

GOVERNMENT NOTICE No. 475 published on. 14/6/2024

THE TANZANIA SHIPPING AGENCIES ACT,  
(CAP. 415)

**REGULATIONS**

*(Made under section 61(1))*

THE TANZANIA SHIPPING AGENCIES (TARIFF) (AMENDMENT) REGULATIONS, 2024

Citation  
GN. No.  
7 of 2020

1. These Regulations may be cited as the Tanzania Shipping Agencies (Tariff) (Amendment) Regulations, 2024 and shall be read together with the Tanzania Shipping Agencies (Tariff) Regulations, hereinafter referred to as the “principal Regulations”.

Amendment  
of regulation 7

2. The principal Regulations are amended in regulation 7 by deleting subregulation (3) and substituting for it the following:

(3) A tariff application shall be made in accordance with the tariff application guidelines set out in the Fourth Schedule and supported with the following documents:

- (a) a certified copy of valid regulated service provider’s licence or a receipt of payment of application fee for a licence;
- (b) an updated and relevant business plan;
- (c) proposed tariff;
- (d) worksheet of workings leading to the proposed tariff;
- (e) proposed special tariff for special consumer group;
- (f) a statement on the role of tariff in promoting efficient use of resources; and
- (g) any other supporting document that may be required by the Corporation.

- Amendment of regulation 8
3. The principal Regulations are amended in regulation 8-
- (a) in subregulation (2)(i), by deleting the words “in accordance with the tariff application guidelines to be prepared by the Corporation”; and
  - (b) in subregulation (4), by deleting paragraph (a) and substituting for it the following:  
“(a)earned rate of return on investment is below;”.
- Amendment of regulation 15
4. The principal Regulations are amended in regulation 15(2) by deleting the words “to be prepared by the Corporation” and substituting for them the words “set out in the Fourth Schedule”.
- Amendment of regulation 17
5. The principal Regulations are amended in regulation 17(1) by inserting the word “complete” between the words “a” and “tariff”.
- Amendment of regulation 23
6. The principal Regulations are amended in regulation 23 by deleting the figure “23” and substituting for it figure “22”.
- Amendment of Third Schedule
7. The principal Regulations are amended in the Third Schedule by deleting the word “issuance” wherever it appears and substituting for it with the word “determination”.
- Addition of Fourth Schedule
8. The principal Regulations are amended by adding immediately after the third Schedule the following:



THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF WORKS AND TRANSPORT  
TANZANIA SHIPPING AGENCIES CORPORATION  
TASAC



“FOURTH SCHEDULE

*(Made under regulation 7(3) and 15(2))*

TARIFF APPLICATION GUIDELINES FOR REGULATED MARITIME TRANSPORT  
SERVICES

- 1.0. INFORMATION REQUIREMENTS FOR TARIFF APPLICATION
  - 1.1. Filing of Tariff Application by a Regulated Service Provider
  - 1.2. A regulated service provider will be required to submit to the Corporation a written proposal for new or revised tariff for its licensed services and facilities for approval.
  - 1.3. Submission of an Application
  - 1.4. A Tariff Applicant should be submitted in:
    - (a) soft copy through the following email address: [tariff@tasac.go.tz](mailto:tariff@tasac.go.tz); and
    - (b) two signed hard copies of the Application enclosed in the envelope and addressed to:

Director General,  
Tanzania Shipping Agencies Corporation (TASAC),  
P. O. Box 989,  
Dar es Salaam, TANZANIA.  
Tel: +255 (0) 22 2 127 314
  - 1.4.1. A hard copy of the application will prevail over the soft copy in case of any inconsistency.
  - 1.4.2. An electronic copy of the application or part thereof may be posted on the Corporation website for public view and comments.
  - 1.4.3. After submission of the application, subsequent communications with the Corporation shall be made in writing and sent to the address provided under paragraph 1.2.1.
- 2.0. DETERMINATION OF REVENUE REQUIREMENT
  - 2.1. General Principles
    - 2.1.1. A total amount of revenue that a regulated service provider is allowed to earn from consumers will satisfy three general principles as follows:
      - (a) Prudence Principle – This requires use of reasonable judgement in light of the current facts known at the time a decision is made to accomplish the desired result at the lowest reasonable cost and in a reliable, safe and in a timely manner. The burden of proof to show that an operating or investment decision is prudent will be on the service provider;
      - (b) Known and Measurable Principle - This requires a service provider to justify costs to be recovered with documentation and facts. The service provider will have to prove that costs to be recovered are measurable or estimated, legitimate and necessary for operations; and
      - (c) Used and Useful Principle - This requires that an asset has to be used and useful in the provision of regulated service in order for that asset to earn a return that will be recovered through tariff.

