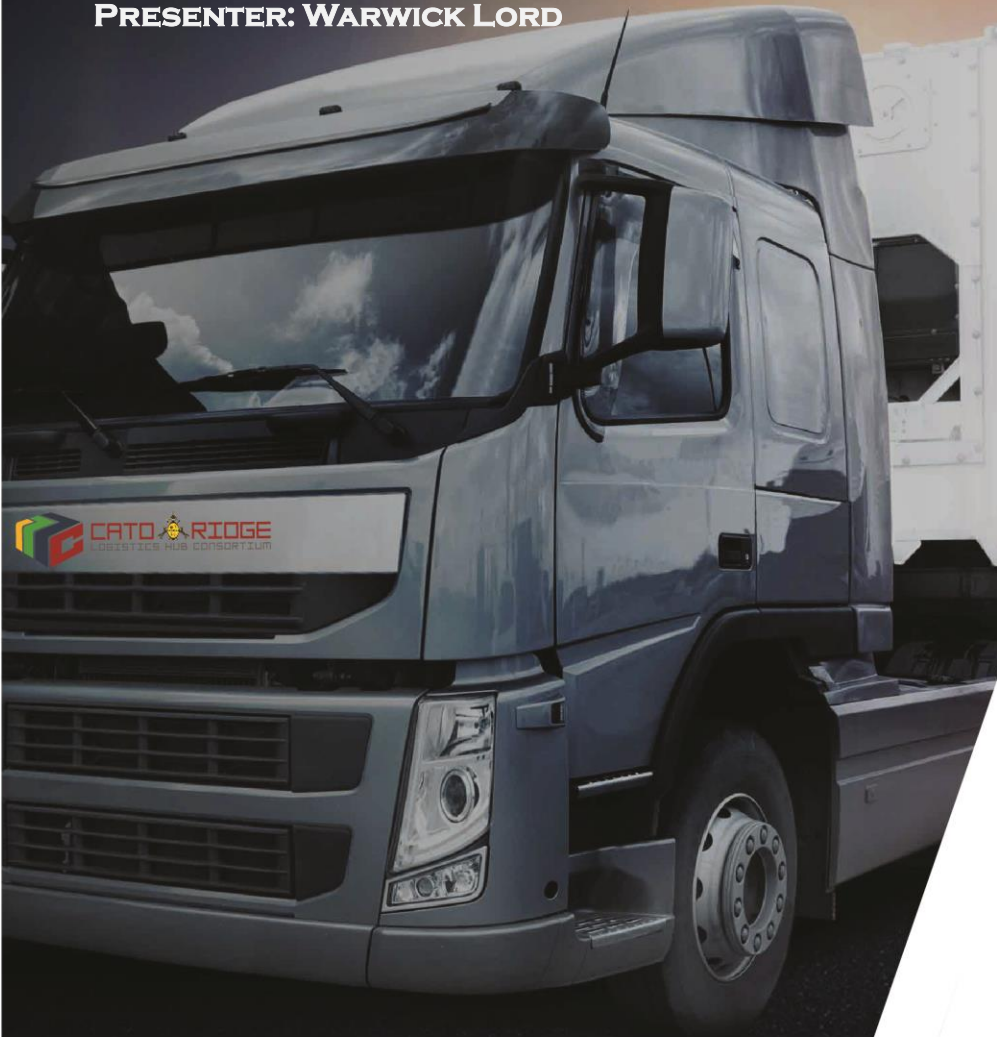


SUPPLY CHAIN RESILIENCE

BY THE INTRODUCTION OF MULTIMODALITY – CATO RIDGE DRY PORT

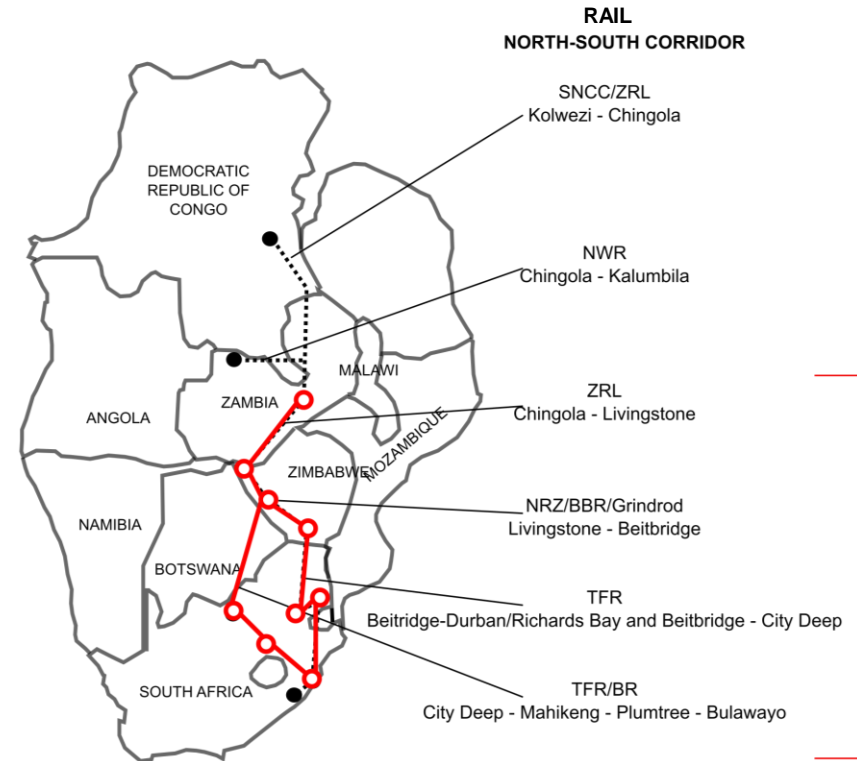
14 OCTOBER 2021

PRESENTER: WARWICK LORD



FORMAT OF PRESENTATION

- ❖ **Supply shocks** – COVID, July unrest, cyber attacks, theft of rail infrastructure, world wide container shortage;
- ❖ **Challenges experienced**– Unsustainable road to rail relationship, monopolistic role of Transnet, Government policy that is not aligned;
- ❖ **Solutions** – Multimodal ports and Hubs



SNCC = Societe Nationale des Cheminis de Fer du Congo
ZRL = Zambia Railways Limited
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SUPPLY SHOCKS

❖ COVID 19;

- ❖ Massive uncertainty,
- ❖ New rules being implemented,
- ❖ Employee absenteeism,
- ❖ Reduced ship calls from March 2020,
