Opportunity for growth through the Namibian Logistics Hub

S the director of the Namibian German Centre for Logistics in Namibia, I am tasked with promoting and highlighting the importance of this sector. The Namibian’s supplement on Transport and Logistics is another solid indicator of how vital this sector is to Namibia’s economy.

Logan Fransman

Just because people keep repeating that something is vital or important, doesn’t make it so. However, when you inspect our sector, it becomes apparent that transportation and logistics are truly the foundation of Namibia and the region’s economy.

The logistics sector is essential to transport, industrialisation, socioeconomic development and regional integration and is therefore seen as a key developmental priority. Transportation, supported by efficient logistics, is an indicator of economic activity in any country. The government is aware of how critical it is and has invested over the past 20 years in transport infrastructure development (roads, rail, maritime and aviation). These investments have enabled Namibia to position itself as a preferred gateway and as a facilitator of trade for the Southern African Development Community (SADC). These investments are also one of the reasons that DAAD, together with the Namibia University for Science and Technology, established NGCL as a centre of expertise and excellence in the field of logistics. It’s all part of creating opportunities for all stakeholders, including students.

Namibia has been consistently improving its position on the Global Competitiveness Index, moving from 24th out of 138 countries in 2016/2017. With investments, increased expertise and professionalisation of the logistics and transportation sector, our country can improve its competitiveness even further. The sector is looking at a much more holistic and integrated approach to transport planning, as well as the handling of goods, transporting of people and providing services. This needs to fall within the parameters and the framework of roadmaps (Sustainable Urban Transport Master Plan, Namibian Transport Master Plan and Master Plan of an International Logistics Hub for SADC Countries) already existing and ready for implementation. This is where we can identify opportunities and where new ways of funding development like Public Private Partnerships will thrive, that should lead to more investments, employment and growth.

If we as a nation and as a sector achieve this through partnerships and investments, we can improve targets in agriculture, mining, manufacturing, fisheries, rural and urban development and tourism. The logistics industry knows the opportunity and potential exist to develop Namibia into a gateway to the region, and it is time all stakeholders embrace it. Knowledge transference and development of technical skills offered through NGCL and NUST need to be complemented by private and public enterprises opening their doors to allow new transport and logistics graduates to learn hands-on what is happening within this exciting and growing sector.

Without these opportunities the growth, development and, ultimately, the sustainability of the sector will suffer. If these challenges are met head on and acted on in, we can be sure that by 2022 Namibia will have a safe, reliable, affordable and sustainable transport infrastructure and a world-class logistic hub connecting SADC to international markets: one that will be the envy of the region and the engine to our economy.

This year’s Namibian supplement covers case studies, stories, interviews and articles all with the aim of promoting the sector. If you have any questions, please know NGCL’s and my doors are always open.

Happy reading.
Logistics supports other industries

• CHARMAINE NGATJIHEUE

Logistics is proving to be a stimulator for economic growth in Africa, Namibia included, and serves as a catalyst for other industries. Logistics is vital for any economy as it allows for trade and the movement of goods and supplies from producers to users.

Clive Smith, the logistics hub project manager at the Walvis Bay Corridor Group said on any given day, a number of logistical transactions take place in transport of fuel from Walvis Bay to all corners of the country, delivery of newspapers to outlets, transporting employees to and from their place of work. All these activities that drive the economy require logistics. He noted that agriculture, mining, manufacturing, tourism all require logistics. It is part of everyday life.

He added that at independence Namibia had no trading partners other than South Africa and in order to ensure economic growth and reduce reliance on South Africa, government introduced a dedicated and focused investment strategy in the transport sector.

Smith stressed that this covered all modes of transport, namely aviation, maritime, rail and road and was done to enable trade with the region but also to ensure that all Namibians can reach the national economic centres through well-designed roads.

“The transport of Walvis Bay is considered amongst the best in Africa. Likewise our roads were recognised as the best in Africa in a World Economic Forum Global Competitiveness Report for 2014/15. These interventions have allowed other logistics services to grow together with the infrastructure development,” Smith said.

