

TRANSNET



# TRANSNET Insights

CUSTOMER NEWSLETTER

APRIL 2024



# 2024

# 01

## MESSAGE FROM THE CBDO

YOLISA KANI



Indeed Rome was never built in one day, never has this been truer for us as Transnet as we navigate our road to recovery. The first promise that was made by the new Board was to stabilise the leadership of the organisation and taking a leaf from our Chairperson of the board. "Always do what you promised to do".

On Friday, 26 April, Transnet's executive leadership held a press briefing, giving an update on progress made across the company over the past few months. It was the first time that our newly appointed executives, GCEO Michelle Phillips, GCFO Nosipho Maphumulo and Transnet Freight Rail Chief Executive, Russell Baatjies addressed the media together with the Chair of the Board, Mr Andile Sangqu. Michelle and Russell are longtime Transnetters, who have climbed up the ranks in their divisions and now lead the company as it continues to forge its path to recovery. Nosipho, a seasoned chartered accountant, officially joined Transnet at the beginning of April. She brings a wealth of experience having joined from another major SOC, Eskom.

The media briefing painted a picture of a Transnet that is rebuilding itself, with the help of its stakeholders and in particular, its customers. As much as we missed our rail targets for the financial year by a slight margin, the overall rail volumes are stable and are improving. We appreciate all the collective efforts put in by Transnetters.

The arrival of new equipment at our ports is expected to greatly improve our performance in that area, thus improving our port efficiencies. A commitment has been made to double our efforts in investing in new equipment and correct the lack of investment suffered in the past due to lack of capital. That which we have received thus far is already making a huge significance.

The recovery plan, adopted in October last year to address the numerous constraints on Transnet's operational performance and to stabilise and improve volumes, serves as our compass in our road to recovery.

Transnet has made various strides in collaborating with business partners and customers to make significant progress in our ability to deliver a reliable freight system. The partnership between Transnet Freight Rail and Sasol will have a positive impact on multiple industries and is testament to how far we can go when we go together. The collaboration is very much welcomed.

Transnet is a firm believer that business has a social and economic responsibility, this is not an option but the right thing to do. We operate in an environment where Transformation remains vital in all our business. We are part of this society we operate in and in keeping with the responsibility and commitment to our country, Transnet maintained its Level 2 BEE Status and is committed to sustaining its efforts in all the B-BBEE elements.

We continue to meet and engage with our counterparts throughout the world, sharing our expertise and learning from others. Our interaction with the Japanese government officials is one such engagement, where the Transnet cross-functional team showcased Transnet's expertise and footprint in African rail infrastructure. We also hosted a delegation from Belgium, exploring possibilities for future ventures.

We are proud of the progress made by our world-class hotel on wheels, The Blue Train. Since the resumption of its services after the Covid-19 pandemic. We are continuously looking for opportunities to innovate and upgrade our offering as the tourism and hospitality landscape changes, and we do this by interacting with the industry at the various tourism and hospitality conferences. We are very proud of Transnet's significant contributions to the international tourism industry, and the docking of two internationally renowned cruise ships at the Port of Cape Town earlier this year could not be more symbolic.

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**Michelle**  
Phillips



**Nosipho**  
Maphumulo



**Russell**  
Baatjies

# 02

## TRANSNET PORT TERMINALS READY FOR A SUCCESSFUL CITRUS SEASON



Transnet Port Terminals has assured the industry of its commitment to making South Africa's citrus fruit season successful again, with good harvests resulting in a forecasted 15% increase in volumes exported this year.

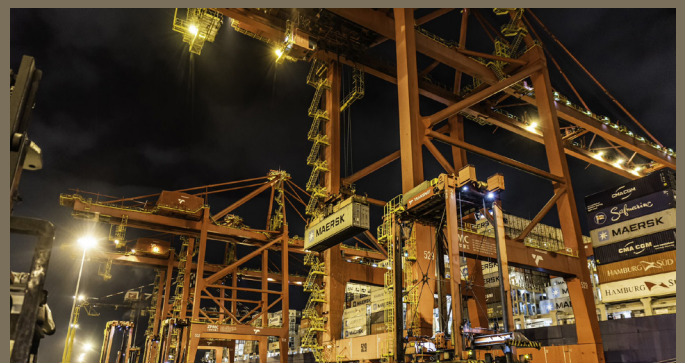
To support increased volumes, all container terminals across KwaZulu-Natal (KZN) will have dedicated lanes for refrigerated containers at the gates, according to TPT General Manager of Commercial and Planning, Michelle van Buren Schele. "We will also increase the number of truck appointment slots based on demand and capacity during this season across KZN and the Eastern Cape", she said.

