

September 2014

FREIGHT & TRADING WEEKLY

GAUTENG

ftw

**DOES GAUTENG STILL
HAVE HUB SUPREMACY?**

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Counting the costs

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EFFICIENCY**

Assa Abloy's Agnieszka Morton tackles the challenge



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The Assa Abloy factory
Photo: Shannon Van Zyl



Locking down supply chain efficiency

SA importers face uphill battle

Adele Mackenzie

South African importers are, generally speaking, very small players in the global supply chain and are located far away from their source markets. Subsequently, they face an uphill battle to get products to their customers at the right time and at the right price.

Keeping the total cost of ownership down – which includes a quick turnaround on production and delivery – is heavily dependent on an efficient, flexible and streamlined supply chain, said

Agnieszka Morton, newly appointed procurement manager for Assa Abloy in South Africa, a global specialist in the manufacturing and supply of door opening solutions. “Decisions need to be based on the total supply chain cost rather than on a low purchase cost,” she added.

The company has several door opening solutions in its stable, ranging from padlocks to sliding door locks, electronic access control locks, mechanical locks and more.

Well-known brands, which form part of the Assa Abloy portfolio, include Yale, Henderson, Union, Besam, Vingcard and Mul-T-Lock. Customers include retailers, wholesalers, locksmiths and Original Equipment Manufacturers (OEM).

The manufacturer has a large production facility in Rodepoort, Johannesburg, where it manufactures the majority of its products. “We ship a lot of our products nationally and

into parts of Africa from the Gauteng warehouse,” said Morton.

Assa Abloy imports materials, components and sometimes fully assembled products from other Assa Abloy companies across the globe. Morton noted that the majority of the South African imports were currently sourced from emerging markets such as India, China and Eastern European countries such as Poland, Romania and the Czech Republic.

“We find these countries offer good-quality products at competitive prices. Yet there are several challenges for importers in South Africa, not least of which are low levels of responsiveness from source countries. It is crucial to align with the right suppliers as we need enough presence in their companies to build a strategic partnership in order to obtain transparency on costing or price projections. We also need to establish the right relationships so we can collaborate and get answers when deliveries are delayed,” commented Morton.

Furthermore, emerging markets are highly volatile and are subject to

sudden economic changes and labour policies, she said. “For example, the cost of labour in China has substantially increased over the past few years, which adds to the cost of the products

or materials.” China is no longer regarded as the ‘cheapest’ country to manufacture goods. Cost competitiveness around the globe has drastically changed over the past decade. South Africa’s location also counts against it for importers as the lead times for products are quite long. “Depending on the nature of the product, there is an average of 30 days’ production lead time and then it takes around 4 to 6 weeks by sea to reach Durban port,” Morton said. She added that ocean freight was the preferred method of transport as it was most cost-effective. “Airfreight is mainly used for urgent deliveries.”

High logistics costs and excessive inventory can dilute the benefits of low cost sourcing. To overcome these challenges and ensure a more efficient and cost-effective supply chain, Morton suggests importers – and their freight forwarding partners – look at more consolidation and improved collaboration between internal and external suppliers in order to pool resources and gain maximum savings benefit.

Transparency is also a key deliverable from freight forwarders and agents, particularly because of the length and complexity of an import supply chain, said Morton. Collaboration between companies and suppliers is critical to global success. True partnerships require transparency and clear understanding of requirements and expectations driven by an agreed set of Key Performance Indicators.



“

Decisions need to be based on the total supply chain cost rather than on a low purchase cost.

– AGNIESZKA MORTON

Regional port developments challenge Gauteng's hub supremacy

The city needs a strategy

Liesl Venter

Gauteng will have to pull out all the stops if it wants to retain its economic hub status as a leading role-player in southern Africa.

"There is no time for complacency," says Liz Whitehouse, director of African information specialists Whitehouse & Associates.

"There are so many developments taking place in the region that Gauteng is going to have to be very careful about being complacent about its position as it might find itself no longer a front-runner."

With major infrastructure development under way in the form of new ports, roads and railways in countries such as Namibia, Angola and Mozambique it is no longer a given that South Africa and therefore Gauteng is the central role-player.

"The developments under way have to be monitored as a lot of them revolve around logistics and transport and will impact significantly on Gauteng," says Whitehouse. "Traditionally, because of the Port of Durban being the primary entry and exit point for cargo destined for southern Africa, Gauteng has managed to maintain its hub position. But that could change as other ports develop and transport routes are established, bypassing Gauteng completely."

While the province will continue to play a pivotal role in that it serves as the headquarters for major decision-makers in the project

and logistics fields, it does not mean Gauteng will continue to be the gateway into southern Africa via Durban. "It makes sense for headquarters to be in Gauteng as it has all the necessary infrastructure in place to ensure smooth operations. These very decision-makers are, however, starting to look carefully at what goods go where and how they can be channelled most effectively."

More than anything else, says Whitehouse, the port developments in southern Africa are bringing choice into the market. "The dependency on the Port of Durban is slowly but surely diminishing and that does have an impact on trade. A lot of warehouses in Gauteng for instance are being utilised purely because it makes sense to do so to pick up goods on the return trip from delivering copper for instance to the port. But should another port be used this will no longer be the case."

Whitehouse believes it is time that provinces such as Gauteng take a long hard look to see how they can remain viable in the future.

"If one looks at Namibia – and in particular Walvis Bay – then we are up for competition. They are working very hard to market themselves

and to grab business. Over and above that they have taken the time to really look at what the market needs and what they need to do to provide that – and to improve trade for the region and the country as a whole."

According to Whitehouse, countries like Namibia and Mauritius are succeeding in their attempts to position themselves as viable trade hubs because of these approaches.

"Mauritius is a good example of a country systematically setting itself up as a textile hub, diversifying its economy and moving away from sugar," she said. "While there is value in the argument that they are a small country and it's easy to manage the process, there are lessons to be taken from this country. They have developed a central strategy that is simple in its approach."

Whitehouse says with no complex strategies at play in the country and with goals

clearly outlined, countries like Mauritius and Namibia and specific regions within these countries are able to focus on what they want to accomplish.

"It is essential that Gauteng has a strategy in place, which I am not so sure it has. We cannot be complacent or rest on our laurels thinking that will be enough to maintain our position in the region. We will lose our competitive advantage and it will be very difficult to grab that market back once it is lost."

