

Railways to solve high-carbon issues

The transportation sector, contributing as much as 60% to the domestic carbon emissions, will have a big part to play in sustainable development trends around the world and as one of the world's top 20 carbon emitters, South Africa is no exception.

"We are entering a period of change for local business. This new era will be filled with both risk and opportunity, depending on the level of pro-active strategic planning of business leaders," said Graham Terry. Terry is head of the office of the executive president at the South African Institute of Chartered Accountants (SAICA) and author of the recently launched book 'Green - why corporate leaders need to embrace sustainability to ensure future profitability'.

"It is evident that those businesses that can adapt to consumer demand for reduced impact on the environment are more likely to thrive, while those that don't might very well experience the exact opposite. Seeing that transportation is such a large contributor to South Africa's carbon emission levels, I believe it is one of the areas that will attract the attention of business leaders as they strive to reduce their environmental impact and find positions of competitive advantage," he said.

Rail is the answer

According to Dr Vaughan Mostert, senior lecturer of Transport Economics at the University of Johannesburg and a CA, the answer to reducing the impact of the transportation of goods in South Africa might very well be found in the 'orphan' of the South African transport network - the railway system.

"The railway has played an integral part in our country's development. In recent decades, road transport has undermined the railway's status as the goods carrier of choice. Under current circumstances, this is understandable - road transportation provides a safe, efficient and more cost effective alternative to rail transport. From a sustainability point of view, however, the fuel consumed by the massive amount of goods vehicles on our roads, as well as their high emission levels, does not bode well for business leaders attempting to reduce their carbon footprint," he says.

"Too much emphasis is placed on the financial performance of the railway system. South Africa requires a multi-modal transport network and the railway should form an integral part thereof, regardless of its activities being profitable in the accounting sense of the word. At the moment, the focus on the railway's year-to-year financial performance is overemphasised, which results in knee-jerk restructuring strategies and a lack of long-term strategic planning."

In Mostert's view, capital-intensive transport modes, such as the railway, should be protected in order to create an optimised transportation system that will develop our economy, rather than weaken it.

Government paradigm shift required

“This will require a significant paradigm shift from the powers that be, as they will have to commit to protection measures such as guaranteed minimum levels of service. If we aim to create and sustain high levels of rail traffic, it will require an unwavering commitment to not only improving the level of service our railways provide, but also sustaining those improvements. This should be a matter of national policy, even though it is almost certain that traffic levels will fluctuate. If this can be done, the business community once again has an incentive to make use of the railway and in so doing play a huge role in improving sustainable business practises in South Africa.”

Mostert also believes that more emphasis should be placed on the effective co-ordination and operation of public passenger transport in South Africa. “This will go a long way towards preparing the country to meet sustainability objectives in the future.”

Given that sustainable business practises are sure to become a pressure point for creating competitive advantage, it seems that business will inevitably reform transportation activities, in order to remain competitive. The fact that consumers will drive this pressure is self-evident. However, not far behind them will be the lawmakers and those responsible for good governance.

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