

**PRESENTATION BY: TRANSNET  
NATIONAL PORTS AUTHORITY**

**DATE: JUNE 2022**

# AGRIBIZ



1. TRANSNET OVERVIEW
2. SEGMENT STRATEGY
3. VOLUMES HANDLED IN DBN
4. BAYHEAD REPAIRS
5. LESSONS LEARNT
6. OPS RESTORATIONS



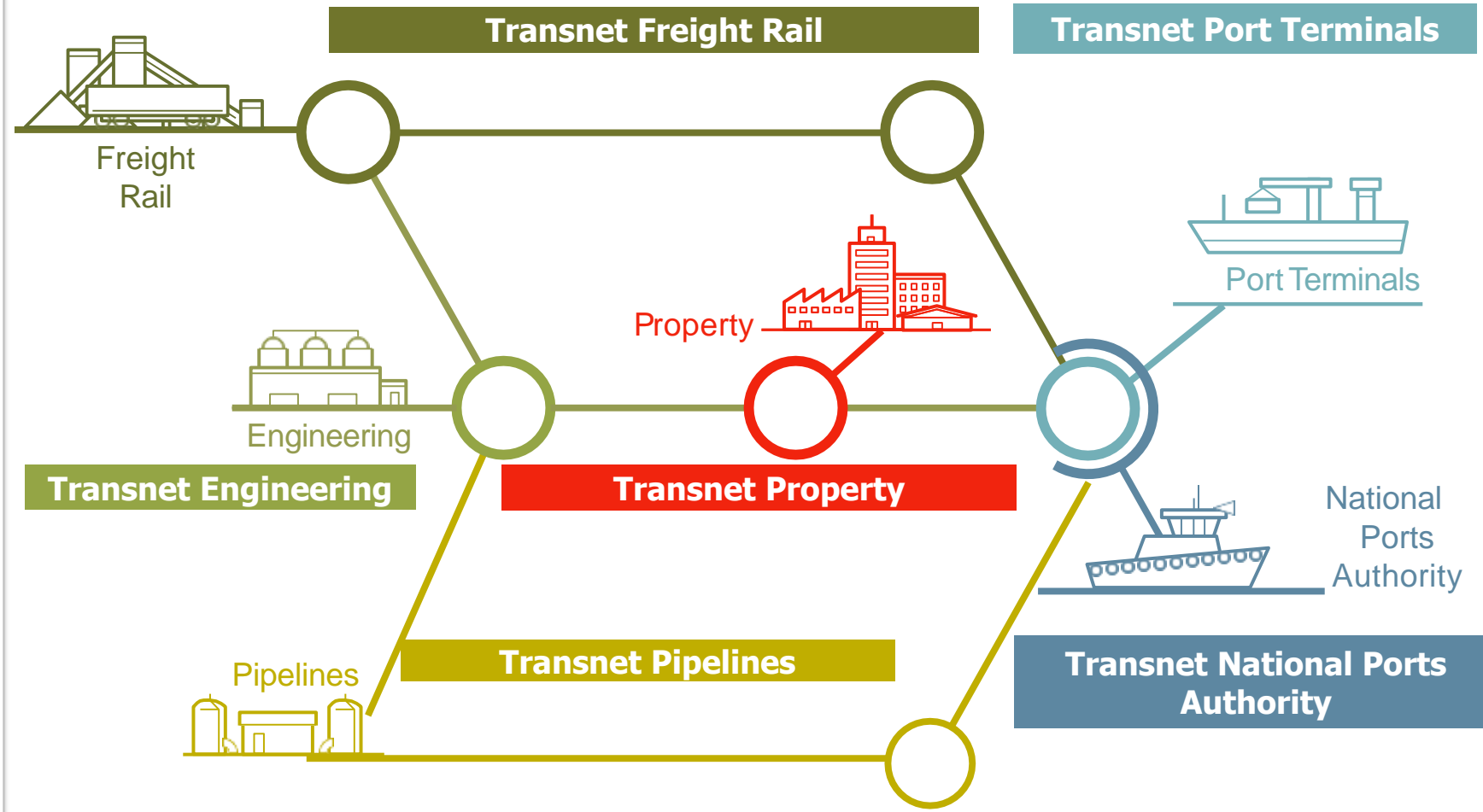
# Transnet at a Glance

Transnet is a custodian of rail, ports and pipelines

## MANDATE

Transnet is the South African national logistics infrastructure **custodian**, providing a **port, rail** and **pipeline** system that:

- Assists in **lowering the cost of doing business** in South Africa;
- Enables **Economic Growth**;
- Ensures **security of supply** by providing appropriate infrastructure in a cost-effective and efficient manner, within acceptable benchmarks.



# Logistics in South Africa



South Africa has a transport-intensive economy due to:

- **Geographic spread** of the country with main economic hub in Gauteng
- **Dependence on high-value imported consumer goods** that must be distributed across the country from ports



Domestically, transport intensity of the economy due to:

- Distribution of **agricultural & manufactured goods** from production areas to economic centres
- **Transport of export of bulk commodities** (coal, iron ore, and manganese) from inland mines



Transport & logistics sector ranked **2<sup>nd</sup> least competitive** out of SA's 16 economic industries in 2012. SA **ranked 33<sup>rd</sup>** out of 160 countries (LPI)\*.

SA **must improve** its efficiency of customs, supportive infrastructure, shipments efficiency, competence, tracking and tracing, and timeliness of delivery

# Transnet Segment Positioning

## Statement of Strategic Intent



### MINING

Iron Ore	Leverage private sector capital and operational capabilities <b>to stabilize delivery and support growth in the iron ore sector to ~67Mtpa</b>
Manganese	Migrate manganese exports from Gqeberha to Ngqura and introduce private sector capital & capabilities in terminal operations to <b>grow to ~22Mtpa</b>
Coal	<b>Reduce the cost of logistics</b> to competitively restore SA's export coal capacity at <b>~81Mtpa</b>
Chrome & Magnetite	<b>Maintain</b> SA's global position as <b>preferred chrome exporter</b> through partnerships and strengthen export channels via the Ports of Richards Bay and Maputo to deliver <b>~37mtpa</b>



### CONTAINERS AND AUTOMOTIVE

Partner to expand the **regional hub port system for clean commodities in the Port of Durban**

**Leverage PSPs to reposition the auto & container rail & port terminal businesses**



### AGRICULTURE

**Fruit** Partner to **maintain the integrity of the fruit export cold-chain** and grow fruit-on-rail to **~0.4m TEUs p.a. in 5 years**

**Grain** **Standardise & transform grain intermodal supply chain solutions** to lower the cost of logistics and reinstate rail as a preferred partner to the grain industry



