

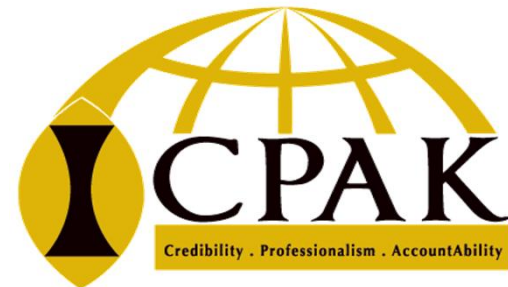
Port Industry Trends & Development in Relation to the Accounting Profession

A Presentation by, CPA John Nyamosi

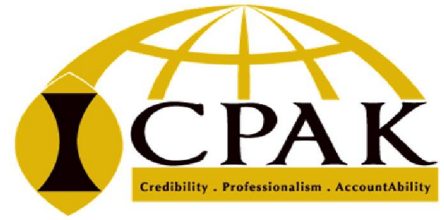
INAUGURAL FINANCIAL MANAGEMENT
REPORTING SEMINAR FOR MARITIME, SHIPPING
& TRANSPORT INDUSTRIES

27-29 NOVEMBER 2017

MOMBASA



Outline



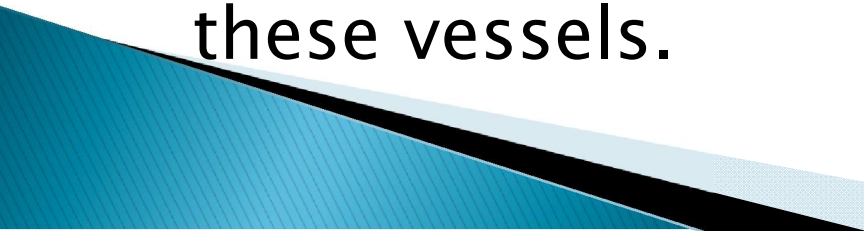
- ▶ Global Maritime trade
- ▶ KPA Mandate
- ▶ Brief History of KPA
- ▶ Trends & Development in KPA
- ▶ Accounting System

- ▶ The maritime sector continues to evolve in response to economic, political, demographic, and technological trends. The current trend is quite unstable to the extent that some shipping companies are folding – Hanjin of south Korea collapsed in September 2016.

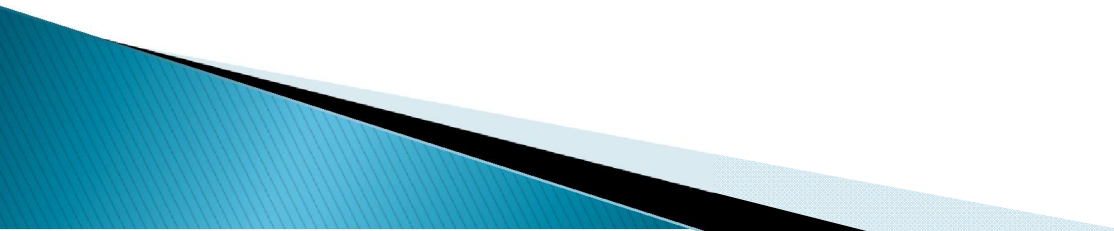
GLOBAL MARITIME TRADE

- ▶ Hanjin — which was the seventh-biggest shipping company in the world — went into receivership after its creditors rejected a restructuring plan.
- ▶ The Hanjin crisis underscores the soft outlook for global trade and over capacity in the container shipping market – Mark Levinson


GLOBAL MARITIME TRADE

- ▶ On the one hand, many of the shipping lines have built enormous, enormous ships – these ships can carry as many as 10,000 40-foot containers at one time – and so there's a lot of capacity floating around the world – Mark Levinson
 - ▶ Levinson further observed that the growth of international trade has slowed considerably, so there really isn't the cargo to fill all of these vessels.
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KPA Mandate

- ▶ to maintain, operate, improve and regulate all scheduled sea ports situated along Kenya's coastline that include Lamu, Malindi, Kilifi, Mtwapa, Kiunga, Shimon, Funzi and Vanga.
 - ▶ to manage Inland Waterways as well as Inland Container Depots at Embakasi, Eldoret and Kisumu.
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KPA History

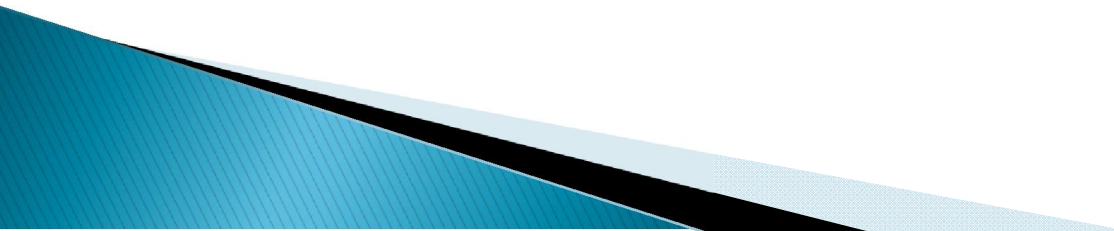
- ▶ It dates back many centuries from the existence of the Old Port. It served dhows from India, Arabian Gulf and Far East and is located near Fort Jesus at Mombasa Old Town.
 - ▶ The development of the present Port of Mombasa commenced in 1896 when the first Jetty, used for discharging materials for the construction of the railway line was built at Kilindini.
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KPA PORT DEVELOPMENT AGENDA