Customers have been urged to place orange stickers on steri-protocol refrigerated containers to ensure two-hourly monitoring in line with the company's commitment. The recruitment and training of over 200 additional cargo coordinators and port workers for the next seven months is currently under way. Some terminals are receiving new equipment including haulers, trailers, reach stackers and empty container handlers that will enhance landside operations. Additional capacity

has also been created at each terminal to improve the fast turnaround of empty containers, with stacking up to six containers high. All electric plugs are being tested and maintained to ensure operational efficiency. In addition, the evacuation of import containers via rail to back-of-port facilities would remain in place to enable fluidity on the landside handling.

In Durban, a total of three terminals have been resourced to prepare for the season. The Durban Container Terminals Pier 1 has confirmed a total of 1440 plug points with back-up power. The Durban Container Terminal Pier 2 has a total of 2424 plug points while the Durban Multipurpose Terminal has 277 plug points. In Gqeberha, the Ngqura Container Terminal has confirmed a total of 1652 plug points and the Port Elizabeth Container Terminal a total of 932.

TPT will enhance its communication regarding opening stacks to ensure depots and cold stores achieve maximum flexibility. "It is crucial for the industry to make use of the entire 24-hour operational window at terminals to ensure a successful season," said van Buren Schele. The global political landscape and the potential effects of the Red Sea crisis are factors influencing shipping rotations that teams are strategically planning for and discussing with shipping lines.



# 03

## ZULULAND ENERGY TERMINAL TO DEVELOP AN ALTERNATIVE ENERGY SOURCE



The Expression of Interest was issued in March and closing on 12 April 2024. In January, Transnet National Ports Authority appointed the two organisations to build and operate the import facility at the Port of Richards Bay.

“The purpose of this EOI is to provide interested parties with further information and to assist the joint venture in understanding the preliminary market interest in the proposed LNG terminal in Richards Bay,” the two firms said. According to the two partners, the first phase of the LNG terminal includes a floating storage unit (FSU) of at least 135,000 cbm and an onshore regasification system with an indicative capacity of 2 mtpa, or about 300 mmscfd.

This project is in line with the Department of Mineral Resources and Energy’s (DMRE’s) Strategic Plan for 2020-25, which focuses on the development of the gas market as an alternative source of energy to meet limited and depleting energy supply. It also supports the country’s Integrated Resources Plan and its gas-to-power generation targets.

Project timelines will see the commercial operation during 2027, with the next step being the signing of the terminal operator agreement which is currently under negotiation.

Transnet Pipelines alongside Vopak Terminal Durban & Transnet Pipelines (TPL) Consortium Venture have invited parties interested in booking capacity at their proposed Liquefied Natural Gas import terminal in Richards Bay to submit their Expression of Interest.

The Zululand Energy Terminal (ZET), a new LNG terminal in Richards Bay, will provide LNG receiving, storage, marine bunkering, truck loading, regasification & gas transmission pipeline services, to our customers on a long-term basis.



# 04 TNPA DEVELOPS ITS FIRST WATER DESALINATION PLANT TO IMPROVE FRESHWATER SUPPLY



Transnet National Ports Authority is leading the development of a ground-breaking Water Desalination Plant that is set to improve the reliability of freshwater supply to users of South Africa's only river port, the Port of East London.

TNPA has awarded a Joint Venture - Norland Civil Engineers and Contractors and Impact Water Solutions (PTY) Ltd (IWS), trading as Sun Water East London - a R60 million contract to construct and operate the solar-powered water desalination plant over seven years.

"The introduction of this alternative water solution is a step towards the advancement of the port system and seeks to minimise TNPA's reliance on external parties for the provision of freshwater. The project is in line with the Ports Authority's strategic plan of increasing its utilities supply resilience and ensuring security of utilities supply by 2029," said acting TNPA Chief Executive, Advocate Phyllis Difeto.

The first-ever seawater desalination plant will produce 0.5 mega litres (ML) per day and convert seawater into potable water in line with drinking quality standards. Key to this initiative is TNPA's use of renewable energy to complement other energy sources. "The use of solar-power technology will help towards reducing the cost of operations," added Adv. Difeto.

IWS, a South African company that offers a wide range of services in the water sector, has experience in developing, financing, building and operating decentralised water infrastructure by integrating renewable energy with the most innovative water technologies. The other company in the JV, Norland Construction, specialises in concrete reservoirs, pipelines, irrigation canals and other building earthworks amongst other capabilities.

Norland Construction brings engineering and fit-for-purpose equipment to ensure the highest quality of construction and delivery workmanship of the within the stipulated timeframe. Norland has embraced the principles of empowerment and currently holds a Level 1 B-BBEE scorecard. Approximately 100 direct and indirect jobs are expected be created, and this is likely to increase during project execution, for the benefit of the East London community.