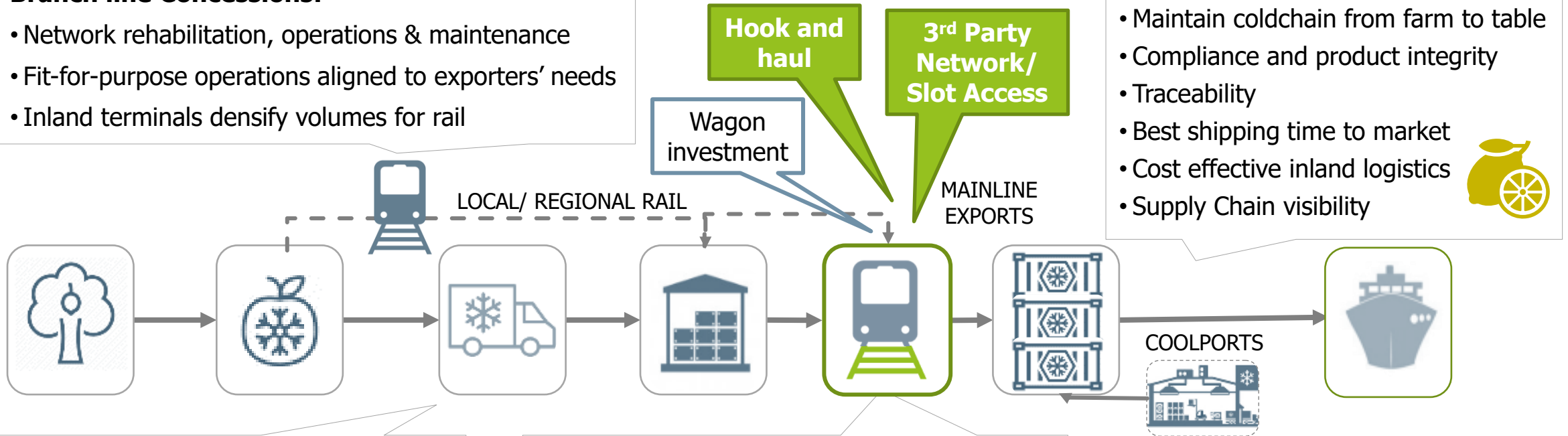
### FUEL & GAS

Use public/ private partnerships **to grow refined fuel import capacity & new entrant access** and **develop the gas infrastructure network** as building blocks towards a **sustainable Energy Portfolio**

# Transnet Fruit Segment Strategy standardises fruit export supply chains solutions as a key building block for growth

## Branch line Concessions:

- Network rehabilitation, operations & maintenance
- Fit-for-purpose operations aligned to exporters' needs
- Inland terminals densify volumes for rail



## Fruit Export Supply Chain KPIs:

- Maintain coldchain from farm to table
- Compliance and product integrity
- Traceability
- Best shipping time to market
- Cost effective inland logistics
- Supply Chain visibility



## Storage:

- Cooling facilities at rail sidings and yards
- Repurposing track side facilities and property to meet coldchain requirements

## Cold chain rail requirements:

- Reefer-equipped wagons
- Inland (mega) and near port reefer terminals & pre-cooling facilities
- Rail-linked port terminal reefer capacity
- Increase rail specific reefer container capacity
- Integration into the coldchain IOT

## Port terminal requirements:

- Improved operational capacity & efficiency
- Expanded terminal and berth capacity
- World class operations, equipment and technology

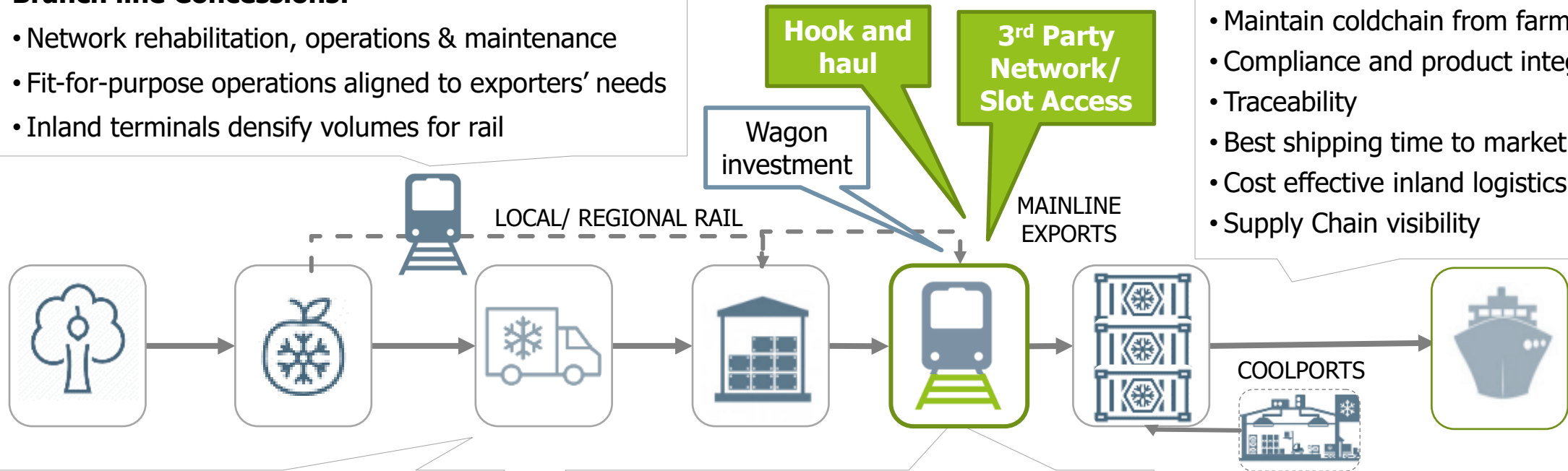
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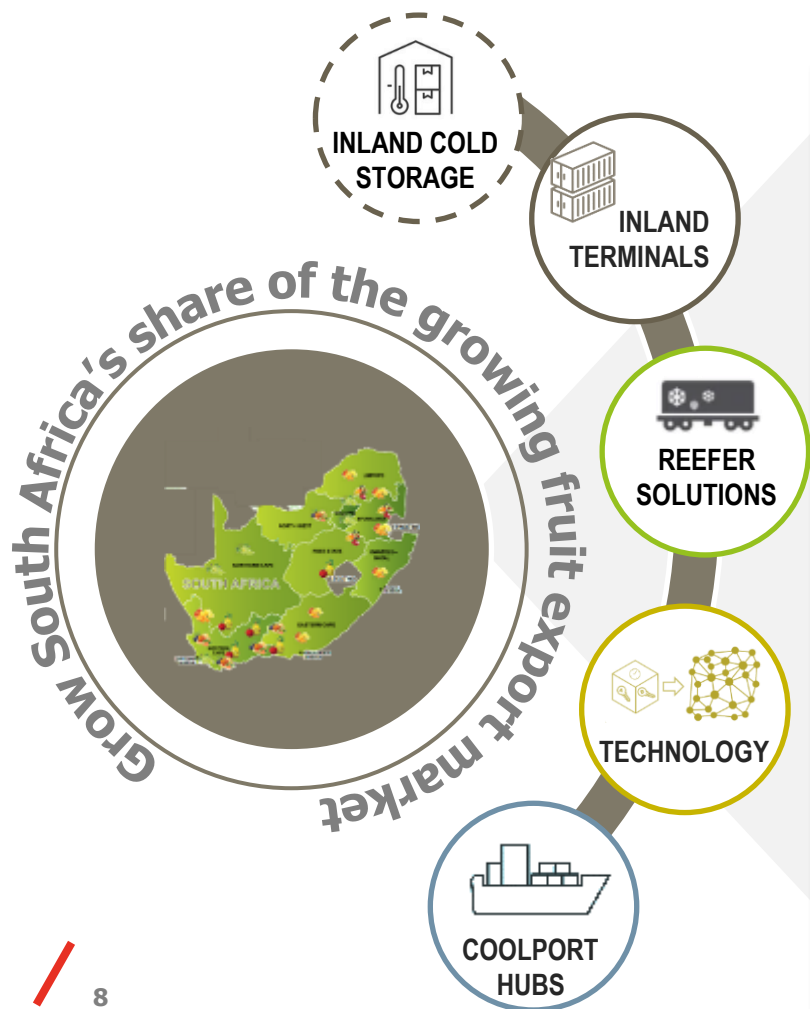
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# Transnet Focus Areas for the Fruit Sector

