



TRANSNET ANNOUNCES ESTABLISHMENT OF INTERIM INFRASTRUCTURE MANAGER

[Johannesburg, 1 November 2023] Transnet SOC Ltd (Transnet) today announced the establishment of an interim Infrastructure Manager (IM), a move that will culminate in the reform of the country's rail network by, among others, opening the market to third parties, with effect from April 2024.

This follows Cabinet approval on 23 March 2022 of the White Paper on National Rail Policy ("Rail Policy"). The Rail Policy introduces radical structural reforms in the sector that are intended to enable and facilitate private sector investment, optimal utilisation of rail and effective economic regulation of rail that enables equitable access to the rail network and ensures that it is properly maintained. This access will ultimately be regulated by the soon to be established Transport Economic Regulator.

The Policy aims to liberalise the rail sector by regulating rail infrastructure and providing private train operating companies with access to the freight rail network.

This process of liberalisation has been enabled by the introduction of two policies, namely the National Rail Policy White Paper (2022) and the Economic Regulation of Transport Bill (2022) (ERT).

A Transport Economic Regulator (TER) is also going to be established to set prices for the sale of train slots, and regulate the access regime, include pricing, compliance, penalties and the resolution of disputes between IMs and Train Operating Companies (TOCs).

The key commercial objectives of the Infrastructure Manager are to maximise network utilisation, increase network density, generate revenue through access fees that will fund network maintenance, rehabilitation, and expansion, and increase rail market share in economic growth sectors by facilitating road to rail migration.

The Rail Policy states that funding for the infrastructure will be provided by Government to enable the Infrastructure Manager to provide network availability and reliability to freight rail operations throughout South Africa in line with investment plans and allocated funding. Access fees will be used to manage the operations cost of the Infrastructure Manager.

In accordance with the Economic Regulation of Transport Bill, 2022, the interim Transnet Rail Infrastructure Manager (TRIM) will manage, operate, and maintain the Transnet rail network infrastructure. Transnet Freight Rail Operating Company (TFROC), the initial dominant operator by a significant margin, will compete with other TOCs in the future.

TFROC will be responsible for freight rail operations within the Republic and in the region, haulage on network mainline and branch lines, yard operations and train safety; and rolling stock ownership and management.

Owing to the long-term nature of organisational design, to comply with the Rail Policy and the ERT Bill, which is undergoing relevant parliamentary processes and to be operationally ready for Phase 2 of open access on 1 April 2024, Transnet's interim Infrastructure Manager has been established to carry out all required activities to ensure the successful implementation of an Infrastructure Manager. The interim IM will engage with the Interim Rail Economic

Regulator Capacity (IRERC) and manage access until a permanent structure in a new Operating Division is in place.

After the announcement of the interim IM, there will be consultations with the Department of Public Enterprises, the Department of Transport, IRERC and other stakeholders on the following:

- Draft Network Statement
- Draft Access Agreement
- Proposed Tariff Methodology

On 01 April 2024, the interim IM will publish the Final Draft Network Statement, conditions of access, and the access tariff; and TOCs applications for slots will commence. If a requested slot is available (not run by TFROC), that slot can be provided by May 2024 for trains to run, provided all the necessary conditions and approvals are met.

You can contact InfrastructureManager@transnet.net for any enquiries on the Interim Infrastructure Manager.

Issued on behalf of Transnet SOC Ltd. by the acting Group Chief Executive, Adv. Michelle Phillips.

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