td>755,163</td>
<td>812,926</td>
<td>874,533</td>
<td>917,801</td>
</tr>
<tr>
<td>Staff Costs</td>
<td>97,061</td>
<td>116,160</td>
<td>130,075</td>
<td>156,863</td>
<td>196,380</td>
<td>224,903</td>
<td>303,627</td>
<td>339,529</td>
<td>392,418</td>
<td>444,121</td>
</tr>
<tr>
<td>Board</td>
<td>303,674</td>
<td>683,241</td>
<td>540,973</td>
<td>1,519,000</td>
<td>1,002,000</td>
<td>2,683,000</td>
<td>3,359,000</td>
<td>2,338,000</td>
<td>2,001,000</td>
<td>1,334,000</td>
</tr>
<tr>
<td>Executive Management</td>
<td>5,325,410</td>
<td>6,121,434</td>
<td>6,653,247</td>
<td>6,717,014</td>
<td>7,403,000</td>
<td>8,300,000</td>
<td>8,219,000</td>
<td>10,349,000</td>
<td>12,116,000</td>
<td>11,633,000</td>
</tr>
</tbody>
</table>

Source: Data retrieved from Annual Reports, 2006 - 2015
CHAPTER SIX

6.0 CONCLUSION

6.1 Summary
This research reviewed the history of port governance and performance in Namibia, particularly focusing on the country’s main commercial hub, being the Port of Walvis Bay. The study aimed to examine how governance has influenced the overall administration and performance of the Port, over a ten-year period (2006 to 2015). Moreover, the study was geared towards developing a survey, to assess current governance practices and to improve future delivery of port governance.

The research was designed to answer the following questions:

i. What is the governance model of the port and how has it affected or improved the port’s performance and efficiency?

ii. In line with international standards, how well have governance practices and port policy framework been adopted?

iii. What role has governance and port policy played so far, in enhancing the business interests and competitive index of the Port?

iv. How can the Port of Walvis Bay take optimal advantage of its’ new expansion and what measures have been considered for maximized benefit of the new container terminal?

The conceptual framework and hypothesis as identified in Chapter four (4) and published literature, were used as a supporting basis to provide these answers, which were elaborated in Chapter 5. The empirical analysis, where the researcher made an inquiry into the Ports’ governance practices and performance, were accomplished by
means of a survey and reviews of the entity’s annual reports. Participants were drawn from the Ports’ BOD, executive management, mid-level management and personnel from various departments.

The study had three (3) focal areas, namely:

1. Port Governance

This section intended to measure the compliance of the Port Authority, in line with international best practices for corporate governance. It emerged that some gaps were visible in the current internal communication channels and flow of information, which can be remedied and improved upon. On average, participants expressed that the Port is compliant with governance practices; nevertheless, there is room for improvement. According to the annual reports, Namport has invested millions of Namibians in staff training; however, it appears that there seems to be an imbalance in this regard, since the main focus is on technical training. In-house training and succession planning is a rarity, which hampers not only manpower skills and development but overall performance. Special care and priority should, therefore, be given to training (both soft and hard skills), and more so, such opportunities should be equal across departments.

2. Port Performance

Results from the survey, synchronized with that of the annual reports, in terms of the Ports’ financial, socio-economic and environmental performance. Most respondents attested that the Port was competitive within the region but lags behind in efficient data processing systems. Namport’s year-on-year revenue growth can be related to combined efforts, from board decisions being successfully delegated by management and well executed by employees. The high expenditure and cost structure of the Port is an issue to be looked at with urgency.
3. **New Terminal Development(s)**

The new container terminal, valued at N$4 billion is expected to reach completion by mid-2018. The researcher endeavoured to explore the Port Authority’s efforts in ensuring operational readiness, from a governance angle. It surfaced that Namport is not fully prepared to run the new terminal independently. The new terminal is expected to be operated with the first-ever Ship-To-Shore (STS) cranes and training in this regard does not seem to have been engaged yet. The Board, management and policy makers from the Ministry should, therefore, earnestly decide on the way forward.