- ❖ Lockdowns



Cargo Operations 1st Half 2020

Measure	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	1H 20
Total number of TEUs moved/month (CTCT):	52654	68942	57085	48839	39749	43526	310795
Number of Ship calls (CTCT):	38	40	27	24	18	14	161



Cargo Operations 1st Half 2021

Measure	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	1H 21
Total number of TEUs moved/month (CTCT):	49115	61484	58482	62686	64666	56813	353246
Number of Ship calls (CTCT):	23	21	21	33	29	29	156

Source: Transnet

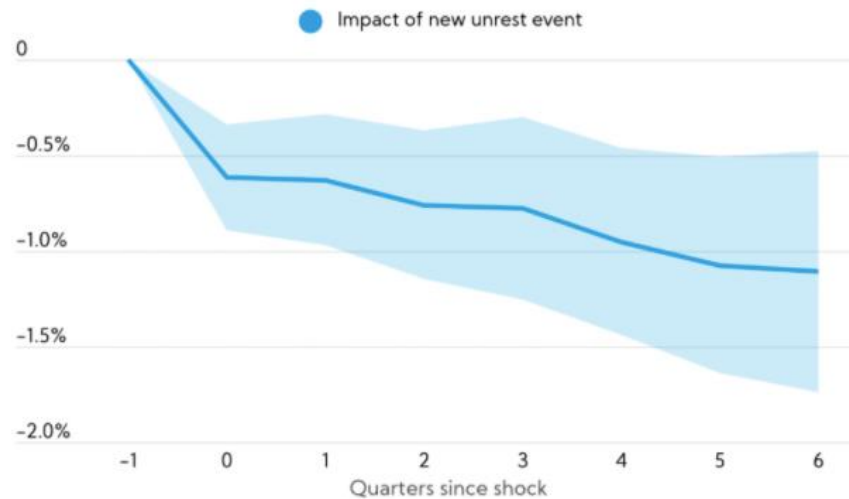
SUPPLY SHOCKS

❖ July 2021 unrest



Economic damage from social unrest can be long-lasting

On average, GDP remains about 1 percentage point below its pre-shock level a year and a half after a major protest.
(change in GDP relative to baseline in pp)