Partner to **maintain the integrity of the fruit export cold-chain** and **grow fruit-on-rail**



<b>Inland facilities</b>	Inland consolidation and mega terminals to secure integrity of cold chain from source (PPECB <sup>1</sup> compliant)
<b>Fruit-on-rail</b>	Private participation in all elements of the rail value chain Optimise interfaces in rail-based reefer logistics solutions Standardise intermodal solutions via all export terminals
<b>Technology</b>	Rail logistics technology; Cold chain technology; Blockchain and traceability
<b>Coolports</b>	Container hub port strategy aligned to Reefer Platforms Private partners in container terminal operations
<b>Emerging farmers</b>	Support the development of common user facilities Creating low-cost channels to market access



# The Agriculture Segment Strategy: Fruit

Directs areas for partnerships to build sustainable and resilient export systems

Stricter regulations have resulted in global ports positioning as compliant, gateway hub ports extended into hinterland logistics channels.  
Maintaining the SA fruit sector's growth requires drastic **innovation in inland and port logistics.**

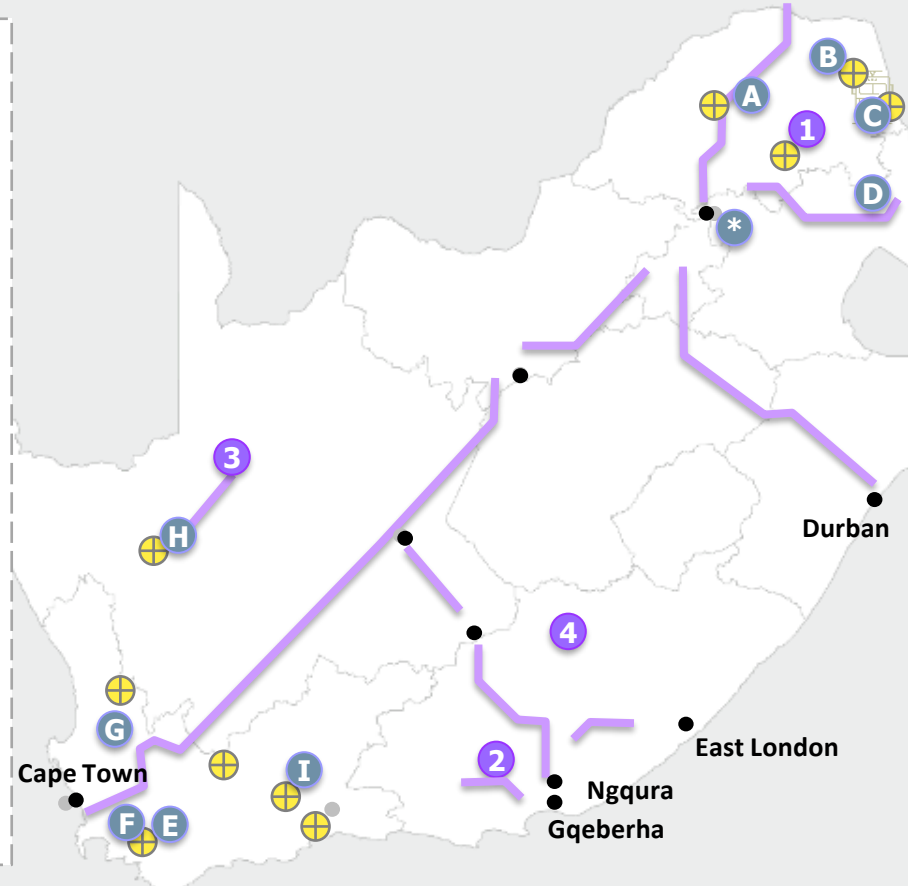
**Rail is the only economically sustainable solution both from a volume, compliance & green transport perspective**

Broad-based collaboration with the private sector is critical to invest in assets required to **establish responsive rail-based 'coldchain' logistics solutions integrated with efficient port container terminals**

## Partnerships to maintain and enhance SA's position as premier, global fruit exporter and ensure the integrity of the fruit export cold-chain

- Branch line concessions
- Inland reefer terminal concessions
- Private wagon ownerships
- Domestic reefer container ownership
- Hook-and-haul implementation on high density corridors
- Transition to phased 3<sup>rd</sup> party access for private operators on the core network
- Expanded cold storage and reefer capacity for inland and port terminals\*

\*Container Segment Strategy



## Partnerships to resuscitate rail as the backbone of SA's domestic and export-led fruit sector

Concessioning of branch lines:

- 1 Marble Hall - Pienaarsrivier
- 2 Addo-Kirkwood
- 3 Upington – Kakamas
- 4 Western/ Eastern Cape

Development of inland/ reefer terminals linked to future 3<sup>rd</sup> party access:

- |             |                       |
|-------------|-----------------------|
| A Bela Bela | E Ashton*             |
| B Tzaneen   | F Elgin               |
| C Klaserie  | G De Hoek*            |
| D Nelspruit | H Kakamas             |
|             | I Buffelsjachttrivier |

\*Grain & Fruit

# The Container Segment

## Overview of key initiatives

The Container Freight System is a **critical component** of the National Freight System and directly impacts trade and export competitiveness.

The Container Segment Strategy collaboratively counters South Africa's significant **maritime connectivity decline** through the establishment of an internationally competitive **hub port system**, leveraging **private sector partnerships** to rejuvenate the **port terminal** businesses and fundamentally reform the **non-viable container rail business**.



