

# Forward thinking supply chains continued >>>

**SAPICS**  
THE PROFESSIONAL BODY FOR  
SUPPLY CHAIN MANAGEMENT

IN ASSOCIATION WITH  
**saaff**

**20 September 2023**

## **SAPICS Spring Conference**

Indaba Hotel, Fourways, Johannesburg, South Africa

### **NLCC progress**

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Mxolisi Mgojo, Ian Bird & Rudi Dicks

# Three focal areas have been identified to drive economic growth



## Energy



## Transport & logistics



## Crime & corruption

Challenge	Energy	Transport & logistics	Crime & corruption
<b>Challenge</b>	Regular load shedding due to declining performance of Eskom coupled with insufficient rate of new build that has resulted in <b>c.6GW effective capacity shortfall</b>	High costs, poor services and sector losses caused by operational inefficiencies, infrastructure capacity shortages and limited end-to-end perspective of the value chain drive <b>c.R50 Bn lost</b> in the <b>minerals sector</b> alone in 2022	Rising crime rates caused by ineffective criminal justice system, weak intelligence, and poor prosecution and conviction rates, impacting societal and investor confidence, <b>Business Confidence Index</b> score of <b>38/100</b>
<b>Focus</b>	<ul style="list-style-type: none"> <li>• Enable private investment in electricity generation</li> <li>• Implement Generation Recovery Plan</li> <li>• Launch One-Stop-Shop for renewables</li> <li>• Unlock new generation capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Cabinet approval for Freight Logistics Roadmap (FLR)</li> <li>• Setting up implementation mechanisms for FLR</li> <li>• Unlock operational efficiencies in Transnet</li> </ul>	<ul style="list-style-type: none"> <li>• Cabinet and Parliament approval for NPA Amendment Bill</li> <li>• Empower the Investigating Directorate</li> <li>• Operationalise joint delivery mechanism with senior decision makers</li> </ul>
<b>Outcome</b>	<b>Reduced loadshedding</b> ~R1 Bn per day	Rail and port <b>performance improvements</b> 5-6% of GDP p/a	<b>Minimising crime and corruption</b> ~R85-300 Bn p/a

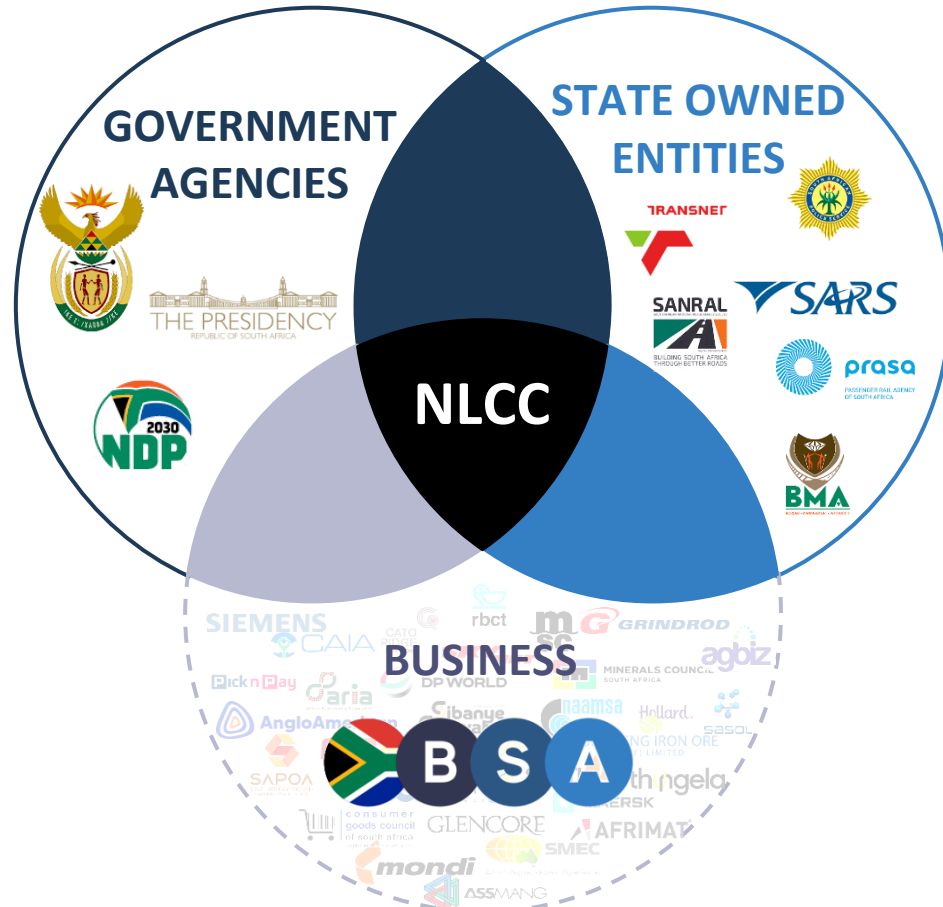
Building societal and business confidence to unlock South Africa's economic potential

