



## **MEDIA STATEMENT**

### **TRANSNET UPDATE ON REFORM AND CAPACITY GROWTH INITIATIVES**

**[Johannesburg, 29 July 2024]** Transnet SOC Ltd. ("Transnet") is making considerable progress in implementing institutional reform measures in accordance with the Freight Logistics Roadmap and the Guarantee Framework Conditions issued to Transnet by National Treasury. These include the reform of the rail business, corporatisation of the Transnet National Ports Authority (TNPA), and disposal of non-core assets.

The rail reform process, which entails the vertical separation of Transnet Freight Rail (TFR) into a Rail Operating Company and an Infrastructure Manager, is on track. Since the publication of the draft railway Network Statement in March 2024, Transnet actively participated in a consultation process facilitated by the Interim Rail Economic Regulatory Capacity (IRERC). This was in preparation of the finalisation of the final Network Statement to open train slots for third party train operator access.

Following extensive consultations to align with key stakeholders, the Interim Infrastructure Manager has made its input to IRERC and Transnet looks forward to the publication of the final network statement and proposed tariff methodology to open slots for third party access by 30 September 2024.

The Rail Operating Company and Infrastructure Manager operating models and organisational designs will be finalised in the first quarter of 2025.

Transnet has also initiated the corporatisation of TNPA, which will culminate in the establishment of the National Ports Authority as a wholly owned subsidiary of Transnet. The National Ports Act mandates the incorporation of TNPA. The reform will enhance TNPA's regulatory oversight on terminal operators across its port network. The corporatisation will establish TNPA as a financially autonomous entity capable of generating its own revenue, attract increased investments to improve the efficiency and positioning of SA ports to enhance competitive maritime trade and create appropriate partnerships. It will also, through its independence, enhance terminal licence oversight and align with international standards and regulations governing port authorities and ensure compliance with South African maritime and port regulations.

Work is underway to complete the Memorandum of Incorporation and the Registration of the National Ports Authority.

In line with the Guarantee conditions, Transnet's plans to dispose of its non-core property portfolio are progressing well. The disposals will generate cash and reduce holding costs. The Transnet Board of Directors has approved a plan for the disposal of the non-core assets. Transnet will finalise the full list of non-core assets for disposal in the current financial year.

"These initiatives are a demonstration of Transnet's commitment to the structural reforms in response to the changes in policy and regulations. In some cases, these changes entail entry of third parties in the rail and port networks, which is a necessary step to stimulate competition and address long-standing challenges such as underinvestment," said Transnet Group Chief Executive, Michelle Phillips.

Meanwhile, Transnet continues to invest in infrastructure to boost mining export volumes. In collaboration with its customers, independent technical assessments have been conducted on both the iron ore and the coal corridors. The teams are now hard at work to prioritise the improvement of the network on both these corridors to enable improved volume uplift of both iron ore and coal.

Transnet currently exports manganese through various channels, primarily to the Ports of Saldanha and Port Elizabeth, which together handle 15.5 million tons per annum (Mtpa) of manganese exports.

The Ngqura Manganese Export Terminal (NMET) Project is an undertaking by Transnet to relocate and consolidate manganese exports from the bulk terminal at the Port of Port Elizabeth to the Port of Ngqura whilst at the same time expanding NMET's capacity to an initial 16Mtpa. Transnet will seek a private sector partner to assist in funding the design and construction of NMET. This partnership is crucial for improving operational efficiencies, business liquidity, and overall execution of logistics operations.

The preferred bidder for the NMET project will be announced before the end of the 2025 calendar year after an open tender process.

TNPA has embarked on the KwaZulu-Natal Logistics Hub Programme in which one of the initiatives is the positioning of the Port of Richards Bay as a Liquefied Natural Gas (LNG) import point. In early 2024, we announced Vopak Terminal Durban & Transnet Pipelines (TPL) Consortium Venture as the preferred bidder to operate LNG terminal. The consortium will design, develop, construct, finance, operate, and maintain the LNG terminal in the South Dunes Precinct at the Port of Richards Bay for a period of 25 years. The terminal is a partnership between the private sector and the public sector, with the private sector as the lead investor and Transnet holding a minority share in this new business.

In April 2023, Transnet issued a tender for a private sector partner with experience in leasing capabilities and access to financial resources, with whom to partner in establishing a rolling stock leasing company. The objective of the transaction was to find a partner with access to financial resources and leasing capabilities to work with Transnet Engineering (TE) to establish a new company to develop market opportunities for capital assets leasing and to provide the emerging train operator market with access to leased rolling stock.

Due to certain non-compliances in the RFP process, Transnet has had to cancel the transaction and re-issue the tender to the market to ensure compliance with all relevant legislative requirements. Transnet will endeavour to reissue the RFP to the market by no later than December 2024.

In June 2024, TNPA appointed Grindrod South Africa as the Preferred Bidder to develop and operate a container handling facility at the Port of Richards Bay, as part of plans to drive improved port efficiency and service levels. This development will enable an increase in the port's container handling capacity from 50 000 twenty-foot equivalent units (TEUs) to 200 000 TEUs per annum.

"These initiatives reinforce Transnet's commitment to proactively respond to the changing operational and policy environment. A viable logistics industry is the lifeblood that runs through the veins of the South African economy. When we invest in infrastructure, we empower our customers to flourish in an increasingly competitive and dynamic business environment," concluded Phillips.

**ENDS.**

**Issued on behalf of Transnet SOC Ltd**

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