SUPPLY SHOCKS

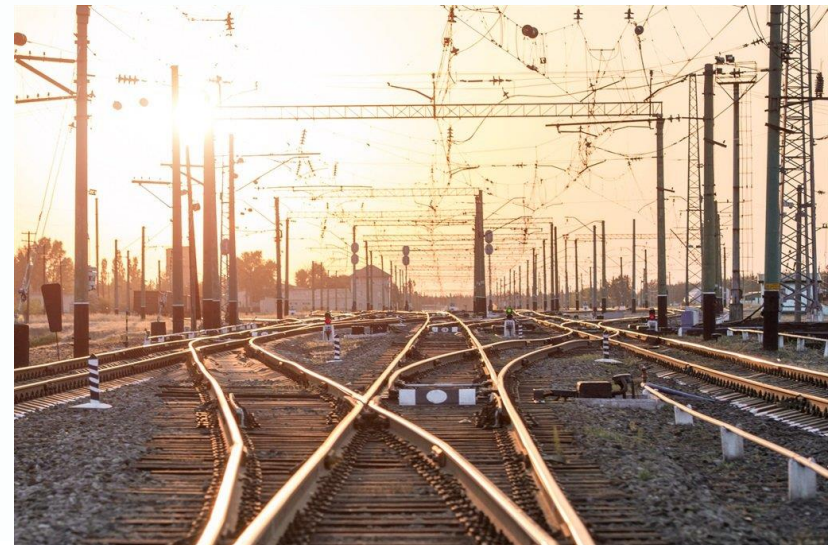
❖ **Transnet Cyber Attack;**

- ❖ No emails or cell phone use,
- ❖ Manual system at the Ports introduced to evacuate containers,
- ❖ Transnet wide systems shut down,
- ❖ Existing reporting and meetings ceased,
- ❖ Transnet are still experiencing issues with some of the IT systems



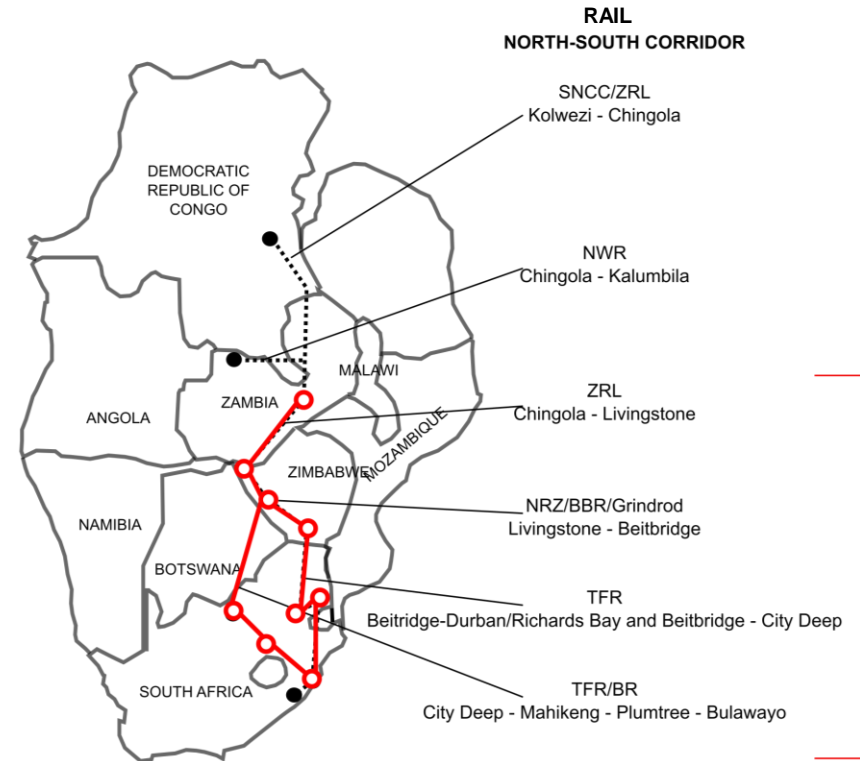
❖ **Theft of rail infrastructure;**

- ❖ Significant delays in cargo movements,
- ❖ Significant cost to replace,
- ❖ Reliability of rail seriously compromised,
- ❖ Transnet not able to deliver on commitments,
- ❖ Loss of competitive advantage to other Southern African Countries



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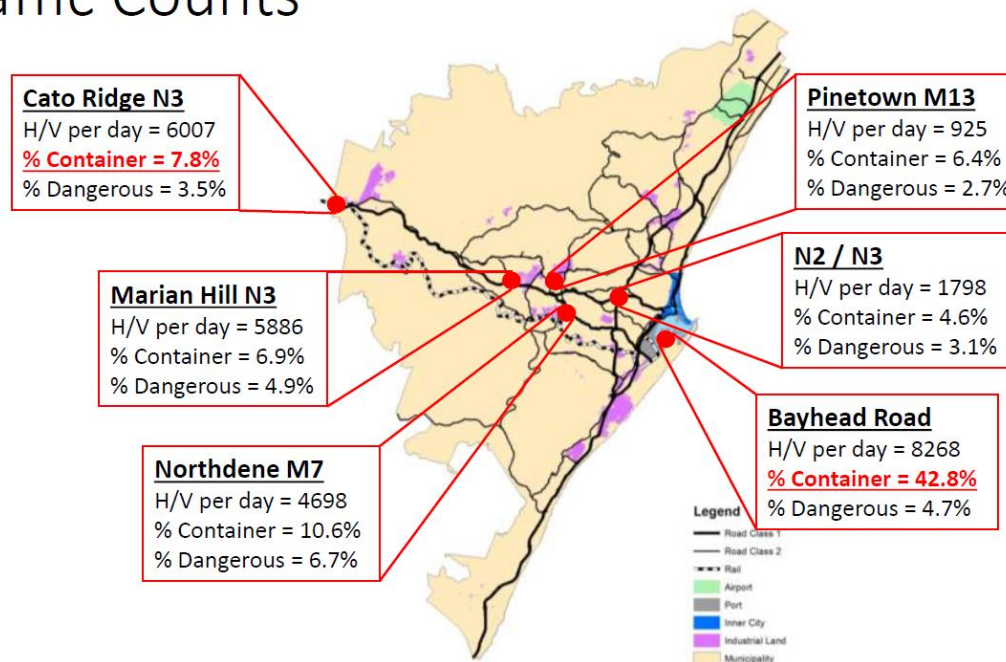
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CHALLENGES EXPERIENCED

