

ROAD FREIGHT STRATEGY PRESENTATION

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PROBLEM STATEMENT – ROAD FREIGHT OPERATIONS

- Lack of Operator Regulation
- Ineffective Overloading Control
- Ineffective Enforcement of Standards for drivers, vehicles, operations
- Ineffective Integrated Planning Freight – Corridors, Urban and Rural
- Inadequate Road-Rail Split (88%-12%)
- Deficient Freight specific Training and Skills Development
- Lack of effective Regional Coordination
- Deteriorating road Infrastructure
- Complicated Cross Border Logistics
- Ineffective Coordination - Government & Road Freight Sector
- Lack of Road Freight Information
- Need for Promotion of B-BBEE

VISION AND OBJECTIVES

VISION

The vision of the Road Freight Strategy is a transition from the current situation to:

“An effective regulatory and institutional framework using international best practise systems, technology and efficient management to provide high standards of operational quality and minimal externalities in a sustainable road freight sector which provides efficient service to South African industry”.

OBJECTIVES

- To improve the effectiveness of regulation and enforcement of quality standards and to ensure equity between road freight transport operators within a system of quality-regulated competition.
- To optimise the efficiency of road freight services to industry and to reduce the externalities of the mode in terms of accidents, pollution, congestion, infrastructure damage and anti-social activities.
- To propose an effective, efficient rail/road split
- To create effective training and skills development options for all functions in the industry, to encourage professionalism in the management, operation and support of road freight operations, and to encourage increasing BEE participation in the industry
- To provide for effective liaison between all role players in the sector; all tiers of government, private sector operators and industrial users and to promote optimal intermodal coordination and logistical efficiency as well as improving the planning of road freight infrastructure provision and management.
- To promote regional trade integration and improve cross border transport efficiency to enhance national competitiveness