As a main driver of maritime infrastructure development, Namport needs to devise, investigate and gauge innovative approaches to propel the Ports’ future growth and success. The Port further needs to ‘lay the foundation for a new way of doing business that will enhance the customer’s value proposition and revenues, while improving resource productivity and reducing costs’ (Accenture, 2015).

With port dynamics changing at rapid speed and more changes expected in the future, the researcher advises that the Port Authority continuously embarks on more stringent focus areas of operational details and financial performance for continuous improvement. More importantly, it is crucial for key management to continue monitoring the market closely to stay abreast of the current global developments.
6.2 Policy Implications in Namibia

The global maritime industry is transforming rapidly and ports are left with the burden of adjusting to current trends and transitions.

ILO Conventions

Table 25 presents International Labor Conventions that relate to Ports and Human Resources Development and Training. To date, Namibia has not enforced or ratified any of these conventions, to upgrade its labor standards. Whether the local labor standards are on par with global standards is unknown to the researcher; however, this status is doubtful. The Namibian government, Ports Authority and relevant stakeholders should therefore, as a preliminary measure, align their policies to meet current global practices.

Table 25: Namibia's Status on ILO Conventions

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Convention</th>
<th>Date Ratified</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>C137 - Dock Work Convention, 1973 (No. 137)</td>
<td>Not Yet Ratified</td>
<td>Recommendation concerning the Social Repercussions of New Methods of Cargo Handling in Docks</td>
</tr>
<tr>
<td>2.</td>
<td>C142 - Human Resources Development Convention, 1975 (No. 142)</td>
<td>Not Yet Ratified</td>
<td>Convention concerning Vocational Guidance and Vocational Training in the Development of Human Resources</td>
</tr>
<tr>
<td>3.</td>
<td>C152 - Occupational Safety and Health (Dock Work) Convention, 1979 (No. 152)</td>
<td>Not Yet Ratified</td>
<td>Article 4.2 (f), Article 38</td>
</tr>
<tr>
<td>4.</td>
<td>C159 - Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159)</td>
<td>Not Yet Ratified</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>C140 - Paid Educational Leave Convention, 1974 (No. 140)</td>
<td>Not Yet Ratified</td>
<td>Also covers training of workers</td>
</tr>
</tbody>
</table>

Source: ILO, obtained from Meletiou (2017)
Private Port Operators

Upon revision of the Port's regulations and strategic objectives, there seems to be no clear indication or provision for considering private port operators to handle the operations of the country's ports. The researcher has, however, established after careful consideration of the Port’s current capability that it would be a feasible option, as this will promote healthy competition between terminal operators and boost the flow of cargo to the Port. It is advisable that the Port proactively engages its stakeholders for possibilities of public-private partnering.

Board Appointments

The Board of the Port Authority are politically appointed; however, the researcher has observed that board members do not necessarily hail from the maritime or ports background. While it is clear that Namibia has a shortage of maritime and ports professionals, the Ministry should consider appointing more members with related backgrounds to steer the Port’s organizational matters.

Recommendations

The findings of this research, yielded the following recommendations that the State and Namibian Ports Authority should consider addressing:

a) Short- to Medium-Term:

- People Before Money

The Ports’ most significant asset is its labor force; thus making the Ports’ success largely dependent on its people. To minimize the current communication and organizational discrepancies, a series of internal change management should be implemented. The Port could also replicate the customer satisfaction survey and create a quarterly online staff survey to assess the levels of work satisfaction and
welcome suggestions for improvement. This could assist in staff retention as gaps will be identified and solved at an early stage.

- Improve Information sharing

The flow of information is vital for the execution of strategies, without it, staff and management are excluded from critical information that is valid in performing key duties, thus hampering overall organizational performance (Great Prairie Group, 2015).

Namport senior management should consider integrating and streamlining clear communication as a departmental KPI. Additionally, cross departmental synergies by means of centralized information platforms, could be considered for improved coordination between departments. This will help to advance the information flow and detract any major pitfalls, resulting from misinformation or poor communication.