Moreover, Smith added that the Walvis Bay corridor development further enhanced humanitarian efforts through Namibia to its neighbours, saying Namibia today serves as an important trade route, linking the landlocked countries of Botswana, Zambia, DRC, Malawi, Southern Angola and Zimbabwe to the international world. He said this has been achieved through good transport infrastructure supported by well-organised logistics service provision.

In 2015, a logistics master plan was completed and has a 5, 10 and 15-year implementation timeline with Smith saying they are still in the first phase and thus far, good progress has been made to establish synergies between the various stakeholders and to promote the concept to the regional and international world.

“The critical time frame would be 2017 to 2022 that also coincides with the fifth National Development Plan implementation period. The success of the logistics master plan depends on a wide range of stakeholders and thus the importance of effective coordination of both government and private sector efforts. This is the role of the Walvis Bay Corridor Group through its logistics hub unit established in 2013,” Smith said.

MODERN communication technology brings disasters into our lives in real time. We can follow the horrifying events from around the world. Hurricanes battering the American coasts, earthquakes hitting Turkey or even terrorist attacks are broadcast to us in a myriad of different ways these days. Humanitarian disasters take many forms, some are the result of Mother Earth flexing her muscles and some are man-made. In Namibia we constantly battle drought interspersed with seasonal flooding. Whatever major event is thrown at us, they all have one thing in common: the people, places and their infrastructure are all compromised. Assistance is required and preferably as speedily as possible. Swift action is of the essence, as lives are at stake. Every minute of delay due to inaction, or not having the right game plan will mean loss of lives.

This is where logistics can and does shine. A colossal 70-80% of costs to address humanitarian disasters go into logistics. Getting food, supplies, fresh water, doctors, rescue workers and of course ‘search and rescue’ dogs to the area impacted, is of paramount importance. Statistics further indicate that 83% of the victims of natural disasters are in developing or emerging countries (CRED 2009). The infrastructure in these countries is often already insufficient under regular circumstances and is often completely destroyed or damaged during a catastrophe and therefore not accessible to emergency response teams. Roads, airports, even ports may not be accessible. Yet, all the disaster relief goods still need to get to their destination.

Having a solid, well-rehearsed plan in place as a ‘disaster relief plan’, is essential. Often this is not the case, which adds to the suffering in places where life is already tough at the best of times. Moreover, an inadequate communication facility causes difficulties in coordinating humanitarian aid and logistics. Communication between governments, non-governmental organisations like the Red Cross and Red Crescent need to be allowed access to disaster areas, just like the United Nations in the form of UNicef and other agencies. Diplomatic protocols, bureaucracy and visas need to take a back-seat or be expedited when lives are at stake. Without all this having been thought through in the ‘disaster-preparedness’ plans, vital time can and will be lost, often leading to the loss of lives.

Transport and logistics activities seem simple enough; a place without food and water where people are in need of these resources, should just get a delivery of the supplies they need. Load up a truck, send a ship or fly a plane to the affected area and deliver the goods donated by the government, other countries, NGO’s, charities and private individuals. How hard can it be? In fact, it is very difficult as each and every disaster lays bare again. Lack of logistics coordination between partners is often a major issue leading to delays in distribution and overlapping in some activities. If every aid agency supplies clean drinking water, but no one coordinates the supply of food for the affected area, there will be real problems remaining. The lack of logistics manpower such as volunteers/staff members and no agreements with service providers to provide emergency items, all create huge bottlenecks which no one can afford to have happen.

Having people, trained, educated and experienced in logistics and getting the right goods to the right people at the right destination is what it all about. Training local logistics experts in order to increase the preparedness in case of a disaster is the key to disaster relief. The lack of professionalisation of the logistics function can turn a challenge into a crisis.