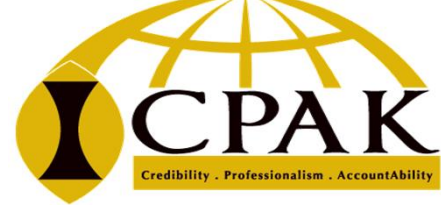


- ▶ In the last decade or so KPA has initiated and implemented development programmes geared towards making the port of Mombasa stand out among the well performing ports globally.
- ▶ Major projects include; 2nd Container terminal, facilitative development of free trade zones near the port, beefing up security,

Port development agenda....

- ▶ further dredging of the port channel to accommodate bigger vessels and development of the second sea commercial port in Lamu
 - ▶ Acquisition of the state of the art marine and cargo handling equipment,
 - ▶ development and implementation of a comprehensive ICT strategy,
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Other Developments



- ▶ Yard expansion, development of phase II of the Second Container Terminal
- ▶ conversion of berth Nos.11–14 into container berths,
- ▶ procurement of additional equipment.


Other Developments

- ▶ involvement of the private sector in some of the operations as some of the efforts the authority has put in place to enhance efficiency.
- ▶ Direct release of cargo to private Container Freight Stations outside the port area where clearance and other documentation formalities are carried out.


Other Developments

- ▶ Automation of port operations to streamline documentation procedures and eventually eliminate to zero the number of documents required.
- ▶ Implementing an Integrated Security System at the Port.

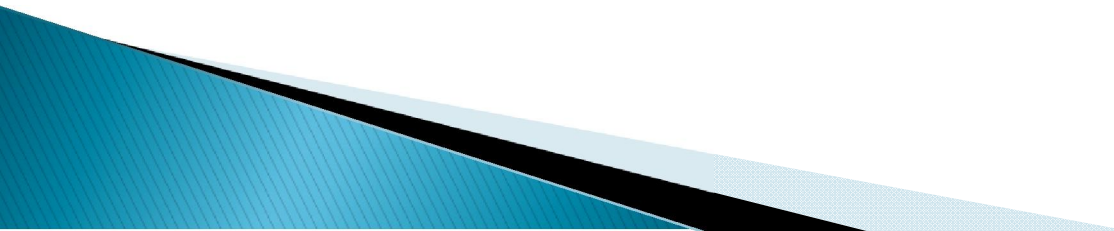
Standard Gauge Railway(SGR)

- ▶ Facilitating and supporting successful implementation of the SGR project.
 - ▶ The SGR project has since materialized and is expected to have far reaching effects on cargo movement especially between Mombasa Port and Nairobi. It will improve cargo off-take from the Port of Mombasa and reduce the strain on Kenyan roads.
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Standard Gauge Railway(SGR)

- ▶ It is anticipated that port users will be encouraged to increase the cargo volumes handled by rail from the Port. The project will result to significant transformation of the operations of KPA inland container depot in Nairobi. The Container Freight Stations (CFS) in Mombasa will also be impacted significantly.
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INITIATIVES TO IMPROVE SERVICE DELIVERY AND PERFORMANCE

- ▶ Other than the development initiatives highlighted above, the Port has :
 - ▶ Promoted regular consultations by increased customer service orientation through stakeholder meetings,
 - ▶ introduced the 24/7 working schedule
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INITIATIVES TO IMPROVE SERVICE DELIVERY AND PERFORMANCE

- ▶ **Implementation of Mombasa Port Community Charter:** The charter was signed in 2014 and its objective is to review and formulate strategies to enhance co-ordination, participation and working relationships amongst the Port Community involved in documentation, handling, clearance,
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INITIATIVES TO IMPROVE SERVICE DELIVERY AND PERFORMANCE

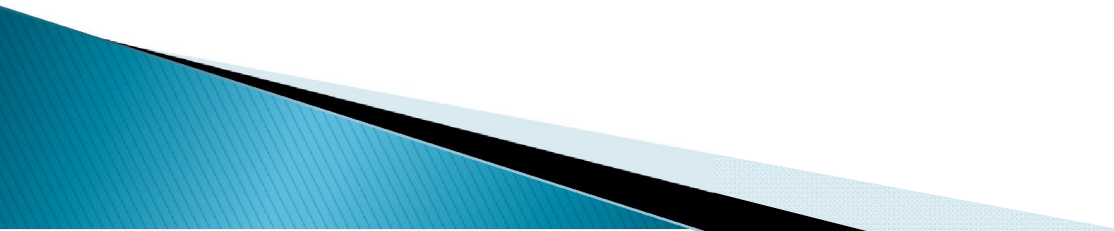
- ▶ transport and trade facilitation of cargo handled through the Port of Mombasa
- ▶ **Implementation of Single Customs Territory** :Under this arrangement, clearance and revenue collection for transit imports is done at the Port of Mombasa which is the first point of entry.