2.2. Revenue Requirement

2.2.1. Required revenue will be a function of the following:

- (a) Regulatory Asset Base - Regulatory Asset Base to be considered in determining tariff will consider a list of proposed assets as provided in the Asset Register Schedule in a submitted Business Plan. A new service provider will be required to submit evidence of value of assets through purchase agreement or receipts. Regulatory Asset Base will be a result of summation of non-current assets including properties, plants and equipment and Allowable Working Capital (AWC) less Grants or any third-party contributions. AWC is the difference of Current Asset and Current Liabilities, but not exceeding annual operating costs enough to sustain over 45 days;
- (b) Weighted Average Cost of Capital - Weighted Average Cost of Capital (WACC) is a combination of costs of two primary forms of finance, equity and debt, weighted by a mix of forms of finance in the capital structure referred to as gearing or leverage. The cost of capital will be determined depending on the availability of reliable data. Otherwise, industry observed average or previous findings and recommendations from relevant studies will be adopted; and
- (c) Operating Expenses - Operating expenses will include costs incurred on the items which are consumed in the same year. Consideration will be made to assess whether the costs are legitimate and relevant in the provision of regulated services. Other key considerations will be on the prudence of the cost incurred and that they represent rendering of services under normal operations as opposed to special cases. A regulated service provider shall ensure that all transactions with suppliers are efficiently undertaken and are at arm's length; where, a service provider incurs a cost by procuring an item from a related company; then such cost must not exceed prevailing market rates.

2.3. Costs Categorie

2.4. Costs categories to be included as part of the operating costs are repair and maintenance costs, personnel costs, administration costs, financial costs and other contractual obligation such as fund management fee and fees payable to Information and Communication Technology (ICT) providers. The service provider will also be allowed to include reasonable amounts for business promotion expenses, events and corporate social responsibility expenses.

2.4.1. Details of the above-mentioned cost items are as provided below:

- (a) A regulated service provider will provide, as part of the application, a detailed monthly staff payroll. In assessing the prudence and reasonableness of the proposed salary and wage levels, the Corporation shall make comparison with salaries of counterpart professionals within the local market. Moreover, review of sector salary ranges as approved by relevant Wage Boards will also be made;
- (b) Costs for repair and maintenance will be provided by a regulated service provider, the estimate must be detailed enough to facilitate the Corporation to understand the submission. The Corporation will review the submission and make comparison with provisions made by other similar service providers who are efficient. The Corporation will also review other documents maintained by any competent relevant authority, if any, on the cost of repair and maintenance. In case the submission on repair and maintenance is found to be high, the Corporation will assume the lowest established cost of repair and maintenance to be applicable unless the service provider submits justifications for the submitted amount;
- (c) Cost of lubricants for service provision is likely to be significant. Therefore, the service provider will be required to separate this item from the repair and maintenance cost. The Corporation in its determination shall assume the cost

of lubricants does not exceed 15% of fuel costs. Where, the cost of lubricants is above 15%, a regulated service provider will be required to provide justifications to convince the Corporation to maintain the submitted proposal;

- (d) Control of administrative costs is a key aspect in achieving affordable services. Therefore, a regulated service provider will be required to avoid unnecessary administrative costs as part of improving efficiency. Administrative costs may include stationeries, utility charges such as water and electricity charges and other legitimate expenses;
- (e) Fuel pump prices differ from one centre to another. The sheer volume of fuel that will be purchased by a regulated service provider gives an opportunity for negotiating prices at a discounted rate. Hence, for the purpose of the analysis, the regional average price cap per litre of applicable type of fuel, as announced by the competent authority prior to the determination will be applied and an upward adjustment of up to 15% may be made to provide for price variations in the near future;
- (f) Other payable fees including fund management and ICT fees will be retrieved from the service provision contracts. Therefore, a regulated service provider will be obliged to submit with the application, copies of the service provision contract; and
- (g) Regulated service providers will be required to pay legitimate fees and levies, these will be included in the required revenue.

2.5. Depreciation

2.6. Depreciation is the reduction in economic value of assets due to usage in the provision of services. There will come a point in time where it will be more cost effective in the long term to replace the asset rather than to continue maintaining it.