That is why there are specific courses and qualifications that are focused on disaster relief and emergency logistics. The Namibia University of Science and Technology through the Namibia German Centre for Logistics (NGCL) also focuses on this exceedingly important branch of logistics. The unseen and unsung heroes of many disaster relief operations are the men and women that move the goods. No country with an insufficient number of logisticians, educated and experienced in the field of logistics, can contribute in a real and essential manner to the saving of lives in the event of a catastrophe.

The Human Face of Logistics – NGCL

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“Today the port of Walvis Bay is considered amongst the best in Africa. Likewise our roads were recognised as the best in Africa in a World Economic Forum Global Competitiveness Report for 2014/15.”
Logistics hub project to impact trade

CHARMAINE NGATJIHEUE

The logistics hub project will largely contribute to the local economy as it aims to increase trade through the ports of Walvis Bay and Luderitz.

This will in turn attract investment in the manufacturing sector, creating new job opportunities. Project manager for the logistics hub, Clive Smith said the Namibia Logistics Hub Project is yet another national programme in an ongoing effort for Namibia to achieve Vision 2030. He added that it is a well-defined strategy to now transform the country’s ports, roads and rail network and corridors into economic corridors.

Smith noted that the project entails two main ideals, which are to take advantage of the country’s strategic location to enhance its role in the Southern African Development Community (SADC) as a regional logistics centre, enticing the region to use our ports and Corridors for import and export.

It also entails attracting investors and multinational companies to establish plants in Namibia from where to serve SADC countries.

“The successful implementation of the logistics hub project will not only stimulate growth in Namibia but will have a regional impact. With a world-class transport and logistics backbone, the country can entice the international world to create value addition centres in Namibia. This will also create opportunities for employment,” he said.

He reiterated that Namibia already serves as a transit country for Zambia and the DRC, Botswana, Angola, Zimbabwe and even South Africa, saying the Walvis Bay will provide additional port capacity and can be an attractive incentive for more shipping lines to consider Namibia as part of their global networks,” Smith said.

Smith stressed that a summary of critical programmes and projects has been identified in the logistics master plan of which many are captured in the fifth National Development Plan (NDP5) transport and logistics sector development programme for priority implementation over the next 5 years.

Moreover, he said generally Namibia and its corridors are well regarded in Africa and this provides the country with a good advantage provided that implementation is fast-tracked.

“The logistics master plan was completed in 2015 and since then we’ve embarked on various activities towards preparation for implementation. The master plan provided a clear development timeline for identified projects of which some were ongoing projects and others were new defined programmes.”

“The programmes of the logistics hub projects have also been prioritised under NDP5, which will see dedicated efforts over the next 5 years. We have ongoing stakeholder engagements locally, regionally and internationally to market and promote the project and to attract investors,” he said.

Furthermore, Smith said Namibia has over the years established itself as one of the trade routes serving SADC landlocked countries, saying the other routes are via Durban, Beira and Dar es Salaam.

He said their core focus is on trade via Namibia with Europe and the Americas and there is also a transit point to Zambia and the DRC for goods coming from the Middle and Far East.

Namibia effectively already serves as a gateway for international trade with SADC.

“Logistics is an ever-evolving industry. With constant demand for better supply chains backed by efficient services at affordable costs, it is important for the logistics sector to constantly adept to global demands. In the Namibian context, logistics, if properly appreciated and supported, could be a game changer as it has a catalytic impact on all other sectors. We foresee logistics to play a more prominent role in Namibia’s development strategies,” Smith said, adding that the potential it can unlock and job creation in the sector itself but also in other sectors cannot be understated, saying the Walvis Bay corridor and its members are all committed to transform the Namibia logistics sector into a world-class unit providing seamless solutions to the region and Africa at large.

Smith concluded by saying this is possible provided that intentions become actions, adding that Namibia has the potential to be the “Dubai” of sub-Saharan Africa.
DM Freight Logistics Solutions focuses on growth

DM Freight Logistics Solutions has mainly been focusing on its potential growth, thus making the decision to increase its customer base. DM Freight ensures that they offer tailor-made solutions that meet their specific freighting needs.

