



transport
Department:
Transport
REPUBLIC OF SOUTH AFRICA



**MPUMALANGA FREIGHT LOGISTICS FORUM
MINUTES OF THE WORKING GROUP MEETING
WEDNESDAY 23 MAY 2007 AT 10H00
POLANA HOTEL, MAPUTO**

1. Call to Order

Brenda Horne welcomed all to the meeting and thanked representatives from Mozambique and Swaziland for attending. She informed all present that she had been given notice that certain flights into Maputo had been delayed and indicated that these members would join the meeting on their arrival. She then handed over to the Chairperson, Mr Clement Manyungwana who thanked the Mozambican government for giving the Mpumalanga Freight Logistics Forum (MFLF) the opportunity to host the meeting in Mozambique.

2. Attendance Register

The attendance register was circulated and is attached as Appendix 1. Apologies for the meeting were extensive and will be tabled with the minutes and posted on the website. Apologies are attached as Appendix 2.

All those present were given an opportunity to introduce themselves.

3. Acceptance of the Agenda

Brenda Horne requested that items 6.3 and 6.4 be removed from the agenda as SAPPI representatives had indicated that they were unable to make these presentations at the meeting, and requested the forum to take note of the self-regulation issue, and proposed that these items be carried over to the next meeting.

ACTION: Secretariat

She indicated that the Department of Transport (DOT) would give a progress report on the branch lines, which should be added as point 6.2 under New Business.

The agenda was adopted as proposed by Wim van Wetten and seconded by David Gomes.

4. Approval of Minutes : 18 May 2007

The minutes of the meeting of the 18th of May 2007 were approved as proposed by Wim van Wetten and seconded by Dick Moore.

5. Matters Arising from the Minutes

5.1 Lack of Government Representation (1) Aaron Makgalemane

Aaron Makgalemane reported that a meeting had been held with the Head of Department (HOD) of the Mpumalanga Department of Roads and Transport (MDRT), who had agreed that the matter should be communicated to the relevant departments. This had been done in writing to the relevant Heads of Departments in the Province. He also indicated that the HOD for Economic Development and Planning had indicated that a representative from her department would attend this meeting, but that this representative was not present. He also raised the question of the attendance of the relevant officials from other sections in the Department of Roads and Transport and indicated that both the Traffic and Roads Division were in attendance.

The Chairperson addressed the lack of participation and attendance of MFLF meetings, citing the reason being that the meetings had degenerated into a talk shop without conclusions and implementation of projects. He emphasised that government particularly should listen to the challenges faced by the private sector and note the reaction expected from government, which should be in the form of project implementation, particularly with regard to new matters under item 6. He stated that the Forum needs to undergo a vigorous shift from planning to the implementation of projects, citing the KwaZulu Natal forum on the Gauteng-Durban Corridor where projects are identified and forwarded to the department for implementation. He encouraged the MFLF to identify projects for implementation.

5.2 Presentation on Intermodal Cargo Transfer Policy – Dr Mzaliya

The Chairperson indicated that the Minister of Transport has mandated his department to review the policy and that until he was satisfied with the policy, it would not go out for stakeholder consultation. He noted that until a progress report has been received from the project manager himself, the policy would not be available for further discussion. He suggested that the item be removed from the agenda and the meeting agreed to this.

5.3 One-Stop Border Post

5.3.1 Time Frames for the One Stop Border Post

The Chairperson gave brief feedback on the matter, noting that he represents the Department of Transport (DOT) on the BCOC, which is the highest decision making structure on border posts. He noted that bilateral meetings between Mozambique and South Africa took place on the 3rd of May on the issue of the one stop border post. The bilateral agreement, in the form of a Service Level Agreement, had been amended for final drafting. He reported that the advertisement for the appointment of a consortium for the design of the one stop border post had been issued on the 10th of May and the relevant processes were underway. He indicated that the time frame for the completion of one stop border post is August 2009.