“

Mauritius is a good example of a country systematically setting itself up as a textile hub, diversifying its economy and moving away from sugar.

– LIZ WHITEHOUSE



Photo: Shannon Van Zyl

Infrastructure delivery high on Gauteng's agenda

Infrastucture delivery remains at the top of the agenda in Gauteng with the province's department of infrastructure development (DID) having revised its five-year plan.

According to Mbwanga Xaba, spokesman for the DID, to address the past challenges of poor and slow infrastructure

delivery the department has developed and started implementing a radical delivery method and approach referred to as the Infrastructure Delivery Management System (IDMS).

"This methodology will enable us to re-engineer and re-position the department to be capacitated, effective, efficient and accountable in delivering

infrastructure," he said. This entails three delivery processes – namely portfolio management, project management, operations and maintenance.

"We are improving our planning processes which will impact on the design, implementation and close-out of projects, while we are also going to be re-examining

maintenance programmes and then disposing of assets that have become a huge liability."

Xaba said this was all part of Gauteng positioning itself to seize the numerous opportunities available through the forecast sustained continental economic growth over the next decade or so.

– Liesl Venter

Gauteng targets 8% growth

Liesl Venter

Gauteng is set for a rosy future as it continues to grow steadily. While cargo volumes into and out of the province have not recorded major increases – and even in some sectors have decreased – the general outlook for the province is positive.

“One only has to drive in Sandton and look at the many cranes to realise that development is taking place,” said an FTW source. “It may not be as obvious as pre-2010 World Cup where infrastructure development was taking place everywhere. In fact there was a huge downturn in activity immediately after the event as large infrastructure spend had been exhausted.”

But the landscape is changing. “There are many high-rise office blocks going up in Johannesburg with a lot of those belonging to multinationals. That should be a



Sandton CBD has seen major development in recent years.

welcome sight to all of us,” said the source. “Companies are investing money in the province and setting themselves up for business into Africa from Gauteng.”

According to a provincial spokesman, Gauteng’s future has been mapped out carefully through

its growth and development strategies that are continuously updated to ensure they are relevant.

“Growth of up to 8% is being targeted through our various strategies that stretch at least ten years into the future,” he said.

‘E-tolls create suburban congestion’

E-tolls have not just had a massive impact on costs but also on the way that cargo is moved in the province.

“No one can deny that trucks have to a large extent moved off the highways. Anyone who is commuting daily will have noticed however that there are now more trucks in the suburbs,” said an industry source. “And with the resultant congestion, along with pothole problems that are sure to be exacerbated, it is understandable that it is a system that has caused outrage in the general community.”

In the retail sector there’s general consensus that the increased costs of goods won’t be confined to Gauteng. “E-tolls raise the cost of business across the country,” our source pointed out.

The Opposition to Urban Tolling Alliance (Outa) has repeatedly said that e-tolling was doomed to fail from the start.

– Liesl Venter



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Customers tune into value-added



Joy Orlek

A year since the CFR Group moved into custom-designed premises in Jet Park – with sea, air and warehousing all under one roof – customers are reaping the significant benefits, says CFR Freight managing director Martin Keck.

“Having all operations under one roof strengthens our control while the proximity to the largely East Rand-based freight customer base makes sense for our customers and ourselves,” said Keck.

The neutral groupage operator’s service menu now extends beyond its core role as a consolidator to include import degroup, export packing, transport and warehousing.

“And it’s these value-added services that are entrenching us

with our customers,” says CFR Group CEO Peter Schmidt-Löffler.

ZacPak offers a daily road transport service for imports and exports on the Durban-Gauteng route. According to Willie Nel, managing director of the in-house customs-licensed depot operation, transit time for cargo from gate in at the Durban depot to availability for collection in Johannesburg is now less than three days.

“Other operators generally average in the region of five to seven days so this is a huge time saving for our customers,” said Nel.

It all comes back to the issue of single-company control, says Schmidt-Löffler. “No matter how good your relationship with a third-party operator, it doesn’t come near to the benefit of sole control.”

With the Johannesburg ZacPak operation bedded down, the next step will be the launch of a virtual bond store, says Nel, which is due to open shortly. “This will put us

“

No matter how good your relationship with a third-party operator, it doesn’t come near to the benefit of sole control.

– PETER SCHMIDT-LÖFFLER

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in the unique position of being able to place cargo anywhere on the floor and it will be considered to be in virtual bond even though it may not be a bonded area. For the customer, that will translate into quicker cargo movement.

“Once we ensure and can prove that our IT capability is up to par, we will enter into discussions with Sars and make application.”

The company is however mindful of the possible implications of the new Customs Bill which could remove the status of City Deep as an inland port. “We are part of a committee with Saaff and are keeping our ears close to the ground so that we are fully prepared for whatever the outcome will be,” said Keck.

In terms of its airfreight division, which is also based at the Jet Park facility, it has recorded phenomenal growth, says airfreight general manager, Stephen Bishop.

“We’re Part 108 and RA3 accredited - and do all screening on site for outbound cargo.

“We can collect and deliver cargo on behalf of our clients for imports and exports – and do the packing and repacking of all cargo types.”

In February next year the local operation will be hosting the annual general meeting of its global agents, the Air Cargo Group. “It’s the first time the annual meeting has been held in South Africa – and it will

see 50 representatives from around the globe converging on Johannesburg,” said Bishop.



“

We’ve moved beyond our core role as a consolidator to include import degroup, export packing, transport and warehousing.

– MARTIN KECK

Ziegler pumps up warehousing capacity

Global logistics provider Ziegler South Africa will soon move its Gauteng operations to larger premises to offer additional warehousing facilities in Johannesburg.

“We will also use this strategically for cargo going up north via our Beitbridge office,” said Ziegler SA chief operations officer, Paul Lawrence. Gauteng is still the most important hub for cargo moving north over border and is generally more cost effective, he added.

“Gauteng is the economic powerhouse of South Africa, with the majority of large companies and decision-makers based in Gauteng. It therefore remains the most important region for us in terms of sales and signing up of new clients, as well as servicing our existing client base.”

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New face of strikes inhibits Gauteng's automotive industry growth

Labour issues cost producers R700m a day – Naamsa

Adele Mackenzie

The four-week National Union of Metalworkers of South Africa (Numsa) strike in July dealt a major blow to the Gauteng

economy in general and the automotive industry in particular with business and political leaders calling for drastic intervention in the "new face of labour unrest".

