



Non-profit Organization Registration No: 055-301-NPO

Physical address: Ground Floor, St David's Park, No 5 St David's Place, Parktown, Johannesburg, 2193

Postal: Postnet Suite 210, Private Bag x 30500, Houghton, Johannesburg, 2041

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## **CEO ANNUAL REPORT – JANUARY TO DECEMBER 2015**

**Dear SASTALC Board, Members and Stakeholders,**

### **Executive Summary:**

It is our pleasure to report back to our board, members and stakeholders on the activities of our secretariat for the period January 2015, continuing from the May report to December 2015 which was concluded by the last board meeting held on the 07<sup>th</sup> December, 2015.

Since July 2014, we have experienced growth from 18 to 60 members. The council mandate and effectiveness has grown substantially and we have seen the membership grow from 18 in July 2014 to the below mentioned 60 organizations, with commercial as well as associate members. We have become an aggregator of collaborative advocacy for the industry in Southern Africa, the region, continent as well as globally, representing for the first time, the voice of the shipper and our service providers at many forums in the public and private sectors.

Financially 2015 has been a very challenging year and this requires a serious re-consideration of the cost structures of the council as the effort to raise funding subtracts from the limited resources available in the council. As such, the present team cannot continue in the same way as 2015, as health challenges was at the order of the day resulting of the continuous stressful environment.

The council revenue of R480K was R211K less than the low road budget of R692K due to extreme challenging economic climate resulting in member's resignations and then also the delay in processing of the DoT and TPT memberships. On the other hand, the R660K expenses were R78K below the budget of R739K as a result of extreme cost management measures by the team.

The Surplus in the bank of R157 is R122k below the budgeted surplus of R279K.



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Based on the board resolution that the council ought to have a minimum of 3 months' operational cost covered in its reserves, it is clear that given the uncertain economic climate, which makes membership revenue growth a challenge, that the council will have to seriously consider reducing the cost of the secretariat. A proposal in this regards has been submitted to the board for implementation.

I do believe we can with pride now say that the re-branding of our council from SASC – South Africa Shippers Council to SASTALC – Southern Africa Shippers Transport and Logistics Council on the 24<sup>th</sup> of March was a success and that we successfully continue to promote and grow the awareness associated with our brand.

This is clearly demonstrated in the growth of our commercial as well as associate members, now bringing us to the 60 mark. Our awareness and mandate has grown equally and so has our ability to integrate our council and its members into the regional as well as continental and global platforms. The signing of a Memorandum of Understanding, in the presence of 16 States, with the African Union of Shippers Council on the 24<sup>th</sup> of April, barely a month after our AGM of the 24<sup>th</sup> of March, 2015 bears witness to this eagerness of the rest of the continent to be in engagement with Southern Africa and the industry role-players here. Another milestone is the acceptance of SASTALC as a regional industry body by SADC, COMESA and the TRIPARTITE and furthermore the invitation for SASTALC to participate as a first ever in the SSATP (Sub Saharan Africa Transport Policy) and RECTCC (Regional Economic Council Technical Council Committee) meeting in Nairobi during December, bears witness that for the first time ever the shipper and its service providers from Southern Africa is now represented at regional transport and logistics platforms.

## **Economic Overview**

2015 started off with severe power challenges for all of mining and industry as a whole in South Africa with the ZAR weakening to record low of R12 to the Dollar, and continued pressure from organized labor for annual increases in excess of inflation and CPI putting continued pressure on job cuts and growth in unemployment, while Xenophobia created a general sense of insecurity. Adding to



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this, the increase in taxes, offset some of the positive effects of the lowering of the oil price. It is therefore not surprising that FNB economist Alex Smith stated in the FNB weekly economic overview of 8 May, 2015, that “the level of mining and production remains subdued by historical standards with low commodity prices, rise in cost and further electrical shortages weighing on the sector, with manufacturing production under significant pressure.”

The second half of the year 2015 came with drastic changes in the economy where South Africa and other emerging markets were faced with an economic downturn, with South Africa narrowly escaping a recession. SA's economic outlook over the years has been quite poor. Average GDP growth rate post World War 2 has been 3.5% and 3.1% since 1994. Since 2012, the country's GDP growth rate has been less than that ranging between 2.2% over the last 3 years, with 2015/2016 estimated at 1-1.5% and 1.4% growth rate and slowing down further to 1.2% by 2016. This forecast was made prior to the reshuffling of the country's finance ministers.