With regard to the budget, he indicated that in real monetary terms, the budget is R200million which is guaranteed funding. Cabinet has given approval for the South African Department of Public Works to request funding amounting to R600million, the total amount for construction of the border post, and for the entire one stop border post project. The R600million budget is the target figure which covers the costs that Mozambique is not able to meet, and the Chairperson indicated that at the meeting of the 29th of May it was hoped that clarity would be given with regard to the contribution to be made by Mozambique.

He reported on a recent trip to Canada and Mexico undertaken by representatives from BCOCC to benchmark practices on the border posts between the US and Canada and the US and Mexico.

With regard to the process of national border control and the security strategy, this matter is being finalized and comments have been made on the strategy by the Department of Transport. The stakeholder consultation process on the strategy is also under review.

He updated the meeting on the agreement of intent signed between Mozambique and South Africa on the 3rd of May, which would be in place until the finalization of the abovementioned agreement.

With regard to the commercial cargo clearing facility, he reported that the South African government supports the current processes of the dry port planned at Kilometer 4, and that DOT had met with the Mpumalanga Department of Economic Development and Planning with regard to their dry port study and it had been agreed that it was not feasible to undertake that process and that they should rather look at mechanisms feeding into the dry port on the Mozambican side of the border. He gave clarification that the dry port will separate passengers from commercial traffic.

5.3.2 Feedback on Communication with MEC

Aaron Makgalemane pointed out that the MEC of the Mpumalanga Department of Roads and Transport had been briefed on this matter in a memorandum and had given his full support to this initiative and has requested feedback on the BCOCC.

5.3.3 Engagement with Taxi Industry and SANRAL

Aaron Makgalemane reported that he had written to SANRAL requesting for signage prohibiting hawking so that law enforcement can take place. Feedback is expected at the next meeting.

ACTION: Aaron Makgalemane

He recommended that a permanent structure be erected for the taxi operations and trading and requested that all relevant stakeholders should be involved in this project which he said should be one of the projects to be implemented in the corridor. This was agreed by the meeting.

Brenda Horne proposed that the Forum identify this as a project for implementation which must be properly followed through by the MFLF. The Chairperson agreed and mandated the relevant officials of MDRT to meet with stakeholders, namely Nkomazi Municipality, SANRAL and the taxi associations, and to report back at the next meeting of the Forum. This was agreed by the meeting.

ACTION: Aaron Makgalemane

Piet van Dyk reported on discussions held with SANRAL's Danie Venter and Abdul Hey regarding the existing taxi facility. Information is that SANRAL is engaging with the taxi associations to see what can be established in the way of a temporary taxi rank. He suggested that the Forum should engage with Nkomazi Municipality, SANRAL and other relevant role players to obtain feedback on their discussions to feed into the process.

ACTION : Aaron Makgalemane

5.4 Informal Traders at the Border Post

5.4.1 Signage to Prohibit Informal Traders

This matter was dealt with in item 5.3.3 above.

5.4.2 Raising of issue with CBRTA

This matter was dealt with in item 5.3.3 above.

5.4.3 Health Inspection of Hawkers Food Stalls

This matter was dealt with in item 5.3.3 above.

5.4.4 Permanent Facilities for Traders

This matter was dealt with in item 5.3.3 above.

5.4.5 Establishment of Sub-Committee following Multilateral Meeting

Brenda Horne reported on Evan Marowa's presentation of the SADC Transport Protocol to the first multilateral stakeholder meeting held on the 22nd of May. With regard to multilateral multimodal structures, she reported that once a revised framework had been forwarded to the country representatives, it would be taken to the relevant political heads for approval, following which a meeting would be convened to look at a way forward. All three countries are signatories to the SADC Transport Protocol which provided a platform for multilateral engagement. She informed the meeting that the minutes, presentations and attendance registers would be placed on the MCLI website.