### Hub Port

Modernise the **Port of Durban** as a **hub port**:

- Upgrade **Durban Container Terminal Pier 2**
- New container terminal at **Durban Point**

And a pipeline of future initiatives including berth deepening and capacity creation

1

### Hinterland Logistics

**Commercially viable hinterland logistics**

- **3<sup>rd</sup> Party access** to the **Container Corridor** via **sale of slots**
- **PSPs** in inland container terminals
- **Vertically integrated planning** and **collaboration** with industry

2

### Transshipment & Supporting Ports

Position **Ngqura Container Terminal** as a **transshipment hub** of choice servicing a direct trade route to Asia

- Land-side capacity upgrades, efficiency improvements and optimisation of the **Cape Town Container Terminal**

3

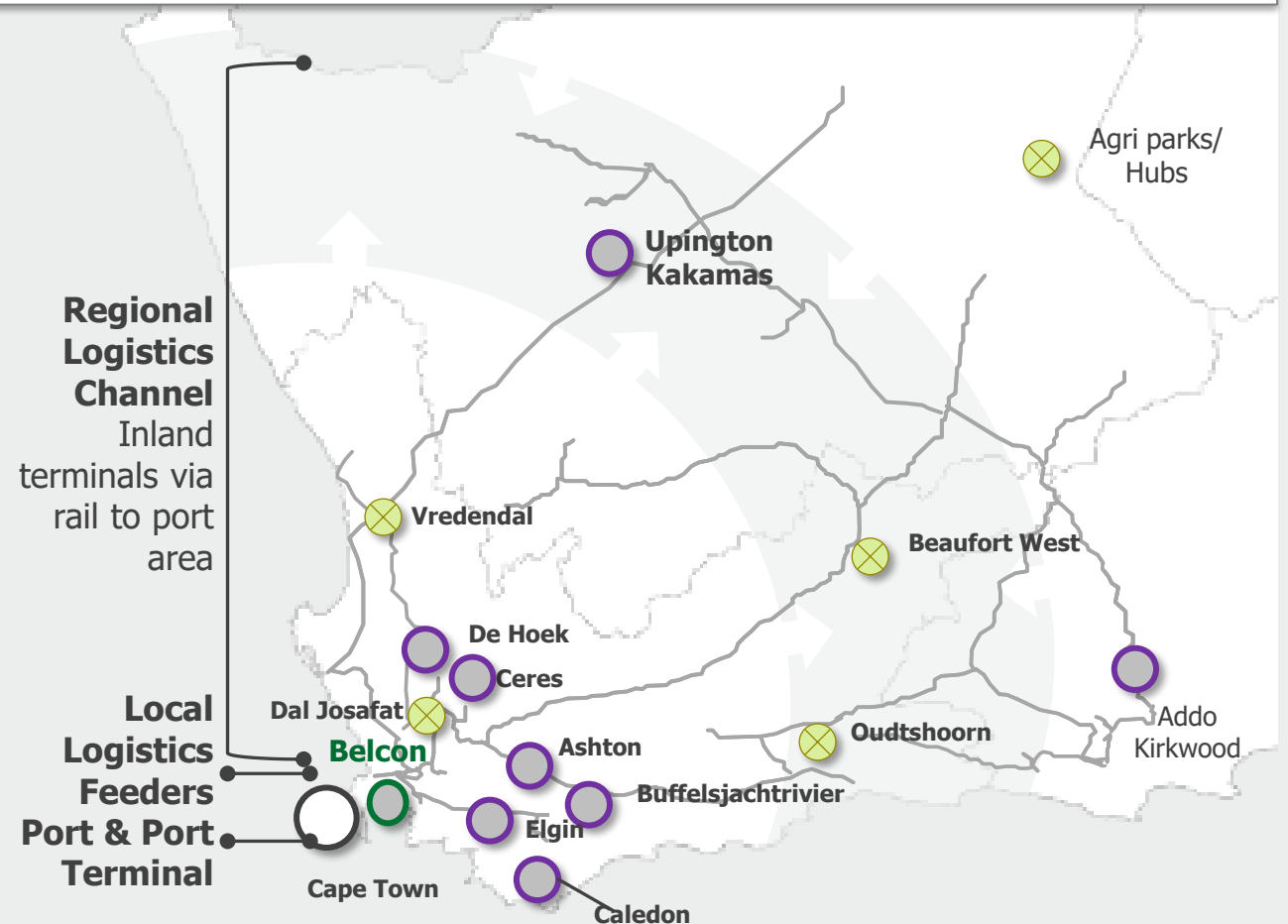
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# Illustrative initiatives supporting supply chains in the Western Cape Agricultural Cluster

The **Agri Segment Strategy** frames the various investments and operational changes necessary to create **responsive supply chains connected to production areas**, and in support of Industry Strategies and Agriculture & Agro-processing Master Plans

## Transnet Agri Supply Chain Elements

- **Port & Port Terminals**
  - Position port of Cape Town in global shipping routes
  - Increase capacity for vessel – port terminal interface
  - Improve port terminal accessibility & local capacity
- **Near-Port Holding Terminals/ Facilities**
  - Augment port storage and value-added services capacity
  - Strengthen local rail shuttles from/to the port
- **Regional Inland Terminals & Logistics Channels**
  - Develop of **inland terminal as consolidation facilities** (fruit & grains)
  - Develop of **regional** rail links & consolidation facilities
  - Accelerate targeted branch line concessions & 3rd party access from branch lines to port terminals

