



УДК 656.616.04

**PORT DUES CONTROLLING IN THE SEA PORTS OF UKRAINE  
КОНТРОЛІНГ ПОРТОВИХ ЗБОРІВ В МОРСЬКИХ ПОРТАХ УКРАЇНИ**

Ryabovolenko N.V. / Рябоволенко Н.В.

*Odessa National Maritime University, Odessa, Mechnikova 34, 65029**Одеський національний морський університет, Одесса, вул.Мечнікова 34, 65029*

*The abstract.* The methodical approach used in the paper considers the problem of enhancing the tariffs policy which regulates the port dues payment procedure from the ships calling at the cargo terminals of Ukraine for cargo handling operations.

*Key words:* port dues; targeted port dues usage; controlling; cost optimization; sea transportations; port enterprises.

**The introduction.**

Port dues in Ukraine must be optimized till cost-effective and economically based level in order to bring them in line with the competitive level of dues in the foreign ports. The implementation of the methodical controlling system into the port activity will facilitate the development of qualitatively new methodology of the port dues calculation and also the establishment of clear system of distribution, accumulation and spending of revenues from the port dues, which will make positive implications on the competitiveness of the ports of Ukraine.

**The main text.**

**The Problem.** The liberalization of transport market raises the issue of transfer to new modern management models. The state has already made some liberalization steps in the port sector: the entering into force of the Law of Ukraine “About the Sea Ports of Ukraine” from June 2013; the abolishment of the state regulation for charges on loading and unloading operations; the facilitation of the provision for ships calls at sea port; the implementation of the electronic data exchange system “single window”, which envisages the performing of all types of control (custom, sanitary and epidemiologic, veterinary and sanitary, phyto-sanitary, ecological, radiological, etc.) by using the electronic data exchange, etc.

The complex cost of cargo transportation via Ukraine consists from the transport tariff (the cost of material object’s transfer in the space) and from the port tariffs. The most significant value in port services price belongs to cargo loading tariffs and to port dues. And, if the charges on loading and unloading operations are already deregulated, the port dues are regulated by the state and there are a lot of concerns that they are one of the most expensive in the port community in the world. However, it should be noted that port dues in Ukraine are the only source for keeping, modernization, building of the port infrastructure, thus in some countries ports got subsidized for keeping and development of their infrastructure.

In order to bring the port dues to the competitive level with the dues in other countries it is necessary to optimize them to the economically effective level, especially taking into account that the basis for them has been taken from the methodological principles of pricing adopted at former USSR. Thus, the current system of port dues in Ukraine was developed at condition that the state sea merchant ports were keeping their monopoly state.



**The Analysis of Latest Researches and Publications.** The port dues are considered in the works of V.V. Vinnikov, S.V. Kryzhanovskiy, O.M. Kotlubai, O.M. Kibik, O.V. Grushevska, I.M. Petrov, V.A. Vygovskiy, who studied the current classification of the port dues, analyzed the schemes of their charging and also the port dues are studied as the sources of financing of the port infrastructure.

In the works of the economists S.P. Strendenes, H. Meersman, E.V. DeVorde [4] there was considered the principles and models of the port pricing and structure of the port tariffs and dues.

The analysis of the publications by the foreign and national scientists on given problem demonstrated that there is a lack of attention to the issue of the methodical aspects of the port dues formation in modern realities, and namely there is no formulated methodological principles of the port dues formation, the possibilities of applicability of various pricing principles to the leveling of port dues were not considered, there is no clear mechanism of counting the investing part in the current approaches in order of further financing of the certain elements of the port infrastructure. This enables the necessity for further research on given problem.

The analysis of the publications on this problem shown the lack of scientific studies which touched the specific of the grounded formulation of the charges of port dues and methodology of their economic calculations.

**The Aim of the Study.** It is studied in the research the applicability of the methodical controlling system to define the grounded level of each port due, based on the necessary operational costs of each port in each region.

**The Basic Material of the Study.**

The legal, economical and organizational basics of the activity in the sea ports of Ukraine are set by the Law of Ukraine "About the Sea Ports of Ukraine". According to Article 22 of the Law the following port dues are charged in the sea port: the tonnage, the mooring, the anchoring, the canal, the light, the administrative and the sanitary. The usage of the funds from the port dues is allowed strictly according to their targeted use[1].

Table 1 shows the directions of the port dues usage [2].