Speaking at an automotive industry business panel discussion hosted by the Gordon Institute of Business Science (GIBS) last month, Gauteng MEC for Economic Development, Lebogang Maile, said that of

the eight original equipment manufacturers (OEMs) for the automotive industry, half were located in Gauteng. "In addition 25% of all light motor vehicles are assembled and manufactured in the province – a large growth contributor that needs to be protected."



“
We need to look at our competitiveness in relation to other emerging markets.
– DR THABI LEOKA

Shibishi Matautoba, general counsel at Ford Motor Company and a member of the board of the National Association of

Automobile Manufacturers of South Africa (Naamsa,) noted that logistics costs to the rest of the world were already high because of South Africa's location at the southern-most tip of Africa and the province's location in the

northern interior – far away from top global export markets.

"Add to this the increasingly expensive labour costs, coupled with unreliability in productivity and delivery, ongoing power cuts as well as an uncertain foreign direct investment environment and the country and the province could face the possibility of current investors pulling out and competing countries winning contracts," he said.

Matautoba said the face of strike action in South Africa had changed since 2012, with strikes running into weeks and months and severely impacting production and subsequent

delivery. "If manufacturing plants are down for a week or two, there are generally contingency plans in place, but the longer strikes go on, the more backlog there is and the more car manufacturers miss the boat and let their customers down," he commented.



“
Without incentives, there is no motor industry.
– SHIBISHI MATAUTOBA

The 2013 Numsa strike saw Ford lose out on sales of 2 000 vehicles, which customers had to source elsewhere as production orders were

way behind. BMW, Mercedes-Benz, Toyota, General Motors, Volkswagen, Nissan and some truck and bus makers were also affected by the 2013 strike, with Naamsa estimating that it cost producers R700m a day.

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A sea of red... Numsa workers on strike in Rosebank, Johannesburg earlier this year.

According to Matautoba, the only thing the Gauteng automotive industry currently has going for it are the incentives for foreign investors. "Without incentives, there is no motor manufacturing and exporting industry," he said.

Economist at Renaissance

Capital, Dr Thabi Leoka, said the biggest impact of the strike was investor confidence. "We need to look at our competitiveness in relation to other emerging markets. For example, Mexico's labour is far cheaper, the labour force far more stable and productivity is high.

Furthermore, it is located much closer to many of the traditional major car import markets such as the United States," she said, adding that it would only be a matter of time before foreign companies did the maths and realised other emerging markets were better investment bets.

"A struggling economy means higher inflation rates and inflation makes it very expensive for vehicle manufacturers to import the products needed to make automotive components. Then, the costs of wage increases are very high," commented Leoka.

Vuyo Bikitsha, Numsa Eastern Cape secretary, noted that unions had compared high quality operators in South Africa with their counterparts in Germany, saying the European workers received wages of up to five times more than local workers. Leoka pointed out that the skills levels were vastly different which meant productivity was higher too. "It makes business sense to look at the total cost of production, including logistics costs, and then look at viability and competitiveness in the global market," she added.

Matautoba said regardless of market conditions, investors were willing to adapt but they needed certainty with regard to when they could expect a return on their investments as well as what type of return they could expect. "If the environment is stable, certainty is a given," he said.



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Liesl Venter

Collaborative approach is key to Gauteng's growth

Market knowledge is key to remaining competitive in the current environment – and Gauteng will have to invest heavily in understanding its markets and its particular role and contribution if it wants to remain viable.

According to the 2013 Thrive International Investor Perception Study released in Johannesburg earlier this year, in an increasingly globalised world, with shrinking borders driving the 24/7 culture, it is crucial for a country or a region to understand the way in which it is perceived by both its traditional markets and trading partners as well as by the markets that are bound to continue driving global growth in coming decades.

While South Africa competes equitably with other emerging markets, in the study experts maintain that more cooperation and collaboration are needed from all stakeholders to drive the country forward.

It is with this in mind that Brand South Africa established a task team to ensure all stakeholders work together for South Africa's continued competitiveness, economic and social growth as mandated by the

country's National Development Plan.

It is the same approach that is seeing corridors such as the Walvis Bay Corridor in Namibia and the Maputo Corridor in Mozambique grow trade.

"The collaborative approach – where all stakeholders are involved from both the public and the private sector, working to meet a very clearly defined goal – is proving to be very successful in these regions," says Liz Whitehouse, director of Whitehouse & Associates. "A similar approach is needed for Gauteng – not only to establish exactly how it is perceived and where it is heading in terms of South Africa, but also the greater southern Africa region, determining exactly who its market is and where the opportunities are. It is also important to see more formal collaboration between stakeholders because these goals cannot be achieved by the public or private sector working on its own."

Experts across the board maintain one of the greatest constraints in the country is the



fragmented approach South Africa and therefore its provinces take. Explains Whitehouse: "At a national level you have the dti driving export growth, you have the department of transport focusing on roads and related infrastructure, but ports and rail fall under public enterprises. It becomes even more complex when you get to the

provincial level and there is the entire private sector that also has to still be taken into account."

According to Whitehouse, these kinds of approaches often result in provinces in South Africa competing with each other rather than establishing themselves as hubs that together move the country forward.

Trucks, trucks and more trucks. That is the outlook for Gauteng unless rail manages to make a significant comeback and draws volumes off road.

"Volume projections for the Port of Durban are concerning if one looks at transport capacity," says Mike Walwyn of the South African Freight Forwarders Association (Saaft). "It is estimated that if the projections are correct then around 15 000 trucks will be needed per day within the next six years to handle the container volumes at the port. The amount of cargo currently moving to Gauteng is already significant. We are going

'Rail must come to the party'

to have to focus more on rail if the country wants to handle a new freight railway line."

It is a message that is heard across the industry.

"We cannot be focusing on a high-speed passenger line between Durban and Gauteng," said another

industry commentator. "What we need is seamless freight movement

that has been significantly increased. A reliable and dependable service."

Transnet Freight Rail is adamant this is being achieved slowly, but

surely, and that they are clawing back market share. The industry is less sure, but it seems that all are in agreement – unless rail makes

a significant comeback, Gauteng's inland depots and the province's

roads will be just as incapable of supporting the number of trucks needed to handle the increased volumes.

