

TRANSPORTATION

Diesel prices hit trucking industry

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THE price of diesel may not have increased significantly this week, just around 22.8 cents a litre, but some in the trucking industry have likened it to the proverbial "straw that broke the camel's back".

They based their doom and gloom prophecy on the many challenges the industry, which contributes approximately 10% of the country's GDP (more than R200 billion), had to bear in recent years. Those challenges include labour issues, the torching of trucks, July's looting and rioting and the forever increasing diesel price, which is their largest cost factor.

Repeated calls for government interventions, including regulating the industry, have been made by logistic company associations and others, but those appeals have been ignored.

The Sunday Tribune has directed various questions outlining the concerns and suggestions raised by some associations, but the Department of Transport did not provide a response.

Ashley Govender, a logistics company owner and an executive member of Positive Freight Solutions (PFS), an association of logistics companies, said the industry was in desperate need of the government's assistance.

Govender noted that companies were already in the red, and the latest fuel hike was likely to cause many to fold.

"The diesel price increase is like the straw that broke the camel's back. I know of many operators who have already downscaled in a big way. Now with this, a lot of companies are going to close their doors," Govender warned.

He said diesel was their biggest cost, which increases regularly, and over the last two years the hikes have totalled around R2.70 per litre.

"Diesel price increases is not a recoverable cost from our customers, it's a loss," Govender said, explaining that some companies were compensated by their customers whenever the fuel price was raised, while others were not.

He suggested that every operator should have the luxury of a fuel surcharge in their contracts, but said some customers drove hard deals.

Govender said due to the large number of trucking companies in operation, especially in Durban, it had become a "dog eat dog" business, where companies injudiciously slashed the rates they charged to land contracts, without first doing proper costing.

"Transporters like myself have employees and families to care for, we have to adjust our pricing so that we can keep our doors open," he said.

Another challenge Govender raised was the Bargaining Council and Department of Labour's directives on pay structures, but no consideration was given to rates they were paid by customers.

He said a major stumbling block for operators like himself, who hauled containers to and from Durban's port, were the delays at the facility.

A truck booking system was introduced for the movement of containers with the intention of drastically reducing delays and huge traffic build-ups in and around the port, which is controlled by Transnet.

"Previously, you had to wait 24 hours to collect a single container," he said.

Govender said the wait for a container should never be more than 30 minutes, which is in keeping with overseas standards.

"But the turnaround time presently is anything between 12 to 24 hours.

"The downtime is killing us," he bemoaned.

He said a "staging area" was created inside the port, which could hold 400 trucks, to reduce traffic congestion on nearby roads.

The nearly 700m drive along the staging area to the terminal gate was usually a crawl, and, in slowly edging their vehicles forward, large volumes of diesel were consumed.

"Drivers have to keep their vehicles idling. It is not practical to switch the engine off each time because trucks need to build pressure, which takes a few minutes," he said.

Govender said if their challenges at the port were addressed, it would greatly increase their profitability, but Transnet has refused to consider them and preferred to give priority attention only to their customers, the shipping lines.

The Sunday Tribune has seen the report of a survey conducted by Business Unity South Africa together with the South African Association of Freight Forwarders, released last month.

It focused on Transnet's truck booking system, and the vast majority of the survey participants (221) were not complimentary and they were especially dissatisfied with the landside activity at the port. They were unan-

imous that the congestion increased since Transnet introduced the system.

Questions were sent to Transnet about port congestion and the reduced number of containers they were handling in recent times, but no response was received.

Yega Govender, the chairman of PFS, agreed that the diesel price increase "exacerbated" their plight and he expected "mass casualties", as many were still recovering from July's riots.

In the European Union and other First World countries, when there were such increases, Govender noted that their governments provided subsidies to help operators, but such practices were unheard of locally.

He asked that the government look at how licensing fees for trucks varied from province to province, with KZN being one of the most expensive.

"Licensing a horse and trailer annually would cost around R12000, in Mpumalanga you would pay about 25% less. That represents a huge saving, especially for fleet owners," he said.

He was at odds with the "unscrupulous" truck operators who were not familiar with the "economics and dynamics" of running a business and agreed to "ridiculously" low rates.

Govender said it was those operators, who also did not comply with the statutory demands of the labour department, Sars and licensing obligations.

Another concern Govender raised was their nervousness about the new Sasria rates that will soon become effective, especially after the recent riots.

Sasria is the only non-life insurer providing special risk cover policies to individuals and businesses owning assets in the country.

Govender said they feared huge insurance premium increases and more businesses would opt against purchasing cover, as many were already doing.

Mary Phadi, chairperson of the Truckers Association of South Africa, said due to the pressure their industry was under, it required urgent government action.

Phadi recommended the govern-



ment “regulate the industry in a proper way” because of the nine modes of transport, only theirs was unregulated.

“Anyone can be a trucker, this has given rise to many companies mushrooming,” she said.

Phadi picked on the government’s pledge to help small businesses.

“The fuel increase hasn’t helped. The government said they are empowering the small guys, but how can they compete like this?” Phadi said.

She said Covid-19 and the recent looting and riots had a negative impact on the industry.

“The looting affected many because about 35 trucks were burned and many were small operators.

“They don’t get paid immediately by the insurers, it has added to our