❖ Unsustainable Road to Rail relationship;

- ❖ 80% of the record export grain harvest was delivered by trucks to the Port in 2021,
- ❖ Rail covers all its costs, whilst heavy road vehicles do not,
- ❖ SANRAL has embarked on a significant N3 upgrade program,
- ❖ Given the projected increase in freight volumes, the current N3 upgrades is likely to be inadequate by 2035. Continues road upgrades are not sustainable and skewed road to rail ration must be corrected sooner rather than later.

eThekwini Municipal Heavy Vehicle Traffic Counts



Source – eThekwini Transport Authority

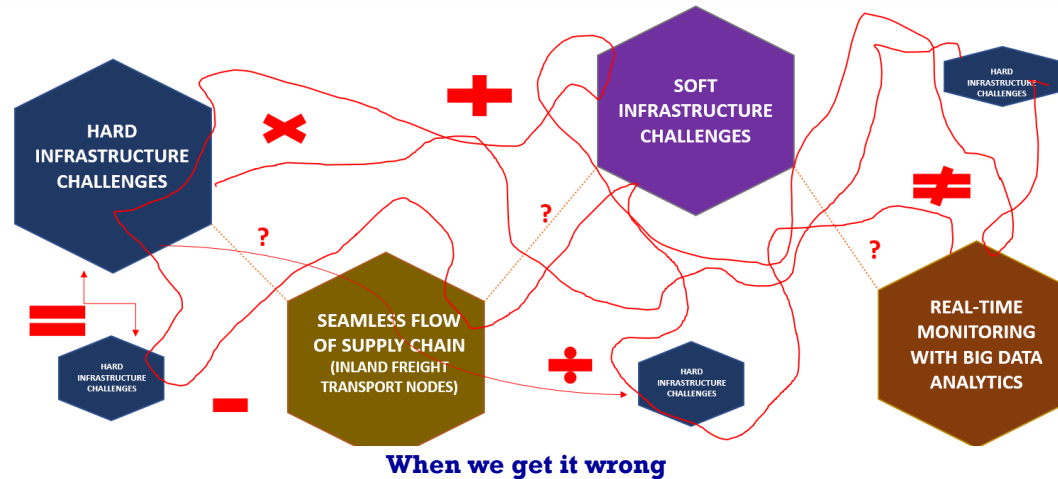
CHALLENGES EXPERIENCED

- ❖ **Monopolistic role of Transnet needs to be examined to encourage third party access;**
- ❖ International best practice is not implemented,
- ❖ Fiscally constrained and so limited ability to under take capital projects
- ❖ Historically divisional objectives have been prioritized over what is best for SA logistics,
- ❖ Lack of transparency and predictability,
- ❖ Best use of ALL supply chain role players not being utilized,



CHALLENGES EXPERIENCED

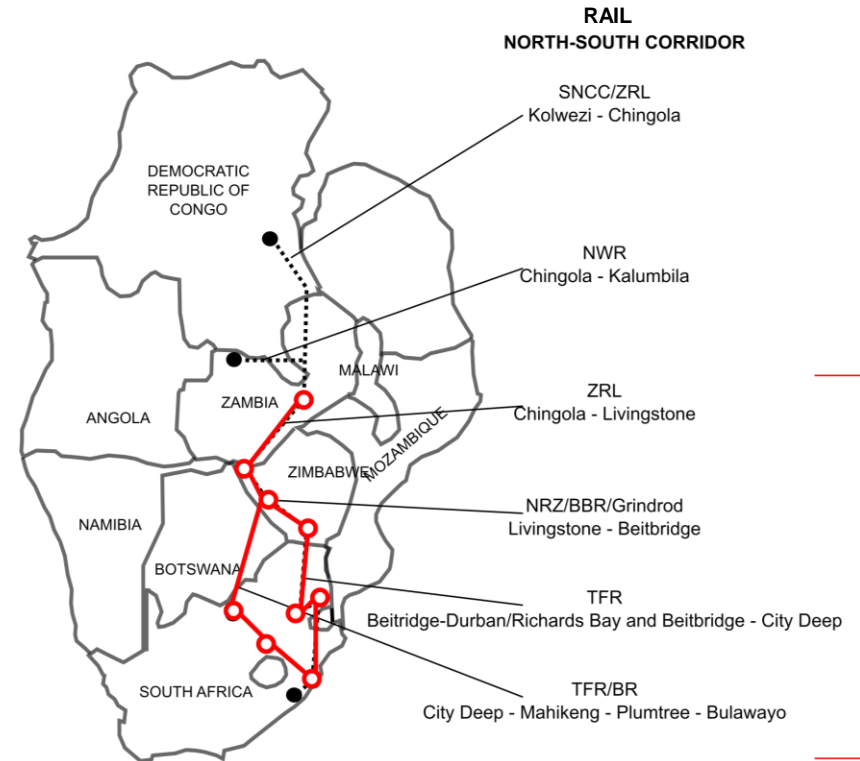
- ❖ **Government policy on cargo movement is not aligned;**
 - ❖ No unified implementable supply chain legislation or leadership. Focus is on the individual elements of the supply chain,
 - ❖ Greater collaboration between the public sector role players is needed
 - ❖ SANRAL has embarked on a significant N3 upgrade program and solutions need to be provided for the movement of cargo when the N3 is restricted. Rail needs to play its part.
 - ❖ Rail covers all its costs, whilst heavy road vehicles do not and hence some of the reason of the poor volumes on rail,