It is estimated that containers moving to Gauteng will increase significantly in the years to come with talk of 10 million containers or more. "The entire system is under pressure already," explains Walwyn. "Handling these kinds of increases with the current system will not be possible."

– Liesl Venter

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Gauteng plays crucial role in inter-regi

In August this year American President Barack Obama committed to investing \$14 billion to boost intra-Africa trade. Liesl Venter quizzed industry specialists to find out more about what role Gauteng can play in realising this objective.

FTW: How can Gauteng entrench itself as a gateway into southern Africa in the future and what does it need to do to ensure it has a competitive advantage?

Cobus Rossouw, chief business development officer, Imperial Logistics:

The effective consolidation in Gauteng of products destined for southern African markets provides a great supply chain opportunity. This could include products produced in South Africa as well as products imported from international sources. Competitive advantage will follow from establishing an integrated solution that considers effective demand management, multi-principal

synergies and transparent international trade management. The challenge is to mature from the current opportunistic exports into southern African countries towards an integrated value-chain approach where the development of consumer demand in these markets is supported through sustainable supply chains.

Jim Campbell – independent technical and management consultant in Road Transport:

Gauteng is already a gateway to southern Africa and is central to the movement of goods and products on both northern and southern transport corridors between SA ports and our regional neighbours, as far

north as central Africa. Though comprising only around 1.5% of the country's land area, Gauteng generates more than one third of the country's economy and is also the centre of some of the country's major industrial activities, including steel production, high-tech products and a number of major vehicle assembly and manufacturing facilities.

FTW: What are the major challenges facing Gauteng when it comes to being a leading regional hub?

CR: The current multi-modal infrastructure is inadequate, which means that inter-regional

trade depends largely on road logistics. More importantly, the imbalance in product flows into and out of markets results in logistics inefficiencies. Cross-border trade remains



“

The proposed new high-speed rail link mooted by Transet between Johannesburg and the coast is essential to avoid future restrictions on increasing volumes of import/export container traffic.

– **JIM CAMPBELL**

constrained by administrative difficulties, which is resulting in East-West corridors becoming more attractive for international trade.

JC: The province is landlocked and does not sit on a major waterway as do

some major transport hubs in other countries, although it does have SA's major international airport and has an important inland container port. As a

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consequence the region is dependent on existing road and rail networks for the movement of goods through it, and also for inbound and outbound transport, although these networks are fast reaching their capacity limits.

FTW: How can Gauteng stop itself from losing the logistics lead that it currently has?

CR: Gauteng has to retain the capability to import products seamlessly, which requires either the maintenance of inland port status or changes to customs regulations. Investment is required in consolidation facilities and road infrastructure should be upgraded as volume flow increases.

JC: The proposed new high-speed rail link mooted by Transnet between Johannesburg and the coast is essential to avoid future restrictions on increasing volumes

of import/export container traffic. Currently the road transport sector carries more than 80% of the goods transported but government plans include a strong commitment to transferring some of this to rail. However, the reality is that there are limits to how much of the goods traffic can be transported by rail. And while the road freight industry is able to rise to the challenge, the existing road infrastructure may not, and there is a view that more major roads should also be built to accommodate increasing commercial road traffic.

FTW: What do you think the opportunities are for the province?

CR: The opportunity is to leverage the scale from Gauteng production,

consolidated with production in other SA regions and imported products, to establish integrated capabilities to serve southern African markets.

JC: As the strong foundations of the current Gauteng are based on the establishment of the gold mines and supporting industrial structures well over 100 years ago, the province should be able to retain its lead as the business and industrial hub of

the country, notwithstanding the potential infrastructure challenges already mentioned.

“

The challenge is to mature from the current opportunistic exports into southern African countries towards an integrated value-chain approach.

– **Cobus Rossouw**



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Liesl Venter

Customs bills a game-changer

Gauteng business will have to become more proactive in clearing cargo in light of the new customs bills that require all goods be cleared at the first port of entry.

According to Alex de Bruyn, national marketing manager for MSC, while the new bills are not specific to Gauteng, the province will be directly affected.

“The new customs requirements will force the industry to be more proactive in clearing to prevent delays and consequential costs at POD,” he told FTW.

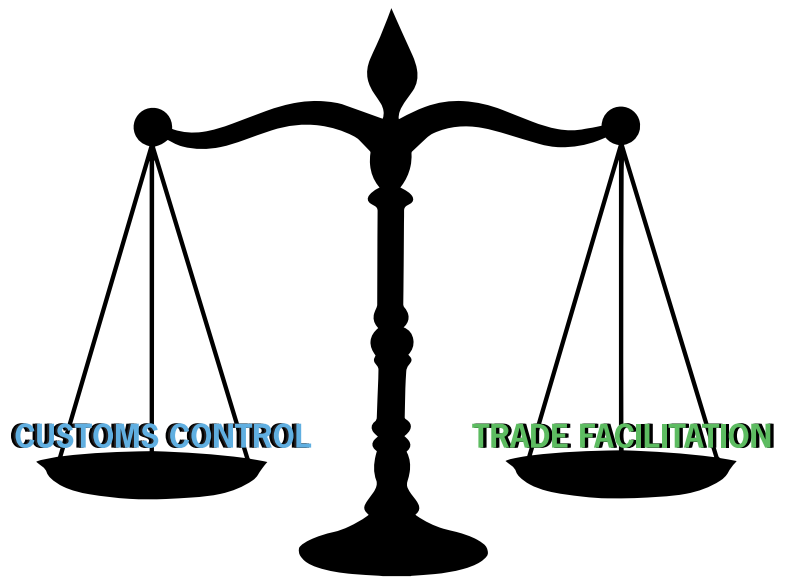
The new customs bills, while not yet operational, are aimed at creating a balance between customs control and

trade facilitation, creating an environment where the movement of goods is controlled and risk is minimised, protecting the country’s fiscus, economy and wider society at large.

And with Gauteng being the economic hub for the country, responsible for at least 40% of South Africa’s containerised imports and exports, either physically shipped into or out of the region, it has a major strategic role to play.

“Gauteng does not have specific challenges, but strikes have been impacting on the province’s performance this year, negatively affecting both import and export volumes,” said De Bruyn, “It also remains far from the nearest port and continues to face transport challenges – via rail or road – to connect it efficiently to the coastal ports.”

He said servicing Gauteng remained a priority for MSC which continues to introduce



new services to the South African market as a whole – such as the Ipanema Service, a direct sailing on the South Africa-South America route.