David Nangombe, DM Freight business development manager said growth involved opening up a new office at the coast and establishing partnerships with other firms to service the various border posts.

“We are indeed thinking of going into various partnerships that will enable us to establish an international footprint while at the same time optimising and enhancing the existing services we offer our clientele to ensure that we keep up with the latest international trends while also working on becoming the freight agency of choice for new customers,” he said.

In terms of providing freight solutions, DM Freight believes that what sets it apart from its competitors is the fact that it lives by its company mission, which, amongst others, strives to deliver service excellence to its service users, encouraging and supporting the development of Namibians, providing capacity and sustainable growth for its stakeholders, driving innovation and continual business improvement and embracing its social and environmental responsibility.

As local SME, DM Freight is currently employing five individuals on a full-time basis. It is also a bona fide Namibian registered company and ploughs back into the community by supporting staff and community initiatives it deems important as a company.

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- Encouraging and supporting the development of our people.
- Providing extended capabilities and sustainable growth for our stakeholders.
- Driving innovation and continual business improvement.
- Embracing our social and environmental responsibility.

**VISION**

DM Freight Logistics Solutions is planning on serving both the international and local market, but the necessary infrastructure and systems need to be put in place to fully benefit from the potential that the international market can provide.

Moreover, Nangombe noted that the freight sector plays a very important role as it links both local and international markets with the relevant services which enables the exchange of the various goods and services. “We link various modes of transport, regulations and markets to ensure that companies can maximise retail and sell various goods and services. We ensure that government is able to collect taxes from the exchange of goods and services from all over the world. Often we are seen as a backbone and important driver of our economy,” he added.

He added that depending on the consignment, DM Freight occasionally hires temporary workers to meet its demands when the need arises.
Logistics in need of skilled talent

LOGISTICS and supply chain management is at the heart of almost every industry, and yet it is in dire need of skilled talent with a shortage of approximately 130 000 logistics managers.

It is a challenge that affects virtually every key economic driver in southern Africa. Industries such as mining, manufacturing, retail and farming for example, would be incapacitated without these skills and services. Most individuals and potential learners are unaware of the potential of a career in logistics and supply chain management. For some it may seem a lot less glamorous than other fields like medicine, finance, law and the creative fields. Yet, this dynamic field offers a myriad of employment opportunities for the school leaver when choosing a career, the individual wanting to change careers and the logistician who wants to further hone his skills to match with experience.

Every year investment in the road, rail, port and airport infrastructure continues to be a high priority with billions of Namibia dollars invested in various projects in these areas, but the industry requires skills to endure support from the workforce. These skills include traditionally taught academic skills as well as soft skills, not excluding the importance of experience.

The Business School of Excellence (BSE) focuses on logistics and supply chain qualifications, including road transport, freight handling and wholesale and retail. Qualifications range from national certificates, diplomas and a BBA Degree specialising in logistics and supply chain management.

Individuals looking to study should consider their lifestyle, financial position and working obligations to choose the right institutions and the right programme. When full-time employment is a necessity to meet financial requirements of studying, fully supported blended distance learning allows for the individual to work while studying. This enables the students to complete studies at their own pace. It is an attractive alternative to traditional tertiary institutional studying.

Qualifications that are segmented and offered by means of short learning programmes, can also present more practical opportunities for the working individual, without slowing down the pace of learning or minimising the value of the qualification. In essence, it is most important to look for an accredited institution that offers industry related programmes and that hosts a good reputation. School leavers entering the working environment, can also enrol for the different programmes in logistics management as offered by the Business School of Excellence, starting from a certificate in logistics management on NQF level 5, through to a diploma and a bachelor of business administration undergraduate degree specialising in logistics and supply chain management on NQF level 7. The admission criteria also cater for Grade 12 school leavers without university qualifications.
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These short learning programmes will suit individuals who want to develop competencies to understand logistics concepts as well as the management of logistics operations within an organisation.