Source – DTIC working group

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SOLUTIONS

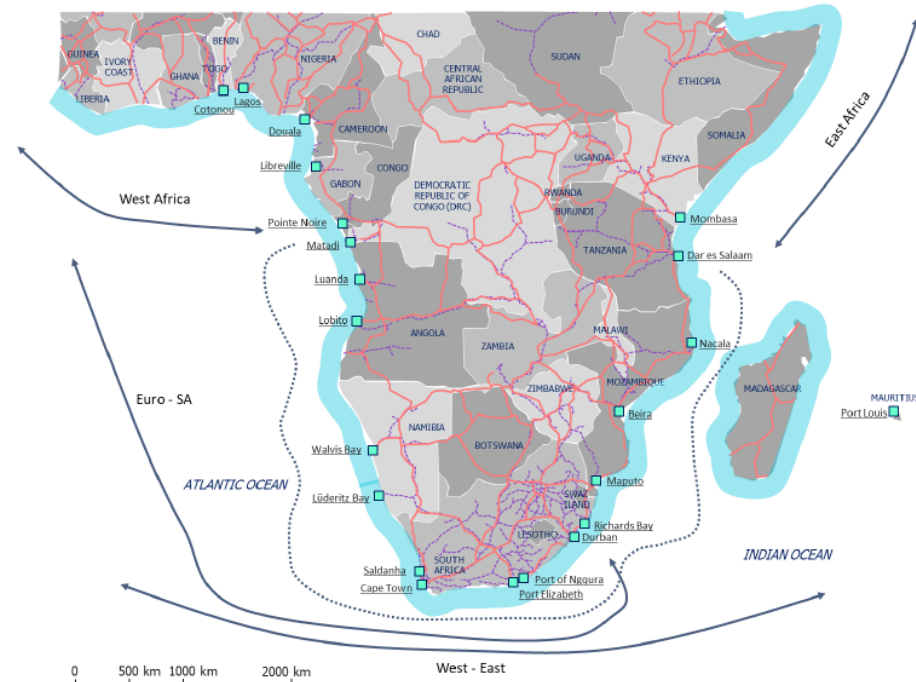
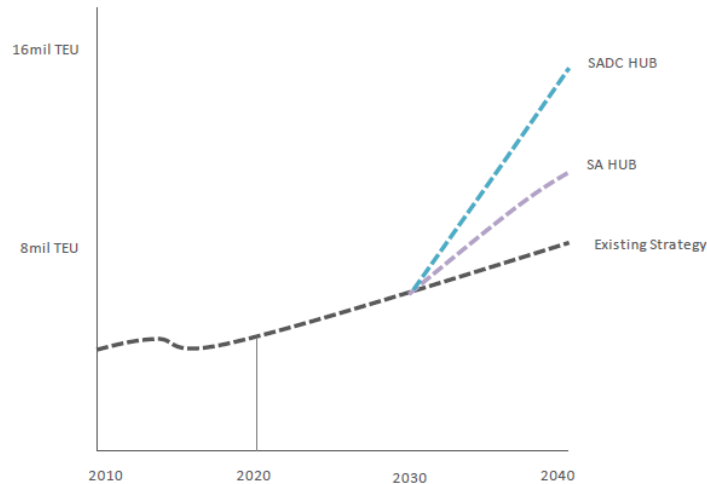
A. POSITIONING THE PORT OF DURBAN



Regional Context

Creating a hub-status port has the opportunity to substantially increase the handling of transshipment volumes destined for ports in the broader SADC region.

Potential demand scenarios for existing strategy, South African and SADC hubs.