# +130 CEOs from leading South African businesses pledge to address the country's key challenges



Key statistics	<b>+130</b> companies	<b>+R11 trillion</b> Market cap of listed entities	<b>Over 1.3 million</b> employees
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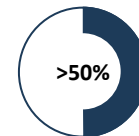
# The National Logistics Crisis Committee (NLCC)



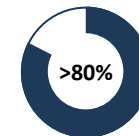
## NLCC three key objectives :

- **Improving the operational performance** of industry supply chains, including freight rail and ports
- **Implementing reforms** to modernise the freight transport system and restore its efficiency and competitiveness
- Creating **enabling conditions** for the freight transport system to operate **effectively**, including legislative changes and/or exemptions where necessary to enable efficient procurement processes and adequate funding of the network

## Facts & figures



% cost of logistics of the average value of goods in SA



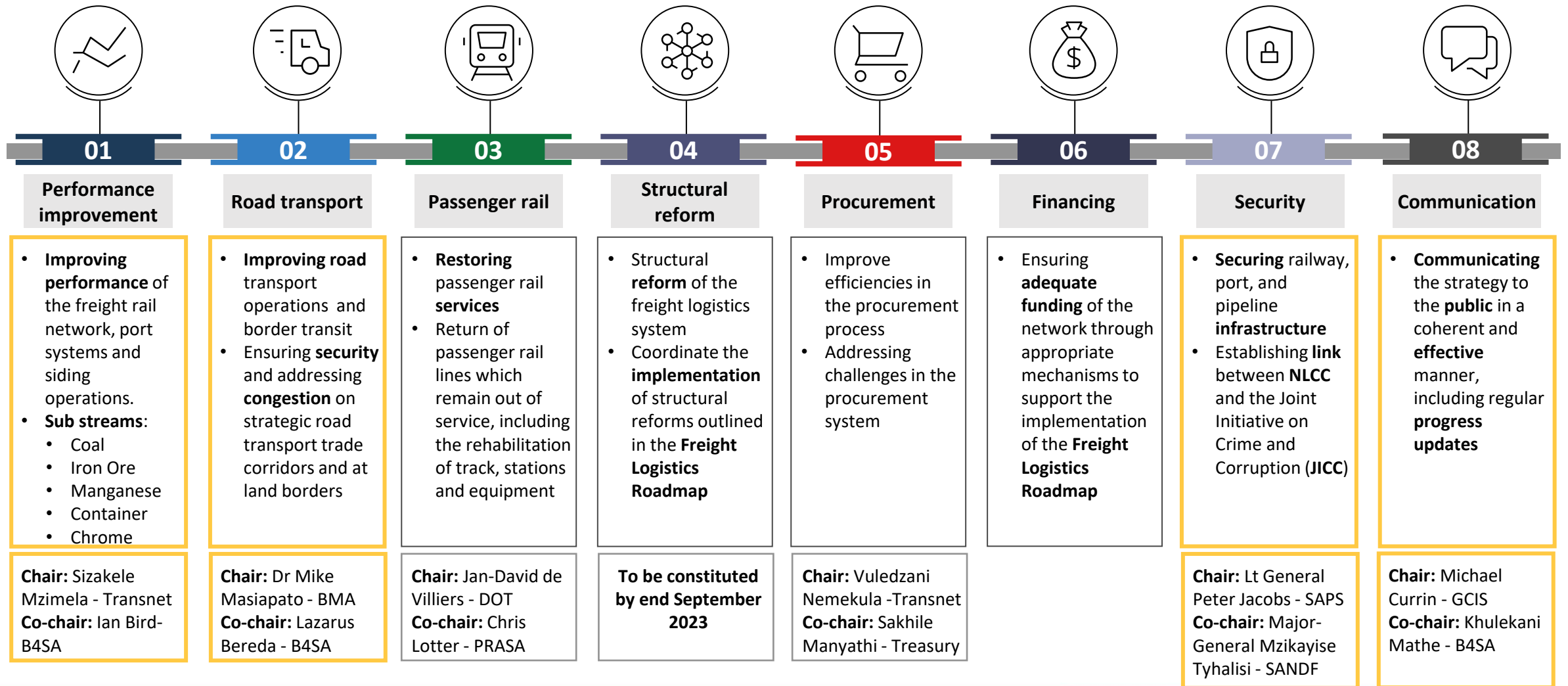
Total freight transported by road



Commodity exports lost in 2022 due to rail performance

**Mining companies** reconfiguring in line with current reality and **delaying capital investment**, putting **jobs at risk**

# The NLCC has identified eight workstreams



Business active member

elevate, educate and empower



# Workstreams 1 & 2 were formed in August and has achieved several milestones

## Progress to date

01



**Performance improvement**

- ✓ Minerals Council of South Africa Corridor Optimisation Teams transitioned into NLCC Corridor Recovery Teams (CRT)
- ✓ CRTs consist of:
  - Transnet Non-Executive Directors
  - DPE
  - Transnet Managing Executives
  - Industry
  - Operation Vulindlela
  - B4SA Technical experts
- ✓ Cadence rolled out on 5 key corridors
- ✓ Terms of Reference and KPIs being finalised per corridor, including the identification of project teams