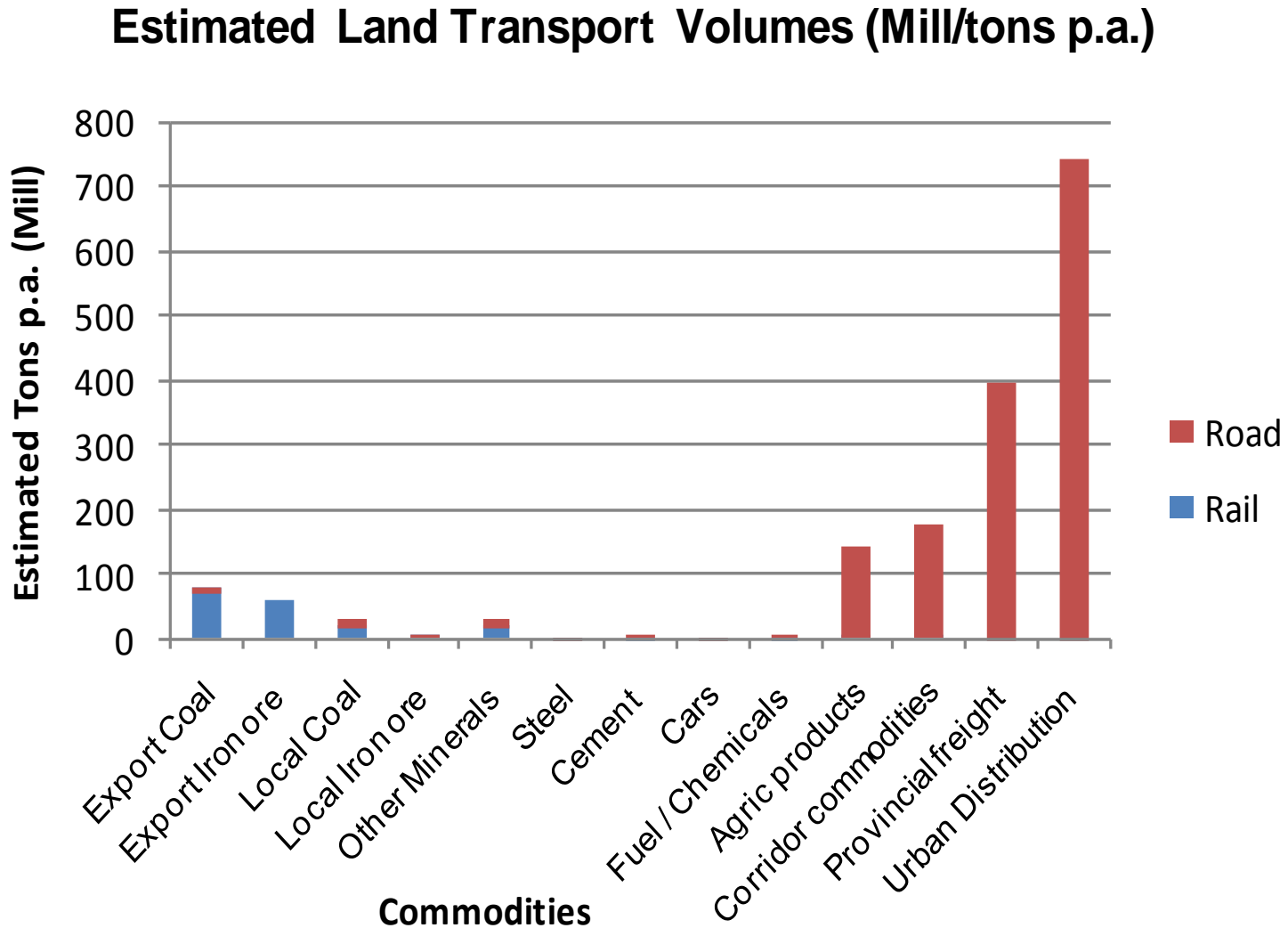
VALUES

The values that define the effectiveness of the road freight regulatory system cover a range of different facets of the operations which may be described as follows:

- Operator fitness - competent freight transport operators
- Road safety - competent drivers
- Vehicles fitness - vehicle condition, driving behaviour
- Legal loading - compliance with axle load limits
- Infrastructure - protection of roads, bridges, urban property
- Externalities - pollution, congestion, anti-social behaviour
- Operations - load securement, driver hours, routing
- Competence - competent management of operations
- Competition - quality-regulated competition
- Enforcement - monitoring and control of standards

DESCRIPTION OF THE ROAD FREIGHT SECTOR

THE LAND FREIGHT MARKET

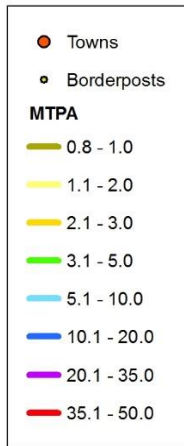


CURRENT LAND FREIGHT ANNUAL TONS

Commodity Characteristics	Commodities	Annual Tons mtpa	Typical origins	Typical destinations	Modal Usage %		Primary reason for modal choice	Rail mtpa	Road mtpa
					Rail	Road			
Bulk - Coallink Bulk - Orex Bulk - GFB	export coal	76.3	Mines	Ports	100	0	Full rail facilities	76.3	0.0
	export iron ore	59.7	Mines	Ports	100	0	Full rail facilities	59.7	0.0
	local coal	24.6	Mines	Powerstations	85	15	Some rail facilities	21.0	3.6
	local iron ore	12.0	Mines	Foundries	100	0	Some rail facilities	12.0	0.0
	local coal	9.5	Mines	Factories/ports	74	26	Few rail facilities	7.0	2.5
	other minerals	8.5	Mines	Foundries/ports	72	28	Some rail facilities	6.1	2.4
	other minerals	8.6	Quarries	Smelters	81	19	Some rail facilities	7.0	1.6
	Clinker	5.8	Quarries	Factories	86	14	Some rail facilities	5.0	0.8
	fuel/chemicals	3.9	Plants	Ports	90	10	Some rail facilities	3.5	0.4
	Grain	10.0	Silos/ports	millers	40	60	Some rail facilities	4.0	6.0
	steel	2.1	Foundries	Ports	53	47	Some rail facilities	1.1	1.0
	timber	8.0	Forest	mills /ports	75	25	Some rail facilities	6.0	2.0
	Paper and pulp	1.5	Port/plants	ports/plants	67	33	Some rail facilities	1.0	0.5
	Other bulk	4.0	Mines/agric	Plants/ports	100	0	Some rail facilities	4.0	0.0
TOTAL BULK		234.5			91	9		213.7	20.8
Break bulk	steel	1.0	Foundries	Wholesaler	1	99	No rail facilities	0.0	1.0
	cars	1.0	Ports/Plants	Ports/ Plants	40	60	Few rail facilities	0.4	0.6
	cars	1.0	Ports/Plants	Retailers	20	80	Few rail facilities	0.2	0.8
	containers	6.0	Ports/Terminals	Plants	30	70	Few rail facilities	1.8	4.2
	containers	14.0	Ports/Terminals	Ports/terminals	36	64.3	Few rail facilities	5.0	9.0
	chemicals	20.0	Factories	Users	0	100	No rail facilities	0.0	20.0
	fuel	30.0	Plant	Retailers	0	100	No rail facilities	0.0	30.0
Mixed	agric prods	111.0	Farms,silos	Farms / Mills	5	95.5	Few rail facilities	5.0	106.0
	industrial goods	550.0	Ports/factories	User industries	0	100	No rail facilities	0.0	550.0
	FMCG	500.0	Processors	Wholesale/retail	0	100	No rail facilities	0.0	500.0
	beverages	90.0	Plants	Wholesale/retail	0	100	No rail facilities	0.0	90.0
	packaging	40.0	Plants	factories/processors	0	100	No rail facilities	0.0	40.0
Casual	Construction	40.0	Suppliers	Sites	0	100	No rail facilities	0.0	40.0
	Building	20.0	Suppliers	Sites	0	100	No rail facilities	0.0	20.0
	Retail	20.0	distribution	stores	0	100	No rail facilities	0.0	20.0
TOTAL BREAK BULK		1444			1	99.1		12	1432
TOTAL LAND FREIGHT		1679	Million tons p.a.		13	86.5		226	1452