ACTION: Secretariat

5.4.6 Status of Court Order for Removal of Informal Traders

This matter was dealt with in item 5.3.3 above.

5.4.7 Tabling of issue at BCOCC

This matter was dealt with in item 5.3.3 above.

5.5 Establishment of Sub Committee Regarding Stakeholders and Role

Brenda Horne indicated that the HOD of MDRT had disagreed with the proposal to establish a sub committee and had mandated the Department to deal with this matter and to ensure participation.

ACTION: Aaron Makgalemane

5.6 Submissions on Branch Lines Requiring Revitalisation

Brenda Horned reported that no feedback had been received by the Secretariat, apart from the report from Sappi, and urged the private sector to give serious attention to the matter. She requested that the matter be tabled under Item 6: New Business: Rail.

ACTION: Stakeholders

5.7 Recording of Coal Grid in Reporting of Department of Roads and Transport

Aaron Makgalemane indicated that the routes in the Coal Grid were identified as routes that will be upgraded by MDRT in their current financial year. The report on the projects being undertaken by MDRT is attached as Appendix 3 of the minutes.

With regard to the roads identified, the Chairperson asked if the projects identified had been budgeted for. Aaron Makgalemane indicated that the Department had submitted what was needed for the projects, but that budget constraints cannot address all projects identified. The Department was in the process of lobbying for additional funds from the Premier and the National Department.

Adrian Viljoen reported that the R3 billion allocation is not only provincial money, but includes allocations from SANRAL and municipal roads departments as well. Regarding the critical Eskom routes, this is a R5 billion project which will be initiated by Eskom. He pointed out that other all other roads could not be neglected and that alternative money must be found. He added that there was commitment from national government and was positive that the Eskom roads would receive funding. He highlighted the challenge regarding maintenance once roads had been repaired, and reported that the national department had indicated that they would like to ring fence these roads as they do not want the problem to reoccur when new mines open.

Brenda Horne indicated that MCLI had attended the coal grid meeting and reported that government had given the commitment to repair the roads and had made an appeal to the collieries to come up with proposals on how to work together to maintain the roads once built. She reported on a key presentation made at that meeting regarding self regulation of transporters. She proposed that one of the stakeholders from the relevant organizations be requested to make a presentation to the Forum to ensure that the MFLF gains a full understanding of the issue.

ACTION: Secretariat

5.8 Submissions on Roads Requiring Immediate Attention

This matter was dealt with under item 5.7 above.

5.9 Participation of Spoornet

The Chairman was pleased to note that Spoornet representatives were in attendance and noted that their absence has been of critical concern to the forum.

5.10 Truck Stop Facilities on the N4

5.10.1 Update by TRAC

Hannes van Wyk indicated that TRAC will support and help in this regard and reported on a meeting held the previous week with a group looking to set up facilities. He indicated that he was awaiting the results of the study being undertaken by the Mpumalanga Government.

Aaron Makgalemane reported that this was not a study per se, as no contractor had been formally appointed. He undertook to engage the director of planning at the MDRT to look into the problem. He also noted that the truck stop had not been included in the 2007/8 projects, and will ensure that the proper engagements take place.

ACTION: Aaron Makgalemane

The Chairperson noted that if, as in this case, the private sector had come to the fore with support, intensive engagement must take place between government and TRAC in order to find a solution. He emphasised that such engagement was urgent and highlighted his expectation of a progressive report in this regard at the next meeting.

ACTION: Aaron Makgalemane

Hannes van Wyk pointed out that this is a viable business opportunity and agreed with the urgency on the matter and reported that truck traffic on the N4 is growing faster than normal traffic, at 10% year on year. He also suggested that the Road Freight Association (RFA) be engaged on the matter.

ACTION: Aaron Makgalemane

The meeting agreed that this should be a second project of the MFLF.

