

# Transport

*key to an integrated economy and society*

**N**ext time you eat a sandwich for lunch, think about the numbers of transport movements involved in getting the bread you are eating to you. Starting with the wheat used to produce the bread, there will have been transport movements even during the course of growing the wheat. There will have been a transport input when farm labourers came to work, and a transport input at every stage of planting and reaping. The wheat will have been transported to silos for storage, and then again from storage to a milling factory. From the mill it may have been transported directly to a large bakery or to a wholesaler and then to a bakery. From the bakery it had to be delivered to the shop that you bought it from and then from the shop to your home.

Every movement, whether on the farm, or afterwards by train, by delivery van, by public passenger transport, by private car or by foot, constituted a transport movement. Transport is therefore the cement that integrates and binds production, trade and consumption in any society. Depending on its availability, its cost, its safety, its convenience and its efficiency it has the power to improve or not, the movement of people, goods and information. It has the capacity to create new investment opportunities, to change the spatial organisation of a society (where people live and work), and to reduce economic polarities between rich

*Jane Barrett introduces the focus on transport by detailing transport's social and strategic importance to South Africa.*

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and poor. And yet the social and strategic significance of transport as an integrating factor is so often under-estimated.

So what is the shape of the transport sector in South Africa?

## **Economic significance**

The transport sector in South Africa is linked to the storage and communications sectors for the purposes of reporting on economic statistics. This is in keeping with the international norm.

The transport, storage and communications sector has been steadily growing for the past 15 years. In 1999 the sector made up one tenth of South Africa's gross domestic product (GDP). This calculation excludes the contribution of in-house and private personal transport, as well as the entire taxi industry. If these transport activities were included in the calculations, the sector's contribution to the GDP could be as high as 13%.

Transport, storage and communication's contribution to GDP in this country is marginally higher than in the United States, the United Kingdom, France, Brazil,



and a number of other developed economies. One exception is Singapore where transport and communications accounts for nearly 20% of GDP.

Another measure of the sector's significance in our economy is the extent of new investment. In 1999 the sector accounted for 16% of all new investment – a total of R18,6-billion. This was up by 27% on investment figures for 1997, compared to a decline in investment in manufacturing of 8% and a decline in the financial sector of 5% in the same period. The only other two sectors where investment increased were social and personal services (an increase of 1%) and wholesale and retail trading and catering (2%).

Transport costs account for between 1% and 7% of the cost of most commodities in South Africa. Transport costs account for only 1% of the cost of most medicines compared to 7% of the cost of food. (The higher the value of the commodity the lower the proportionate transport cost.)

Despite the centrality of transport in the economy, profitability ratios are fairly low. In the bus sector the profitability ratio (that is net profit after tax to turnover) was negative in the second quarter of 2000 at -0,03. In the road freight sector the ratio was 0,06 in the same quarter.

### **Freight transport providers**

In October 2000 there were 31,032 private sector road freight vehicles in South Africa (ie operating for reward, not owned and operated in-house). This was a 6,5% increase on the numbers of road freight vehicles in 1999.

The commercial rail network in South Africa totals 20 000 kms. This excludes the thousands of kilometres of rail that exist within the boundaries of factories and mines, but is nevertheless linked to the main state owned network. Two thousand

five hundred locos and 95 000 goods trucks operate on the main network. This is 70 000 less goods trucks than there were in the system 12 years ago, although overall tonnage moved has not declined.

In 1999 private road hauliers transported nearly 434 million metric tons of freight compared to 180 million metric tons transported by rail. Spoornet's proportion of the freight market dropped 1% between 1994 and 1999. In 1999 Spoornet carried 29% of all freight tonnage.

### **Passenger transport**

According to statistics published by the Department of Transport in the Moving

### **Unions in the transport sector**

According to the Department of Labour, there are 19 registered trade unions in the transport sector. The main players are:

- ❑ SATAWU, an affiliate of COSATU, has members across the transport sector and in the cleaning and security sectors. The total membership is 100 000.
- ❑ TAWU, an affiliate of NACTU, with membership in the bus and road freight sections of the industry.
- ❑ Professional Transport Union of South Africa, an independent union with a membership of less than 1 000 in the transport sector and remaining membership in the security sector (mainly Cash in Transit).
- ❑ The newly formed United Transport and Allied Trade Union (UTATU) which was established as a result of a merger between SA Footplate Staff Association (SAFSA) and the Technical Workers Union (TWU). UTATU is affiliated to FEDUSA and its membership is entirely within the Transnet group (mainly Spoornet). UTATU's membership is 17 500.
- ❑ The Salaried Staff Association (SALSTAFF), an affiliate of FEDUSA with a membership of 16 000.



South Africa report, 38% of the population walk, cycle or do not travel, 48% use public transport and 14% use private cars. There is a small overlap between those who use public transport and those who use private cars.

There are currently around 8 600 subsidised buses and 1 800 unsubsidised privately and publicly owned buses operating in the country. In 1996 buses carried over 460 million passengers. Twenty-five per cent of commuters use buses. Minibus taxi numbers are estimated to be around 90 000. Minibus taxis carry 58% of all commuters.