“Gauteng plays a strategic role and it is therefore important to continuously work towards

better wet and dry leg container solutions for the Gauteng market that are personalised and tailor-made,” he said. “This requires substantial investment in both professional on-site personnel and infrastructure assets for the region.”

40%

Gauteng’s share of SA’s containerised imports/exports

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Jozi ups its global game

Recently rated as the most competitive African city, Johannesburg is working hard to establish itself as a global player.

With promises of great things to come, the city recently launched Jozi@work, a R1-billion initiative aimed at creating employment, improving service delivery and speeding up maintenance across the city.

“Jozi@work will change the way the city does business in a fundamental way,” said a spokesman for the city.

The scheme allows for small and micro businesses from across the income sphere to work together and pitch for city business through

its various agencies and utilities.

“These enterprises will be delivering services across the entire spectrum of the city’s current activities, including the separation and recycling of waste, resurfacing and maintaining roads and providing frontline support to water and power infrastructure.”

“Service delivery and maintenance will, in future, be much more localised. This will result in higher degrees of efficiency, shorter turnaround times and improved levels of accountability,” said the spokesman.

– **Liesl Venter**



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FTW7057

Risk-averse clients demand written contracts

Liesl Venter

While employment options in the country remain under pressure in the current economic environment, Gauteng offers a variety of opportunities to both employers and potential employees, says Kim Botti, director at recruitment specialist Lee Botti and Associates.

“We see many individuals making the move to Gauteng for career prospects,” she said. “And although there is a shortage of skills, our clients are continually looking at expanding their talent pool to develop their businesses – and they look to us to attract and provide such talent.”

With many businesses and

large international organisations headquartered in Gauteng, it seems reasonable that people believe their chances of being employed are higher in the province than elsewhere, she said.

Clients are, however, extremely risk-averse, says Botti.

“Written contracts, Service Level Agreements and the like, have become a regular requirement of doing business.

“

Service Level Agreements and the like have become a regular requirement of doing business.

– **KIM BOTTI**

“This is however not just isolated to Gauteng but is applicable to the nation as a whole,” she said.



Gauteng banks on transformation

A specialised team has been established – comprising delegates from the Gauteng Premier’s office and the Banking Council of South Africa (BCSA) – to speed up economic development.

Gauteng Premier, David Makhura, met with BCSA managing director, Cas Coovadia, last month to establish a strategic working relationship. Makhura said: “We want to partner with the banking sector on key transformation areas such as infrastructure development, transport, enhancing energy security and broadband infrastructure. We also want to build new post-apartheid cities, and we see the banks as crucial partners in our quest to make Gauteng a global trading partner.”

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Container lock foils hijackers

Container locks fitted with satellite tracking units are achieving major success in the battle against hijackers.

It was thanks to this device that hijackers' attempts to make off with a container load of a well-known brand of imported shoes and clothing were foiled in Springs recently.

According to Johan Robinson of CPI Risk Management Solutions, it was the second hijacking in the space of four weeks and in both cases the containers were recovered unopened.

In the latest case, the driver, a Mozambique national, was contacted by the hijackers in Durban to "buy" the load from him.

"When he reached the Alberton area they plugged a tracking signal jamming device into the horse – but the jammer did not affect the CPI tracking unit on the container," said Robinson, "and we were immediately alerted.

"When it became clear to the



Johan Robinson... with the container lock.
Photo: Shannon Van Zyl

control room that the container was moving in the wrong direction, CPI investigators were despatched to the area to intercept the container," he said.

Thanks to some fancy footwork by CPI and the SA Police Service, the driver was arrested as he fled from the truck and is currently being detained and questioned by police. "We are looking for

the remaining suspects and the Black Nissan Xtrail and Mercedes sedan in which they fled the scene. The jammer, meanwhile, has been confiscated and booked into evidence."

According to Robinson, the driver is being charged for attempted theft and possession of a signal jamming device.

– Joy Orlek

Collaboration drives down costs

Land transport costs remain the biggest challenge for Gauteng shippers – and collaboration is seen as the only answer.

"Trucking companies will have to collaborate more with each other and also with rail if we want to move cargo efficiently and effectively," said an industry role-player. "Why invest in ten trucks when there are already 200 running on low capacity? Rather procure the services of others to supplement resources. Collaboration is going to be key going forward."

It's an established trend in the freight industry. Not only have several shipping lines started collaborating more, but Transnet Freight Rail has signed a memorandum of understanding with logistics specialists such as Imperial and Barloworld to work together.

– Liesl Venter

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Adele Mackenzie

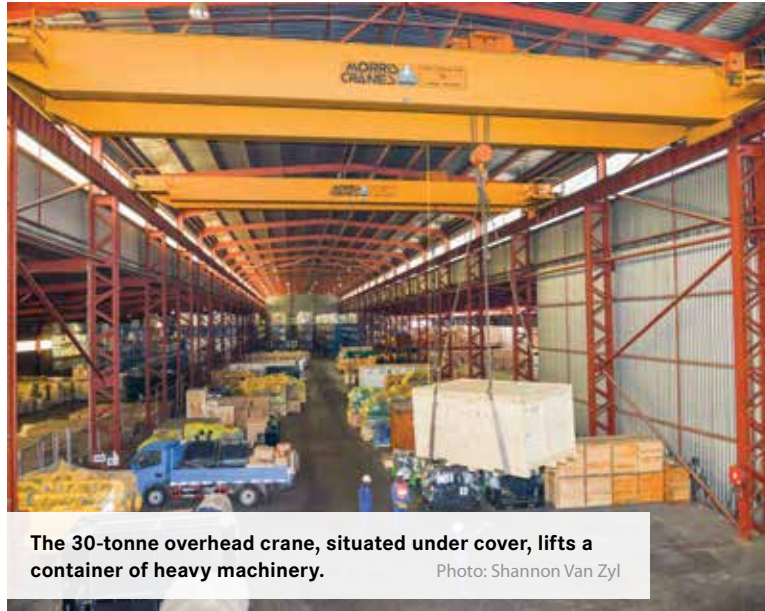
Woods focuses on specialised warehousing

Responding to changing market conditions, Woods Warehousing – which offers 30 000 sqm of storage space – is repositioning its service offering to focus on specialised warehousing services.