As 2015 drew to an end, we saw the South African economy severely compromised by the redeployment of Finance Minister Nhlanhla Nene. This move has put enormous pressure on the country as the Rand has weakened to R16 to the US Dollar and is expected to further weaken to a record low of R20! The agricultural sector has performed very poorly as adverse weather conditions have taken a toll on production and recorded a double-digit contraction for the third consecutive quarter.

As it stands, the country's economic outlook looks very bleak. The electricity and water supply constraint continues to hamper growth by both interrupting production and by deterring investment. Additionally, a moderation in Chinese demand and low commodity prices have started weighing in on growth.

### **South Africa's growth outlook – per the FNB Economics Weekly Report for December 2015 – Alex Smith**

“The surprise redeployment of Finance Minister Nene sent SA markets into a tailspin. These moves were exacerbated by last week's decision by Fitch to downgrade SA's sovereign credit rating to one notch above junk status (with a stable outlook). Meanwhile S&P opted to cut its outlook on SA to negative while leaving the rating at one notch above junk. This suggests that the door is open for S&P to cut SA to sub-investment grade status in 2016



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SA's mining production fell 4.6% y/y in October, following a 4.7% fall in September. The important divisions of iron ore (-18.4% y/y), coal (-15% y/y) and gold (-7.5% y/y) all recorded substantial declines. Platinum group metals remained the key positive contributor with a growth rate of 26.5% y/y. On a month-on-month (m/m) basis mining production was up 1.8%, however this follows three consecutive monthly declines. Meanwhile, mineral sales fell 5.3% y/y in nominal terms during October. This was the biggest decline in seven months and comes largely as a result of a fall in commodity prices. We expect mining production to remain under pressure over the coming months and commodity prices have declined further recently and various mining companies are likely to be forced to cut back on production as a result.

SA's manufacturing production fell by a larger than expected 2.1% y/y in October, after a 1.2% increase was recorded in September. The largest negative contributors were iron, steel and machinery (-10.3% y/y); motor vehicles and parts (-6.2% y/y) and furniture and other manufacturing (-10.7% y/y). Only two of the nine major manufacturing divisions managed positive production growth in October. These were food and beverages (+3.9% y/y) and petrochemicals (+1.7% y/y). Total manufacturing production was down 1.7% m/m in October. Meanwhile, manufacturing sales fell 1.3% y/y in October (in nominal terms), the second largest drop in five years. The sector is under major pressure due to weak demand and stiff competition from China and Europe, where producer prices are falling. We expect that next year will remain challenging for the sector."

With the above review on the mining and manufacturing sectors, it is evident that 2016 is going to be a tough year for the South African economy. It is expected for the mining sector to contract by -0.5% due to depressed commodity prices on weak Chinese growth, more mines being put on care and maintenance, resulting in a contraction in employment. In the logistics sector, a rise in exports should offset falling imports due to the weak rand. Reduced mining and household demand will likely curtail freight volumes – thus keeping the industry in a state of "business unusual."



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## **Council overview and feedback:**

The Council, in spite of limited resources and health problems as well as the passing on of the CEO's husband, experienced steady membership growth during 2015 and has become known in South Africa as well as the region as the advocacy voice of shippers and its service providers. This is clearly demonstrated by the fact that SASTALC has been invited to be an active member of the Department of Transport's Transport Forum; a board member of the EThekweni Maritime Cluster; all the relevant SARS as well as the Port Regulator, TNPA, TPT and Transnet Freight Rail; the Gauteng Provincial E-Tolling debate meetings amongst others.

The CEO participated in numerous industry activities, some of which gave the Council recognition from regional bodies. Our collaborative partnerships also increased, thereby extending our footprint into the continent as well as globally. The focus of SASTALC's mandate remains to establish an innovative, collaborative, all-inclusive public private partnership of all role players across the Southern Africa supply chain, into local, regional and global markets, with strategic focus on transport and logistics across all modes, as we believe that together, through aggregate innovative collaboration and visibility, we shall be globally active, competitive and make a difference!

