



KTA NEWSLETTER

TRANSPORTERS PUSH FOR FAIR PARKING FEE SOLUTIONS IN MOMBASA

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500



*The Kenya Transporters Association (KTA) has voiced significant concerns regarding the County Government of Mombasa's recent decision to designate the Kenya Ports Authority (KPA) as the principal facilitator for the collection of parking charges for heavy commercial vehicles accessing the **Port of Mombasa, Container Freight Stations (CFS) and the Empty Container Depots.** This decision has sparked considerable issues among KTA members.*

*KTA argues that the **24/7** parking fee collection system, particularly during these challenging economic times, places an undue burden on transporters. In a recent meeting with Mombasa County Governor **Hon. Abdulsamad Sheriff Nassir**, KTA Management, led by Board Chairman **Mr. Newton Wang'oo**, emphasized that it is unfair to impose parking charges on transporters who load directly at the port from their yards, thereby bypassing any need for county-provided parking spaces.*

*The KTA Management was informed that the Mombasa County Government is currently in discussions with KPA to explore **alternative revenue collection methods.** These discussions have shown promising signs of progress. A notable development is the shift from a 24/7 parking fee collection system to a restricted timeframe of 6 am to 9 pm. While KTA appreciates this adjustment, the association continues to advocate for the complete abolition of the parking fee system for trucks accessing the port without utilizing county parking spaces.*

*KTA underscores the importance of exhausting all diplomatic channels before considering other options. The association acknowledges that while obtaining court orders, as demonstrated in their case against the government regarding the Standard Gauge Railway (SGR), may be straightforward, **enforcing** these orders can be challenging.*

KTA remains cautiously optimistic and is committed to finding a fair and sustainable solution that benefits both transporters and the Mombasa County authorities. The association anticipates a resolution as soon as possible.

MOTOR VEHICLE CIRCULATION



*The Kenya Transporters Association Ltd (KTA) strongly opposes the motor vehicle tax outlined in the Kenya Finance Bill 2024. This proposal for a 2.5% **Circulation Tax** on vehicle value, payable when obtaining insurance coverage (capped at KES 100,000 minimum KES 5,000), would be detrimental to the transport sector.*

EXCESSIVE BURDEN ON TRANSPORT BUSINESSES:

*The KTA urges the **National Assembly** to reject this tax. Its implementation would significantly increase operational costs, potentially forcing many transport businesses to close. Transporters already face a substantial tax burden on vehicles during purchase, including **Import Duty, Excise Duty, VAT**, and levies for import declaration and railway development. They also pay numerous taxes included in the fuel prices. Additionally, Transporters pay **30% Corporate Tax** on profits generated from these vehicles. Adding another tax to an already heavily burdened asset is unsustainable.*

NEGATIVE IMPACT ON KENYAN ECONOMY:

*The tax increase would significantly raise the cost of doing business for Kenyan transporters. This burden would be particularly damaging for heavy commercial vehicles, critical for regional trade within **the East African Community (EAC)**. The tax would have the following consequences:*

- 1. **Reduced Competitiveness of Kenyan Exports:** Higher transportation costs would make Kenyan exports less competitive in the regional market, potentially causing trade routes to shift to neighboring countries with lower operating costs.*
- 2. **Job Losses:** The economic strain could force companies to reduce their fleets or lay off employees, negatively impacting livelihoods and increasing unemployment.*
- 3. **Disincentive for Investment:** The tax discourages investment in the transport sector, hindering growth and modernization of Kenya's transport infrastructure.*

REDUCED INSURANCE COVERAGE AND INCREASED RISK:

To avoid the proposed tax, transporters may be forced to choose less comprehensive insurance, like third-party only coverage. This exposes their businesses to high risks, as the financial burden of replacing damaged vehicles or covering out-of-pocket expenses would be too much for many in the industry. This situation could also lead to:

- 1. **Increased Uninsured Vehicles:** Transporters may skip insurance altogether, leaving themselves financially vulnerable in case of accidents.*
- 2. **Rise of Fake Insurance:** The demand for cheaper coverage might create a market for fraudulent insurance policies.*