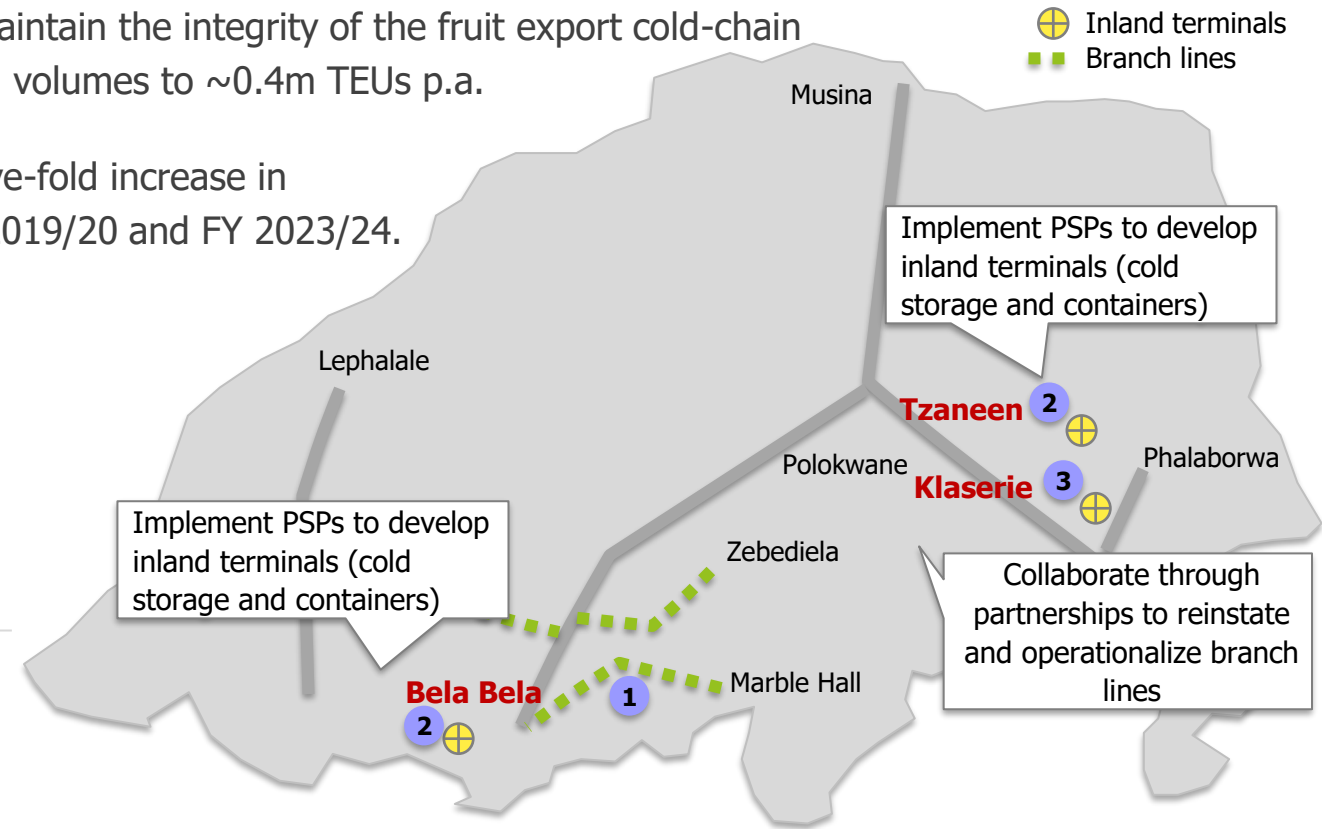
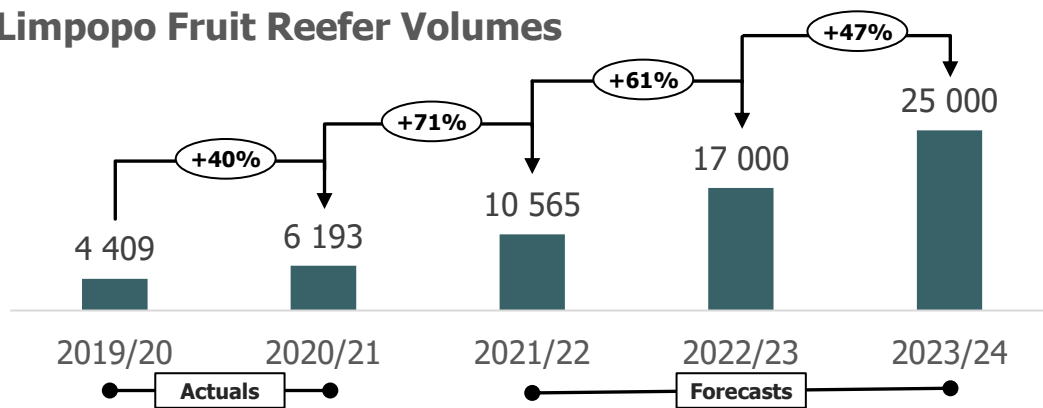


# Transnet Strategic Focus Areas in the Limpopo Agricultural Cluster

Transnet will leverage partnerships in the fruit supply chain to maintain the integrity of the fruit export cold-chain to support sector expansion and increase nationwide fruit-on-rail volumes to ~0.4m TEUs p.a.

Growth in the Limpopo Agri cluster will be exponential with a five-fold increase in refrigerated container (Reefer) volumes projected between FY 2019/20 and FY 2023/24.

**Limpopo Fruit Reefer Volumes**



- Provide **additional refrigerated container rail capacity** between key nodes at **Bela Bela, Tzaneen and Musina**
- Support the reinstatement of **branch lines through private sector collaborative initiatives**
- **Create an enabling investment climate** for the private sector investment and collaboration with industry players
- Provide **controlled, phased access for 3<sup>rd</sup> parties** to operate trains in selected routes such as the Container Corridor to Durban