## **Performance Measurements of SASTALC Chief Executive Officer as of 1 July 2014 as agreed with board.**

### **1 Growing Membership**

*KPA - The Chief Executive Officer will ensure more members are signed up into the council and the target is 50 members at the end of 2015.*

### **Membership**

Since July 2014, we have experienced membership growth from 18 to 60 and the following organizations are now highly valued members of our council. (see details below over the two categories)

#### **A: Trade Members – Paying membership fees and have a vote at AGM**

1. Anglo - Kumba t/a Sishen Iron Ore



With innovation and collaboration, Southern Africa will serve the world competitively and influence it positively

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2. Aurecon South Africa (Pty) Ltd
3. Barberry Group
4. Bidfreight Port Operations
5. Bidvest Panalpina Logistics
6. Columbus
7. Divine Mercy Trading
8. Exxaro
9. Fruit South Africa
10. Grindrod South Africa (Pty) Limited
11. Hulamin Limited
12. ISAHA
13. Imperial Logistics
14. Kumba T/A Sishen Iron Ore
15. LBH Mozambique LDA
16. Land and Sea Logistics
17. Manganese Metal Company - MMC
18. OCL - Our Corridor Logistics
19. Palabora Mining Company (Pty) Ltd
20. Quattro Logistics Solutions (Pty) Ltd
21. SAMREC (Pty) Ltd
22. Samsung Electronics Southern Africa (Pty) Ltd
23. Sappi Export Services (Pty) Ltd
24. Sasol Group Services (Pty) Ltd
25. Savino Del Bene
26. Siyanda Chrome Investments (Pty) Ltd
27. Seaboard International Trading Company (Pty) Ltd
28. The Right Mix Transport Logistics and Consultancy
29. Tronox Mineral Sands (Pty) Ltd & Tronox KZN Sands (Pty) Ltd
30. T-Systems South Africa
31. Total Cargo Management South Africa
32. Rand Merchant Bank | First National Bank
33. Dreyer Project Dynamics (Pty) Ltd
34. Spectra Projects



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### **Confirmations of commitments received for 2016 from the following:**

Rara Avis Freight & Logistics is joining on the 13/01/2016

7 TPT Ports as from 1 April 2016 – total membership expected R350K

The National Department of Transport – intent given – awaiting final signature and membership funding of R1m

### **Resignations:**

It is with regret to report that the following members have resigned their membership from the Council due to the trying economic challenges that have since plagued our economy. We do hope they will renew their membership in future when conditions allow:

#### **For 2015:**

1. Chlor Alkali Holdings (Pty) Ltd – credit note issued and resignation letter issued
2. Glencore - Xstrata South Africa (Pty) Ltd – credit note issued and resignation letter issued
3. EvrazHighveld – credit note and resignation letter issued
4. UTI – credit note and resignation letter issued
5. PROSADC– credit note and resignation letter issued

#### **For 2016**

Columbus Stainless Steel - notification of resignation received

### **B: Associate Members - collaborative organisations without votes and fees**

Our awareness and mandate has grown substantially and so has our ability to integrate our council and its members into the local, regional as well as continental and global platforms. The signing of a Memorandum of Understanding, in the presence of 16 States, with the African Union of Shippers Council on the 24<sup>th</sup> of April, barely a month after our AGM of the 24<sup>th</sup> of March, 2015 bears witness to this eagerness of the rest of the continent to be in engagement with Southern Africa and



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the industry role-players here. Another milestone is the acceptance of SASTALC as a regional industry body by SADC, COMESA and the TRIPARTITE and furthermore the invitation for SASTALC to participate as a first ever in the SSATP (Sub Saharan Africa Transport Policy) and RECTCC (Regional Economic Council Technical Team Committee) meeting in Nairobi during December, bears witness that for the first time ever the shipper and its service providers from Southern Africa is now represented at regional transport and logistics platforms.

1. TF - Transport Forum
2. WBCG - Walvis Bay Corridor Group
3. YCSA- Youth Chamber of Shipping Africa
4. CSC - Congolese Shippers Council
5. LWA – Leading Women in Africa
6. WILATSA – Women in Logistics and Transport SA
7. FSA - Fruit South Africa/Citrus SA
8. FFF - Fossil Fuel Foundation
9. CNSC - Cameroon National Shippers Council
10. APA – Africa Project Access
11. SAAFF – SA Association of Freight Forwarders
12. GSF - Global Shippers Forum
13. SSC - Swiss Shippers Council
14. SAASOA – South Africa Association of Ship Operators and Agents
15. UNISA – University of South Africa
16. MCLI – Maputo Corridor Logistics Initiative
17. Galilee International Management Institute
18. RPMASA -Responsible packaging management association of Southern Africa
19. UASC - Union of Africa Shippers Councils
20. The Foundation for the Development of Africa (FDA) (NPC)
21. The Office of International Freight Management DRC (OGEFREM)
22. SAPICS
23. Hong Kong Trade Development Council
24. The Rail Working Group – International Rail Assets
25. Terrapinn – Conference Company
26. German Chamber of Commerce and Industry





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Collaboration agreements between TETA, the Dar es Salaam Corridor Secretariat and the PMAESA - Port Management Authority of East and Southern Africa are currently in progress.