**Table 1**

**The Port Dues in Ukraine and the Directions of their Usage**

Type of the port due	The directions of the funds usage of the port dues
tonnage	<ul style="list-style-type: none"> <li>- on maintenance and cleaning of aquatorium of port from alluviums and substances that contaminate her surface and bottom;</li> <li>- on maintenance, repair, modernisation, reconstruction and building of fencing and coast support constructions of port;</li> <li>- on ship uploading and submarine-technical works on the aquatoriums of port and dredging, related to support, improvement, development (by expansion) of aquatorium of port and operating aquatorium of moorage (moorages);</li> <li>- on the aims related to providing of safety of navigation on navigable ways;</li> <li>- on maintenance of personnel that participates in realization of such works;</li> <li>- on providing of functioning and development of the national system of search and rescue in the maritime search and rescue region of Ukraine;</li> <li>- on indemnification of the investments, brought in by the subjects of menage in the strategic objects of port infrastructure, that are the objects of public domain, and on indemnification of cost of submarine hydrotechnical building (channels, operating aquatoriums of moorages and others like that) that were built due to private investments to going into effect by the Law of Ukraine "About the Sea Ports of Ukraine"</li> </ul>

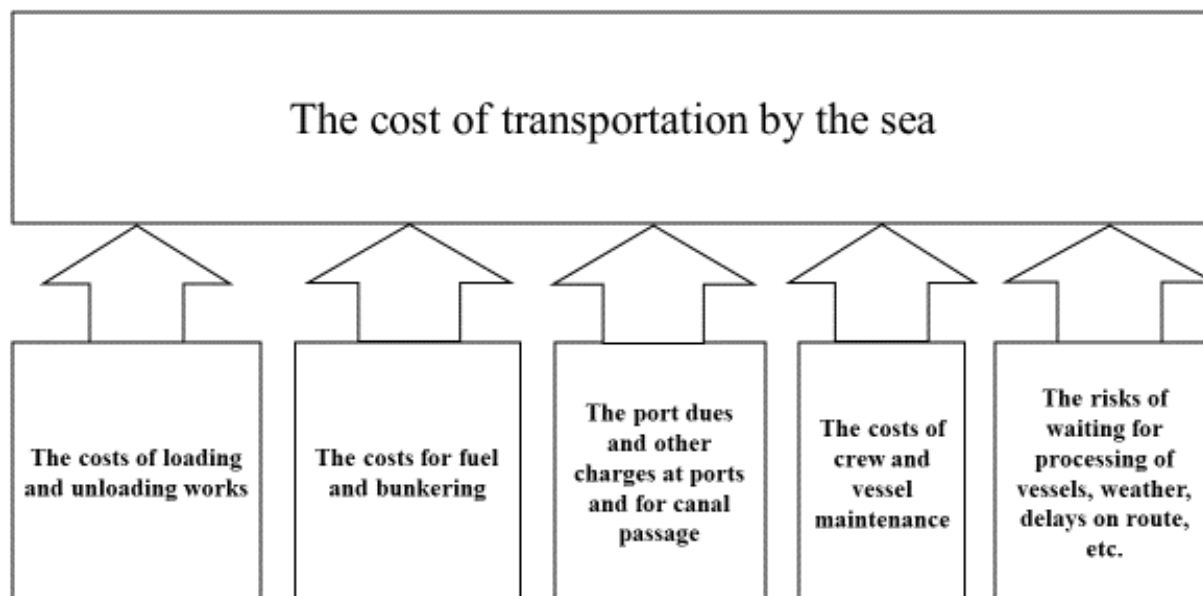


canal	<ul style="list-style-type: none"> <li>- on maintenance, service, repair and providing of safety of navigation on navigable ways and channels, cleaning of them from alluviums and maintenance of their sizes within the limits of passport values;</li> <li>- on dredging related to maintenance and/or improvement of project sizes on channels;</li> <li>- on maintenance, service and repair of facilities of lighthouses, coastal and floating facilities of navigation equipment on channels;</li> <li>- on building (acquisition, making), modernisation, reconstruction, repair of channels and other inconvertible assets that is used on marked in this point of aim;</li> <li>- on maintenance of personnel that participates in realization of such works;</li> <li>- on indemnification of the investments, brought in by the subjects of manage in the strategic objects of port infrastructure, that are the objects of public domain, and on indemnification of cost of submarine hydrotechnical building (channels, operating aquatoriums of moorages and others like that) that were built due to private investments to going into effect by the Law of Ukraine "About the Sea Ports of Ukraine"</li> </ul>
light	<ul style="list-style-type: none"> <li>- on acquisition, modernisation, reconstruction, building, and also on maintenance, service and repair of lighthouses, coastal and floating aids of navigation, technical (situation, tow, special) fleet and specialized hydrographical (pilot) ships;</li> <li>- on realization of hydrographical works with the aim of actualization of operating and edition of new navigation charts and manuals for navigation in the zone of responsibility of Ukraine, on provision to the navigators of information about changes in a navigation hydrographical situation, on preparation, development and actualization of cartographic products (maps, atlases, manuals and others);</li> <li>- on the receipt of information about ship calls;</li> <li>- on maintenance of personnel that participates in realization of such works</li> </ul>
mooring	<ul style="list-style-type: none"> <li>- on maintenance, service, and also repair, modernisation, reconstruction and building of mooring and adherent to them territories;</li> <li>- on maintenance of personnel that participates in realization of such works;</li> <li>- on indemnification of the investments, brought in by the subjects of manage in the strategic objects of port infrastructure, that are the objects of public domain and indemnification of cost of submarine hydrotechnical building (channels, operating aquatoriums of moorages and others like that) that were built due to private investments to going into effect by the Law of Ukraine "About the Sea Ports of Ukraine"</li> </ul>