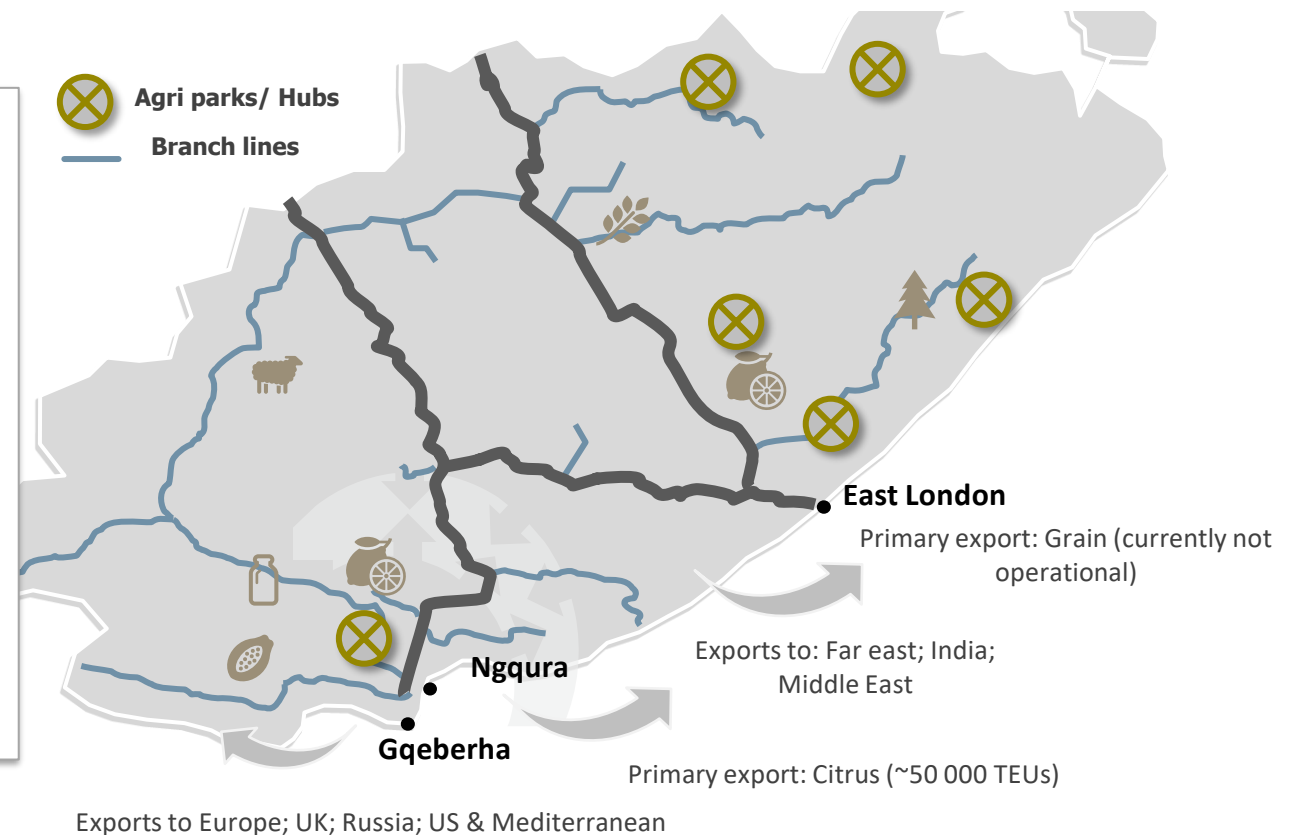
# The Agricultural Segment

## Focus on Eastern Cape

The Agriculture sector is the backbone of SA's economy contributing 12% indirectly to GDP. The **ERR** recognizes the value of the sector as it aims to support labour-intensive sectors such as agriculture **to achieve more inclusive growth and strengthen agriculture and food security. In concert, the Eastern Cape Vision 2030** focuses efforts on irrigation opportunities and value-addition through agro-industrial hubs, strategically located to establish an even and economically efficient spatial distribution of regional centres of economic activity. The Transnet **Agri Segment Strategy** frames the various investments and operational changes necessary to create **responsive supply chains in support of this Vision.**

### Transnet Agri Supply Chain Elements

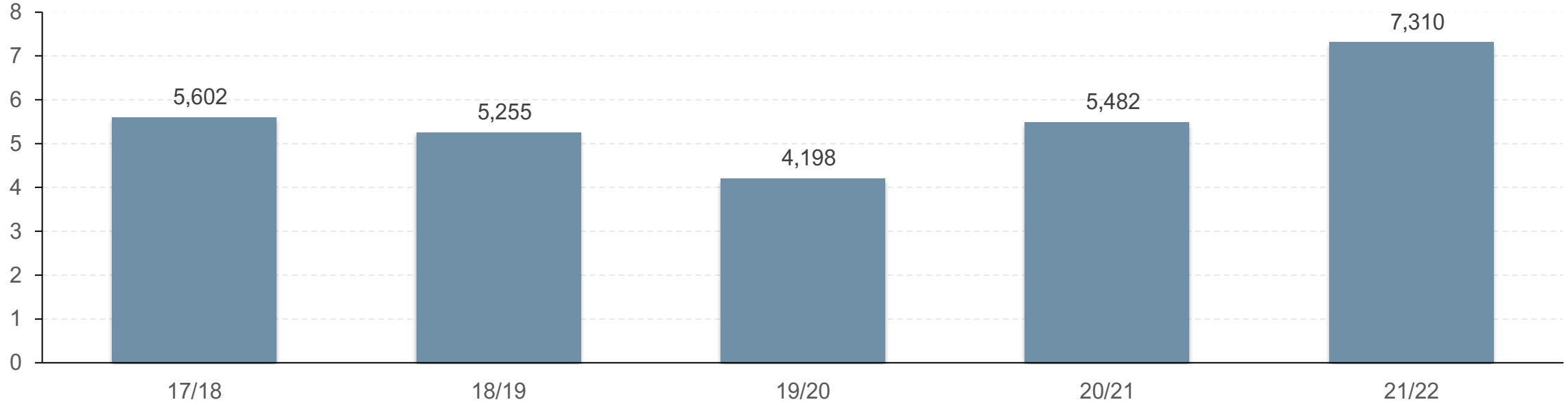
- **Port & Port Terminals**
- Positioning of the Port of Ngqura as a Hub port the global reefer coldchain augmented by Port of PE
- Introducing private partners in terminal operations to optimise and increase terminal capacity and improve terminal efficiency
- **Grow Agri Logistics Channels through Partnerships**
- Accelerating targeted branch line concessions & 3rd party access from branch lines to port terminals and inland markets
- Introducing intermodal rail solutions across all Agri commodities
- Offering hook and haul services to branch line operators