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BSE is accredited with the Namibia Qualifications Authority (NQA). BSE is an accredited training provider with both the NQA and the Namibian Training Authority. Logistics is an important aspect of Vision 2030, and is included in the top four sectors in need of critical training and development. With Walvis Bay becoming a hub for all import and export of goods to sub-Saharan Africa, it is imperative that the right skills are acquired in the logistics sector so as to ensure efficiency in our country. It is of utmost importance for the private sector to invest in their human capital and train their employees with the logistics skills to improve service delivery.

Namibia is well situated on the main trade route past Walvis Bay, and the fifth National Development Plan also makes provision for the development of a strong logistics hub this side of the world. The success hereof will rely on creating skilled individuals who can successfully apply the principles of logistics and ensure the increase of consumer goods.

Logistics ensures that even bottled water can be transported to the end user. Photo:BSE
THE Global financial and economic crisis has had a dampening effect on trade flows globally with a parallel impact on the maritime industry that transports 90% of global trade volumes, which in turn also affected the local maritime industry.

This was said by the Namibia Ports Authority (Namport) chief executive officer, Bisey Uirab, who added that Namport is aware that some major shipping lines have reacted to the drop in international trade by slashing freight rates, and subsequently demanding lower port tariffs.

“They have introduced job cuts and are consolidating their services by deploying bigger ships of between 6 500 and 9 500 equivalent unit sizes, respectively. NamPort has therefore commenced the process of research and development to identify ways and means to respond to customer demands in order to accommodate those bigger vessels at the port of Walvis Bay,” said Uirab.

Uirab said they believe that it is important to remain relevant and competitive within the African and international maritime space, and Namport thus remains unyielding in its mission to position the port of Walvis Bay as the “preferred port of call in Southern Africa”.

He added that in order to achieve the above, some of the projects that are underway, are the investigations into the widening of the entrance channel at the port of Walvis Bay, as well as the continued investments into acquiring new and modern quayside infrastructure to accommodate and service these large vessels and any other vessel calling at the ports of Walvis Bay and Lüderitz.

“We also want to ensure the timeous completion of the new container terminal at the port of Walvis Bay, as well as the completion of the automation projects at the ports of Walvis Bay and Lüderitz aimed at improving our efficiencies and streamlining our operational processes,” he said.

In terms of the local fishing industry, Uirab said the fishing sector is pivotal to the Namibian economy, thus NamPort took a measured interventionist approach with the sector in the development of the fishing industry space.

“We have set our focus on building sustainable long-term opportunities for the benefit of regional and international markets. We dedicated infrastructure (quay infrastructure) for the handling of the fish and fish commodities at both the ports of Lüderitz and Walvis Bay, increased efficiency and tailored Namport’s tariff structure to accommodate the fishing industry,” he stressed.

During its 2015/16 financial year, Namport at Walvis Bay port shipped a total of 887 cargo volumes, with foreign fishing accounting for 131 volumes; Namibian ships taking up 21 cargo volumes; container ships carrying 197 cargo volumes; and other ships handling 212 cargo volumes.

“In terms of cargo volume for the port of Lüderitz, the number of vessel visits to the port in the last financial year were: dry bulk ships - 24, container ships - 20 and cruise vessels - six,” noted Uirab.

During the period under review the combined traded volumes in terms of imports and exports were 58 481 at Walvis Bay port (57 307) and Lüderitz port (1 174), compared to the much higher figure of 128 695.

In terms of cargo handled during the first seven months of the 2015/16 financial year, Namport handled in total 3 225 702 tonnes of cargo of which 2 985 202 tonnes were at the port of Walvis Bay, and 240 500 at the port of Lüderitz.
Logistics does not need to be a nightmare

**LOGAN FRANSMAN**

E have probably all heard the phrase ‘It was a logistical nightmare’. This gives visions of everything going wrong that could go wrong in basically whatever project, event, meeting, mission or venture going completely off the rails.