We look forward to the process where our website administrator will be in a position to link the websites of the above 60 organisations to our website, so that it will make engagement for all our stakeholders easier.

We would like to make a special appeal to all members who find value in our council to assist us to promote the Council and to help us grow our membership.

## 2. Enhancing Council's Revenue Streams

*KPA - The incumbent will establish partnership with government departments and the private sector with a view to secure and source sponsorships and donations. The sourcing of revenue streams will not be limited to the above and could also be tackled by any innovative ways deemed possible.*

- The sponsorship of the office space and parking of the Council at the Barberry group in Parktown, including telecommunication and general infrastructure has been a huge non-cash contribution and the key enabler to achieve our mandate of having a full time permanent office in South Africa. The value of this contribution can be easily in the region of R180K.
- The council could mainly stay liquid during the year as a result of the seed funding received during late 2014 and early 2015 by 3 members to the total of R440K
- The process to engage with Government departments are slow and tedious with responses pending from TRANSNET, the DoT and our submission to DTI, which will start once we receive our new NPO certificate after the constitution and name change advice.



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- The Logistics Business Breakfasts in Partnership with JCCI have given us a revenue stream of R37K for the year 2015
- Interest earned for the year with all surplus funds invested on a money market call account
- The engagement with T-Systems is work in progress
- The council had to source support and assistance in kind for many of its activities, and although it is greatly appreciated, it does place a strain on the limited resources of the organisation.

### **3. Becoming the face of the Council**

*KPA - The CEO will become first line of contact with council and will bring a professional image to the Council. The CEO will act as a direct liaison between the Board and Executive management and communicate to the Board on behalf of council. The CEO will also communicate on behalf of the council to relevant stakeholders, government authorities and the public.*

#### **Communication.**

We embarked on a renewal of our website as well as the newsletters, in line with our re-branding launch and would like to express our appreciation to Nadia Landman and her team from Bloomer Marketing for this pro-bono work in our renewed drive to raise awareness through frequent communication to our members as well as to the industry at large. This has been received with many positive comments from both the industry as well as government role players locally and abroad. The website has been re-located to a new domain and remains work in progress and can now be found at [www.sashippers.net](http://www.sashippers.net).

We have issued 99 newsletters to date, and they are now also immediately available on our website. Due to the high volume of spammed messages and blockages,



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kindly note that should you no longer seem to receive our newsletters, you are in a position to directly access them on our website.

The Council was again featured in various publications, and remains in appreciation to Import/Export; FTW; and Transport World for exposure and engagement

Communication was sent out from the desk of the CEO to acknowledge and congratulate the following executives on their new roles in their respective organisations:

- **Letters of congratulations**

- Mr Tau Morwe – outgoing CEO of TNPA on his retirement
- Mr. Richard Vallihu – Chief Executive TNPA
- Mr. Rodger Baxter – CEO Chamber of Mines of South Africa
- Mr. Brian Molefe - Acting CEO Eskom
- Mr. Siyabonga Gama – Acting Chief Executive Transnet
- MR. Ravi Nair – Acting Chief Executive of TFR
- Nozipho Mdawe – Secretary General, PMAESA
- Maria Mzimela – Executive Manager, Sales and Customer Care at TFR

- **Letters of appreciation to speakers of the AGM**

- Alex Smith – FNB
- Lourens van Niekerk – DOT
- Ismail Essa – Sanral
- Saleem Peterson – TPT
- Molatwane Likhetho – TFR
- Alan Wykerd – Hulamin
- Harry Van Huyssteen – Transport Forum
- Margaret Bango – Wilatsa
- Sinethemba Hlengwa – YCSA
- Barbara Mommen – MCLI



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- Dr. Ismail Vadi – Gauteng Transport MEC
  
- **Letters of appreciation to sponsors and supporters of the AGM**
  - Sagren Ramalingum – FNB
  - Jodi Newton – Export Import Southern Africa
  - Andrea Badenhorst – The Write Scene
  - Nadia Landman – Bloomer Marketing
  - Harry Van Huyssteen – Transport Forum
  
- **Letter of condolences**
  - Cham of the Cameroon Shippers Council, lost his father in a tragic car accident.
  - CEO – on the passing of her husband Mr. Hendrik Ferreira
  - Coordinator – on the loss of her cousin and grandmother
  