“In these difficult economic times, many of our freight industry partners have taken the decision to establish their own general warehousing and storage facilities in order to offer their clients a comprehensive end-to-end service,” said director Pieter Joubert. He told FTW that he had decided to invest further in the specialised 10 000-sqm bond facility.

“We are also equipped to do the complicated and high-risk work which includes rigging and heavy lifting, packing and unpacking, as well as transloading shipments,” he said, adding that the company’s heavy lifting capacity was up to 50 tonnes. “Our 30-tonne and 10-tonne overhead cranes are under cover and can operate across the entire length of our bond facility,” said Joubert.

Investment in rigging and



The 30-tonne overhead crane, situated under cover, lifts a container of heavy machinery.

Photo: Shannon Van Zyl

heavy lifting equipment is extremely costly, which is why clearing and forwarding agents that need to offer their customers specialised handling in addition to general

warehousing refer their business to Woods. “We are strategically located within Zone 1 of City Deep in Johannesburg and offer very easy access from the highways. This, coupled with

our large capacity cranes and heavy-duty forklifts, means a quick turnaround time even on major projects,” he noted.

A challenge Woods has faced recently is that a number of customs duties on foreign imports has dropped, eliminating the need for a large bonded facility. “We have addressed that by bringing flexibility into the space with cages that can be expanded or decreased and mobile racking that can easily be added to the facility as the need arises,” said Joubert.

He told FTW that the flexible solution and the large warehousing capacity allowed the company to cater to a wide variety of storage needs, from small powdered drinks to heavy machinery or motor vehicles. “We have had exclusive sports cars such as Lamborghinis in our bond warehouse,” Joubert noted, adding that the

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We are also equipped to do the complicated and high-risk work, which includes rigging and heavy lifting.

– PIETER JOUBERT

only thing Woods Warehousing could not store was chemicals and perishables.

“As part of our growth strategy, we are intensifying our marketing efforts and strengthening relationships with importers and clearing and forwarding agents. We are hoping to establish ourselves as the first port of call for specialised warehousing services in Gauteng,” he said.



Aerotropolis plan under review

The City of Ekurhuleni will finalise the consultation process on the 25-year Aerotropolis Master Plan this month. This after the Gauteng Department of Roads and Transport had completed a five-year implementation plan for the development.

The City embarked on an engagement programme with key business and freight stakeholders in August, a process which Gauteng MEC for Roads and Transport, Ismail Vadi, said was viewed as critical to the ultimate development and sustainability of the project.

“The success of this project depends largely on whether the private sector buys into its economic viability and potential for enterprise growth and development,” said Vadi, adding

that government had demonstrated its commitment to this project and “has the political will to provide the enabling environment for its success.”

Vadi further noted that of the R6.15-billion allocated to his department for the 2014/15 fiscal period, some R2-billion would be earmarked for the development of transport infrastructure.

“



The success of this project depends largely on whether the private sector buys into its economic viability.

– ISMAIL VADI

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New Sars EDI gateway to speed up turnaround times

ShipShape part of pilot go-live trial

Adele Mackenzie

ShipShape Software last month joined a small group of three trading partners nationwide to pilot the initial go-live of the South African Revenue Service's (Sars) EDI gateway.

"This promises to bring even quicker turnaround times, increased capacity and improved stability, amongst others," said JL Koekemoer, ShipShape systems architect and general manager. He told FTW that the company's location in Gauteng, close to Sars, had proved convenient to ensure compliance and smooth transitions for clients around the Customs Modernisation Programme.

"Our close proximity has meant close collaboration sessions and frequent meetings. This is important as the modernisation



programme continues to shape the landscape around us – both directly through legislative compliance requirements and

indirectly through secondary requirements turning into unique opportunities," noted Koekemoer. He added that since the

implementation of the e-tolls on Gauteng freeways the company had been assisting clients to make certain system changes to manage



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We have added a comprehensive transport route library to which each shipment and its related tariff calculation can be linked.

– JL KOEKEMOER



this new element in their business more efficiently, especially on the transport cost side.

“With this in mind we have introduced a number of changes to our invoicing tariffs, as well as added a comprehensive transport route library to which each shipment and its related tariff calculation can be linked,” Koekemoer said.

He noted that new modules included an enhanced transport module and Proof of Delivery management, as well as an integrated New Business and Sales Leads management module that makes for powerful and effective organising of sales leads, business and rates proposals as well as follow-up notes and reminder notifications.

Unroadworthy vehicles could void insurance

Delays in freight delivery, particularly with regard to time-sensitive goods, are currently a major challenge in Gauteng and these are generally not insured under a marine or goods in transit (GIT) policy.

“It is imperative that customers arrange cover for loss or damage as a result of delay, should this be a risk,” said Hugh Reimers, managing director of Eikos Risk Applications. He noted that there were a high number of freight accidents on Gauteng roads due to inadequate driver training compounded by increased congestion and poor road conditions

“Unfortunately too, many roads still remain in a poor condition, and the risk of damage to vehicles remains, regrettably, very high,” said Reimers. He noted that operators involved in long distance-distribution should closely monitor the roadworthiness of their fleet.

“Gauteng may be a lucrative province for your company, but in the event of an accident, an insurer will only consider a claim if the vehicle is completely roadworthy.

In the event of a claim, if you are a cargo owner, your vehicle will be inspected, and if you are in any doubt about the criteria for roadworthiness, chat to your specialist marine broker for assistance with this,” he said.

Reimers also cautioned against reducing costs around insurance.

Even though it may be tempting in tough economic times, it could be crippling in the long-term. “Gauteng continues to be a source

of potential growth for the logistics industry, and while we must celebrate this, it is imperative to note that successful companies will be those who have identified the risks in their supply chain and have taken the necessary steps to create sustainable solutions,” said Reimers.

– Adele Mackenzie




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FTW6066

Liesl Venter

Walvis corridor sells 'best practice' alternative

Namibia busy developing itself as a logistics hub for southern Africa

Changing the minds of decision-makers – mostly based in Gauteng – is not easy, but there's a growing realisation of the benefits an alternative port and trade corridor bring.

"Gauteng shippers are used to doing business the way they always have and change is not always perceived as a positive but more as a

threat," says Siobhan Fox, business development manager South Africa for the Walvis Bay Corridor Group.

But it is a growing market, times are changing and a new approach is looming.