NATIONAL ROAD FREIGHT CORRIDORS: LOCATIONS AND ANNUAL TONS

Road Freight Corridors in South Africa



Corridor	Commodity
N1 S	Fruit, Fish, Containers
N1N	General cargo, Fuel
N2S	Cars, Fruit, Containers, milk
N2C	General cargo, Fuel
N2N	Ferrochrome, Timber
N3	chemicals, cars, Fuel, containers
N4W	Fuel, maize, wheat
N4E	Ferrochrome, coal, fruit
N5	Containers, general cargo, maize
N6	Cars, containers
N7	Fish, fruit, containers,
N8	Manganese, Foods
N9	Cars, containers
N10	Maize, cars, containers
N11	Steel, coal, marble
N12	Maize, fruit, vegetables
N14	Maize, wheat, livestock
N17	Coal, steel, fuel, chemicals



CHALLENGES

- **Operator Regulation**
- **Law Enforcement**
 - *Implementation of regulations*
 - *Enforcement Capacity*
 - *Overloading Control*
- **Integrated Planning**
 - *Roads for Freight – Corridors, Urban and Rural*
 - *Coordination between Government and the Road Freight Sector*
 - *Intra-governmental coordination*
 - *Sustainable infrastructure*
- **Road – Rail (Back to Rail)**
- **Training and Skills Development**
- **Regional Coordination and Cross-border Logistics**
- **Lack of Road Freight Information**
- **Promotion of B-BBEE**

STRATEGIC RECOMMENDATIONS

Operator Regulation

- Regulation and control of operational quality - defined, measurable, practicable standards for all aspects of the transport - monitoring the standards - admission to the occupation “Road Transport Operator” to be dependent on criteria .

Operator Registration System

- Operators - identification of entity: criteria: Responsible Competent Persons (RCP) - to be qualified and competent: Vehicle Records - vehicles to be roadworthy: Driver Records - drivers to be competent: Offences Records- operator to be responsible; Certification and Grading-dependent on compliance : Monthly Updates and Reports - performance to be monitored

Law Enforcement

- **Overloading control** - Implementation of AARTO will offer a means to relieve some of the current problems, such as, avoidance of penalties by bribery and corruption at weighbridges, borders, testing grounds, road side inspections and licencing authorities.
- Overloading control will include High-Speed-Weigh-in-Motion and Number Plate Recognition technology with integrated data bases to augment and eventually replace the current weighbridge system. There will be need for changes to the legislation to permit use of HSWIM and camera integrated with AARTO as evidence for prosecution of speed and overloading offences. The introduction of electronic data capture and processing, integrated with the Operator Register, will provide a means to curtail current collusive practices.

Driving Hours and Truck Stops - There is need to re-evaluate the terms of the current NRTA amendment regarding driving hours to focus the legislation on long-haul trucking

Implementation of Regulations - The rationalisation of freight regulations as described in this report will improve the potential for implementation.

STRATEGIC RECOMMENDATIONS

Integrated Planning

Roads for Freight – Corridors, Urban and Rural

Planning for the future of freight logistics is currently fragmented and improved coordination must include all sectors of government, parastatals and private sector to reduce congestion, and create efficient and sustainable infrastructure to support the development of the economy.