![Organizational Information Flow Diagram](image)

**Figure 35: Organizational Information Flow**
Source: Great Prairie Group (2015)
b) Medium- to Long-Term

- Corporate Training

Namport can learn from Singapore, who rightfully pride themselves as a *People Developer*. The importance of training cannot be over-emphasized; the Port Authority therefore, needs to create more opportunities for staff development through training. Workers need to be engaged and in-house training provided as a catalyst of change and enhancement of learning, to complement experience. In addition, Namport needs to foster a culture of succession planning strategies for internal growth and development of staff. Of equal importance, more stringent training assessments need to be implemented by developing an online knowledge repository, that will be beneficial for employees in their respective departments and the organization at large.

- Management Structure

The continuous expansion of the management structure is questionable seeing that larger ports around the world are operated with smaller organizational structures. Hence, Namport needs to reconsider restructuring and scaling down its structure as this contributes to the financial burden of the Port.

- National Port Policy

Peeters et al. (2015) suggests that ‘governments should be more active in establishing and implementing a clear framework on the public objectives of ports’. It is advisable for policy makers to draft and introduce a National Port Policy which embeds greater private sector participation and promoting fair competition in the provision of port services. Taking the countries development, economic and social needs into consideration, the governing Ministry should channel its focus on designing partnerships that will further maximize the efficiency of Namibian ports.

- Traffic Development

The Port of Walvis Bay needs to deepen its channel to position itself to serve larger vessels and possible swelling cargo volumes, resulting from the shipping alliances.
Ports operate in a highly competitive environment, hence, the competitiveness of the Port needs to be reinvigorated to give it an economical advantage over other regional players.

- **Automation Era**
  
  (i) Improve I.T services by adopting and integrating a port community system interface, for example, the Single Window System (SWS) to ease business operations for all stakeholders and clients of the Port and transport fraternity.
  
  (ii) Semi-automated operations to reduce human error, and in turn, increasing speed of service delivery.

- **New Container Terminal**

  There is a need for the Port to assess its competency and institutional preparedness for running the New Terminal and other envisioned expansion projects. A Landlord model for the new terminal could be an option, considering the operating costs and technological advancements of running the new terminal. Rapid globalization is drifting towards smart ports, Namibia, therefore, needs to focus on manpower requirements, skills development and, proactive and innovative solutions to cater to its international and local clientele. The consideration to outsource, or not to outsource the container handling operations through a management contract can be made possible once diligent prudence is exercised and a thorough and suitable structured privatisation scheme is fully scrutinized.

- **Improve overall competitiveness**

  The competitive position of a port often determines the volumes of maritime traffic it can attract at present and in future; thus, ports are obliged to stay abreast with differentiation and modest strategies to gain and maintain competitive advantage. Several factors that can improve the competitive position of a port include political stability, port security, port operations and handling capacity.
To expand its client base and increase competitiveness, conventional port objectives as stated by Alderton (1999, pp.106) may include:

- **Minimizing user costs**: This includes reducing payments by port users, including ship’s time at a port and other port costs, as a means of accelerating competitiveness and trade;

- **Maximizing benefits**: This includes making the most of economic benefits that a port brings (locally, nationally and internationally) and ultimately capitalizing on the profits.

### 6.3 Research Limitations and Opportunities for Future Research

To the researcher’s knowledge, after extensive online searching, it has surfaced that no academic paper addressing Namibian port governance has been authored prior to this. The lack of literature on port governance and port policy in Namibia thus proved to be a challenge as the researcher had to rely on various document reviews to draw up a subjective opinion, in the Namibian context.

Despite several requests and attempts to acquire data from the Port Authority, these efforts proved futile. Data for terminal, gate and yard performance, i.e., utilization and productivity indicators were not availed; hence, this hampered the researcher’s ability to make a comprehensive assessment of the operational performance of the Port. The research was conducted in Sweden, which added to the challenge of gaining access to required data. Annual reports for 2016 have also not been made available yet; hence, the researcher had to limit the study to 2015. In addition, the time constraint in conducting this research, especially from a historical viewpoint, also restricted the researcher from digging deeper.