Wim van Wetten reported that the RFA had investigated the matter in the past and was aware of the pitfalls, particularly with regard to the cost involved and with the problems accompanying such a facility. He confirmed that there was a significant need for such facilities all the same and noted that at present the weigh bridge facilities could be used at night.

With regard to the discussion regarding trucks stopping at the toll plazas, and the problems posed by this, Clement Manyungwana reported that a process of driver legislation was underway at national level, and undertook to report on progress on the matter.

ACTION: Clement Manyungwana

Piet van Dyk from the Lebombo Border Dry Port, proposed that the Forum, in conjunction with TRAC and the RFA, engage with regard to the feasibility of such a facility at the Lebombo Border Dry Port as there would be no additional cost for land. Brenda Horne proposed that participants be nominated to form a committee on this so that the Secretariat can put together a meeting for the project to happen. The meeting agreed that TRAC, MDRT, Piet van Dyk and the RFA should drive the process. Aaron Makgalemane seconded this proposal and requested the Secretariat is to facilitate this meeting.

ACTION: Secretariat

5.10.2 MDRT Study on Truck Stop Facilities

This matter was dealt with in 5.10.1 above.

5.11 Inputs on the Incorporation and Identification of Other Corridors

Brenda Horne indicated that no further inputs had been received from stakeholders and requested that the matter be addressed in planning under new business.

5.12 Cable Theft

5.12.1 Report from UASA

The report was received by the Secretariat and has been posted on the MCLI website.

5.12.2 Tabling of Issue with BCOCC

The Department of Transport will table this issue in the BCOCC meeting on the 29th of May 2007. Clement Manyungwana undertook to report on this issue at the next meeting of the Working Group.

ACTION: Clement Manyungwana

5.13 Status of BCOCC

As there was no representative from SARS at the meeting, no report was given.

5.14 Update on Incorporation of Smaller Freight Forums

Aaron Makgalemane reported that the MDRT is in the process of engaging district municipalities in Mpumalanga, to ensure that the locally established transport forums include freight issues in these forums. Feedback will be given at the next meeting of the Working Group.

ACTION: Aaron Makgalemane

Barbara Mommen indicated that it had been agreed in the meeting held earlier between the MDRT and the Secretariat that a mechanism be derived to ensure feedback and linkages between these forums and the MFLF.

ACTION: Lindi Phungula

Brenda Horne requested that MDRT, being part of the forum and knowing what is going on in the corridor; disseminate relevant information to the municipalities. She indicated that the report on the Maputo Development Corridor tabled at a recent forum of the Municipalities was seriously outdated. She reiterated that a mechanism must be developed to ensure that stakeholder inputs be taken to municipal level as municipalities cannot develop strategies if they do not have current information.

ACTION: Aaron Makgalemane

5.15 Inputs into the Mpumalanga Freight Data Bank

Brenda Horne reported once again that inputs must be made to the secretariat and reiterated that planning cannot be undertaken if volumes are not given by the private sector.

ACTION: All

5.16 Gravelling of Separate Roads for Trucks and Busses at Lebombo

Brenda Horne reported that this issue was an interim request during the Easter peak season to prepare for increased traffic flow. She reported that planning had started again on Monday 21 May and will be taken up through the border post stakeholders. She suggested that this item be removed from the agenda.

5.17 Border Operational Efficiencies

5.17.1 Congestion and Traffic Control to be Tabled at Border Operational Meeting

Aaron Makgalemane indicated that a dedicated official from the Traffic Section of MDRT, Mr Mtsweni, would now sit on this forum and will assist with raising the issues at the border operational meeting.

5.17.2 Tabling of Issue with the Provincial BCOCC

The Chairperson indicated that the MDRT should participate in the provincial BCOCC because their national counterparts are represented at the National BCOCC. The Secretariat will provide contacts for the Department to participate in those structures. He pointed out that the national structure is the oversight structure while the provincial structure is the implementing structure.