Coordination between government and the road freight sector

Improved structures will be devised to address the issue of integrated planning of road freight facilities, routes, and logistics areas. High level structures are required for improved coordination with various agencies, provinces, Treasury, parastatals, and other departments and the private sector industries and suppliers of road freight transport.

Road – Rail (Back to Rail)

Strategic actions to shift cargo must influence the decisions made by the private sector producers, importers and exporters of goods. Railway must provide services for initial uptake of 20 million tons of bulk freight on road. Future plans must include changes to the institutional and regulatory framework is described in the National Freight Logistics Strategy.

ESTIMATED TONNAGE OF BULK CARGO ON ROAD (2015)

COMMODITIES	ESTIMATED TONS P.A.
Steel	1,000,000
Oil and fuels	2,500,000
Domestic Coal	3,500,000
Export (sized) Coal	1,500,000
Manganese	800,000
Grain	6,000,000
Timber	2,000,000
Pulp and Paper	500,000
Minerals	2,000,000
Total	19,800,000

Source: Freight Train / NP&A

STRATEGIC RECOMMENDATIONS

Training And Skills Development In The Road Freight Sector

Improvement in the training of drivers, technicians and managerial staff will be dependent on development of a strategy to create training institutions and the funding of suitably professional training course in collaboration with industry, TETA and provinces. There will be the need for and provision for training bursaries for aspirant trainees to kick-start the process. The process will review driver age limits, training and the terms of the PrDP.

HGV and PSV Drivers

Need for training standards, course material, qualifications, equipment, training of trainers, phased licensing by age

- **Technicians – Automotive – Mechanical Electrical – Electronics** - *(Need for expansion and State support of “apprentice” training before the shortage of journeymen makes that impossible)*
- **Responsible Competent Persons (RCP)** - *(Need for development of basic training for competence; can be distance learning and committed to CD or Video: testing can be computer based)*
- **Supervisory Training** - *(Need for basic courses: can be distance learning and committed to CD or Video)*
- **Road Transport Management Training** - *(Institution of Higher Learning have the capacity; with industry professional inputs)*
- **Vehicle Inspector Training** - *(Provincial colleges need to develop advanced vehicle inspector training, using modern techniques and private sector input)*
- **Driver Licence Examiner Training** - *Need for examiners to be trained on modern fully loaded combinations so that they can test licence applicants on the vehicles)*

STRATEGIC RECOMMENDATIONS (CROSS CUTTING ISSUES)

Promotion of BEE

- The road freight sector has committed to recruit new black people into the industry and increase the skills of new and existing employees, and to create opportunities for B-BBEE. The Department of Transport must evaluate options for supporting training and skills development to optimise the potential for creation of new black entrepreneurs (and the development of existing ones) who can participate in economic opportunities throughout the industry value chain.
- The implementation of the Road Freight Sub-Sector Code for B-BBEE will assist this development. The Charter underscores the need for improving opportunities for training and development of supporting systems.

Road Funding Mechanisms

- The issue of equitable road pricing is critical and has severe implications for the economy in the absence of significant alternative transport options. It is crucial that the current process of preparing a “Roads Policy” green paper is aligned with road freight transport policy to ensure that operational and economic issues are considered.

STRATEGIC RECOMMENDATIONS (CROSS CUTTING ISSUES)

Regional Coordination and Cross Border Logistics

- Review the development of cross border freight regulations in line with current SADC-Tripartite initiatives. There is also a need for analysis of the causes of the delays and inefficiencies at the borders.

Lack of updated Road Freight Information/Statistics

- Continuous updating of Freight Information.

Accident Statistics

- There is a need to review the arrangements for collection and reporting of national accident statistics in order to permit planning and monitoring of road safety measures, in line with international agreements. Data is the cornerstone of all road safety initiatives and activities.

RFS CONSULTATIONS TO DATE

- PROVINCIAL DEPARTMENTS
 - LIMPOPO; NORTH WEST; FREE STATE; GAUTENG; MPUMALANGA; WESTERN CAPE; EASTERN CAPE & KZN.
 - NORTHERN CAPE STILL OUTSTANDING.
- SOCs
 - TRANSNET.
- PRIVATE SECTOR (Incl. Associations & Chamber Of Commerce)
 - AGRISA.
- NATIONAL DEPARTMENTS
 - DEPT. OF PUBLIC ENTERPRISES.
- PLANNED MEETINGS:
 - CAPE CHAMBER OF COMMERCE
 - DEPT. OF TRADE & INDUSTRY
 - NATIONAL TREASURY

THANK YOU