



6 December 2017

Scopa Developments Media Statement

The Board of Transnet has noted feedback from the Standing Committee On Public Accounts over the non-attendance of the meeting this morning, 06 December 2017.

The Board is committed to having proper engagements with SCOPA to discuss the various concerns that were raised by the Committee and to pave a way for enhancing Transnet's business processes. However, the Board is of the view that for that engagement to be meaningful and constructive, it is important for the Board to be properly informed of all issues that were contained in the information that Transnet management had submitted to the Committee. Transnet confirms that it was aware of the SCOPA meeting that was to take place on 6 December 2017. The management of Transnet was prepared for the SCOPA engagement and had submitted a further presentation to SCOPA on Monday 4 December 2017.

However, during the late afternoon of Monday 4 December 2017, the Chairperson of the Board was informed for the first time that the entire Board was expected to appear before SCOPA.

It must be pointed out that, except for the Chairperson, no other Board members were present at either of the previous two SCOPA sessions held on 22nd and 28th November 2017, respectively.

This left the Board members with less than 48 hours to prepare for the engagement with SCOPA. The members of the Board were concerned about the short notice and felt that they were inadequately prepared to engage meaningfully with SCOPA with the limited time provided. Furthermore, some board members would not have been able to attend at such short notice.

The main issues on the SCOPA agenda were PFMA violations as well as Transnet's deviations from the open bidding process and various contract extensions that were approved. Transnet is of the view that it has complied fully with the regulatory framework applicable to deviations and extensions.

However, the concern raised by the Board was that most extensions and deviations fall below the Board's threshold and for that reason they would not have had in depth knowledge of the issues at hand. The Board believed that it would be fair and reasonable to afford them adequate time to familiarize themselves with the details, through in-depth engagements with Transnet management and for management to appear with the Board at a later date. The Chairperson, on behalf of the board, responded to SCOPA highlighting

these concerns, and requested a postponement of the session in order to get an adequate opportunity to engage internally.

Transnet reiterates its commitment to transparency, accountability and continuous improvement to its control environment. To the extent that Transnet's failure to appear at the SCOPA meeting could be perceived as an act of disrespect toward Parliament, Transnet offers its unreserved apology both to Parliament and the South African Public at large. Transnet's absence must not be interpreted as defiance of Parliament, or unwillingness to co-operate or to avoid accountability.

Issued on behalf of the Chairperson of the Board

For enquiries, please contact

Nompumelelo Kunene on (011) 308 2384,

Email: nompumelo.kunene2@transnet.net.

About Transnet

Transnet is wholly owned by the Government of the Republic of South Africa. The company is uniquely positioned to provide integrated, seamless transport solutions for its customers in the bulk and manufacturing sectors. This is part of its drive to improve the efficiency and competitiveness of the South African economy.

Transnet has five operating divisions:

Transnet Freight Rail transports bulk and containerised freight along 20 500 kilometres of which 1 500 kilometres comprises rail networks heavy haul lines for export coal and export iron ore.

Transnet Engineering manufactures and maintains rolling stock. It consists of eight product-focused business units which provide services ranging from rolling stock

refurbishment, conversion and upgrades, to the manufacturing of locomotives, coaches and wagons.

Transnet National Ports Authority is responsible for the safe, efficient and effective functioning of the national ports system, which it manages in a landlord capacity. The National Ports Authority is also a provider of port infrastructure and marine services at all commercial ports in South Africa.

Transnet Port Terminals owns and operates 16 cargo terminal operations situated at seven South African ports. It provides cargo-handling services for the container, bulk, automotive and break-bulk sectors.

Transnet Pipelines transports a range of petroleum products and gas through 3 000 kilometres of underground pipelines, which traverse five provinces, thereby ensuring the security of supply of petroleum products to the inland market, especially Gauteng. Transnet Pipelines is gearing itself for full commissioning of the new Multi-Product Pipeline.

Specialist units:

Transnet Capital Projects manages our largest capital projects;

Transnet Foundation is responsible for executing our Corporate Social Investment initiatives.

Transnet Property manages our property portfolio.