As the director of the Namibian German Centre for Logistics (NGCL) here in Namibia, this always irks me, as people assume that it was the fault of the logistics which caused the whole thing to be less successful as it could potentially have been. Or without speaking euphemistically, logistics was the cause of the nightmare. This is rarely the case.

At NGCL we promote and highlight the importance of the logistics sector in all its facets and for all industries in Namibia and regionally. We do this through research, teaching at NUST and with International Academic partners like the German Academic Exchange Service (DAAD), organising seminars and workshops like the Annual Logistics Workshop that is planned for next month.

To simply have logistics cast as a logistical nightmare is detrimental to the work that doesn’t go according to plan, doesn’t go according to budget and is full of unforeseen circumstances. This makes it a logistical challenge and nightmare, “this makes it a logistical nightmare,” this makes it logistical challenge and nightmare, “this makes it a logistical nightmare”.

The logistics sector is essential for trade, socio-economic development and getting products, people and resources where they need to be. A vast network of transportation routes, companies and procedures that make sure everything arrives on time holds the whole world together. However, we also speak of logistics when we try and plan a get-together for our family, friends and acquaintances, whether it is a wedding, a birthday party or a holiday. It all starts with planning and this is where the finger of blame is easily pointed at logistics. Unfairly so.

Timing and scheduling are usually to blame. Of course there are exceptions, there always are. Take the 2010 eruptions of the Eyjafjallajökull Icelandic volcano, spreading volcanic ash and causing travel interruptions for months. This truly was a logistical nightmare. People couldn’t fly, cargo couldn’t be freighted across the Western hemisphere and the whole logistical chain of certain industries, events and conferences came to a grinding halt. This, however, is something we call force majeure, something that humans have no control over… an act of God, if you will. When goods don’t arrive on time, is not something you can plan for. Examples: when the rock star doesn’t show up for the concert because they are drunk in their hotel room insufficient or too much raw material that needs to be processed, when there are not enough seats or inadequate food at a restaurant for all the guests, we scream that it turned into a logistical nightmare. What it actually was, was a lack of planning and anticipation.

Planning, anticipating and double or triple checking are the name of the game when organising an event or your supply lines for your production lines.

Check the bookings you’ve made for the hotel rooms, ask the restaurant if they will be able to cope with more guests than anticipated as the event seems to be a rousing success.

Keep a handler near to keep the rock star away from their poison of choice, as 50 000 fans might be waiting for them.

Ensure there are alternatives routes, transportation methods or alternative suppliers if an earthquake, monsoon or traffic jam hits.

All of these occurrences, variables and human errors can be anticipated and solved before they even happen. This can all be done in the background.

This way everything will go off without a hitch and there will be no logistical nightmare. Logistics is simply the artform of planning taken to its highest level and with an exceedingly high threshold of professionalism.

It is an integration of almost every other activity in the business or planning process mixed in with a healthy dose of unforeseen circumstances. This does not make it a “logistical nightmare,” this makes it a logistical challenge and challenges are there to be bested! unless it’s a monsoon, or an Icelandic volcano. Then perhaps, just this once you are allowed to say it’s a logistical nightmare.
What is logistics and why is it so important?

WHAT is the fastest, least expensive way to bring a Manchester United supporter shirt to Namibia? Or how can we combine parts and pieces from hundreds of different manufacturers from dozens of countries to build that big hotel in Windhoek?

Logistics knows the answer. Logistics is all about getting things from point A to point B – safely, securely and on time.

Logistics professionals use every kind of transport known to man (and if it’s not yet known to man, logisticians will dream it up for engineers to invent). That means trucks, planes, trains, and boats – and a few rockets, submarines and buggies thrown in the mix. Even drones are being mentioned as a way of delivering goods.

Here’s another way to think of logistics: for everything that you use or consume, and that you don’t make or grow for yourself, logistics plays a key role. Let’s take just one example of something that almost each and every one of us has: a cellphone. A cellphone started out as just a few raw materials; logisticians helped get those raw materials to the plants that melted the metal and made and moulded the plastic, which a logistician then arranged to transport to other factories that turned that metal and plastic into hundreds of mobile phone parts. Logisticians then organised transport for all those parts to the factory that put your cellphone together, and finally, logisticians arranged to have your phone sent to a local cellphone store. That’s a lot of logistifying! (Oh yes, we totally made that word up.)