Surveys sent to the external auditor, Namports’ executive management and, some members of the board of directors, mostly went unanswered, which limited the analysis of findings from the key decision makers of the Ports’ governance and administration.
Future Research

Further research can be focused on governance restructuring of the Port and constructive solutions for curbing or minimizing operational and expenditure costs, for example, automation. Also of major interest would be a thorough study on the possibilities and impacts of outsourcing the operations of the Port. Studies from other African and/or international port reforms can be used as a benchmark to assess the success rates of embarking on a privatization endeavour.

The Namibian government and the Port Authority are relatively young, and therefore need to seek expert advice from professional institutions or bodies, for strategies on privatization initiatives. The government is set on the commercial interests of the Port and enhancing logistics as one of the major economic contributors; hence, it is of crucial importance that solid stakeholder communication be drastically improved and new policies be developed or adjustments made to existing ones to realize the logistics ambitions, especially leading up to the national 2030 goals.
REFERENCES


Infrastructure Australia and the National Transport Commission. (2010). *Effective port governance and project evaluation*. Australia: GHD.


## APPENDICES

### APPENDIX A

This table highlights some notable accomplishments of the WBCG

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
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<tbody>
<tr>
<td>1998</td>
<td>Official opening of Trans Kalahari Highway which forms the Trans Kalahari Corridor (TKC)</td>
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<tr>
<td>1999</td>
<td>Official opening of the Trans Caprivi Highway which forms the Trans Caprivi Corridor (TCC)</td>
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</tbody>
</table>
| 2000 | - Establishment of the WBCG  
- Completion of the port development programme and deepening of the Port of Walvis Bay to 12.8m CD  
- Commencement of direct shipping service to PWB through MACS and MAERSK from and to Europe, substituting previous transhipment via Cape Town |
| 2001 | - Commencement of Northern Railway Extension project (along the Trans Kunene Corridor) from Tsumeb in Namibia to Oshikango (the Namibian border post with Angola)  
- Establishment of the trilateral Trans Kalahari Corridor Management Committee  
- Extension of border operating hours between Namibia and Botswana, in support of the TKC Memorandum of Understanding (MoU) |
| 2002 | - Launch of SADC transit pilot project for transportation of goods in transit on the TKC, using new SADC customs procedures  
- Commencement of trilateral TKC development programme  
- Establishment of the TCC Management Committee  
- Inspection of the PWB and TKC by the Automotive Industry Development Centre (AIDC) of Gauteng (South Africa) |
| 2003 | - SATI opens up new container depot at the PWB  
- Opening of Inland Container Depot in Windhoek by TransNamib Holdings Ltd  
- Signing of TKC MoU by Botswana, South Africa and Namibia Ministers of Transport at the Port of Walvis Bay  
- WBCG sign cooperation agreement with InWent for implementation of training programmes, “Building competencies for improving transport corridor business” |
| 2004 | - Opening of the Katima Mulilo bridge (977m long) crossing the Zambezi River between Zambia and Namibia on the TCC  
- Introduction of harmonized customs procedures along the TCC, using the Single Administration Documents (SAD500)  
- Maersk introduces a new direct service from South America to the port of Walvis Bay  
- Namport doubles container throughput between 2001 and 2004  
- TCK utilization increased from 20% to 60% of predicted figures between 2001 - 2004  
- WBCG selected as a model Corridor Arrangement on African continent by UNCTAD |
| 2005 | - UNCTAD Trade Facilitation for Transit Landlocked Countries convene first bilateral Cluster meetings between Namibia and Zambia  
- Enhancement of TKC customs integration (common bond guarantee system)  
- Opening of Sk wkana Platinum Highway  
- AIDC in collaboration with UTI and National Association of Automotive Components and Allied Manufacturers (NAACAM) conducts pilot study by means of simultaneous trialing of automotive components on the TKC (Gauteng-PWB-Europe) and Durban Corridor (Gauteng-Port of Durban-Europe) as a means of assessing the benefits of the TKC to the automotive industry; AIDC confirmed that TKC was the shorter, faster route as compared to the Durban route  