IMPACT OF MOTOR VEHICLE TAX ON INSURANCE INDUSTRY WHICH COVERS THE COMMERCIAL VEHICLE OPERATORS

The tax proposal would also negatively impact the insurance industry:

1. **Decreased Insurance Revenue:** As transporters opt for cheaper coverage, insurance companies would experience a significant decrease in revenue, potentially reducing tax contributions to the government.
2. **Cash Flow Challenges:** The requirement to remit taxes within five days of issuing coverage could create cash flow problems for insurance companies, as they may not have yet collected the full premium amount. The proposed prescribed penalties for non-compliance are very punitive. Many insurance companies are already hesitant to insure motor vehicles due to past losses.

TAX BASED ON OWNERSHIP.

The proposed Motor vehicle tax is based on ownership and not income or transfer of property. This has the following impact:

1. **Discourages Investment:** By taxing ownership regardless of income or vehicle use, the proposal disincentivizes investment in commercial vehicles. This could hinder economic growth and limit transportation options.
2. **Unfair Burden:** The tax unfairly penalizes those who own commercial vehicles, even if they are not currently generating income. This could force some businesses to hold onto less efficient vehicles or exit the market entirely.
3. **Negative Precedent:** A tax based solely on ownership sets a concerning precedent for property rights in Kenya. It suggests that simply owning property could be subject to unpredictable taxation, discouraging future investment.

EMPTY CONTAINER REVERSE LOGISTICS TECHNICAL WORKING GROUP TOURS INLAND CONTAINER DEPOT, NAIROBI



The Technical Working Group (TWG) on Empty Container Logistics, established by the Mombasa Port Community, conducted an extensive tour of the Nairobi Inland Container Depot (ICDN) on the 23rd and 24th of May 2024. The purpose of this visit was to gain a comprehensive understanding of the processes involved in handling empty and export containers. The Kenya Transporters Association (KTA), as a significant stakeholder in the transport industry, played a crucial role in this initiative and was well-represented during the survey tour.

The primary objective of the TWG is to address and find solutions to the challenges that hinder the cost-effective management of reverse logistics for empty containers and exports through the Port of Mombasa. This collaborative effort brings together stakeholders from both the public and private sectors involved in cargo clearance to enhance the overall efficiency and effectiveness of the logistics chain.

Activities

During the visit, the TWG conducted a detailed analysis of the operations at ICDN. This included examining the daily handling capacity of containers, the efficiency of the Standard Gauge Railway (SGR) services, and the truck turnaround times. The visit aimed to identify the current challenges and gather recommendations from stakeholders to improve the handling of empty and export containers.

ICDN Visit Highlights

Container Operations: ICDN manages an average of 300 containers daily, depending on the volume received from Mombasa.

SGR Capacity: The Standard Gauge Railway (SGR) serves four lines, each capable of transporting approximately 108 containers.

Truck Turnaround Time: The average turnaround time for trucks at ICDN is 3.6 hours, highlighting the efficiency of the depot operations.

Identified Challenges

- ❖ Poor connectivity between various depots, affecting seamless operations.
- ❖ Underutilization of the terminal on Sundays, leading to inefficiencies.
- ❖ Frequent equipment breakdowns and limited availability, disrupting operations.
- ❖ Insufficient storage space and facilities, leading to congestion.
- ❖ Need for increased automation to enhance operational efficiency.
- ❖ Lack of coordination among responsible parties, causing delays and mismanagement.
- ❖ Inadequate notification during the evacuation of empty containers, affecting planning.
- ❖ System issues, including delays in payment processing.
- ❖ Manifest discrepancies, including tallying and capturing data in the system

Recommendations and Way Forward

- ❖ Implement real-time information sharing through enhanced automation.
- ❖ Upgrade and update existing systems to improve reliability and efficiency.
- ❖ Introduce a truck booking system to streamline operations and reduce congestion.
- ❖ Monitor and manage traffic flow more effectively to prevent bottlenecks.
- ❖ Synchronize systems between Kenya Railways Corporation (KRC) and Kenya Ports Authority (KPA) to ensure seamless operations.
- ❖ Introduce and utilize auto gates at the Port of Mombasa to expedite container handling.
- ❖ Transition from the SIOS system to KWATOS.