Here are just a few of the other things that logistics makes possible:

Breakfast, Lunch and Dinner: From fresh fruits to your favourite braai meat or type of pasta, logistics moves these items from their place of origin to your grocery store shelves.

Electronics: The radio in the taxi, headphones, and your teacher’s laptop – all electronics are made up of small parts produced in factories around the globe. Logistics gets each microchip, memory card, and console part from its site of production to the factory where it all gets put together. And then, logistic moves the final product to your local electronics store.

Healthcare: Without logistics, there’d be no way to get medicine, vaccines and other life-saving goods where they need to go, on time and in proper condition.

Sports: At every Cricket or Rugby World Cup or Olympic Games, there are millions of logistical details to handle. Without logistics, there would be no soccer balls at the World Cup, no soft drinks for the Olympic athletes, and no wickets for those cricket matches. Transporting the players to the venues from their respective countries is also an essential part of logistics.

Mail (the old-fashioned kind): Every time your parents receive an invoice or a letter from the auntie, from the sender posting it at the post office, or in a mailbox, and finally delivering it to your doorstep, that’s also logistics.

Construction: Making sure the diggers have excavated the trenches before the cement arrives; that the construction materials like cables, bricks and tools are available when they are needed, rely on the logistics of construction.

Sustainability: Believe it or not, logistics plays a huge role in protecting the environment. Logisticians are charged with developing better ways of doing business.
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The Road Fund Administration (RFA) is established to manage the Namibian Road User Charging System (RUCS) and the Road Fund. The RFA’s main objective is to manage the RUCS in such a manner as to secure and allocate sufficient funding for the payment of road expenditure with the view to achieve a safe and economically efficient road network in Namibia.

The Road User Charging System

The Namibian RUC system was developed with the aim of economically recovering the full cost of roads expenditure from road users in an equitable manner. The system determines the amount and manner of funds to be raised from road users in accordance with the ‘user pay’ principle and consequently determines the road user charges to be imposed.

Road User Charges

1. Annual Vehicle Licence and Registration Fees (AVLRF)

Annual Vehicle Licence and Registration Fees are levied on every motor vehicle registered in Namibia, irrespective of the size of the vehicle and whether or not the vehicle is driven on a public road. These fees are collected on behalf of the Road Fund Administration (RFA) by NaTIS and Registering Authorities of which a number is managed by Local Authorities.

2. Fuel Levies (FL)

A fuel levy is a fee charged on every litre of petrol and diesel sold by any undertaking at any point in Namibia and which is to be included in any determination of the selling price of petrol or diesel, under any law relating to petroleum products. Currently fuel levies accruing to the RFA are set at N$1.22 per litre of petrol or diesel and is the main contributor to the Road Fund.

3. Mass Distance Charges (MDC)

Mass Distance Charges (MDCs) are aimed at recovering the excess variable costs which heavy vehicles with a VDT rating of above 3,500kg, are responsible for that cannot be recovered by fuel levies only, thus ensuring that owners of heavy vehicles pay their equitable share for the use of the Namibian road network. MDC applies to local and foreign-registered heavy vehicles.

4. Cross Border Charges (CBC)

The RFA is authorised to collect Cross Border Charges or Entry Fees from every foreign-registered vehicle (from motor cycles to heavy vehicles) as well as Mass Distance Charges on all vehicles above 3,500kg that enter and utilise Namibia’s roads.

5. Abnormal Load Fees (ALF)

An abnormal load is an indivisible (for practical purposes) object that, due to its dimensions and/or mass, cannot be transported on a vehicle without exceeding the limitations of the dimensions or mass. The abnormal load fees are derived from the ‘user pay’ principle. It therefore relates to the compensation by abnormal vehicles for the damage and/or obstruction caused to the road infrastructure. All the payments are processed at the Roads Authority. The eventual recipient of these payments is the Road Fund Administration (RFA).

