

Transport woes 'Achilles heel' for SA's development

Transport costs in SA rose 16,2% in 2010 compared with the year before, largely as a result of higher fuel prices, and this negatively affected SA's logistics system, according to the eighth annual state of logistics survey compiled by the Council for Scientific and Industrial Research (CSIR), the University of Stellenbosch and Imperial Logistics.

Costs related to transport "are the single greatest factor (affecting) SA's logistics costs, comprising 53,2% of the logistics bill," the survey found. Failure to prioritise investment in transport infrastructure would threaten SA's competitiveness, hampering the government's economic growth plans, it said.

"SA is a 'transport-hungry' economy; if transport is not given priority as a strategic planning imperative, it could become the Achilles heel of economic growth," the report said.

The use of road as the dominant mode of transport over rail remained a concern, University of Stellenbosch researchers said.

Freight volume rockets

According to the Department of Transport, between 2003 and 2007 the volume of freight in SA more than doubled. More freight was transported by road than by rail, with road freight enjoying an 80% share. By 2010 this grew to an 87% share.

Jan Havenga and Zane Simpson from the University of Stellenbosch said the "uncertainty and risk relating to the fuel price was an important risk for SA's transport costs".

SA is undertaking a large-scale investment programme in transport infrastructure in an attempt to respond to the needs of the economy and to stimulate higher growth and job creation.

Over the next three years the government will invest R262bn to improve transport and logistics infrastructure, with the bulk of it to be undertaken by state-owned companies such as Transnet.

Speaking yesterday at the University of Johannesburg's Soweto campus, Transnet CEO Brian Molefe said the company's new market demand strategy would turn Transnet Freight Rail into the world's fifth-biggest freight company. "Rail volumes will increase from 200-million tons to 350-million tons ... increasing rail market share of transport revenue. This will have a major impact on reducing the cost of doing business."

Cornelius Ruiters, executive director of CSIR Built Environment, said the effective maintenance, expansion and management of the country's infrastructure would enable SA to compete at a higher level globally.

The survey identified maritime connectivity as a strategic issue, with SA ranking 30th out of 162 coastal countries. "It is in the same league as Brazil and India, and outperforms coastal Southern African Development Community countries by far in terms of maritime connectivity," it said, citing the United Nations Conference on Trade and Development.

Source: *Business Day* via I-Net Bridge

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