Additional Observations at KRC ICDN

- ❖ **Damaged Containers:** Presence of containers with defects, cuts, and other damages was noted
- ❖ **Payment Delays:** Delays in payments to KPA affecting the turnaround time of empty wagons.
- ❖ **Gate Payment Issues:** Delays in payment reflection at gates, impacting wagon turnaround times.

Further Recommendations

- ❖ Importers and clearing agents should provide indemnity letters in advance to facilitate the offloading of empty containers.
- ❖ KPA should enhance marketing efforts to promote the use of the new KARGO pay system.

Conclusion

- ❖ The TWG will compile a final report to present to the Mombasa Port Community for validation and to determine the next steps. This initiative aims to enhance the efficiency and cost-effectiveness of managing empty containers and exports through improved coordination, system upgrades, and stakeholder collaboration.



The Kenya Transporters Association (KTA) recognizes the critical role that competent, ethical, and professional drivers play in the success and safety of transport operations. Currently, transporters face significant challenges due to the scarcity of reliable drivers, leading to operational inefficiencies, safety risks, and financial losses. To address these issues, the KTA proposes the establishment of a Driver Recruitment Bureau, dedicated to recruiting and maintaining a pool of qualified drivers and providing them with necessary training and health checks.

Need for the Driver Recruitment Bureau

The transportation industry in Kenya is plagued by several issues related to driver competence and integrity:

- ❖ **Rogue Drivers:** A significant number of transporters report problems with rogue drivers involved in unprofessional conduct, theft, and unethical behavior.
- ❖ **Lack of Competent Drivers:** There is a shortage of drivers who possess the necessary skills, experience, and professionalism required for safe and efficient operations.
- ❖ **Inconsistent Health and Safety Standards:** The health and fitness of drivers are critical for safety on the roads, but currently, there is no standardized system to ensure drivers meet health requirements.

These challenges compromise the safety, efficiency, and reliability of transport services, leading to increased operational costs and risks for transporters.

Justification for the Bureau

The establishment of the Driver Recruitment Bureau will provide numerous benefits, including:

- ❖ **Improved Safety and Reliability:** By recruiting and training competent drivers, the bureau will enhance the safety and reliability of transport operations.
- ❖ **Professionalism and Ethics:** The bureau will instill a culture of professionalism and ethics among drivers, reducing instances of misconduct.
- ❖ **Standardized Health Checks:** Regular health checks will ensure that drivers are medically fit to operate vehicles, reducing the risk of accidents due to health issues.
- ❖ **Refresher Courses:** Continuous professional development through refresher courses will keep drivers updated on best practices and regulatory requirements.

Expected Outcomes

The establishment of the Driver Recruitment Bureau is expected to:

- ❖ Reduce incidents of driver misconduct and unethical behavior.
- ❖ Improve the overall safety and reliability of transport operations.
- ❖ Enhance the professional image of the transport industry in Kenya.
- ❖ Provide a consistent supply of qualified and competent drivers to transporters.

PROCEDURE FOR DROPPING AN EMPTY CONTAINER AT THE ICD NAIROBI

By following these steps, drivers can efficiently and effectively manage the return of empty containers at the Inland Container Terminal Nairobi.

- ❖ **Notification and Queue Entry:** Once the driver is notified that the empty container has been paid for, they should join the entrance queue at either Gate A or Gate B.
- ❖ **Gate Process and Barcode Reader:** Upon reaching the gate at the ramp, the driver will encounter a barcode reader. From the driver's seat, they can press enter to initiate the return of the empty container.
- ❖ **Offloading Slip:** The barcode reader will provide an offloading slip, which includes the container number and the time of entry.
- ❖ **Proceed to Offloading Queue:** With the offloading slip in hand, the driver should proceed to the offloading queue located on the rail side.
- ❖ **Offload the Empty Container:** After offloading the empty container, the driver should join the exit queue at Gate A, which is designated for trucks that have offloaded empty containers.
- ❖ **Exit Slip:** Upon reaching the exit ramp, the driver will obtain an exit slip.
- ❖ **Exit Process:** The exit slip, similar to the entrance slip, will display the truck number, container number, and the exit time. The driver can then proceed to exit the port.