anchoring	<ul style="list-style-type: none"> <li>- on maintenance, service, and also repair, modernisation, reconstruction and building of anchoring and adherent to them territories;</li> <li>- on maintenance of personnel that participates in realization of such works;</li> <li>- on indemnification of the investments, brought in by the subjects of manage in the strategic objects of port infrastructure, that are the objects of public domain and indemnification of cost of submarine hydrotechnical building (channels, operating aquatoriums of moorages and others like that) that were built due to private investments to going into effect by the Law of Ukraine "About the Sea Ports of Ukraine"</li> </ul>
sanitary	<ul style="list-style-type: none"> <li>- on maintenance and service, repair, modernisation and building of the fixed assets, vessels and container park, that used for an acceptance from the ships of all types of contaminations (except ballast waters), provide the handling of heavy oil products, garbage, food wastes and other contaminations and their transporting to the places of utilization, for utilization of garbage and other contaminations (incinerators garbage and others like that);</li> <li>- on maintenance of personnel that participates in realization of such works;</li> <li>- on indemnification of the investments, brought in by the subjects of manage in the strategic objects of port infrastructure, that are the objects of public domain, indemnification of cost of submarine hydrotechnical building (channels, operating aquatoriums of moorages and others like that) that were built due to private investments to going into effect by the Law of Ukraine "About the Sea Ports of Ukraine"</li> </ul>
administrative	<ul style="list-style-type: none"> <li>- on fulfilling commitment under international agreements in relation to shipping, a consent to obligatoriness of that is given by Verkhovna Rada of Ukraine</li> </ul>

The shipment of the cargo by the sea is the most convenient and optimal



decision when doing international transportations, especially of large consignments for long distances. International sea transportations are the complex processes, which costs includes several components (pic. 1).



**Pic. 1. The components of the costs for the sea transportation**

The cost and duration of the loading and unloading operations are depended of their organization and by the technology and may vary not only by regions, countries, but also by cargo handling complexes (berths) within one port.

The port dues, pilots services, tug services, canal passage and other expenses relevant to ship call at port are differs in value not only by the region, country, but also within the ports of one country.

The variability of the prices for loading and unloading operations and dues and charges at given ports are one of the factors which explains the differences in freight rates.

The absolute and relative value of fuel component in price of sea transport product is depended on the distance of transportation, ship speed and the level of the market price of fuel.

The price of sea transport product at transportation is individual depending on the type, cargo quantity, direction, and even on the period of transportation.

There are many publications that the port dues in Ukraine are much higher than in comparison with the ports of other countries.

Ukraine is one of the biggest exporter of grain and iron ore, and also exports significant amounts of coal, especially not so long ago, when there were transit flows from the Russian Federation.

Ukrainian exporter pays more, than his competitors in other countries in more competitive ports (table 2).



Table 2

**The comparison of the port due and charges for provided services to the general cargo ship Cape Size (for iron ore)**

Port	Country	USD, th. per ship call
Pivdennyi	Ukraine	300
Headland	Australia	145
Dampir	Australia	145
Seven-islands	Canada	130
Por-Cartier	Canada	125
Itaguai	Brazil	125
Narvik	Norway	111
Tubaran	Brazil	103
Saldanha Bay	South Africa	85
Goa	India	45
Nuadibu	Mauritania	40

The port dues in Ukraine are higher on USD 1,1-3,0 per ton of cargo, than port dues in compare with foreign ports, and due to this Ukrainian ports are not competitive at world market.