INITIATIVES TO IMPROVE SERVICE DELIVERY AND PERFORMANCE

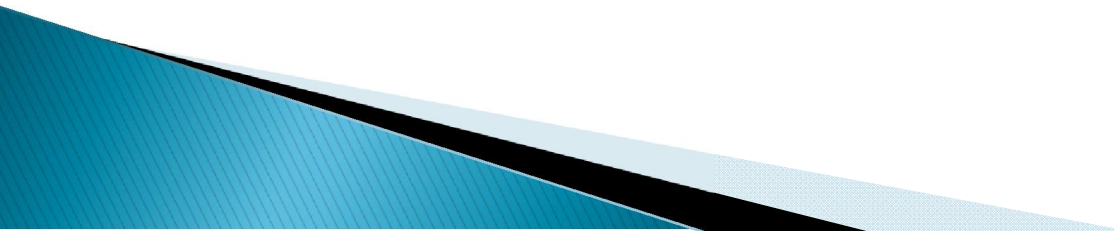


**Implementation of a National
Single Window Clearance Process:**
There is need to fast track the full
implementation of the National
Single Window System to facilitate
cargo clearance through the Port.

INITIATIVES TO IMPROVE SERVICE DELIVERY AND PERFORMANCE

- ▶ There are currently numerous cargo interveners in the cargo clearance process that result in delays and inefficiencies due to lack of proper collaboration among the agencies.
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INITIATIVES TO IMPROVE SERVICE DELIVERY AND PERFORMANCE

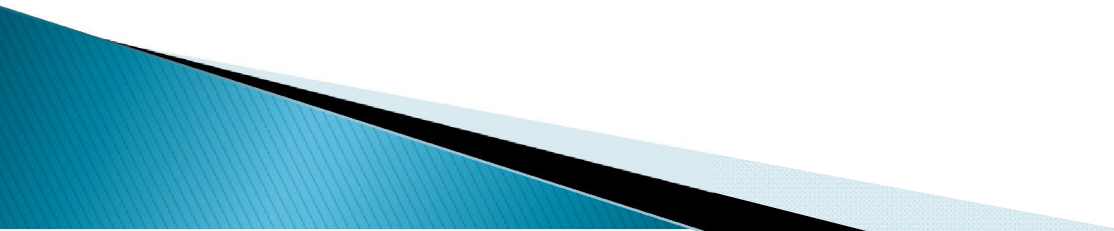
- ▶ The national Single Window, which aims at electronically integrating all stakeholders on a common platform, will enhance cargo clearance and facilitate trade through the Port of Mombasa.
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Cargo Mix

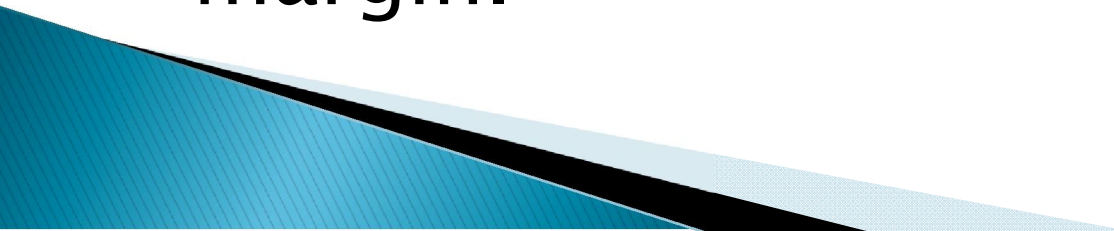
Year	2013	2017
▶ Total Traffic	23.1M	28.9M
▶ TEUs	950,624	1,149,506
▶ Conventional	14,384M	18,916M

Cargo traffic

The Port of Mombasa has experienced a steady growth of cargo throughput over the last five years. The traffic grew from 23.67 Million Deadweight tons in 2013/2014 to 28.96 Million tons in 2016/2017. In the current financial year 2017/18 this tonnage is expected to grow by about 5.8% to stand at 30.66 Million DWTs. This strengthens the drive of the Authority towards the fulfillment of its vision, *World Class Sea Ports of Choice*.



Pricing Policy

- ▶ The port tariff is the pricing structure used by the Authority to levy charges, in US dollars, for services rendered to ship and cargo owners. This is the basis for the Authority's revenue collection. It's a cost-based tariff that covers the average cost of providing services plus a reasonable operating margin.
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Relationship of Trends & Development to accounting profession



- ▶ The huge volume of accounting data led KPA to install and commission the SAP system that is used for book keeping and preparation of financial statements
- ▶ Adoption and use of IFRS in the preparation of financial statements

THANK YOU

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