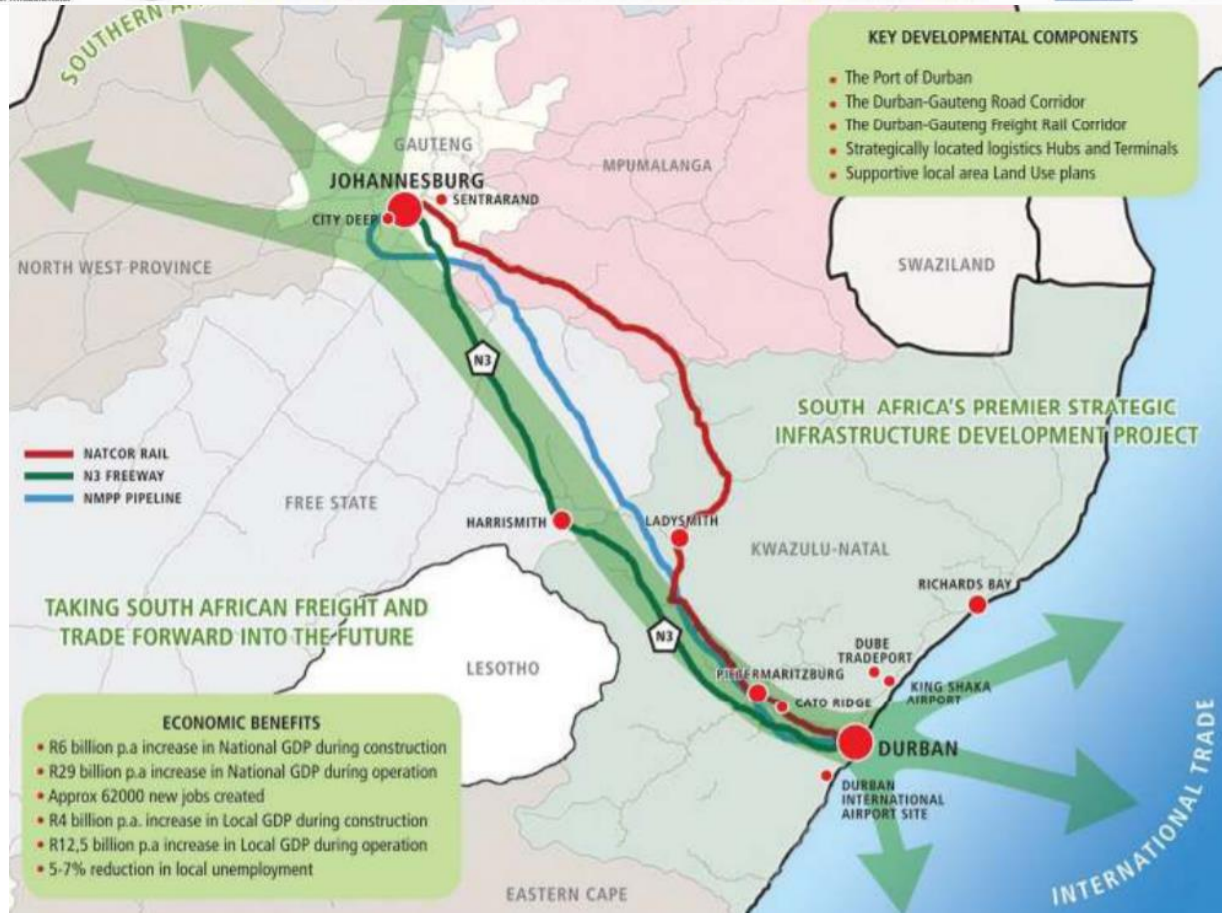
4 Sources: Lloyd's List. 2020. One Hundred Container Ports 2020. Available at <https://lloydlist.maritimeintelligence.informa.com/one-hundred-container-ports-2020>, Global Africa Network. 2020. Measures to ease congestion at Durban Port. Available at <https://www.globalafricanetwork.com>, City of Durban; 2020