# Port of Durban

## Major Agricultural Products Handled

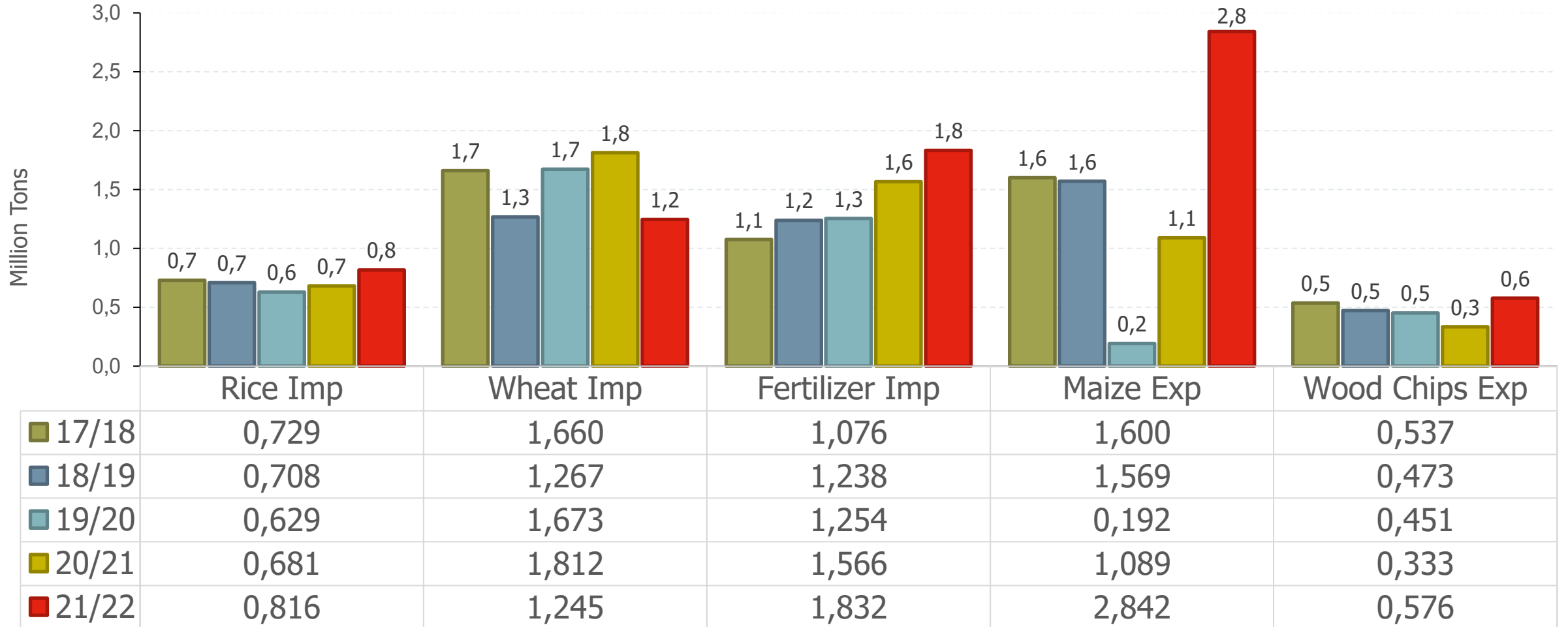
VOLUMES: Million Tons



Commodity	Type	2017/18	2018/19	2019/20	2020/21	2021/22
RICE & PRODUCTS	Import	728 662	707 858	629 257	680 914	816 231
WHEAT & PRODUCTS	Import	1 660 438	1 267 453	1 673 053	1 812 067	1 244 649
FERTILIZER & PRODUCTS	Import	1 075 571	1 237 711	1 253 635	1 565 862	1 831 639
MAIZE & PRODUCTS	Export	1 600 407	1 569 463	191 516	1 089 467	2 841 539
WOOD CHIPS	Export	536 986	472 710	450 647	333 194	576 285
<b>Total Major Agricultural Products:</b>		<b>5 602 064</b>	<b>5 255 195</b>	<b>4 198 108</b>	<b>5 481 503</b>	<b>7 310 343</b>

# Port of Durban

## Major Agricultural Products Handled



# Bayhead Road Repair Works

## Status Update

### BACKGROUND:

Due to the floods that hit KZN region on the 11<sup>th</sup> and 12<sup>th</sup> April 2022, Bayhead Road, a key link to Durban Port Operations and the hinterland was washed away and freight trucks could not access the terminals. This report provides status update of interventions that will allow truck access into the terminals.

#### (1) Bayhead Road Repair Works

##### Phase 1 Repair Works

- This is an immediate intervention to allow one way traffic in both directions
- Contractor currently on-site implementing the remedial works
- This Phase was completed on the 16<sup>th</sup> April 2022, ahead of schedule. Two lanes have been opened up for traffic

##### Phase 2 Repair Works

- This intervention started on 17<sup>th</sup> April 2022 in tandem with traffic movement
- The aim is to open up 2 more lanes to have a total of four (4) lanes working. This a medium term intervention. The third lane was activated on the 7<sup>th</sup> May 2022
- Fourth lane completion date is the first week of June 2022

##### Phase 3 of the Works

- Phase 3 is comprised of a long term solution that will look into complete reinstatement of the road, inclusive of the re-design and reconstruction of the canal bridge to accommodate extreme flooding
- The plan is to have three lanes inbound and three lanes outbound
- The envisaged completion of this phase is currently in about 18 months time



# Operations Restoration Initiatives

## Progress Pictures: Bayhead Road



Damaged section of Bayhead Road: 14 April 2022



Progress Update: 28 April 2022

# Operations Restoration Initiatives

## Progress Pictures: Bayhead Road



Damaged section of Bayhead Road: 06 May 2022



Progress Update: 17 May 2022

# Operations Restoration Initiatives

## Progress Pictures: Bayhead Road



In-bound Lanes: excavation for sewer pipes



Construction of 3 lane: ~75% complete

# Operations Restoration Initiatives

## Progress Pictures: Bayhead Road



In-bound Lanes: Laying of Sewer Pipes



3rd Outbound Lane: Embankment Protection and Cleaning in Readiness for Opening

# LESSONS LEARNT

## **A. DECISION MAKER'S PRESENCE AT THE COAL FACE**

A day after the floods had happened, Transnet top leadership as well as the Minister of DPE and MECs were on the ground to have a first hand understanding of the situation, and to seek solutions. This facilitated the smooth invocation of emergency procurement to get contractors immediately on board to bring the situation back to normalcy.

## **B. COLLABORATION BETWEEN GOVERNMENT ENTITIES**

eThekweni Municipality Engineers worked hand in hand with Transnet Engineers to find solutions. For example, eThekweni roads laboratory and personnel were on board to test the strength of the road layers prior to opening - up the road to traffic. Furthermore, a decision to incorporate the reinstatement of the Municipality sewer and potable water infrastructure into the works was made on the spot. The collaboration between Transnet National Ports Authority KZN Managing