2.7. Two methods are commonly used in providing for depreciation. The first method is a straight-line method and the second one is a reducing balance method. Under the straight-line method, a scrap value or residual value is subtracted from the purchase price and then divided by the expected number of years of usage to obtain a value of depreciation to be written off annually.

2.8. The second approach is the reducing balance method, where a percentage of the value is written off each year until the scrap value is reached. Note that under the reducing balance method, higher values are written off in the earlier years.

2.8.1. In determining amount to be depreciated annually, consideration will be made on used and useful assets.

2.9. Taxes

2.9.1. A regulated service provider will be required to provide proof of recently paid levies, corporate taxes and other similar taxes for them to be considered for inclusion in the estimated revenue requirement. A regulated service provider shall demonstrate that he has discharged the obligations with tax authority.

2.9.2. Other Considerations

- (a) Determination of Replacement and Investment Costs - Replacement of investment and new investment will be considered depending on the guiding principles of prudence and usefulness of the asset to be allowed as additions to the regulatory asset base provided that the same has been included in the submitted Business Plan. Within the context of this guideline replacement of investment will mean repairs of existing assets to ensure continuity of provision of service at present capacity and quality level whereas new

investment will mean provision of new assets to improve quality or expand services or both;

- (b) Number of Employed Staff - A regulated service may be reviewed in order to establish appropriate number of required staff. Furthermore, other relevant laws such as labour laws will be reviewed to guide on the optimal number of staff to be employed by a regulated service provider. These considerations will be undertaken with the view to ensure that the service provider is keen on improving efficiency of the regulated services; and
- (c) Estimated Demand - A regulated service provider in the submission will indicate estimated demand for the service. This should base on the projected demand as indicated in the submitted Business Plan.

**2.10. Choice of Test Period**

2.11. A test period is the period used to quantify the amount of regulatory asset base used to provide the services and expenses incurred in the determination of allowed revenue requirement. The test period can either be historical or future. In choosing the test period, the Corporation will ensure that such period is representative of time over which the tariff shall actually be charged.

2.11.1. In case a future period is used as a test period, asset base in service will be estimated based on the projected investment. This has the advantage of being able to match the period for which the asset is estimated with the period for which the tariff will actually be in effect. However, it has the disadvantage that a regulated service provider may project asset additions, and later fail to make such investment and therefore receive a return and depreciation element on non-existent asset.

2.11.2. The Corporation will therefore use historical period as a test period whereby assets in service will be representative of the typical operations for which the necessary accounting records are available; this has the advantage of being objective and transparent.

**3.0. ALLOCATION OF REVENUE REQUIREMENT AND TARIFF STRUCTURE**

3.1. After revenue requirement has been established, costs will be allocated among different categories of consumers if needed, and then tariff is structured so that regulated service providers earn the required revenue. Tariff structure may also consider other objectives such as affordability, simplicity, efficient use of services and revenue stability.

3.2. A regulated service provider will be required to provide detailed profile of consumers and demand projections for different service categories as indicated in the submitted Business Plan.

3.3. The Corporation will assess the submitted information with regard to the service consumers' profile and demand projections in determining tariff to be paid by different categories of consumers.