ASSOCIATE MEMBERSHIP

The membership is open to organizations or firms with strategic business interest in the transport sector

DOCUMENTATIONS

Copy of PIN certificate/Tax Compliance Certificate

Copy of Certificate of Registration/Incorporation

Letter of application seeking membership with KTA

A signed copy of the Code of Conduct.

Joining fee KES. 100,500 which is payable annually.

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NCBA Bank Kenya PLC is regulated by the Central Bank of Kenya



VISION

A united association of global excellence in advancing sustainable road freight services

MISSION

To strengthen and improve transportation by serving and leading its diverse membership through advocacy, innovation and information sharing

FIND US



KTA_Kenya



Kenya Transporters Association Ltd



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CARGO STATISTICS COLUMN

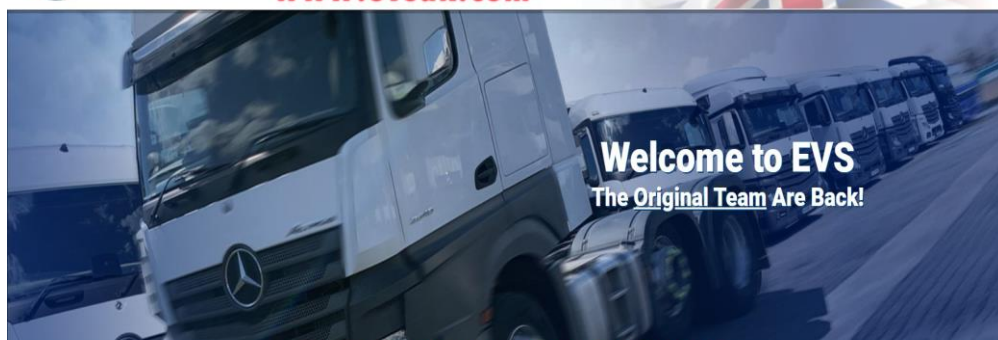
CONTAINER TERMINAL (MAY 2024)		16 th – 22 nd	23 rd – 29 th	Change
Total Number of Ships		18	18	0
Total Delivered Containers by Road (TEU'S)		10822	10212	-604
Delivered C'ners by Road	LOCAL	4431	4363	-68
Delivered C'ners by Road	TRANSIT	6388	5854	-534
Delivered C'ners by SGR		4212	3616	-596
Imports Population Breakdown	LOCAL	2418	1302	-1116
	TRANSIT	7091	5344	-1747
Transit in Yard Breakdown	Burundi	106	86	-20
	D.R. Congo	506	685	179
	Ethiopia	59	13	-46
	Rwanda	1,062	943	-119
	Somalia	144	50	-94
	S. Sudan	311	95	-216
	Tanzania	461	328	-133
	Uganda	4,442	3,144	-1298
Deliveries to CFSs	Consolbase	312	409	97
	Msa C.T	151	100	-51
	Compact	350	340	-10
	Interpel	262	241	-21
	Mitchell Cotts	153	159	6
	Awanad	176	172	-4
	Portside	134	112	-22
	Focus	239	288	49
	MICT	267	242	-25
	Makupa Yard	39	28	-11
	MICD	116	151	35
	Autoport	342	335	-7
	Regional	222	134	-88
	Greatlakes	0	0	0
	Siginon	178	189	11
Boss Freight	36	47	11	

Source: KPA



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The Kenya Transporters Association Limited (KTA) is a business association of road transporters whose broad objective is to provide a common voice to articulate business constraints facing its members, while being a united association of global excellence in advancing sustainable and competitive road freight services in Kenya, East Africa Region and beyond.