In 1996, the 4 519 commuter and mainline train coaches in operation carried 470 million passengers. Seventeen per cent of all commuters use the Metrorail system.

The cost of living measured by the consumer price index (CPI) rose by 7,1% between November 1999 and November 2000. Passenger transport costs rose by 12,4% in the same period, indicating a disproportionate rise in fares.

## **Workers in transport**

Formal employment in transport, storage and communications in September 2000 was 221 552. This was 2,7% down from September 1999. The sector employs 4,7% of the total formal workforce of 4,7 million. In 1981 there were 383 143 formally employed workers in the sector – 7,8% of all formal employment.

Given the growth in the sector's contribution to GDP the reduction in worker numbers suggests a massive rise in productivity in the sector. The biggest loss of employment in transport since 1981 has been as a result of the decline in employment by Transnet. In 1980 the then South African Transport Services (SATS) employed 266 403 workers. Transnet's total workforce is now just under 100 000.

## **Roads and road accidents**

The total distance of South Africa's roads is 534 131 kms. 364 131 kms of these are rural roads (including freeways), and 170 000 kms are urban roads. At least 34 000 kms of these roads are not maintained by the state at all, and a further 122 000 kms are only partially maintained by the state.

The Department of Transport is currently auditing the state of rural roads and preparing recommendations for selected areas.

The state of roads is critical to the cost of road transport. A poor road surface can add 42% onto vehicle maintenance and running costs. Poor curvature can add a further 16% and poor gradients can add a further 42% to costs. This means that a poor road can double costs of maintaining and running a vehicle.

The World Bank has calculated that a \$1 reduction in road maintenance expenditure can increase the cost of a vehicle operation by \$2 to \$3. South Africa has a backlog of between R40-billion and R57-billion on road maintenance and building nationally. The road system is currently underfunded by R3,3-billion per annum to simply keep it in its current state.

Historically South Africa has had no medium- to long-term planning on road infrastructure. There has been fragmented planning and spending between the National Roads Board, provincial administrations and local authorities. Massive fluctuations in road building and maintenance spending have impacted extremely negatively on the construction industry.

Despite the fragmented planning (or perhaps because of it) South Africa has historically spent a surprisingly high proportion of GDP on roads. However, expenditure per million vehicle kilometres





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is significantly less than comparable countries.

In recent years there have been approximately 10 000 road fatalities per annum. Half of all road deaths are pedestrians. Each fatal accident costs the country on average half a million rand in the cost of emergency services, lost productivity and so on. Each serious accident costs on average R100 000. The total annual cost of fatal and serious accidents to the economy is therefore a staggering R12-billion. Part of government's programme to reduce road accidents includes the integration of the currently fragmented traffic law enforcement authorities.

Sixty per cent of all vehicles on the road in this country are not insured (apart from the third party insurance component of the license fee).

## **Transport and trade flows**

As South Africa's export market to Africa increases, so the export volumes moving

by road and rail are increasing. However, the bulk of South Africa's imports and exports still move by sea to the primary markets and sources of Europe and the Far East. By value, approximately half all exports are containerised. However, less than 10% of the weight of exports are containerised. This is because of the huge volumes of coal and other metals and minerals that are exported in bulk. The volume of containerised exports has increased by 27% since 1994.

South Africa has seven import/export ports, with Durban being the busiest of these. The port currently works at over 100% capacity. Durban is also the busiest port in Africa. Three quarters of the volume of containerised exports leave from Durban and 20% of containerised exports leave from Cape Town.

A typical container moving from Gauteng to Durban by road and rail takes approximately 36 days to reach its port of destination in Europe. The shipping leg of South Africa's exported commodities





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*SATAWU is the largest union in the transport sector.*

accounts for an average 60% of the overall cost of transportation. Ironically as export volumes increase, so the cost of the shipping leg is likely to increase. This is because at present South Africa enjoys favourable export shipping rates because the imbalance in import/export trade has resulted in excess transport capacity for exports.

## Conclusion

The above is a potted and somewhat limited overview of the transport sector. Space has not permitted otherwise. Hopefully the facts presented speak for the significance of this peculiar activity, transport, which has no tangible product. The facts hopefully also demonstrate that it is no good improving limited aspects of the transport system and ignoring the rest. Going back to the example of a loaf of bread, it is no good improving the efficiency of road freight delivery between factory and retailer, if the pre-production transport from the farm is inoperative, or if

public transport for the final customer is poor.

It is also no good spending millions improving our ports' export facilities if hundreds of thousands of rural women are still spending up to eight hours a day transporting fuel and water on their heads. If that pedestrian transport time could be reduced or eliminated either by the distribution of services or by the provision of even basic transport such as wheelbarrows, then those women would be released to play a more productive role in the economy – even if at the level of subsistence farming.

So just as there is a physical link between the different transport movements in the production and consumption chain, so there is a logical economic link between the rural woman carrying a bundle of sticks on her head and the new gantry crane in Durban harbour.

The importance of viewing transport as an integrated system is one reason why SATAWU is so opposed to the privatisation of the railway, ports and air transport networks in this country. Unfettered competition in the sector will undermine the capacity of government to ensure a balanced and integrated approach to transport. It is obvious who the losers will be. ★

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