- Custom operations procedures processed at Katima Mulilo/ Sesheke border posts  
- TCC carries first biggest consignment of 3000 tonnes of rice |
| 2006 | - Namibia and Zambia border posts are automated using ASYCUDA++ system  
- WBCG opens first branch office in Lusaka, Zambia  
- After first trial period on TKC, the SAD500 is officially rolled out by the South African Revenue Services (SARS) onto other corridors in SADV  
- The northern railway line reaches Ondangwa with container depot construction at Nehele Station  
- Continued construction of northern railway line continues from Ondangwa to the Namibian border with Angola, at the Oshikango/ Santa Clara border post (60km)  
- World Food Programme (WFP) sends 8050 tonnes of food to Zambia via TCC  
- Maersk provides direct service from the Far East to the Port of Walvis Bay  
- First export consignment of beans from Tanzania via TCC through PWB  
- TCC carries consignment of vehicles from PWB to Malawi  
- Namport installs Close Circuit Television (CCTV) at the PWB |
| 2007 | - Establishment of TKC Secretariat office within WBCG office, funded by Namibia, Botswana and South Africa  
- WBCG cooperates with German Development Agency (GDA) on study to analyze transport industry value chain and to identify SME opportunity within the industry |
<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
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</table>
| 2008 | - WBCG instigates the funding support through Roads Authority and receives funding from the Development Bank of Namibia (DBN), through the Road Funds Administration for the upgrade of the Okavango River Divundu Bridge  
- The launch of the Safe Trade and Transport Corridor programme  
- Walvis Bay provides 19 days’ service between Europe and Botswana  
- TCC carries a shipment weighing 40 tons through the PWB to the Copperbelt in 4 weeks  |
| 2009 | - Botswana and Namibia extend border operating hours on the TKC  
- Namibia Roads Authority invests in the infrastructural upgrade of the road along TKC  
- PWB announces their plans to expand the port and develop a new container terminal  
- New direct service between Canada, USA and PWB  
- TCC carries heaviest consignment, consisting of 8 abnormal loads plus 15 x 40’ containers through PWB to Ndola, Zambia  
- TCC carries the most complex consignment yet, consisting of 3,600 tonnes of ammonium nitrate through PWB, from Russia to Zambia  
- WBCG launches office in Gauteng, South Africa  
- Axle loads harmonized between Namibia and Zambia  |
| 2010 | - The first ever WBCG Annual Review 2008/2009 is published  
- WBCG celebrates its 10-year anniversary  
- WBCG receives financial and technical assistance from the Finnish Embassy, to conduct an economic benefit study along Walvis Bay Corridors  
- Conclusion of the official signing ceremony of the MoU between Democratic Republic of Congo (DRC), Namibia and Zambia on the Walvis Bay-Ndola-Lubumbashi Corridor Management Committee  
- WBCG was selected to form part of the Port Cluster Governance Committee, created by the Global Logistics Institute  |
| 2011 | - Vehicle volumes through PWB rise to record levels  
- PWB hits a record high of 43 moves per hour  
- The PWB deeps its container terminal to -14.4m  
- The PWB launches the container terminal management system – NAVIS SPARC N4  
- First ever Customs Systems Interface and Connectivity in Southern Africa, launched for TKC  
- WBCG wins third place for its “innovative partnership in service delivery” at the CSPi All Africa Public Service Innovation Awards  
- NMT increases its Ro-Ro services from Europe to Walvis Bay  |
| 2012 | - WBCG launches offices in Brazil and Democratic Republic of Congo  |
| 2013 | - Over N$150 million of revenue generated for Namibia, from vehicle imports via PWB  
- Over 35 million Pula generated for Botswana, from vehicle imports via PWB, destined for the Zimbabwean market  
- Volumes growth exceed 54%, outperforming previous financial year greatly  
- Namport invests in new equipment by acquiring mobile harbour cranes  |
| 2014 | - New direct service introduced by CMA-CGM, from Houston (USA) to PWB  
- New monthly records are reached in February, with 95,000 tonnes  
- Port expansion project commences at the PWB  |
| 2015 | - Completion of Namibia’s Logistics Hub Masterplan Study  |