But port dues in Ukraine are the only source of funds for keeping, modernization, construction of port infrastructure, thus in some countries ports are subsidized for keeping and development of their infrastructure. That means that national ports when performing their activity at strict tax system have no financial support from the state, and, moreover, 100 % of the administrative due are forwarded to the state budget.

The analysis of the usage of the port dues for 2014-2016 is shown in Table 3.

Table 3

**The analysis of the usage of the port dues for 2014-2016**

The parameter/ years	2014	2015	2016
Port dues paid, UAH mln.	2 707	4 919	4 946
Port dues used, UAH mln.	1 518	1 326	1 835
Incl. on capital investments	729	144	327
Percentage of capital investments expenses to the amount of used port dues, %	48	11	18
Percentage of capital investments expenses to the amount of paid port dues, %	27	3	7
Payments to the budget, UAH mln.	867	1 645	2 862
Percentage of budget payments to the amount of paid port dues, %	32	33	58

The increase of payments to the state budget is connected with the performing of the current Provision of the state budget payments of the part of net profit (income) of the state owned enterprises and its unions and namely payments to the state budget of up to 75% of net profit. At the same time the payment of 75% of net profit to the state budget by the Ukrainian Sea Ports Authority (USPA) ruins the working principle of



targeted character of port dues.

So, it is evident the necessity to stop the non-targeted usage of the funds of the USPA and to abolish the practice of payment of 75% of ports incomes to the state budget.

The most problematic and discussion issue is the necessary volume of operational works and the level of expenses for these works as well as the optimization of the number of personnel.

In fact, using each due there must be recovered certain expenses. For this aim, there must be defined the list of expenses to be covered by the dues and there must be analysed the rate of port dues usage for the non targeted aims. The resolving of this task is possible by using the methodological approach of controlling in the sphere of port tariffs which will envisage the justification of the value of each port due taking into account the liberalization of the port tariffs policy regulation.

At present stage it should be noted that port dues in Ukraine are charged by one organization – the Ukrainian Sea Ports Authority. It has 14 branches in ports, every one of them with its own work specification and located in different regions. The USPA has in its structure several types of activities, huge personnel (about 8 th. people). And in this respect, the management often faces with the problem of effective covering of all aspects of its activities and thus the sense of control could be lost.

The implementation of managerial controlling in case of the USPA will enable to establish timely provisioned system of informing the management with full, open and reliable information needed for taking optimal management decisions.

In this case the methods of controlling mean not attracting of the new introductions to business and race for fast profits, but the achievement of sustainable development of the enterprise, resource stabilization and it is deemed necessary to develop and implement the tax policy and control under each structure.

Controlling is the system for defining the goals, forecasting and planning of the mechanisms and instruments to reach these goals, and also for validation of the success of goals performing. So, it is the system of monitoring and research of the economic mechanism of the given enterprise and developing the ways for reaching the aim set by this enterprise [3].

Often the controlling is identified as managerial accounting. However, its functions are wider. Mostly it is the service function for business, and in particular the support for the management in the sphere of strategic and operational management. The service is in promoting the management in setting the goals, developing of the plans and budgets, and also in timely support with financial and non-financial information. It should be noted that one of the main element of the system is the control itself – as the comparison of the planned parameters with factual and factor analysis of deviations. Thus, control is not for the sake of control and looking for offenders, but control for the sake of reaching the goals of the company by the way of its performing.

The task of controlling is to bring the organization to the defined aim, thus to establish the effective management system.

The implementation of the methodical controlling system will allow to define



economically based rates for each port due based on operational expenses of each port in every region.

The controlling system developed in the effective way at setting the size of port dues will allow the following:

- avoiding the cross subsidizing between various centres of income;
- validation of the expenses used for calculation of the level of dues, including cost validation auditing;

- resolving the inflation issues. The forecasting of future expenses and incomes will inevitably be exaggerated by the inflation level and UAH currency exchange level, in which the biggest part of expenses are made, as well as by USD, which is the currency for dues charges;

- defining of the compensators. To avoid losses as for the port users and for port administrations as result of forecasted and real expenses and incomes, it will be implemented at the end of each year the compensation mechanism. As per this mechanism, the Ministry of Infrastructure of Ukraine will introduce the decision about correction of relevant dues charges for the next year in order to compensate over expenses of the port users in case of high charges or in order to compensate the port administration incomes in case of too low charges of port dues. Yearly correction of charges is expedient until the various key constants are stabilized (especially inflation and exchange level). These yearly corrections will also protect the port users from possible significant changes of the charges for port dues.