The RUC system was designed to achieve the following objectives:

- To ensure that revenue needed to provide and maintain roads is raised from road users (including foreign road users) rather than the general taxpayer.
- To price the use of roads so as to improve economic efficiency in road transport by removing price distortions and charging road users according to the ‘consumption’ of roads.
- To promote equity between different categories of road users.
- To establish a link between supply and demand for transport infrastructure.
- To increase the transparency in the road funding process, and
- To provide for equal competition between road and rail transport by letting road transport operators pay for their use of infrastructure.

How does the RFA ensure that its objectives are achieved?

Firstly, the RFA is responsible for determining the amount of funding required to achieve a safe and efficient road sector. For this purpose, the RFA must receive budgets from the Roads Authority and other Approved Authorities for projects and programs to be funded from the Road Fund. The RFA then scrutinizes the submitted projects and programs for compliance with the provisions of the RFA Act. This includes specifically verifying whether prescribed safety standards have been adhered to, where applicable, and a verification of the economic warrants for funding claimed for these projects and programs. It is important to note that the responsibility for proving the economic warrants of projects and programs rests on applicants, and not on the RFA. Instead, the RFA is responsible for applying an independent review to the submitted applications to determine that such applications are founded on generally accepted technical, transportation economic, and financial practice. Furthermore, the RFA would be responsible for determining road user charges accordingly so that the full determined amount of funding for a five-year Business Plan period is collected by means of road user charges within such period. However, since the rates of road user charges are in practice not determined by the RFA, but by Government at rates below the levels required for full cost recovery, this objective has not been implementable. In practice, therefore, the RFA performs the amount of funding determination only as a benchmark against which to compare the amount of funding which can feasibly be collected depending on the rates road user charges as determined by government.

Major road maintenance activities over the past financial year.

<table>
<thead>
<tr>
<th>Item no.</th>
<th>Activity</th>
<th>Amount (N$)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>graveling (periodic)</td>
<td>302,439,469</td>
<td>37.4</td>
</tr>
<tr>
<td>2</td>
<td>clearing and forming (periodic)</td>
<td>45,940,494</td>
<td>5.6</td>
</tr>
<tr>
<td>3</td>
<td>blocking of gravel roads (routine)</td>
<td>301,243,724</td>
<td>36.5</td>
</tr>
<tr>
<td>4</td>
<td>メンテナンス道路（定期）</td>
<td>113,982,376</td>
<td>13.2</td>
</tr>
<tr>
<td>5</td>
<td>ビット道路の整備（定期）</td>
<td>210,952,145*</td>
<td>22.8</td>
</tr>
<tr>
<td>6</td>
<td>road marking (periodic)</td>
<td>14,333,157</td>
<td>1.6</td>
</tr>
<tr>
<td>7</td>
<td>road signs and guard rails (routine)</td>
<td>10,326,628</td>
<td>1.2</td>
</tr>
<tr>
<td>8</td>
<td>concrete and steel work (routine)</td>
<td>32,829,075</td>
<td>4.4</td>
</tr>
<tr>
<td>9</td>
<td>specialized maintenance (routine)</td>
<td>41,905,876</td>
<td>5.0</td>
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<td>10</td>
<td>sand removal (routine)</td>
<td>2,921,000</td>
<td>0.3</td>
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<tr>
<td>11</td>
<td>consulting services (routine)</td>
<td>3,293,430</td>
<td>0.4</td>
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<td>12</td>
<td>consultancy (routine)</td>
<td>202,442</td>
<td>0.1</td>
</tr>
<tr>
<td>13</td>
<td>road reserve maintenance (routine)</td>
<td>47,384,657</td>
<td>5.6</td>
</tr>
</tbody>
</table>

Total Maintenance Expenditure (N$) | 604,234,404 | 100 |