Forward thinking supply chains

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45th Annual SAPICS Conference
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Rail policy background & next steps
Prof Jan Havenga
Our demand side challenge

**GDP**
- South Africa $0.35 trillion
- France/Germany $6.26 trillion

Note: In the maps above, the red lines indicate all freight flows and the blue lines indicate dedicated export line flows.

SA’s landmass is about equal to Germany and France combined, while its GDP is nearly 18 times smaller.
Our supply side failure

*Indexed correlation of the relationship between rail transport and physical production in the

Source: GAIN Freight Demand Model™; Havenga et al. (2021) with 2022 data for eNaTIS vehicles, Transnet locomotives and World Bank GDP
Our sins

The network

Benchmarks badly

Crashing general freight

Destroying density

Rail density of less than 10 usually leads to low operating margins

Source: GAIN Freight Demand Model™; Harris (1977)
The last three decades

1980’s
De Villiers
Deregulation
Legal succession

Requirements to change from a cost centre to a profit centre in a deregulated market not met

Leaner and well funded network
Domestic Intermodal
Corridor view
Supply chain view

72 billion missing tonne-kms – meant 2% of GDP lost for GFB and 4% of GDP lost due to missed export opportunities for bulk exports

Source: GAIN Freight Demand Model™
Our last throw of the dice

15 year rail policy history – now we have it

- It requires

Fully constituted regulator
Rail masterplan
Act
Funded and rehabilitated network
An independent infrastructure manager that can create and sell slots
Funded and operational private sector train operators

The DoT is working on regulation, a masterplan and the act – 18 months?

Network rehabilitation and funding?
Transnet restructuring?
When will trains run again?
Thank you!