3.4. Tariff structure will depend on type and nature of regulated service.

**4.0. PROCEDURES FOR REVIEWING TARIFF APPLICATION**

**5.0. Acceptance of an Application**

*Tanzania Shipping Agencies (Tariff) (Amendment)*

*GN. NO.475 (Contd.)*

- 5.1. The Corporation will acknowledge receipt of the application within three (3) working days from the date of receipt of the application.
- 5.2. The Corporation will within fourteen working days from the date of receipt of the application identify any flaws or gaps and review any additional information that the Corporation may require in evaluating such application. After the preliminary review, the Corporation will issue a letter to the applicant accepting, referring back or rejecting the application.
- 6.0. In case the Application has been referred back, the Corporation will establish a date for response deadline, not exceeding twenty-one days from the date of referring back the Application within which the applicant will be required to provide any supplemental information required.
- 6.1.1. In case the application has been accepted, the date of acceptance letter will be considered as the commencement date for processing the application.
- 6.1.2. Stakeholders Consultation Process
- 6.1.3. Initiation to Carryout Stakeholders Meeting
- 6.1.4. The Corporation will consult stakeholders through stakeholders' meetings before exercising powers to regulate any rate or charge.
- 6.2. Issuance of Public Notice
- 6.2.1. The Corporation will issue a notice to the public through a widely circulated newspaper in Tanzania specifying the purpose of the consultation, the time within which submissions may be made to the Corporation and the form in which submissions should be made.
- 6.2.2. The Corporation will give notice of consultation by sending written notice to consumers or organizations which the Corporation considers may have an interest in the matter.
- 6.2.3. The Corporation may invite any person, body, institution or organization to provide their written comments.
- 6.2.4. The Corporation will issue a notice to the public through a widely circulated newspaper in Tanzania specifying the purpose of the consultation, the time within which submissions may be made to the Corporation and the form in which submissions should be made.
- 6.3. Stakeholders Meeting
- 6.3.1. The Corporation will notify the applicant on the date of holding a stakeholder meeting to collect views as part of tariff determination process.
- 6.4. Presentations during Stakeholders Meeting
- 6.5. During the stakeholders meeting the applicant will:
  - (a) make a presentation on the tariff application;
  - (b) submit to the Corporation a copy of presentation to be made to the stakeholders meeting two (2) days before the stakeholders meeting date; and
  - (c) make a presentation in either Swahili or English.
- 6.6. Closing of the Stakeholders Meeting
- 6.6.1. The applicant, before closure of the stakeholders meeting, will be given an opportunity to answer questions raised during the meeting, and clarify on or correct any issue or matter raised during the meeting.
- 6.6.2. The applicant will submit the response to the Corporation on all comments raised within three (3) working days from the date of closure of the stakeholders meeting.
- 6.6.3. The Corporation may conduct site inspection after the stakeholders meeting in order to verify some of the information received from the applicant during the stakeholders meeting.

- 6.7. Postponement of Stakeholders Meeting
- 6.8. The Corporation may, on its own motion, at least three (3) days before the date of the stakeholders meeting, postpone a stakeholders meeting.
- 6.8.1. An applicant, a key stakeholder or any interested person, may by application in writing request to postpone a stakeholder meeting at least seven (7) days before the meeting.
- 6.8.2. Any application requesting for postponement of the stakeholders meeting must be accompanied by reasons for postponement.
- 6.8.3. Upon request for postponement, the Corporation will assess and decide on the postponement.
- 6.8.4. Where the stakeholders meeting is postponed, the Corporation may, at least seven (7) days before the date on which the meeting is to be conducted, communicate to the public through the media, the date, time and venue of the meeting.
- 6.8.5. Any person will be allowed to submit written comments within seven (7) days after the stakeholders meeting.
- 6.9. Evaluation of the Tariff Application
- 6.10. Evaluation of the tariff application will commence seven (7) days after the closure of the stakeholders meeting which is marked by the last day set for collection of stakeholders' views.
- 6.11. Evaluation of the tariff application will consider:
- (a) The Tariff Application and its attached reports;
  - (b) Views of stakeholders during the stakeholders meeting; and
  - (c) Written views of stakeholders.
- 6.11.1. The Corporation's approval or disapproval of the application will be based on the evaluation of the application.
- 6.11.2. The Corporation may require the applicant to clarify certain aspects of the application and to supply supplementary information.
- 6.11.3. The need for clarification and supplemental information may evolve in the course of the evaluation. A regulated service provider will be required to respond timely for the evaluation to proceed.
- 7.0. MONITORING AND EVALUATION**
- 8.0. Monitoring of the Approved Tariff**
- 8.1. TASAC shall monitor compliance of the approved tariff Order.
- 9.0. Monitoring of the Tariff Order Conditions**
- 10.0.** Tariff Order conditions shall be given to address, but not limited to following key areas:
- (a) Protection of the customer interests;
  - (b) Protection of public interests;
  - (c) Technical and financial sustainability of the regulated Ports and Maritime Transport;
  - (d) Environmental sustainability; and
  - (e) Regulator's interests including timely submission of reports.



*Tanzania Shipping Agencies (Tariff) (Amendment)*

*GN. NO.475 (Contd.)*

---

- 10.1. Evaluation of the Tariff Order Conditions
- 10.2. TASAC shall evaluate implementation of tariff order conditions with respect to the set targets and the timeframe provided in the Order.”

Dodoma,  
3<sup>rd</sup> May, 2024

MAKAME M. MBARAWA,  
*Minister for Transport*