"There are many opportunities to take advantage of in the market," says Fox. "Buying and selling

influences are constantly looking at best practice, efficient supply chain solutions and alternative gateways into the Southern African Development Community (SADC)."

She says now is the time for decision-makers to consider alternative trade routes, corridors and ports.

"And our core focus is to present Walvis Bay not only as an alternative but to show that it is a viable option that can benefit business in Gauteng," she explains.

Established in 2000 to increase cargo for ports and corridors linked to it, and to engage in the facilitation of corridor and infrastructure development, WBCG has worked tirelessly to market the Namibian option.

It offers an integrated system of

well-maintained tarred roads and rail networks – accommodating all modes of transport – from the Port of Walvis Bay via the Trans-Kalahari, Trans-Caprivi, Trans-Cunene and Trans-Oranje Corridors, providing landlocked SADC countries access to the global market. But it is the current port developments at the Port of Walvis Bay that have grabbed the attention of Gauteng.

"Namibia is busy developing itself as a logistics hub for southern Africa and business decision-makers in Gauteng should explore this option for the Gauteng region and the rest of the SADC region. We believe that in terms of heavy traffic flow, extended transit time and congestion, an alternative route and port are definitely an option."



“

Gauteng is used to doing business the way they always have in the past and change is often perceived as a threat.

– SIOBHAN FOX



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Supply chain resilience can soften the strike blow

Strikes over the past two years have had a severe impact on Gauteng's automotive industry supply chain, highlighting the need for supply chain resilience that includes the right insurance cover.

The South African Special Risk Insurance Association (Sasria) recently revealed that strikes had seen the industry's claims value increase from just over R200 million in 2011/2012 to almost R600 million in 2012/2013.

A Sasria spokesperson told FTW that, with the National Union of Metalworkers of South Africa (Numsa) strikes, vehicle manufacturers were not the only ones that were impacted, their suppliers were too. In 2013 the strike ran for seven weeks and this year it was four weeks long.

"These included companies manufacturing support

products such as transmissions, exhausts and wheel hubs which potentially lost export orders to suppliers in other countries because of their failure to meet production and subsequent delivery deadlines," said the spokesperson.

Mike Brews from Horizon Underwriting Managers told FTW that the key to protecting against the short- and long-term effects of disruption within the automotive supply chain

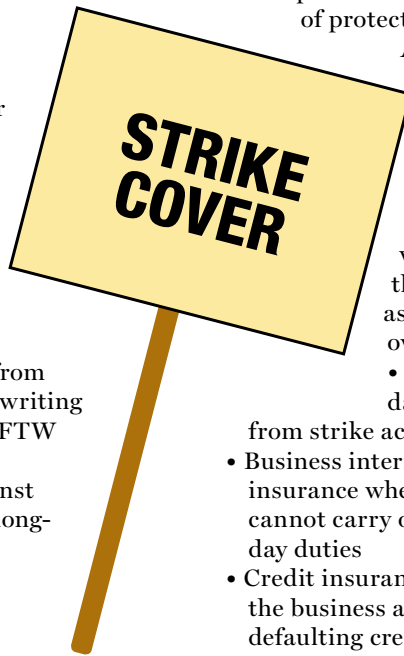
was to work closely with an experienced insurance broker to develop a resilient programme of protection and cover.

An insurance broker, who wished to remain anonymous, advised that a good broker would include these three key aspects in the overall strategy:

- Sasria cover for damage resulting

- from strike action
- Business interruption insurance when a company cannot carry out its day-to-day duties
- Credit insurance to protect the business against defaulting creditors.

– Adele Mackenzie



R24 upgrade completed

Gauteng MEC for Roads and Transport, Ismail Vadi, officially opened the upgraded road in Tarlton at the Randfontein Municipality earlier this month.

The R50-million road project comprised the upgrading of approximately 7.9km rural road into a two-lane, single carriageway linking the R24 to Randfontein and connecting Krugersdorp with Rustenburg.

Construction of the road assisted in promoting an important North/South link. It also included widening of the road reserve while integrating

the new road into the existing infrastructure.



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Strike down on labour action

Adele Mackenzie

Put a unionist, an economist and a politician in the same room and, besides the start of a joke, what do you get? Hopefully, a better understanding of why there are so many strikes and solutions for addressing this.

A Gordon Institute of Business Science (Gibs) Forum, led by a panel representing business, government and labour, debated this issue in Gauteng last month.

What are the issues leading to strike action?

Lebogang Maile, Gauteng MEC for Economic Development:

- Poverty, inequality and unemployment will always give rise to labour issues. And in

“



Workers should have representation on company boards.

– VUYO BIKITSHA

Gauteng, of the population of 12.3 million people, 70% live in townships.

- The wage gap – chief executive officers in Gauteng are among the top five highest paid globally. Workers are sometimes the sole breadwinner in a family.

Dr Thabi Leoka, economist at Renaissance Capital:

- The South African labour force does not have the right skills.
- Wages cannot be increased if companies are struggling financially and productivity is low.

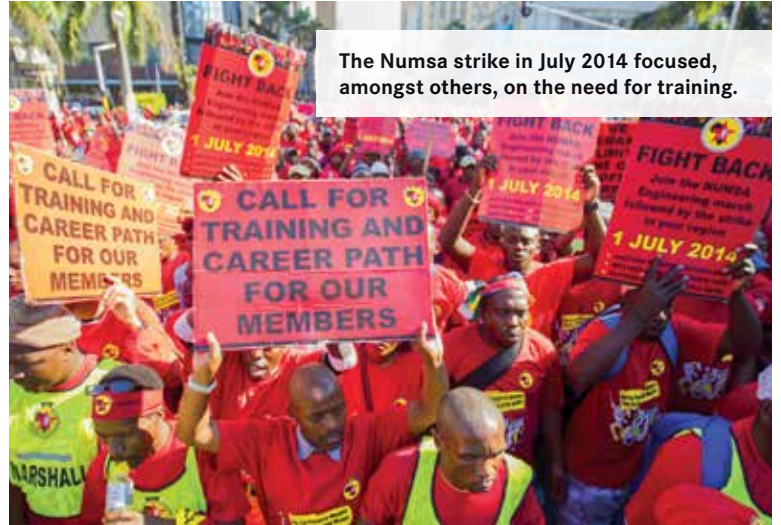
Vuyo Bikitsha, National Union of Metalworkers of South Africa:

- Workers often work under difficult and dangerous conditions and are vulnerable to serious injury, which could impact their earning power.
- There is little commitment from employers for additional training and skills development
- There is little room for career advancement.

