**VOICE OF THE CUSTOMER: TRANSNET ENGAGEMENT**

Leadership of the South African Transport and Allied Workers Union and leadership of the United National Transport Union, Chief Executive and management of Transnet – good morning and thank you for this opportunity.

By way of introduction I head up the Citrus Growers Association of Southern Africa – representing the citrus industry in South Africa, Zimbabwe and eSwatini. The citrus industry in South Africa is the second largest exporter in the world – exporting over 2 million tonnes annually.

This is my first physical meeting since 27 March this year, and it is fitting that it is to address Transnet, and more importantly representatives of workers. Every year 90 000 workers arrive on citrus farms across the country in order to work for seven months harvesting fruit. At the same time, another 30 000 are employed in packhouses to pack the fruit into cartons and onto pallets. Additional workers are employed in transporting the fruit to the ports, storing the fruit in cold stores and stuffing the fruit into containers before it arrives at the port facilities.

Once the fruit is picked it starts to die – as a result it is imperative that the movement of the fruit through the supply chain is as quick as possible. Delays impact on the quality of the fruit, and its shelf life overseas.

It is estimated that each worker in South Africa has ten dependents – about one million South Africans depend on the citrus industry for their livelihoods. During lockdown we heard a lot about agriculture as an essential service, and about food security. Food security is not only about the availability and affordability of food – it is also about having money to buy the food. The industry plays a vital role in ensuring food security in many of the countries remotest rural areas. There is no manufacturing or mining activities taking place in these areas – these communities are dependent on the citrus industry. Small towns like Kirkwood in the eastern Cape, Citrusdal in Western Cape, Letsitele in Limpopo and many others depend on the surrounding citrus industry to survive – everybody in those towns from those working at the local supermarket, bottle store or pharmacy depend on the citrus industry. So when we talk about the voice of the customer, we are talking about all of these South Africans.

These workers pick and pack 9 billion pieces of fruit – more than one piece of fruit for every person in the world. If one put these pieces of fruit shoulder to shoulder they would go around the earth 18 times, if one stacked the cartons one on top of the other they would reach to the moon and back. And every one of these pieces of fruit passes through one of four ports in South Africa – Durban, Coega, Port Elizabeth and Cape Town. Over 85,000 containers of fruit arrive at the port for loading onto vessels bound for overseas ports. The biggest market is Europe; however, fruit goes to over 120 countries worldwide. The value of the fruit is only realized once it passes through the till point in the destination market. This value is seriously compromised if there are quality issues – and many times these quality issues are attributed to delays in the supply chain, or disruptions in the cold chain. It is therefore vitally important that the ports operate at optimum efficiency. Delays at the port can impact on fruit quality on arrival, and seriously harm South Africa’s reputation as an exporter of good quality fruit. South Africa has built up an excellent reputation in the market – and is preferred to South American supply. This excellent quality is largely attributable to our research and technology which informs the way fruit is produced, packed and transported, the high level of sophistication amongst growers and packers, and our excellent logistics. Unfortunately, the last two years have impacted negatively on this reputation. The port problems in the Eastern Cape in 2019 meant that fruit arrived in the market in terrible condition – South Africa’s reputation took a knock and there were many quality claims. In 2020 a similar situation developed with the problems at Cape Town port. Vessels were at anchor waiting for a berth for over three weeks, some fruit that was harvested only reached market two months later. Fortunately, 2020 also saw one of the best markets for citrus ever – the pandemic has heightened the demand for citrus as it is seen as a remedy for colds and flu, and an immune booster. Demand in the European Union and USA was sustained throughout the season, and this imbalance in demand and supply meant that the impact of the delays was softened. However, importers have taken note of the delays, and the industry has noticed some importers hedging their bets by approaching South American suppliers. We must ensure that our reputation is safeguarded, once your reputation is lost, it is hard to regain

The last two years’ performance has also meant that exporters are looking at alternative ports – we are aware of the significant investments in Maputo and Walvis Bay ports. In the case of Maputo – it is also closer to northern citrus growing regions than Durban. Once the road, rail and border crossing are addressed – there is a danger that exporters of fruit from the north could switch to that port – which would be detrimental to job opportunities in South Africa. Durban port has long been touted as the gateway to southern Africa – this status is under threat unless port efficiency and congestion is improved. We have noted with appreciation the procurement plan that Transnet has shared with industry – this is long overdue and must be fast tracked as soon as possible. If the work force is to be motivated and expected to perform, they must have the tools to do the job. Maintenance and replacement of equipment at the ports has been neglected – meaning that the ability to perform efficiently is impacted. As a result, efficiency measures show that South African port perform poorly compared to international standards. The new procurement plan will go a long way to addressing this.

Another trend that needs to be acknowledged is the shift to conventional reefer vessels. This has a direct impact on the container terminals as cargo is diverted to this mode. Unless the container terminals shortcomings are addressed – this trend will continue.

The citrus industry is predicted to increase by a further 25% in the next three to five years – this is based on trees that are already in the ground. Other fruit industries are also showing significant growth – it is predicted that in the next three to five years’ total fruit exports will require an additional 40% in port and logistics capacity. This is a double edged sword; we need new markets to absorb the additional supply, and we need efficient ports to get the fruit onto vessels and to the market. If we attain that – it is estimated that the citrus industry alone will add a further 6 billion to export earnings and create 12 000 sustained jobs.

In conclusion – the citrus industry touches on the wellbeing of many South Africans – and all of us in the value chain have a responsibility to each other to act efficiently and effectively in the export of this precious cargo. We are all interconnected – failures in one link in the export chain impact on the entire chain; and puts all of our jobs in jeopardy. I am available to address anybody to share this message – if the worker representatives need CGA to share with them the value of what they are doing, let me know.

Thank you for this opportunity. The problems we have are not insurmountable. Together we can overcome them.