- **Letter of information on the signing of the MoU with the Union of African Shippers Council**
  - Honourable Minister Dipuo Peters as well as the DG Mr. Godfrey Selebe - The National Department of Transport
  - The Honourable Premier of Gauteng and MEC of Transport, Ismael Vadi
  
- **Letter of comment to the National Port Regulator**
  
- **Submission to Minister of Transport on proposed freight truck ban over peak hours**
  
- **Letter of comment to the Department of Home Affairs on the planned Border Management Agency**



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Even though the CEO was more office bound than the last 6 months of 2014, in order to formalise and facilitate the strategy, constitution and AGM she has accepted invitations to participate, be a speaker or chair at the following events. where she was not available, a representative was there on behalf of SASTALC:

1. Cape Town Exporters Club
2. Visit to Port of Cape Town
3. Numerous Transport Forum Events (Monthly either as facilitator or attendee)
4. Stakeholder Consultative Meeting On E-tolls
5. Present at Grain Logistics Workshop
6. Break Bulk Africa – Panel Facilitator
7. National Maritime Stakeholder Workshop on The Finalisation of The Maritime Transport Policy. – Durban
8. Inchcape Shipping Cocktail
9. NBF - 2 Day Africa I Second Public-Private Dialogue Forum on Infrastructure Projects
10. 2 Day National DoT Transport Forum Launch And Meetings
- Monthly NTF pillar meetings
11. Quarterly NTF Feedback meeting
12. NTF Work Group meetings and assignments
13. Meetings with Congo Brazzaville Council Management
14. Meetings with Cameroon Council Management
15. DTI -APRM-NBF - Corporate Governance Seminar
16. YCMA – Chair and Exhibit - Maritime Careers Expo for Underprivileged Youth - Soweto
17. Gibbs - "Demand Driven Supply Chains"
18. Stakeholder Validation Seminar: One Stop Border Post Draft Policy for South Africa
19. Sponsored Visit to Port Pointe Noire, Brazzaville, Minister of Transport & Congolese Council with numerous stakeholders
20. Sponsored Visit to Douala for signing of MoU with UASC
21. Sponsored Visit to Yaoundé to present at the International roads conference



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22. TETA - Introduction to SASTALC with View of Support and Collaboration – Ingrid
23. Business Action Against Xenophobia Forum
24. Responsible packaging management association of Southern Africa and The International Cargo Handling Coordination Association Road show with Chris Welsh
25. Mervin Webb is the Durban Port Consultative Committee Member representing shippers at all relevant engagements
26. SAPICS Conference 1st – 2nd June, attended by the Chairman and Administrator
27. SARS Co-Kif Meetings attended by CEO or administrator
28. Facilitated the Secretary General of Global Shippers Forum – 2 stakeholder engagements on Safe Container Packing and Mandatory verification of container weights
29. Africa Ports and Harbours Conference 30th June – 01st July - Chair
30. Facilitated engagement with SAMSA & Key stakeholders – Mandatory Verification of Gross Container Weights – (All export containers to be shipped from 1 July 2016)
31. Numerous engagements with DoT and signing up as members –to be true Public Private Collaboration and Dialogue Council
32. Facilitated a visit by high level delegation of Congolese Shippers Council to engage with TRANSNET/ TPT/TFR/other terminals 5th – 10th of July 2015
33. Participated in the NBF Afri-ID Working Group North South Rail Corridor Meeting
34. SADC Business Forum in Gaborone - first SASTALC 11th – 12th of August
35. Submission to the NPR – on 5-year evaluation & sent out questionnaire
36. Submission to DTI on the RIA of the Export development bill and sent out survey
37. Attended the COMESA Business Council Transporters and Logistics Services Dialogue 17th – 18th September 2015
38. Attended the NATMAP Colloquium hosted by the Minister of Transport Hon. Dipuo Peters 30th October 2015
39. The Coordinator attended the SSATP REC TCC Meeting Nairobi 8th – 10th December 2015



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### Upcoming engagements

- SARS Stakeholder Management Division to establish relationship between Council and SARS Customs Division
- Meeting with the Secretary General of PMAESA

### 4 Strategy Development

*KPA - The CEO will be responsible for leading the development and execution of the council's short, medium and long term strategies with a view to creating council value. The CEO will lead and oversee the implementation of the council plans in accordance with its strategy to ensure the council is appropriately organized and staffed and have the authority to employ and terminate staff as necessary to enable it to achieve the approved strategy. The CEO will sit on committees of the Board where appropriate as determined by the Board. The CEO will determine the date, time and location of the annual meeting and develop the agenda of the AGM with the Board.*

1. The council 3-year strategy and budget, based on a low road as well as a high road scenario with seed funding have been drafted, and the low road has been implemented after the adoption at the AGM. The same applies to the revised constitution and once all the directors' signatories have been obtained, the process will start to have it lodged at the NPO department, where after engagement with the DTI can commence for tapping into the various funding possibilities there.
2. Under the "low road" strategy the highest area of focus was collaborative advocacy, until such time as seed funding is sourced to appoint and develop a



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team to implement the other key performance areas as well as develop service offerings to ensure long term sustainability.

