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TRANSNET CONTINUES TO IMPLEMENT GOVERNMENT'S LOCALISATION POLICY

Transnet SOC Ltd. has made significant strides to deliver on localisation, as part of the country's industrialisation policy. In this way, the logistics sector can deliver important demand to enable manufacture within South Africa, key components and equipment essential for its operation. This will be an important contribution by Transnet to increasing inclusive growth in South Africa, which itself will enhance the Transnet business.

Transnet is placed at a significant disadvantage relative to its competitors in the market if it is compelled to procure through middle-persons, who add their own mark-up to the price of procured goods as a way to overcome the requirement to procure locally goods that are not manufactured in South Africa. This not only makes goods more expensive for Transnet, but reduces its ability to lower the cost of logistics in South Africa.

Transnet is therefore working with the Industrial Development Corporation (IDC) on the establishment of a local manufacturing facility for rails. Transnet has committed to procure from a local supplier for a period of up to 15 years to ensure viability of the supplier.

Furthermore, Transnet has committed to deepen local capacity and capability in the rail sector by supporting existing rail component manufacturers and developing new suppliers to manufacture components in the rail industry – within the domestic and regional markets. This would represent a major milestone in Transnet's transformation imperatives.

In light of this Transnet is working with Trade & Industrial Policy Strategies (TIPS), an agency of the dtic, on the development of a Rail Masterplan, similar to the Automotive Masterplan, which would drive further investment in this sector in South Africa. This work is expected to be completed at the end of February 2022.

Transnet remains committed to engaging with Government on these initiatives, as part of the industrialisation of the South African economy.

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