How can these challenges be addressed?

Vuyo Bikitsha, National Union of Metalworkers of South Africa:

- Longer (three to five-year) and



The Numsa strike in July 2014 focused, amongst others, on the need for training.

more sustainable agreements should be signed with workers to prevent strikes.

- Training and skills development for career advancement should be written into the contracts.
- Workers should have representation on company boards.

Lebogang Maile, Gauteng MEC for Economic Development:

- There should be policies to help

workers achieve ownership.

Dr Thabi Leoka, economist at Renaissance Capital:

- Government needs to create an enabling environment for entrepreneurship.
- The education standards in South Africa need to be drastically increased and tertiary education should become more accessible so the gaps between educated and non-educated are smaller.

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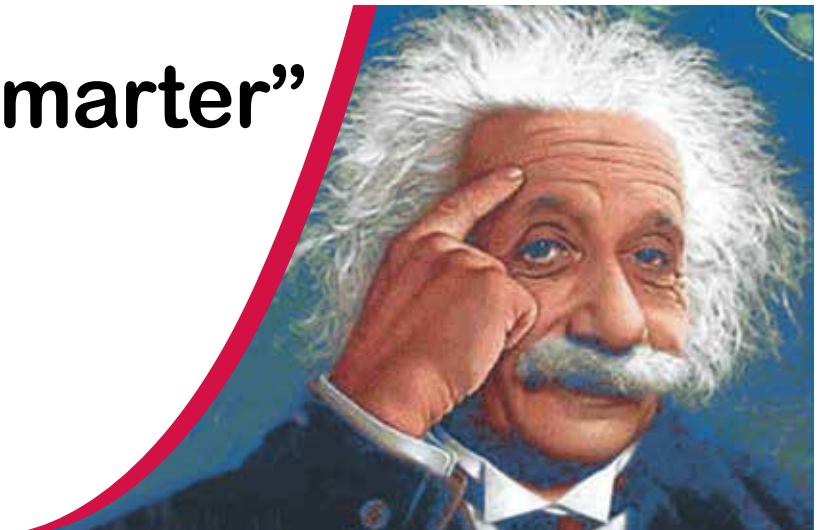
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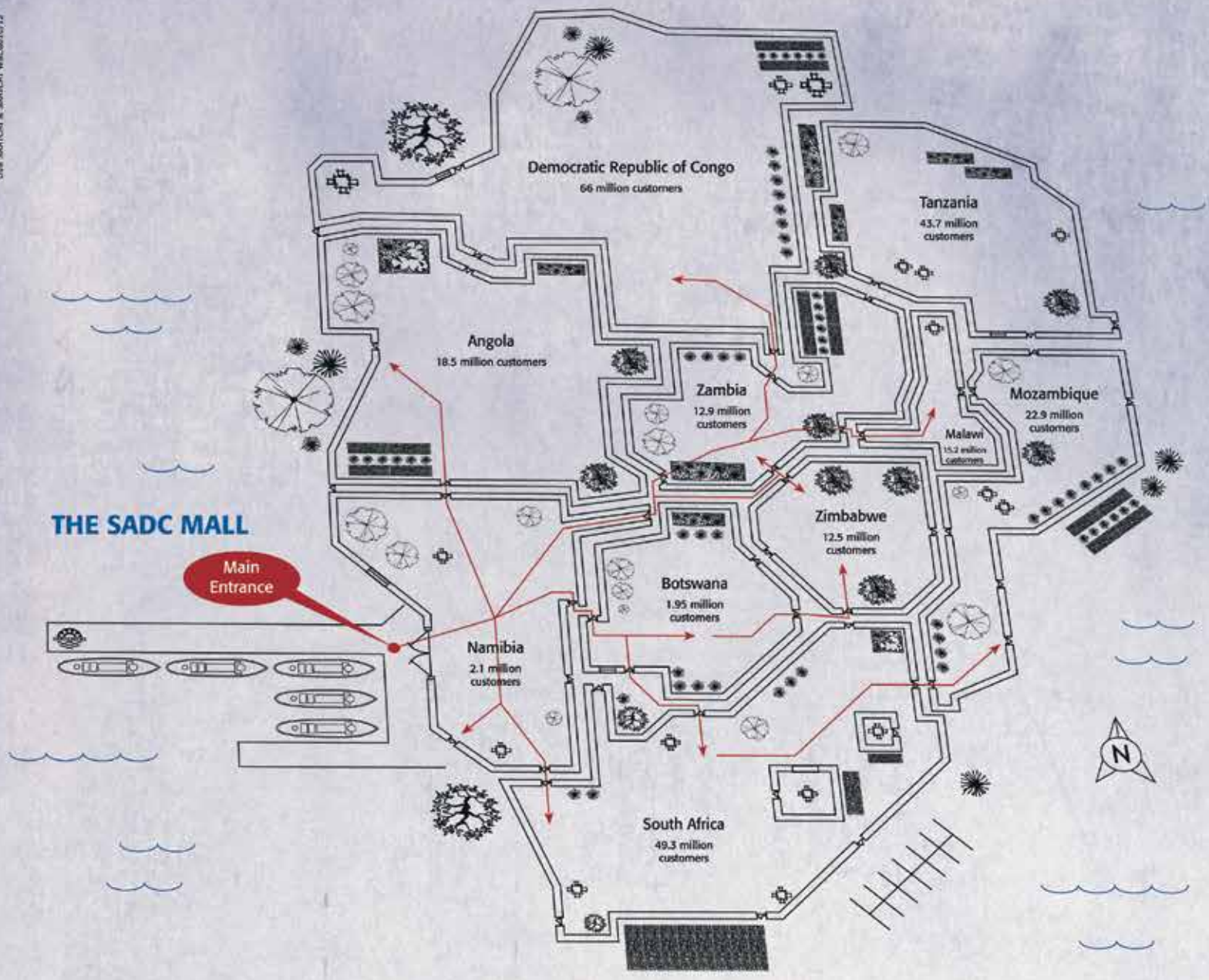
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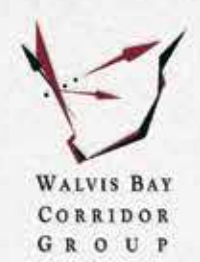
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