Consent Form for Participation in a Research Study

Research Title: The History of Port Governance and Performance in Namibia: A Case of Port of Walvis Bay

Dear Participant,

Description of the research and your participation

You are hereby invited to participate in a research study conducted by Ms. Hileni Amakali, a Master of Science student at the World Maritime University in Malmo, Sweden. The purpose of this research is to examine the correlation between governance practices and performance of the Port. The study specifically focuses on the period between 2006 to 2015 and is expected to produce recommendations to narrow potential gaps in the system for future advancement of the Port’s activities and operations.

Your participation will therefore involve completing a questionnaire, which will be very useful for making an analysis of the study.

Risks and discomforts

There are no known risks associated with this research.

Protection of confidentiality

Data obtained will exclusively be limited to the scope of this research paper and prospective future works of the researcher. Your identity and responses will remain confidential and anonymous.

Voluntary participation

Your participation in this research study is voluntary. You may choose not to participate and you may withdraw your consent to participate at any time. You will not be penalized in any way, should you decide not to participate or to withdraw from this study.

Contact information

If you have any questions or concerns about your rights as a research participant, please do not hesitate to contact me via email at hamakali@gmail.com.

Consent

I have read this consent form and have been given the opportunity to ask questions. I give my consent to participate in this study. I understand that all personal data relating to volunteers is held and processed in the strictest confidentiality.
APPENDIX C

QUESTIONNAIRE ON GOVERNANCE AND PERFORMANCE AT THE PORT OF WALVIS BAY

Instructions:

All participants’ feedback will be treated as anonymous and strictly confidential.

- Please answer all the statements by indicating your choice with an (X), by circling or highlighting. Where applicable, your comments are highly appreciated. The survey takes approximately 5-10 minutes to complete.
- Upon completion, kindly forward this document to hamakali@gmail.com, no later than Friday, 4 August 2017 at 16:00.

Designation: .......................................................... Department: ..............................................
Number of years served: .................................
Gender: □ Male □ Female

Part I:

Governance Characteristics

1. Namport management and employees are well informed and included in the decision making processes of the organization.

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<tr>
<th>Strongly Agree</th>
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2. Information is shared freely before any major decisions or new policies that might affect stakeholders are implemented.

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3. Namport management and employees are well exposed and/or acquainted with the governance agreement, practices and policy statement(s).

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<th>Strongly Agree</th>
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Comments

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4. The current governance structure and policies are suitable for future advancements of the port.

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Comments

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5. The Board and senior management prioritizes on adequately trained staff and equal opportunities for skills development across departments.

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6. Namport is responsive to the needs, concerns, wellbeing and suggestions of employees and external stakeholders.

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7. Namport is accountable and transparent about its’ financial and operational performance.

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Comments

PART II

Port Performance

8. The manner in which the Port is governed and managed, has a direct impact on its’ performance.

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Comments

9. The Port of Walvis Bay (PWB) is highly competitive in the SADC and Eastern Africa regions and has great potential to become the leading gateway and Africa’s port of choice.

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Comments on how the port can improve its performance and overall competitiveness

10. The port and its’ resources are managed in an effective and efficient manner, that allows for more business and future economic growth.

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11. The PWB is an environmentally sustainable port that promotes awareness of safety in the workplace and creates a hazard-free working environment.

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12. The Port’s documentation and electronic processing system is efficient and competitive, in an ever changing and growing global market.

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13. The Port has performed considerably well over the years by continuously improving the quality of its services as well as meeting and/ or exceeding its’ set targets.

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PART III

New Terminal Development(s)

14. The Port is fully prepared, in terms of trained staff and upgraded technology, to operate the new terminal(s), independently and successfully.

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Comments

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15. The Port should consider a private operator to handle the operations of the new terminal, through a concession agreement.

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Comments

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Your feedback and participation in this survey is considered highly valuable. Thank you for availing your time to complete this questionnaire.