ACTION: Aaron Makgalemane, Secretariat

5.18 Inputs into the Proposed Ring Road Around Nelspruit

Brenda Horne reported that once again no inputs had been received and requested stakeholders to submit their proposals in this regard.

ACTION: All

5.19 Spoornet/CFM Stakeholder Follow Up Meeting

Brenda Horne reported that the Secretariat had sent out appeals for inputs into the CFM survey, and requested CFM to give an update on responses received under the New Business Item: Rail.

5.20 CFM Questionnaire

This item is to be dealt with under New Business: Rail and can be removed from the agenda.

5.21 Report by the Department of Economic Development and Planning on the Dry Port

This matter was reported by the Chairperson in item 5.3.1

5.22 Update on Studies Undertaken by KMIA

Sisa Tanda presented feedback under Item 6: New Business: Aviation

5.23 Pipeline Working Group

Brenda Horne reported that there are discussions in progress with the Office of the Premier and undertook to give feedback on the petrol pipeline and the potential water pipeline project as the process unfolds.

ACTION: Brenda Horne

5.24 Consolidation of Inputs on One Stop Border Post

The Secretariat had consolidated the inputs on the One Stop Border Post and these were presented to the World Bank consultant.

5.25 Customs Duties on Cars

Elda Steyn was not present to report on the matter but Brenda Horne indicated that they had discussed the matter informally, noting that duties had been imposed because of the high risk identified by SARS as a high number of vehicles were going through border without being returned to Swaziland. The matter will be followed up with SARS for feedback at the next meeting of the Working Group.

ACTION: Secretariat

Ian Toomey informed the meeting that Daimler Chrysler had entered into an agreement with regard to export and import of vehicles to and from Swaziland, and that a special dispensation from SARS had been granted to Daimler Chrysler to have duties waived.

5.26 Representation of Roads and Traffic Section at MFLF

This matter was addressed as per item 5.17.1

5.27 Presentation of MDRT Projects

Aaron Makgalemane presented a report on the projects of the Department of Roads and Transport. With regard to a question on clarification of time lines for the projects, Aaron Makgalemane indicated that this differed from one project to another and so no comprehensive time lines could be given. He also clarified that the focus of multimodal projects is on passengers, not rail.

5.28 Review of Stakeholders

Brenda Horne noted that inputs had been requested from stakeholders but that no feedback had been received. She requested that should stakeholders be aware of organizations and departments which should be represented at the MFLF, these should be passed on to the Secretariat.

ACTION: All

5.29 Tabling of Stakeholder Attendance to Executive Structure

This matter was dealt with at the Executive Structure meeting on the 19th of April.

5.30 Inputs into Transport Month

Clement Manyungwana pointed out that the focus of this year's transport month would be on freight. He requested stakeholders to give inputs on topics for the programme of the transport month. Inputs should be made via the Secretariat.

ACTION: All

6. New Business

6.1 Modes – discussion

6.1.1 Border

Jorge Sonne indicated that there is a shortage of staff at the border and lack of commitment from the current staff which leads to considerable delays at the border. Brenda Horne noted that the Department should table this issue at the Provincial BCOCC, as it is purely a staffing issue that needs to be addressed.

ACTION: Aaron Makgalemane

John Muller raised the issue of 24 hour operation of the border. The Chairperson indicated that following the presidential visit last year, guarantees were given that the border post would only operate for 24 hours if there was guaranteed traffic going through, and noted that this would be a gradual process once traffic was guaranteed.

Brenda Horne asked agents present at the meeting what the current position was regarding the clearing of freight on both sides of the border. Rodney Cresswell reported that the new immigration system on the Mozambique side was causing delays, but that the cargo clearing was proceeding smoothly.

Piet van Dyk raised a concern about the officials operating at the border post. He said that the delays were as a result of a lack of training and a profound lack of understanding that they are the biggest link in the chain in the operation of an efficient corridor. He requested that this message must be passed on very clearly to Immigration and to SARS, with emphasis that these officials are part of the business opportunity of the whole corridor and that it is essential that all users of the services must have a good experience at that point.