**The Conclusions.** The implementation of the methodical controlling system into the port activity will facilitate the development of qualitatively new methodology of the port dues calculation and, also, the establishment of clear system of distribution, accumulation and spending of revenues from the port dues.

The aim of methodical approach to the controlling of port dues is the definition of grounded level for port due, which is necessary for:

- covering operational expenses;
- expenses for actives renovation in the end of their operation;
- financing of all future investments.

The main aim of the setting of the sizes of port dues, is, first of all, the costs' minimization on the trade with Ukraine, the raise of the sea ports attractiveness and promoting the private investments into the port infrastructure.

#### References:

1. The Law of Ukraine by 11.08.2013 Document 4709-17, in force, current version – Version by 11.08.2013, basis 406-18 “About the Sea Ports of Ukraine” by 17.05.2012 № 4709-VI [electronic source] / Verkhovna Rada of Ukraine. – Database “The Legislation of Ukraine. – Regime of accessibility to the document: <http://zakon4.rada.gov.ua/laws/show/4709-17>

2. The Order of the Ministry of Infrastructure of Ukraine by 27.05.2013 Document z0930-13, in force, current version – Version by 30.09.2016, basis z1258-16 “About the Port Dues” by 27.05.2013 № 316 [electronic source] / Verkhovna Rada of Ukraine. – Database “The Legislation of Ukraine. – Regime of accessibility to the document: <http://zakon3.rada.gov.ua/laws/show/z0930-13>



3. Davydovych I.Ye. Controlling: Study manual / I.Ye. Davydovich. – K.: Centre of Study Literature, 2008. – 552 p.

4. Meersman H. Port Pricing: Principles, Structure and Models: discussion paper [electronic resource] / H. Meersman, S.P. Strandenes, E.V. deVoorde // Norwegian school of economics. – 2014. – Regime of accessibility to the document: <http://brage.bibsys.no/xmlui/bitstream/handle/11250/194585/1/SAM1414.pdf>

**Анотація.** З метою приведення портових зборів в Україні до конкурентного рівня зборів інших країн їх необхідно оптимізувати до економічно обґрунтованого рівня. Для вирішення задачі в роботі застосований системний підхід, який розглядає систему контролінгу як метод раціонального вирішення проблеми ціноутворення портових зборів. Застосування методичної системи контролінгу сприятиме визначенню обґрунтованих ставок кожного портового збору, виходячи з необхідних експлуатаційних витрат кожного порту. Робота присвячена розробці методичної системи контролінгу для вирішення комплексної задачі оптимізації портових зборів та збереження джерела підтримання у належному стані портової інфраструктури. Впровадження системи контролінгу в портову діяльність сприятиме розробці якісно нової методики розрахунку портових зборів, а також створенню прозорої системи розподілу, накопиченню і витрачання доходів від портових зборів, що позитивно позначиться на конкурентоспроможності портів України.

**Ключові слова:** портові збори; цільове використання портових зборів; контролінг; оптимізація витрат; морські перевезення; підприємства портової галузі

#### Література:

1. Закон України від 11.08.2013 р. Документ 4709-17, чинний, поточна редакція – Редакція від 11.08.2013, підстава 406-18 «Про морські порти України» від 17.05.2012 № 4709-VI [електронний ресурс] / Верховна Рада України. – База даних «Законодавство України». – Режим доступу до документу: <http://zakon4.rada.gov.ua/laws/show/4709-17>

2. Наказ Міністерства інфраструктури України від 27.05.2013 р. Документ z0930-13, чинний, поточна редакція – Редакція від 30.09.2016, підстава z1258-16 «Про портові збори» від 27.05.2013 № 316 [електронний ресурс] / Верховна Рада України. – База даних «Законодавство України». – Режим доступу до документу: <http://zakon3.rada.gov.ua/laws/show/z0930-13>

3. Давидович І.Є. Контролінг: Навчальний посібник / І.Є. Давидович. – К.: Центр учбової літератури, 2008. – 552 с.

4. Meersman H. Port Pricing: Principles, Structure and Models: discussion paper [electronic resource] / H. Meersman, S.P. Strandenes, E.V. deVoorde // Norwegian school of economics. – 2014. – Access to the document: <http://brage.bibsys.no/xmlui/bitstream/handle/11250/194585/1/SAM1414.pdf>

The supervisor: PhD Yarovaya N.V.

The article sent: 28/11/2016

© Ryabovolenko Nataliya