**Key Performance Area: Container Corridor Recovery Team**  
Achieve targeted volumes by improving operational efficiencies on critical segments and reducing safety and security risk

KPI Objective	Proposed Key Performance Indicator	Unit of Measure	Proposed Target 2023/24FY
Address targeted volumes in critical segments	Long Haul Volume on Rail	Tbil month	20 000
	Transnet (Container, Train Ops)	No of trains/week	88

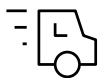
**Key Performance Area: Iron Ore Rail Segment Recovery Team**  
Achieve targeted volumes by improving operational efficiencies on critical segments and reducing safety and security risk

KPI Objective	Proposed Key Performance Indicator	Unit of Measure	Proposed Target 2023/24FY
Achieve targeted volumes in critical segments	Export Iron Ore Tons per Month	Tbil month	60000 tons

The NLCC and its workstreams are underpinned by a clear escalation and feedback cadence to ensure accountability and progress

Level	Frequency	Overview
President	6 weekly	The NLCC will provide feedback as part of the 3 lead areas Energy, Transport & Logistics, and Crime and Corruption.
Director	Monthly	The NLCC will report back to the Joint Strategic Operations Committee (JSOC) on matters for escalation that could not be resolved within the NLCC structure.
NLCC	Monthly	The chair and co-chair of each of the 8 Workstreams, will report back to the NLCC on progress made and raise matters for escalation.
Workstreams	Monthly	Each of the sub-streams within the 8 Workstreams will report back on progress and matters for escalation to the chair and co-chair of the Workstream.
Sub-streams	Fortnightly	Each multi-disciplinary sub-stream will set up meeting cadence with key members to identify, raise opportunities, discuss progress on joint initiatives and raise matters for escalation.
Project teams	Weekly	Each sub-stream, if required, will create specific multi-disciplinary project teams to work on identified initiatives and opportunities.