# 05 BELGIUM'S HEIDELBERG MATERIALS SHOWS INTEREST IN SOUTH AFRICA'S PREMIER BULK TERMINAL IN RICHARDS BAY

The Richards Bay Terminal has recently hosted a delegation from Belgium based Heidelberg Materials, one of the world's largest integrated manufacturers of building materials and solutions. Their products comprise of cement, aggregates, ready-mixed concrete, and asphalt. They are used for the building of human settlements, infrastructure, industrial and commercial facilities.

Their tour of the Terminal was aimed at exploring possibilities to use it to export more than one million tons of fly ash annually. This raw material is expected to be sourced from various coal fired power stations in the country, to Europe.

According to the captains of this multinational company, the waste of one industrial process, can be used as a raw material for another. Other than making concrete strong, the usage of fly ash lowers energy consumption thus leading to the reduction of carbon footprint thus helping in the protection of the environment. Reacting to this development, Richards Bay Terminals Managing Executive, Thulasizwe Dlamini, said under his stewardship, the Terminal will always double its efforts to meet the needs of all prospective and current customers.

"We had a very fruitful meeting and we presented to them the anatomy of our terminal. This engagement with this transnational company, is a clear demonstration that we are open for business. We are looking forward to working with them if what they are intending to do, eventually takes off the ground" said Dlamini. Dlamini is also excited that the Terminal's effort to reduce tipper trucks from the road are beginning to pay dividends. This after the recommissioning of the RBGT conveyor belt in December. It has since taken off the road hundreds of trucks that used to create a gridlock in the Terminal.



# 06

## TRANSNET MAINTAINS ITS STATUS AS A B-BBEE LEVEL 2 CONTRIBUTOR

Following a three-month long verification process, Transnet SOC LTD has maintained its Level 2 B-BBEE contributor status, a target on the Shareholder's Compact. Transnet maintained its commitment to transformation and socio-economic development, scoring 100% in Enterprise and Socio-Economic Development respectively.

Every year Transnet is measured for B-BBEE compliance by an independent and accredited verification agency. A B-BBEE certificate is only valid for 12 months from date of issue and its validity cannot be extended. The process started on the 23rd of November 2023 with final B-BBEE certificates issued on the 5th of March 2024.

Transnet has been measured on the old (2009) Transport Codes as the new ones have not been gazetted yet, except for Transnet Property (TP), who are using 2013 Generic Codes. The publication of the new transport codes for public comments is imminent, with 31st May 2024 earmarked as the deadline for the final gazette.

To achieve Level 2, Transnet had to achieve 85 points of the allocated 107 points of the B-BBEE scorecard. Transnet achieved 90.82 points. Overall, as an organisation, Transnet performed well in almost all the B-BBEE elements.



LEVEL 2  
**B-BBEE**  
CONTRIBUTOR





# 07 TRANSNET AND SASOL ANNOUNCE MAJOR RAIL TRANSPORT PARTNERSHIP

Transnet Freight Rail has entered into a ground-breaking public-private agreement with chemical giant, Sasol. Under the five-year agreement, Transnet will deliver ammonia from Sasol's Secunda and Sasolburg facilities to the company's customers through a dedicated fleet of 128 ammonia tankers. In turn, Sasol will fund Transnet's maintenance and repair programme for the fleet.

"This strategic partnership with Sasol demonstrates what is possible through collaboration and partnership—a foundational element of TFR's Response Strategy," said TFR Chief Executive Russell Baatjies. "We appreciate Sasol's support of this deal. It is a significant step toward addressing the industry's current capacity challenges and protecting the ammonia rail supply—a critical material used in South Africa's agriculture, mining and chemical markets," he added.

“ Sasol's partnership with Transnet is an investment in South Africa's rail infrastructure network, a critical economic driver for the country and a key business enabler for Sasol,

said Sasol Vice President for Base Chemicals, David Mokomela.

TFR and Transnet Engineering (TE), who will execute the Sasol ammonia fleet's maintenance and repair work, expect additional revenue generation from anticipated increased haul volume and the Sasol-funded maintenance and repair work.

TFR, which is Transnet's largest Operating Division, provides the rail network infrastructure and operates rail services across major corridors to transport a broad range of bulk and general freight commodities, including mining, agricultural, manufacturing goods, bulk liquids, containerised freight and automotive units and components for export, regional and domestic markets. The partnership has been praised by cabinet and the business sector for the unity between Transnet and its customers as well as improvements on the challenged rail sector.