3. After the very successful launch of the SASTALC name and brand at our AGM on the 24th of March, 2015 exactly a month later, we were invited and hosted by the Shippers Councils of Congo and Cameroon to attend the extra ordinary session of the Union of Africa Shippers Council Meeting, where we signed, in the presence of 16 Central West Africa countries, a Memorandum of Understanding and Collaboration, making the UASC our 18th associate member, since we started to roll out our strategy of collaboration across all modes of transport and all stakeholders to promote and enhance global competitive supply chains.

The President and Secretary General of the UASC as well as many of the 16 countries DG's expressed with elevation "this is a long standing dream come true - to be connected with Shippers from South Africa and the Southern Africa region with great benefit to come from this win/win agreement where we will collaborate in areas of common interest in the interest of shippers in our regions. There is a lot that we can learn from each other, especially in the area of corridors, in ensuring that our global supply chains are enhanced."

4. It was encouraging to learn from the UASC feedback on action after the 7th African Shippers' day initiative of 2014, that they are progressing on the following points, at both Africa Union Secretariat level as well as all the individual councils and that I could also give them the relevant positions from the South – a true confirmation of why we have to collaborate and share experiences to ensure as a continent we work in the same direction to enhance our trade and logistical offerings into the global arena:
  - Popularization of the WTO agreement on Trade Facilitation
  - The development or partnerships across global, regional and local organisations
  - The protection of interest of shippers to the obligation of the mandatory weighing of containers





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- Professionalization of shippers and the granting of licenced economic operators (LEO)
  - Creation of the single windows for trade
  - The National Trade Facilitation Committees
  - The development of trade facilitation infrastructure and equipment
  - Port tariffs and the drive to drive costs down
  - The implementation of the African Maritime Transport Charter
5. Prior to the meeting in Cameroon, the Director General of the Congolese Shippers Council facilitated a visit to the port City of Pointe Noire as well as river port Brazzaville where SASTALC was received by the Minister of Transport as well as his two deputy ministers as well as the advisor to the President and many other public and private sector stakeholders. All expressed the appreciation for the opportunity to be an associate member of SASTALC. They expressed the need to learn from our corridor developments as well as linkages to grow trade between our two countries, which will benefit from an effective transport corridor, which is to be developed in the very near future as highest priority of the Ministry as well as council.
6. A strategic infrastructure project currently under feasibility study, with potential for public private and private sector investments, is the 550 km road and rail corridor from Pointe Noire to Brazzaville. This also includes a dry port along the corridor, linking it into the capital city and then into the waterway transport system into neighbouring countries as well as the captive market of more than 13 million city consumers of Brazzaville and Kinshasa. This is but one area where collaboration and partnerships are sought and SASTALC will be very happy to facilitate any interest parties to get access into these opportunities.
7. SASTALC was invited by SSATP and funded by the World Bank, to participate in Pillar A of the work group of the REC TCC which convened on the 8th of December, 2015 to establish a framework for the Third Development Plan (DP3) of the year 2015 - 2018 centred on Integration, Connectivity and Cohesion. This



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engagement aimed at promoting effective policy and strategy formulation and implementation for corridor development at country and regional levels; developing capacity among institutions for inclusive policy dialogue on regional integration, and promoting efficient logistics services – with the ultimate result being efficient, safe, and sustainable transport for the people in Africa.

The discussions over the three days comprised of a review of the short term work program for the SSATP DP3 Regional Integration Pillar under the following headings:

- Harmonization of Regional Transport Standards in the Tripartite area
- Trade Facilitation in the West Africa Monetary Zone countries
- Port Performance Indicators and Container Terminal concessions
- One-Stop Border Posts
- Support to the REC TCC
- Dry ports and corridor efficiency
- Trucking Services
- Strengthening Corridor Management arrangements

SASTALC's presence at the meeting was highly appreciated as the Council is receiving recognition from international bodies such as The World Bank as an organization that strives to promote a healthy logistics climate throughout Southern Africa. Our presence at the meeting also presented an opportunity for the Council to form partnerships with regional bodies represented in the meeting - understanding the challenges faced and opportunities presented by those regions. This meeting also provided the Council with an opportunity to approach organizations such as the Japan International Cooperation Agency (JICA), which has vested interest in Africa and supports infrastructural developments which enhance trade with the region. With the vision of having a full time secretariat and also being involved in the North-South



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Corridor, the Council has an opportunity to take advantage of the funding and support opportunities provided by JICA.