02



**Road transport**

- ✓ Central Coordination Centre and self regulation tool concept paper drafted
- ✓ Engagement sessions held with potential data partners to establish the Central Coordination Centre
- ✓ Multi-disciplinary team formed to address congestion challenges at the Lebombo border crossing and N4
- ✓ BMA and SARS rolling out efficiency improvement pilot programme (mobile units for customs clearance and immigration)
- ✓ Short term focus is on N4, thereafter N3, N12 and N2

**Central Coordination Centre proposed design**

**Workstream 2 will focus on addressing key issues plaguing the logistics sector and focusing on 4 goals**

- 01 Safety: Improve and height transportation safety on the major South African corridors
- 02 Reduce the cost of doing business: Reduce the cost of doing business on the major South African corridors, making South Africa a global supply chain competitor
- 03 Freedom of movement: Reduce congestion, improve system efficiency and performance
- 04 Freedom of choice: Provide transportation choices and improve system transparency for all freight routes

Logistics facts & figures:  
 - Logistics costs as a percentage of the average value of commodities and products in South Africa  
 - Average fuel increase from 2021 to 2023  
 - Total freight transported by road  
 - Trucks on the N1  
 - Accidents involving trucks  
 - Intra-Africa trade  
 - Average cross border time (20 border crossings)

# Workstreams 7 has already achieved successes through arrests

## Progress to date

CRIME OFFENCE	STOCK VALUE (IN Rands)	ASSET STOLEN/ENDANGERED (Asset or number that includes option)	LENGTH	REE	QUANTITY STOLEN OR DAMAGED	DIRECT LOSS VALUE (ASSET VALUE)	RECOVERED VALUE (RISKY VALUE)	PROJECT LOSS VALUE (COSST OF REPLACEMENT; LOSS OF POWER; LOSS OF DATA)	IMPACT UNIT (Potential injury or loss)	NO. OF INJURIES

FORMID No.	UNIQUE IDENTIFIER NUMBER	DIVISION	CLUSTER	OPERATING UNIT	CORRIDOR	ROUTE	LOGISTICS OR DIVISION OF TRANSMET COMPANY AT LOSS TOX OR DIVISION OF TRANSMET COMPANY	CONTACT DETAILS OF TRANSMET COMPANY

07



Security

- ✓ Workstream 7 is assisting industry in collecting incidents to conduct Crime pattern analysis (CPA) Crime Threat Analysis (CTA)
- ✓ Conducting resource assessment of existing security measures and resources within industry
- ✓ Providing aerial surveillance capability
- ✓ Establishing an escalation mechanism to report incidents for quick resolution

08



Communication

- ✓ Workstream inaugural meeting was 6 September 2023
- ✓ Various Government Departments, including DTIC, DOT, National Treasury, GCIS is represented in the workstream
- ✓ A communication plan is being drafted



# Passenger rail is a newly formed workstream within the NLCC

## Progress to date

03



### Passenger rail

- ✓ Inaugural meeting of Workstream 3 was 18 September 2023
- ✓ NLCC will be used to assist and support PRASA with the implementation of the Passenger Rail Service Recovery Programme
- ✓ Cross Departmental team has been established with participation of private sector operators



04



### Structural reform

- ✓ Workstream will be constituted by end September 2023
- ✓ The Freight Logistics Roadmap will form the basis of Workstream 4
- ✓ Work developed for the Roadmap will be transitioned into the workstream





# National Treasury and the SOCs are working together to unblock efficiencies in Workstreams 5

## Progress to date

05



### Procurement

- ✓ SOCs engaging with National Treasury regarding required exemptions to improve operational efficiencies
- ✓ Transnet engaging with National Treasury on procurement matters relating to Private Sector Participation transactions



06



### Financing

- ✓ Workstream not constituted as yet
- ✓ Cabinet approved Freight Logistics Roadmap will inform the sub-streams and focus areas of the workstream



QA

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