21 Executive and the Municipal Manager facilitated a quick decision making

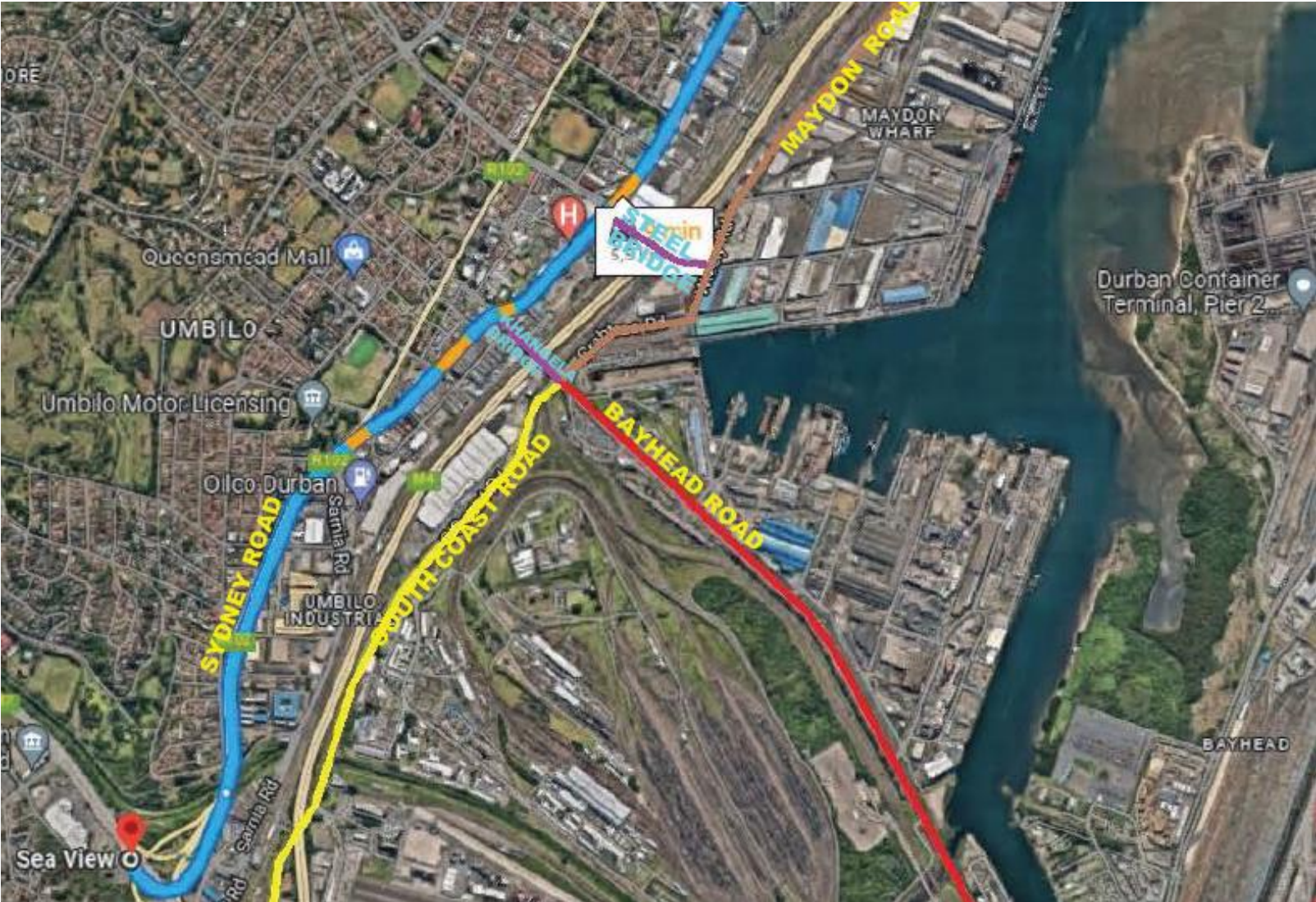
## **C. A NEED TO BUILD RESILIENT INFRASTRUCTURE**

Weather patterns have changed due to global warming and this has brought about the increase in severity of flood or storm events. The current infrastructure can no longer cope with this increased storminess. New adaptable and resilient infrastructure needs to be built.

## **D. SINGLE ACCESS TO DURBAN CONTAINER TERMINALS AND ISLAND VIEW COMPLEX**

The risk of having a single access into Durban terminals has materialized. This risk has always been foreseen but not much was done about it. A lesson here is that once a risk is identified, mitigation measures need to be put in place as soon as possible.

# Operations Restoration Initiatives Proposal for TNPA to Take-Over Some Roads



# Engagement With Key Stakeholders

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1. Frequent engagement with SACOTA & CGA
2. Daily & Bi Weekly tracking of precinct performance – need for a truck staging facility identified



# High level Charter & Plan for : Previous Decongestion Workstream

Executive Component Sponsor : Moshe Motlohi

Work stream Lead-Maydon Wharf: Qamisa Tukani



## Workstream background

Maydon Wharf is experiencing unprecedented high levels of truck congestion which leads to significant delays on the vessels as trucks are unable to access quayside as well as loss of business as access to operators' facilities is blocked.

## **Problem Statement**

The current traffic congestion needs urgent attention as it impacts on the efficiency of the Port.

The recommendations from the Traffic impact study relating to the proper control of traffic within the Port and access roads including the de-proclamation of Maydon

## **Goal Statement**

To develop a process flow that will improve the movement and the flow of trucks within the Port and efficient access to roads leading into Maydon wharf to minimize congestion.

## Description of opportunity

Opportunity for collaboration between the operators in identifying truck staging area and operating such. A small working group made up of operators and TNPA has been established with the aim of finding solution to the truck staging facility much needed.

## Key Deliverables

The decongestion committee to deliver the following deliverables :

- Truck staging area for Maydon Wharf precinct implementation –still outstanding
- Introduce truck booking system
- Reduce traffic congestion
- Improve truck turnaround time

Issue	Action	Comment	Due date
Maydon Wharf precinct roads heavily affected by congestion	<ul style="list-style-type: none"> <li>• Identified Methven &amp; Johnstone Rd to determine the congestion levels</li> <li>• Motion study to be conducted to look into the movement of trucks between warehouse and quayside</li> <li>• Conduct motion study on Traffic count on movement of trucks between warehouse and quayside</li> </ul>	<ul style="list-style-type: none"> <li>▪ One study was for monitoring movement of trucks working on a vessel furthest from the warehouse and the other was for the vessel closest to the warehouse in Metheven and Johnstone roads respectively</li> <li>▪ Based on analysis, it was indicated that there was traffic on movement of trucks furthest to the berth and further analysis and proposals still to be put together based on motion time studies findings</li> </ul>	21May22
Slow progress on Terminal Operators arranging their own TSA	List of Terminal Operators who has implemented TSA	<ul style="list-style-type: none"> <li>• Bidvest has indicated that it will be making use of Hammersdale TSA</li> <li>• Other Terminal Operators still to confirm</li> </ul>	TBC

# TNPA PROGRESS ON MAYDON WHARF

<p>Terminal Operator obligation to manage traffic, this includes all facilities</p>	<ul style="list-style-type: none"> <li>• Anchor Holdings</li> <li>• Express Warehouse: Cato ridge area near Umlaas road and is alongside the N3. It convenient, safe and easily accessible even despite current N3 road upgrades.</li> <li>• MFT</li> <li>• SABB</li> </ul> <p>These are staging areas visited and confirmed by TNPA. Documents shared on calling system of trucks to the port. Verification still in progress and ongoing, and will be done to all facilities, note taken on those with less traffic.</p>
<p>Security</p>	<ul style="list-style-type: none"> <li>• Fencing: service provider currently on site for preparatory work. Temporal measures to start access control in August 2022, in progress.</li> <li>• Access control: in preparation for roll out, communication for requirements to be sent to all stakeholders in June 2022.</li> <li>• Clamping and towing of deserted trucks, communication to be sent to all stakeholders in June 2022, and rolled out in August 2022.</li> </ul>
<p>Infrastructure</p>	<ul style="list-style-type: none"> <li>• Deproclamation: both TNPA and City working legal agreements.</li> <li>• Roads and maintenance: contractor on site to do emergency work on the roads and internal TNPA teams also working to restore the roads.</li> <li>• Emergency contractor onsite to do storm water jetting</li> <li>• CAPEX plans: Previously roads were maintained by the city, seeking funding for rehabilitation and upgrading of roads.</li> </ul>
<p>SHE Matters</p>	<ul style="list-style-type: none"> <li>• Safe handling of cargo ( PPE, equipment, working under suspended load)</li> <li>• Environment ( dust, pollution, housekeeping and sailing of vessels), handling of minerals.</li> </ul>
<p>CI Initiative</p>	<ul style="list-style-type: none"> <li>• To commence in the month June 2022, preparatory work started.</li> </ul>

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THANK YOU