The Council therefore needs to align its vision for the region in line with Africa Agenda 2063 for Infrastructure and Trade Facilitation which has great focus on infrastructure development to support Africa's accelerated integration and growth, technological transformation, and trade and development.

The Meeting report by SASTALC is attached to this report and official notes of the meeting will be send out with the first newsflash of 2016.

8. 2015 saw the Council partner with the Johannesburg Chamber of Commerce and Industry (JCCI) to bring four Logistics Business Breakfasts. This necessitated extensive engagement with various government departments and industry stakeholders under the following topics:

1. Ports and Shipping (12th May, 2015)
2. Road Freight Transport and Regulations (09<sup>th</sup> June, 2015)
3. Customs and Trade Facilitation (25<sup>th</sup> August, 2015)
4. Rail and Intermodal Transport (13<sup>th</sup> October, 2015)

These discussions brought to light the issues and challenges affecting all operating within the supply chain locally and regionally and provided a platform for the advocating of solutions and a way forward. These events were very well attended by both the public and private sectors with between 60 and 100 attendees per session as well as the media. The value of the debate was of a high and relevant quality with around 6 to 10 panellist per session from the relevant Government departments, other industry organisations, specialist as well as industry stakeholders. This also highlighted the areas where the Council can play a role in facilitating greater understanding of operational inefficiencies in order to reduce cost and make supply chains in Southern Africa globally competitive. As such, relationships with government bodies such as the DOT, DTI, SARS (Customs), and service providers



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such as Transnet are imperative as they can learn first-hand through this facilitation from the industry and there after the Council can reach them directly and notify them of the issues affecting our members and industry at large.

Through the Logistics Business Breakfasts, the Council has managed to bring together both private and public stakeholders. This activity has attracted attention from the USAID, which signals the great strides made by the Council to promote a healthy logistics climate within the region.

We would like to thank everyone, including our sponsors, who participated and contributed towards the success of our breakfasts and look forward to providing our members and industry with many such platforms that provide solutions for our logistics environment.

## **9. Collaboration:**

All effort is being made by the CEO and coordinator to attend where ever invites are received from government departments to ensure collaboration, and necessary industry inputs.

The CEO was invited by the DoT to participate in the launch of the National Transport Forum and was divided into Strategic Pillar 2 and subdivided into the technical task team to research and recommend a way forward for stakeholder engagement. Participants to the NTF are invited based on industry knowledge at this stage and Harry Van Huyssteen has subsequently also been invited to join the same pillar and will be the facilitator of the TWW for stakeholder engagement covering both freight and public transport as well as any other engagements.

Areas currently on the DoT as well as other departments' agendas to name but some:

1. Development of the Integrated Multi-modal Transport Planning and Coordination draft bill
2. The Launch of the National Transport Forum and Way Forward
3. Natmap 2050
4. National Freight Logistics Strategy
5. National Corridor Strategy



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6. National Land Transport Strategic Framework 2015-2020
7. Road Infrastructure Planning Strategy
8. Maritime Technical Committee Discussion Document
9. Re-visiting and potential redrafting of the ports bill
10. Announcement by minister amongst others to ban freight trucks over peak hours on public roads – due +/- 15 June
11. Port regulator request for comments due end May on new pricing strategy
12. STER – Single Transport Regulator
13. One Stop Border Post study by Treasury
14. SARS Customs rules revision
15. Customs Operations Key Industries Forum (Co-KIF)
16. 3 Areas facilitated with DoT on Road regulations at LBB's
  - Over-load control and consignee/nor accountability
  - Moratorium on High Cube Containers
  - Ban of freight trucks over peak hours

A “drop box” has been created where all the presentations and information has been loaded and the CEO has worked through the numerous documents. Needless to say with the limited capacity there is not sufficient time to make well researched inputs into all these documents at this stage and requests through various emails to members and newflashes have not delivered much either. Hence an urgent need to source our seed funding to appoint a technical team that can do justice to all the urgent policy and technical work.

