

TRANSNET PRIORITISING CAPACITY IMPROVEMENTS ON THE COAL LINE

[Johannesburg; 20 February 2021] Transnet SOC Ltd (“Transnet”) is - as a matter of priority - putting in place measures to improve locomotive availability and stabilise capacity on the coal line, in order to support coal exporters and the economy.

Transnet is also implementing catch-up plans to build the resilience necessary to deliver the committed 1.6 million tons per week compared to the current 1.3 million tons.

Some of the measures being implemented include:

- Fast-tracking maintenance of locomotives where feasible; this as a result of the age of the locomotives and the availability of spares
- Reallocation of suitable locomotives throughout the business to match capacity with current demand whilst not jeopardising the performance of the other corridors
- Implementation of robust integrated security management plans – vandalism of the locomotives remains a challenge.

As a result of these initiatives, locomotive availability is expected to improve over the coming weeks to 18 locomotive sets.

Low demand experienced at the beginning of the 2020/21 financial year due to COVID-19, coupled with direct and indirect consequences of the pandemic, crippling theft incidents, and the undersupply of locomotives, dropped the coal average monthly throughput to 5 614 852 tons.

In January 2021 coal volume deliveries were also affected by a planned supply chain-wide maintenance shutdown, which was immediately followed by disruptions related to the damages caused by excessive rains following the Eloise cyclone.

Legacy issues have also exacerbated the situation. The CSR and CNR contracts, part of the 1 064 locomotives contract, were suspended due to allegations of fraud and corruption. Although it is common practice to conclude maintenance and spares agreements with OEMs at the time of acquisition, this was not done with the 1 064 contract.

Warranty obligations in respect of locomotives acquired to date are being enforced and any constraints to receiving spares is mainly due to OEMs’ responsiveness. This means that Transnet Engineering, a division responsible for maintenance, has to find alternative solutions.

All these factors have resulted in disruptions to the timeous delivery of export coal.

On the upside, the infrastructure condition improvements completed during the January 2021 shutdown removed at least 13 temporary speed restrictions on the network, which released capacity for approximately 14 additional train slots per week. This has significantly increased the flexibility by reducing the impediments to the delivery of the weekly committed volumes.

Transnet is in continuous engagement with customers, providing ongoing updates on the situation.

Issued on behalf of Transnet SOC Ltd By:

Ayanda Shezi, Spokesperson.

Ayanda.shezi@transnet.net

For Media Enquiries please contact,

Nompumelelo Kunene

Nompumelelo.kunene2@transnet.net

066 484 5522