Source: Transnet

SOLUTION



2050 VISION FOR THE DURBAN-GAUTENG FREIGHT CORRIDOR

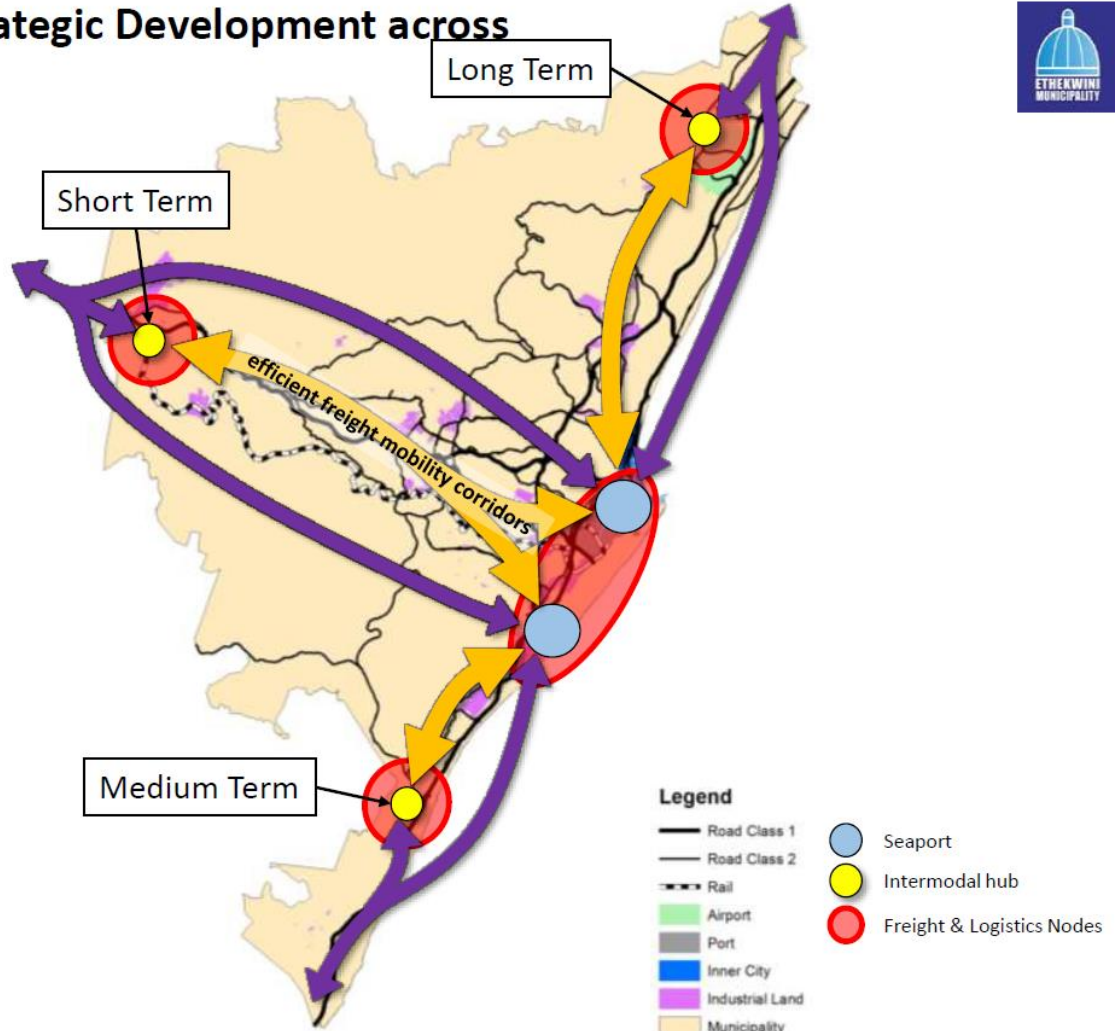


SOLUTION



Freight & Logistics Strategic Development across the Municipal Area

- Port of Durban
- **Freight Intensive Nodes**
- **Intermodal Hub & Freight Logistics Nodes**
- **National freight distribution**



SOLUTIONS

❖ Co-ordinated effort is required by:

- ❖ Private sector logistics companies,
- ❖ Transnet,
- ❖ SANRAL and other transport authorities,
- ❖ Led by the Department of Transport

❖ ICT, dashboards and big data

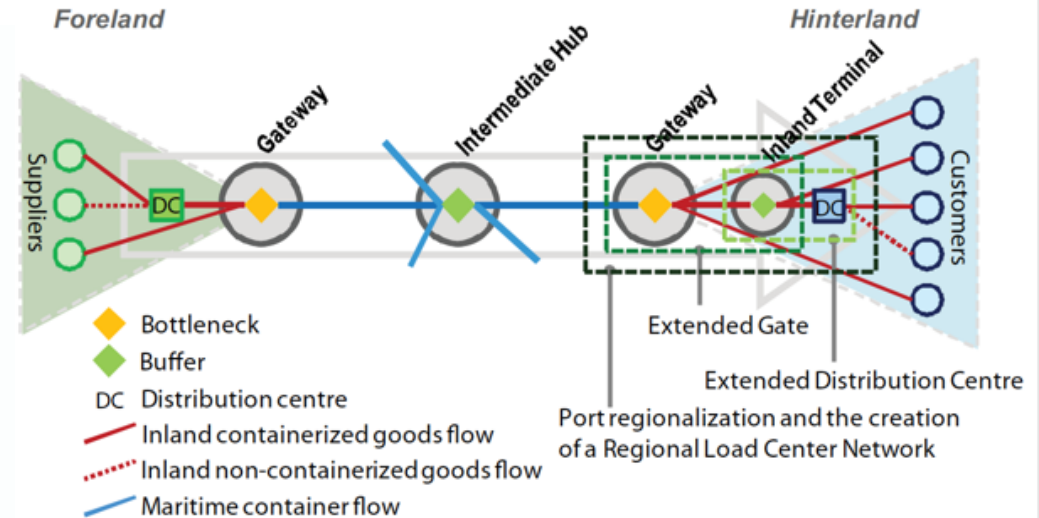
- ❖ Real time reporting of issues,
- ❖ Allows for forecasting and hence resource allocation.