## **5 Management of budget**

*KPA - The CEO will ensure that expenditures of the council are within the authorized annual budget of the council and ensure effective internal bookkeeping controls and management information systems are in place. The CEO will ensure that the council has appropriate systems to enable it to conduct its activities both lawfully and ethically.*

Based on the adopted “low road budget, “costs are in line. However, there remains concern about the sustainability of the council by means of membership only. The



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council urgently needs the strategized seed funding to enable the growth of the council into an organisation that can generate revenue through the team, as is the case with other councils globally. It remains a chicken and egg situation as many hours of the limited time of the CEO was poured into the Transnet application, with many promises but nothing materialising to date.

### Finances:

The council revenue of R480K was R211K less than the low road budget of R692K due to extreme challenging economic climate resulting in member's resignations and then also the delay in processing of the DoT and TPT memberships. On the other hand, the R660K expenses were R78K below the budget of R739 as a result of extreme cost management measures by the team.

The Surplus in the bank of R157 is R122k below the budgeted surplus of R279K.

Based on the board resolution that the council ought to have a minimum of 3 months' operational cost covered in its reserves, it is clear that given the uncertain economic climate, which makes membership revenue growth a challenge, that the council will have to seriously consider reducing the cost of the secretariat. A proposal in this regard has been submitted to the board for implementation.

### PROVISIONAL FINANCIALS FOR SASTALC AS AT 31 DECEMBER 2015

	ZAR	ZAR	Low road Budget	Variance
Opening Balance Jan 2015		326 377.84		
Less prepaid invoices 2014	-40 000.00			
<b>Membership invoice billed 2015**</b>	385 691.67			
Logistic Business Breakfasts Rev	36 989.50			
Balance of 2014 Seed Funding Commitment	80 000.00			
Interest Received	17 702.04			
		480 383.21	<b>692 000.00</b>	-211 616.79

\*\*Include Debtors of R15,333.33

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Less Expenses as summarised below		-660 613.70	<b>-738 883.00</b>	78 269.30
Less prepaid invoices 2015	26 250.00			
Add: SARS Payroll Creditor	-15 333.33	10 916.67		
Equals ABSA BANK 31 December 2015		<b>157 064.02</b>	<b>279 494.84</b>	-122 430.82
<b>Expenses Detail</b>		<b>660 613.70</b>		
Salaries and related costs	579 156.06			
Professional and Audit Fees	5 183.00			
Communication	10 881.17			
Absa Internet and charges	2 691.60			
T & A to attend meetings away	22 137.60			
Print, Stationary, Meetings	6 777.07			
Re-Launch & Marketing Materials	33 787.20			

Work and engagement remains continuous in a drive to source seed funding to our highroad strategy.

### Governance Meetings:

- Board meeting – 3 February 2015
- AGM – 24 March 2015
- SASTALC - Exco Meeting Via Conference CALL – 17 April 2015
- Board Meeting – 22 May 2015
- Board meeting with the secretary general of the Global Shippers Forum – 22 May 2015
- Board Meeting – 07 December 2015

### Directors:

- During the year we lost our board member from Evrazz Highveld, who went into business rescue and resigned from the council. The board then nominated Mr Harry Van Huyssteen, representing both the T-Systems member as well as the Transport Forum to fill this position.



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- The director representing Columbus, James Makoti, who was the financial over-sight of the council has also tendered his resignation due to work pressures and this vacancy needs to be filled.
- Communication was send to the members during the year to make nominations for the additional board positions, however the board has decided to put the process on hold till the new-year.

We would like to extend our heartfelt gratitude to all our members for their support and understanding during the last quarter of the year which saw our CEO's husband's illness and demise. We acknowledge the role that Mr. Hendrik Ferreira played as he was an ever present pillar of strength and support to the Council. We will dearly miss him and his passing has left a huge gap in the Council.

We make a call to you all to continue your support for together, through SASTALC'S's aggregate innovative collaboration and visibility, we will be globally active, competitive and make a difference.

Last but not least, I would like to express a special word of appreciation to Yayeri the council administrator and coordinator who displayed a level of support and loyalty way beyond the call of duty through-out the difficult year. She has also sadly lost her cousin as well as grandmother over the Christmas week-end and had to attend a dual funeral in Ghana. On behalf of the board and members I would like to express our condolences to her and her family and thank her sincerely for all her hard work and congratulate her on the phenomenal growth under my mentoring over the past 14 months.

May 2016 bring new opportunities, economic growth, success, prosperity and hope to all our members and their families.

Kind Regards

Brenda Horne Ferreira  
SASTALC CEO  
13 JANUARY 2015