# 08 TRANSNET PAVES THE WAY FOR AGRICULTURE AND AQUAPONICS FARMING

Transnet has partnered with Bidvest Bank to launch an agricultural training facility in Empangeni, KwaZulu-Natal. The Agricultural Training Facility, which also includes a fish farm, aims to provide employment opportunities in agricultural activities to youths from local communities.

The facility has recently trained 30 local youths aged between 18 and 35, for varying durations and in different Agri SETA-accredited courses spanning aquaculture, agriculture, and hydroponics. The project is designed to be a community upliftment process, upskilling the students into capable workers with a set of agricultural skills which can be used to obtain formal employment or to start their own agricultural operations. Speaking at the launch, Group Chief Procurement Officer,

Transnet initially launched an Enterprise Development mega-hub in the same area in 2019. The mega-hub has since assisted small businesses, aspirant entrepreneurs and start-ups. Agriculture has been identified as a top sector with the greatest job-creating/labour absorption potential. The project goals will stimulate economic growth and development in response to the local economic development plan of the City of Umhlathuze.

The procurement opportunities generated from the project underscore Transnet's commitment to supporting localisation and industrialisation, while providing opportunities for youth, women, small businesses, people with disabilities, and people living in rural communities, through enterprise and supplier development. Many students explained the sense of direction the project has provided, allowing the trainees to work towards and achieve their career aspirations. The development of the project has offered hope for a better future for the current young individuals involved and will continue to do so with the next group intake.



# 09 THE BLUE TRAIN DAZZLES AT MEETINGS AFRICA 2024



The Blue Train, Africa's Leading Luxury Train, exhibited at the Meetings Africa 2024 tradeshow held in Johannesburg. Meetings Africa is the premier B2B platform for trade visitors and provides exposure to global buyers and corporate executives who are specifically targeting African products, an opportune time to meet and develop new business partnerships and conduct business.

Additionally, it also affords us with the prospect to strengthen our existing relationships with some

of our clients. This prestigious event is designed specifically for establishing a market access platform for African Business Events Products, a fantastic opportunity to discover and network with the entire African continent within a few hours.

With a long-standing reputation of South African hospitality, The Blue Train symbolises the very essence of luxury train travel. Exquisitely crafted and appointed to achieve a degree of unequalled luxury to satisfy the senses of every guest from all corners of South Africa and the World. For over 70 years, The Blue Train has enjoyed international reputation as one of the world's unsurpassed luxury experiences.

The Blue Train aims to grow the African market to be amongst our top three performing markets, and Meetings Africa presents us with a platform to achieve this incredible feat. We were thrilled with the level of interest and appetite displayed for The Blue Train. Despite the state of the economy, people's desire to travel appears unabated. It was also a great pleasure having our trade partners visit us. In addition to having a full calendar of pre-arranged appointments, we experienced many walk-ins.

The Blue Train received many enquires particularly about private charters - group bookings for both business and leisure travel. In business, these can be for meetings, incentives, events and conferences. For leisure these are group bookings for family gatherings such as reunions and weddings, trips amongst friend groups, cooperatives and stokvels. The Blue Train is well equipped to host these various types of gatherings, with the ability to adapt its setup for conferencing, boardroom and group meeting set ups, complete with multi-media facilities for business groups.

# 10 JAPANESE EMBASSY DELEGATION VISITS TRANSNET

The Japanese Embassy led by Mr Yamamoto Takatoshi and accompanied by other Japanese government officials, visited Transnet recently at Transnet Freight Rail's head office in Parktown, Johannesburg. The purpose of the engagement was to discuss best practices and possible areas of cooperation between Transnet and Japanese officials representing their Ministry of Economy and Japan Oil Gas and Metals National Corporation with regards to South Africa's Coal policy.

The Japanese Ministry of Economy shared a presentation on their coal imports and Basic Energy Plan and explained the various principles for Resource Diplomacy. Transnet, which was represented by Charlotte Eckersley, Langavi, Nqabakazi Tetyana from Group Business Development, Sihle Mkhwanazi, Nokuthula Khumalo from the Office of the Group Chief Executive, James Mpofu from Group Strategy and Planning, shared a presentation giving an overview of Transnet's Operating Divisions and its divisional footprint. Other Transnet Divisions such as TFR, TPT, and TNPA were represented at the meeting well.

Moloko Matjekane from Transnet Freight Rail's North Corridor provided an overview of all TFR corridors and explained the infrastructure and wagon capacity. Transnet National Ports Authority demonstrated the Port of Richards Bay, Ports Logistics, explaining the various vessel and volume capacities. Transnet Port Terminals exhibited the OD from a national perspective, which covered the Richards Bay terminal and supply chain overview.

The Japanese indicated an interest in exploring the possibility of including South Africa in their global infrastructure development research study and survey.