❖ Shock absorbers need to be built into the supply chain;

- ❖ Truck staging areas,
- ❖ Containers storage and handling areas outside the congested Durban CBD

❖ Multimodal hubs

MULTI-MODAL TERMINALS AND DRY PORTS



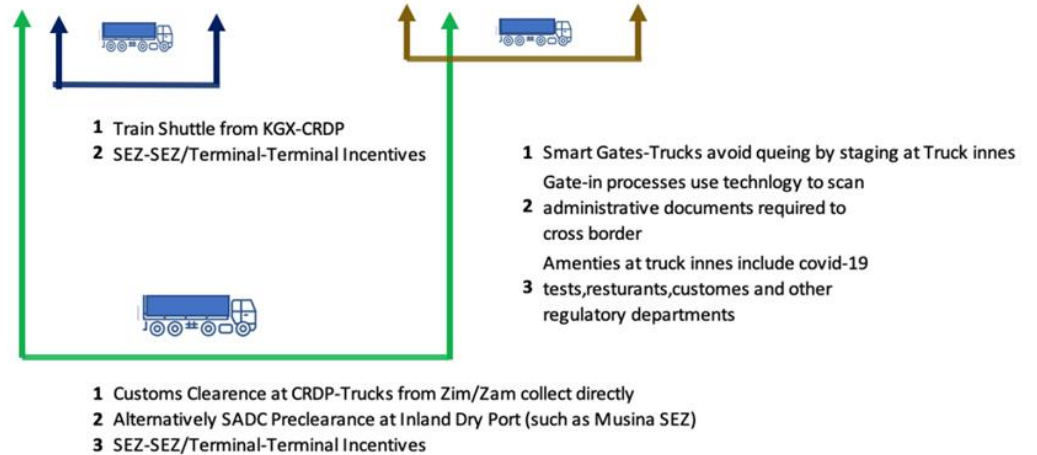
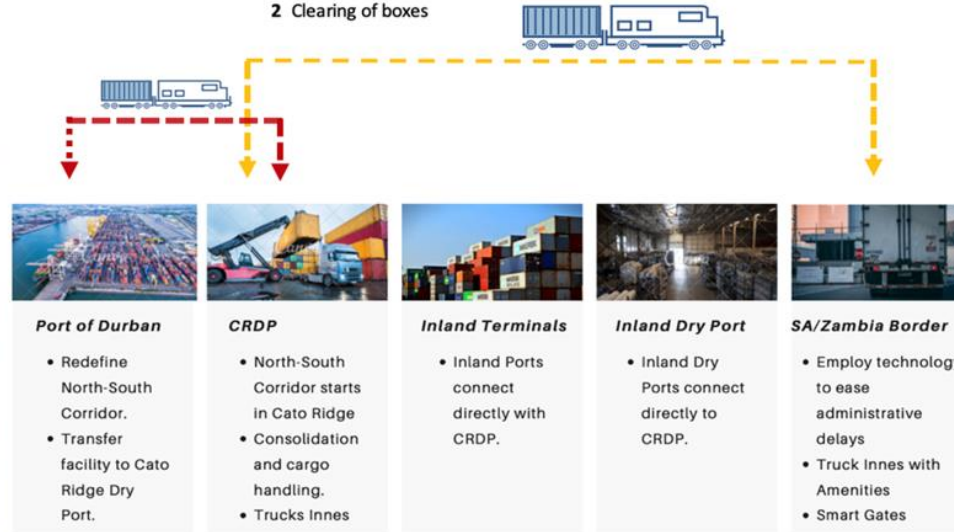
SOLUTION – CATO RIDGE DRY PORT

Truck inns, Dry ports, Extended gates – allow for interventions
 Intermodal facilities via 3 different models

SEAMLESS FLOW OF SUPPLY CHAIN (INLAND FREIGHT TRANSPORT NODES)



- 1 SADC Preclearance at CRDP
- 2 Clearing of boxes



OUTCOME

- ❖ Efficient and resilient supply chains which are able to handle shocks,
- ❖ Efficient utilisation of scarce resources,
- ❖ Efficient transport leads to increased trade and higher wealth attracting more investment and job creation,
- ❖ Predictable and reliable supply chains provide long term certainty and allows for long term planning,
- ❖ Internationally competitive supply chains with SA acting as the Gateway to Africa,
- ❖ AFCTA being implemented and African countries trading with each other,
- ❖ The Port of Durban again being recognised as a leading Port and the Gateway to Southern Africa

THANK YOU

Chief Executive Officer: Warwick Lord – warwick@crlhc.co.za



CATO RIDGE
LOGISTICS HUB CONSORTIUM



XPOLogistics