John Muller suggested that there should be a project to address the issue of service levels at the border post.

Brenda Horne reported that stakeholders had met on Monday regarding feedback on planning during peak periods, and noted that this platform would be a monthly meeting with wider stakeholders before taking issues to the BCOCC. She proposed that MDRT take this matter to the planning meeting as a serious issue raised by the MFLF Working Group and that it must be made clear that this problem does not only relate to peak periods.

ACTION: Aaron Makgalemane

6.1.2 Road

Hannes van Wyk of TRAC reported that an average of R5000 per month is spent per kilometer on maintenance of the N4. He added that traffic growth during the previous year was close to 7%, while the growth in truck traffic is closer to 10%, pointing to the need for this infrastructure. He reported that the construction of the road at Machadodorp was complete, and that work on the widening of the road between Wonderfontein and Belfast had begun. This project will provide an additional lane in both directions and will take 26 months to complete and delays on the road can therefore be expected. He added that machinery had been imported to fix the concrete road at Middleburg, and that the preliminary design of the Nelspruit ring road is going ahead, as is the draft scoping report to the Department of Environmental Affairs. He indicated that this project is going ahead at risk, as it is not part of the concession, however TRAC had agreed to take it on.

With regard to the N4 in Mozambique, Hannes van Wyk reported that TRAC is experiencing road surface problems and is talking to the relevant authorities and the police in assisting the government with overload control and have managed to reduce overloading. This effort will continue.

With regard to the possible relocation of the Machado Toll Plaza Belfast, no final decision has been taken and TRAC is still analyzing reports from the UK consultants appointed to do the study. At present there is no clear cut decision, which will probably be taken by the middle of the year. This will be followed by a public participation process, Environmental Impact Assessment and other relevant processes.

With regard to operational efficiency, he reported that long cues had been experienced over the two long weekends and TRAC is looking into how to do things differently next year.

Adrian Viljoen from MDRT pointed out that the MDRT would like to receive information on the coal grid projects from stakeholders to be able to start on projects of upgrading and building

critical routes in those areas. Eskom had undertaken a study and had compiled a 5 year scenario of 150million tons of coal transported to their power stations in the next 5 years. Because of the demands of Eskom, the MEC is driving this project separately and as such is being dealt with separately from Freight forum. He reported that R1, 1 billion is required for the first project, and R2 billion required to take care of needs of ESKOM for the next 5 years. This had been phased into three phases, and once funding has been obtained will go ahead. This matter is a high priority for Premier and the country as it is the central point for power generation for the country.

He reported on an initiative undertaken by the Development Bank of Southern African in conjunction with AFRICON, to look at a sustainable funding strategy for mineral rich areas of province. This is a nine month study which is in the data collection phase.

6.1.3 Rail

Francis Callard of Spoornet reported that there is continued engagement between CFM and Spoornet at both operational and executive level. He reported that the stabilization of the line is complete and is running according to design. The introduction of airbrake trains has increased block load traffic between South Africa and Mozambique, with spare capacity on the line still available for containers and plans are afoot to increase container traffic. Discussions have been held with shipping lines in this regard. He added that these are very positive points in the improvement of the rail service and indicated that traffic into Maputo for the first month of the financial year, i.e. April, was 25% of the total traffic of last year.

He reported that CFM is well advanced in awarding contracts for the repair of bridges between Maputo and Ressano Garcia, to increase capacity to 20tons per axle. He added that five locomotives had landed from India, and following a successful test run, will be employed on the Ressano Garcia route. Another five locomotives are expected in July.

He reported on plans to introduce block load trains for fuel from Maputo to South Africa and the two organizations are working at making this a reality as soon as possible.

The Chairperson thanked Mr Callard for their progressive report, and encouraged the private sector to utilise the spare capacity on the Ressano Garcia to Maputo line.

