



Transnet update on Container Corridor Operating Lease process

[Johannesburg, 14 December 2023] Transnet SOC Ltd. (Transnet) is in the process of reorganising key elements of the country's rail freight ecosystem to align with Government's evolving transport policy.

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

As part of this process, to translate the policy commitment to reality, Transnet recently announced the appointment of an Interim Infrastructure Manager, in preparation for the formalisation of a Transnet Rail Infrastructure Manager (TRIM) in 2024.

This separation between rail operation and infrastructure is in line the National Rail Policy and Economic Regulation of Transport Bill, which envisages structural reforms which facilitate private sector investment and a more efficient use of the rail system.

A key objective of the Bill, which aligns with Transnet's growth and renewal strategy, is the formation of private sector partnerships.

Transnet is mandated to leverage investment from the private sector for both infrastructure and operations to strengthen these aspects of its business and remains committed to undertake focused transactions to 'crowd-in' private sector partners into sectors Transnet serves to unlock growth.

This process will have a direct impact on the planned Container Corridor Operating Lease, for which an RFQ was issued on 27 January 2023. It is therefore necessary for Transnet to review the Container Corridor private sector participation process and withdraw the RFQ, due to the material change in scope.

Transnet will assess the impact of the vertical separation of the network from rail operations in considering the optimal strategy for any future transaction with the private sector on the Container Corridor.

In a nutshell: Transnet is fully committed to increasing private sector partnerships on key rail corridors, but believes it is necessary to complete the process of bringing the freight rail ecosystem in line with national policy before taking any further steps to do so.

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