

Ms N Bhengu, MP

Chairperson of the Portfolio Committee on Transport
Parliament of the RSA
P.O. Box 15
CAPE TOWN
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For attention: Valerie Carelse
vcarelse@parliament.gov.za

Dear Madam

COMMENTS: MERCHANT SHIPPING (SAFE CONTAINERS CONVENTION) BILL, [B31-2010]

1. In responding to the invitation posted on the parliamentary website, Transnet Limited ("Transnet") wishes to express its appreciation for being afforded the opportunity to make representation on the Merchant Shipping (Safe Containers Convention) Bill, [B31-2010] (hereafter the "Bill").
2. Although amendments to the Convention have been inserted as Part 2 of the Schedule to the Bill, Part 2 is not referred to in the Bill itself. This leaves the status of that Part unclear and may have the effect of excluding those amendments from the text of the Convention as contained in Part 1.
3. The impact that inspections may have on operational efficiencies remains a concern. It stands to reason that the handling and transport of containers take place in potentially dangerous environments and that the exercise of inspectors' powers may adversely affect container related operations. Put in other words, the presence of an inspector on the quay side when containers are off-loaded will create unsafe situations which will affect safe work procedures. The time spent, either on the ship or on the quay side, to inspect containers will slow down the rate at which containers are moved, which in turn will affect efficiency targets required of terminal operators.

Although consideration may be given to provide the Minister with specific regulatory powers regarding safety aspects of the exercise of inspectors' powers and the manner in which inspection powers are to be exercised so that operational delays

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are not caused, the approach adopted for inspections should also take operational implications into account. Some of these operational implications may be illustrated by the following questions and statements:

- (a) If inspections are to take place on the vessel itself, would unsafe containers remain on the vessel and not be allowed to enter the country? How would containers placed below an unsafe container be moved and off-loaded? Such an inspection approach may have the effect of preventing the complete off-loading of a vessel.
 - (b) If inspections are to take place on the quay side, should the container be loaded back onto the vessel or be accepted into the country and removed to a storage area? Such an inspection approach may put people's lives at risk should an unsafe container collapse while being moved after inspection. Moving an unsafe container to a storage area may also be impacted by customs and excise regulatory requirements.
4. Based on the PMG minutes of the meeting where the Portfolio Committee was briefed on the Bill, it would appear that two issues raised in those minutes warrant some comment. The one being the financial implications arising from the implementation of the Bill, and the other being the mandatory weighing of containers. These issues may be commented on as follows:

- (a) Financial implications:

Any inspection approach that would require storage of unsafe containers on land will have extensive financial implications for the entity that would be required to provide such storage space. In addition, the location of such storage space may have the compounding effect of further congesting current port operations.

Depending on the weighing method to be used, mandatory weighing of containers will not only have major financial implications for the entity required to provide the weighing equipment, but also for the freight logistics industry as a whole as explained in the following paragraph.

- (b) Mandatory weighing of containers:

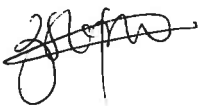
If weighbridges are used then a truck will not be able to carry more than one

container at a time in order for the specific weight of a container to be determined instead of the axle-mass load. This will obviously make intra-link trucks redundant and will mean that where an exporter/importer may have utilised a single truck to carry three containers, they will now have to use three individual trucks at three times the cost.

If one considers weighing containers via the load cells on terminal equipment, additional costs will have to be incurred to install the relevant equipment in all of the handling devices and these costs will have to be recovered from the clients in some or other way.

5. The above comments reflect to a large extent the operational realities of container related terminal operations. Consequently, Transnet officials would gladly avail themselves to make a presentation in person to the Portfolio Committee with a view of clarifying any matter raised in this submission. In addition, arrangements could also be made for the Committee to visit a container port terminal to experience firsthand how container operations are conducted and what the potential impact of the Bill would be on such operations.
6. Should you have any queries regarding the above comments, or wish to make arrangements for presentations to the Portfolio Committee, kindly contact Ms Indira Reddy, the General Manager: Group Compliance, on 083 459 9165 or indira.reddy@transnet.net.

Kind regards



Ms Zola Stephen

Group Executive: Legal, Corporate and Public Affairs

Date: 22/02/2011