6.1.3.1 Rail: Planning

Aaron Makgalemane reported that the Freight Data Bank had identified those branch lines, but requested feedback form members on those that need to be revitalized. He appealed to members to forward their inputs to the Secretariat.

ACTION: All

Regarding discussions having taken place with various industries regarding the branch lines, Francis Callard indicated that this matter is not within his domain, but that various discussions were taking place and he undertook to report on those discussions relevant to the eastern corridor at the July meeting of the MFLF Working Group.

ACTION: Francis Callard

Clement Manyungwana reported on interaction between the DOT and Spoornet CEO on branch lines. He reported that the DOT intends to take over those lines and that a legal process is underway for the transfer of those lines. Issues of funding would be articulated in that framework and there had been an agreement of transfer of branch lines to DOT at CEO level.

He reported that, with regard to regulatory process of taking over those lines, a process has started with the implementation of a rail economic regulator, under the auspices of the Minister to Cabinet, where decisions on this would be a priority. He noted that the intention is to create an infrastructure agency to manage those branch lines reporting to the DOT, and that this process is underway.

A question was raised with regard to planning by CFM on branch lines. David Gomes indicated that CFM has no plans on branch lines but suggested that if those interested should approach CFM with proposals in this regard.

A further question was raised with regard to Spoornet running empty wagons to South Africa from Mozambique. Francis Callard indicated that Spoornet would prefer to have return loads where reasonably possible. He noted consideration had to be given to how return traffic affects certain flows. He reported that certain trains are block loads and return empty as soon as possible to achieve rapid cycling of wagons. With other commodities, issues such as compatibility of products for return loads and cleaning of wagons came into play. He reported that Spoornet is targeting return loads from Maputo to the point origin while generating traffic and is also looking at traffic from Maputo into the DRC utilizing Spoornet wagons and other railway administrations, but this was a work in progress. He noted that return loads are not a universal solution particularly where block loads are involved.

David Gomes made an emphatic plea for loads of cement into South Africa. He reported that wagons are returning empty largely because return loads are not requested. He pointed out that CFM is offering capacity for cement and requested interested parties to approach CFM.

The Chairperson indicated that some of the challenges raised were not only for Spoornet, and encouraged the private sector to play a role in assisting Spoornet to create the necessary efficiencies. He indicated that the DOT talks to Spoornet and is aware that the private sector is not coming to the party with regard to guaranteeing block train traffic. He encouraged the private sector to provide guarantees where possible.

6.1.4 Intermodal

Brenda Horne dealt with this issue in the freight village presentation under item 6.2

6.1.5 Aviation

Sisa Tanda reported that there had been significant growth in and out of KMIA, with SA Airlink and Nationwide pushing numbers through. A freight forwarder was now based at the airport and is assisting with the movement of express mail, vehicle parts and perishable goods such as fish, with exports going to China and Europe.

He extended an invitation to a workshop on the 19th July at 10h00 which would look at the future of exports to Europe.

With regard to the Industrial Development Park, a report had been tabled the previous week at a workshop at the Airport. The objective of the previous week's workshop had been to choose a site for the Industrial Development Park and the options had been narrowed down from the original four to two, namely Carino and Plaston. He reported that KMIA had more than 100ha of land available for this park, with the advantage that land had already been zoned and the necessary Environmental Impact Assessments completed. The Department of Trade and Industry had indicated that this area may be a possible Industrial Development Zone, one

criterion of which is to have a port or airport in close proximity, and therefore the airport was the preferred site for this facility. Mr Tanda pointed out that comments on the sites can be posted at www.kmiaairport.co.za by the 1st of June, following which the site will be approved by the provincial cabinet.

Referring to the Aviation Strategy, Mr Tanda reported on a study undertaken by Khuthele which had been presented to provincial government on the 10th of April. This study dealt with management of air space, utilization of the airport, the 2010 Soccer World Cup and provincial aviation will begin assisting with these issues.

On the Community Property Association, Mr Tanda reported that 10% of the airport is owned by the Mbuyane Communal Property Association. Three studies were underway regarding the possibility of vegetable, poultry and fresh flowers for export.

The Chairperson asked for clarity with regard to the movement of citrus and Mr Tanda indicated that despite perceptions that air freight is expensive, this is not necessarily the case and that farmers are very interested in using KMIA because of the delays in driving to OR Tambo and the congestion experienced at that airport.

6.1.6 Maritime

Clement Manyungwana indicated that DOT has established an independent port regulator with Mawethu Vilana the DOT appointee to the Board of Port Regulators. Their function is the implementation of efficiency at the ports and their second meeting was held four weeks ago.

Dick Moore of MPDC reported that three major projects were underway at the port; the ferrochrome terminal with a design capacity of 1, 5 million tons which will be operation at the end of June. The second project is the non hazardous bulk liquids terminal which would be operational at the end of August, and the dredging programme which maintains the depth at minus 9,4m. He reported that an 11,3m draft vessel had sailed out of the port during the previous weekend.

He reported that the growth over the previous four years had been between 14% and 16 % per annum, however with the scanner having been introduced, growth had dropped to 4% per annum, providing a gloomy prospect for those intending to continue investing in the port.

A short discussion ensued on the use of the Richards Bay Coal Terminal as an option for junior miners, the gist of which is that cheaper and more efficient options such as Maputo, which can accommodated Panamax size vessels, must be considered.

John Muller reported that there had been a drop in coal exports out of Maputo, principally due to two issues; firstly the opening up of an allocation at Richard's Bay and secondly a general drop in coal production. He indicated that the pricing determined the movement of coal out of Maputo and reported extensive dialogue with Spoornet regarding how the situation for coal exports out of Maputo/Matola should be addressed.

Leon Richardson of Xstrata commented that the scanner has had a huge impact on suppliers, and noted that Xstrata has voiced its concern at various forums in this regard. He pointed out that the route into Maputo is really only one way and that there were no return loads to subsidise the route and this was having a detrimental effect on the route.

Clement Manyungwana indicated that the ports must not be seen as competing, but as complimentary and pointed out that positions emanating from the MFLF must lead to this understanding.

On the complementarity of ports, Dick Moore commented that each port complements the other and provides services that the other ports can't. He noted however, that the one factor which never changes is the importance of price, and pointed out that the exporter must get goods to the market as quickly and as cheaply as possible. He said that the imposition of scanning charges is killing the port and that the increased cost for users had been from 50 to 80c per ton to \$2 per ton, which is a significant increase. This increase translated into Kudumba extorting \$400,000 per month or R3million which is a cost borne by South African exporters. He emphasised that this is a very serious issue and expressed the hope that the government of Mozambique would make a decision which recognizes the true impact on the economy.

Clement Manyungwana reported that the Permanent Secretary in the Mozambican Ministry of Transport and Communications had assured the multilateral meeting the day before that the issue of scanning charges would be dealt with and had expressed the hope that the matter would be amicably resolved by the parties involved.

6.2 Presentation on Freight Villages in Germany – Brenda Horne

Brenda Horne gave a brief presentation on the Freight Village concept in Germany. This presentation is attached as Annexure 4 to these minutes and will be posted to the website.

7. Date of Next Meeting

The next meeting of the MFLF Working Group will be held in Nelspruit on Wednesday the 13th of June.

8. Closure

The Chairman thanked all for their attendance and closed the meeting at 13h13.

SIGNED AND APPROVED:

Chairperson: _____ **Date:** _____

APPENDICES:

Appendix 1: Attendance Register

Appendix 2: Apologies Register

Appendix 3: Projects Being Undertaken by the Mpumalanga Department of Roads and Transport

Appendix 4: Presentation on Freight Villages in Germany