

TRANSNET



# Transnet Presentation to the CESA Infrastructure Indaba

10 March 2023

Presentation By: Portia Derby, Group Chief Executive

# In response to the challenges faced, a three-pronged approach has been developed to fix and reposition the Company



Transnet's **Growth and Reinvention Strategy** has been developed with the aim of **addressing operational** challenges and **improving execution** of the mandate.

This entails renewed and focussed delivery against the three main focus areas:

**Fixing the business**

**Optimising the business**

**Growing the business**

**Tactical**

**Operationally focussed** initiatives aimed at **protecting current revenue** sources, **saving costs** and delivering on current mandate

**Evolutionary**

A mix of initiatives designed to **improve on the way** in which we do business while not materially affecting what business is being done

**Transformative**

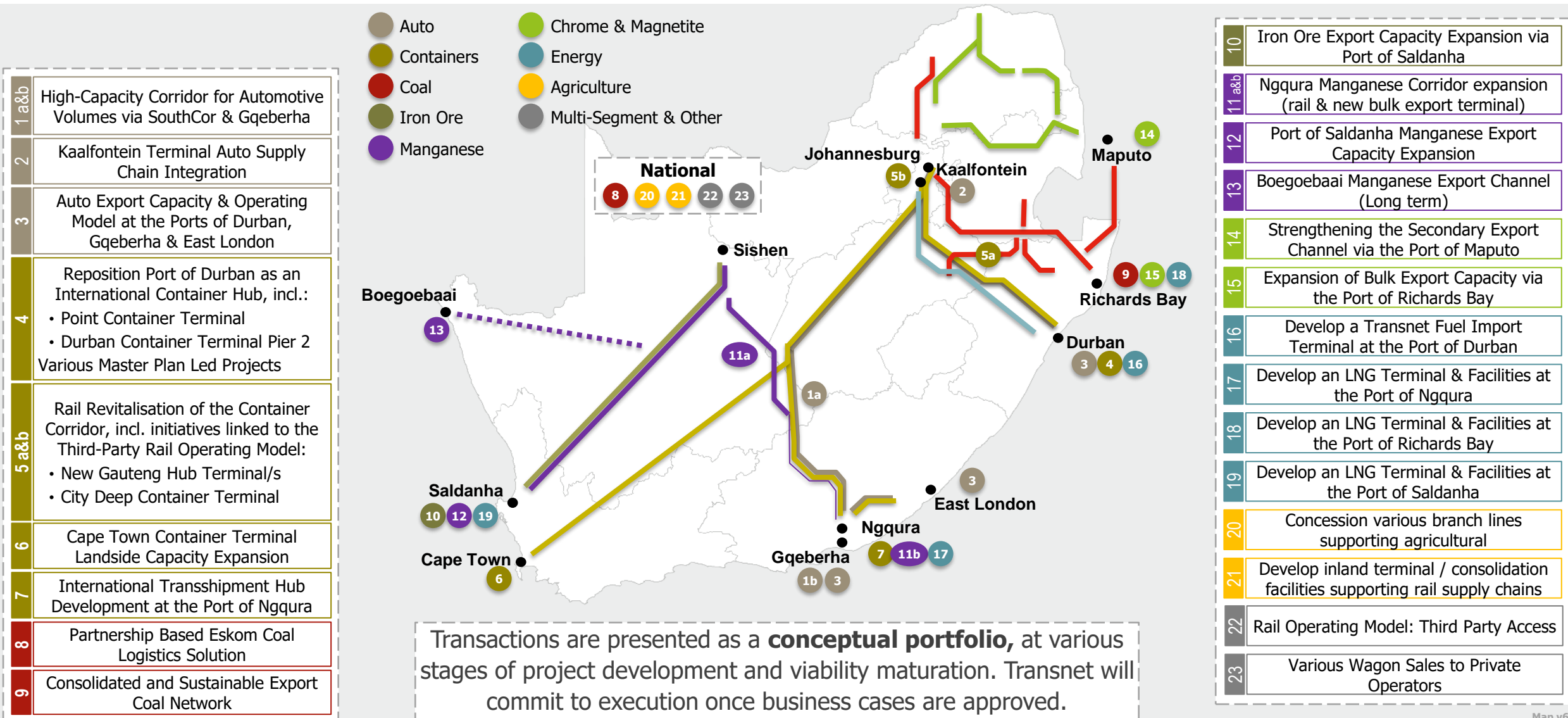
Development of a **new way of doing business**, a **fundamental change** to operating models, developing **partnerships** & **longer term repositioning** of the business

**Shorter-term natured interventions aimed at simplifying business and improving efficiency**

**Segment Strategies and Key Transformative Programmes**

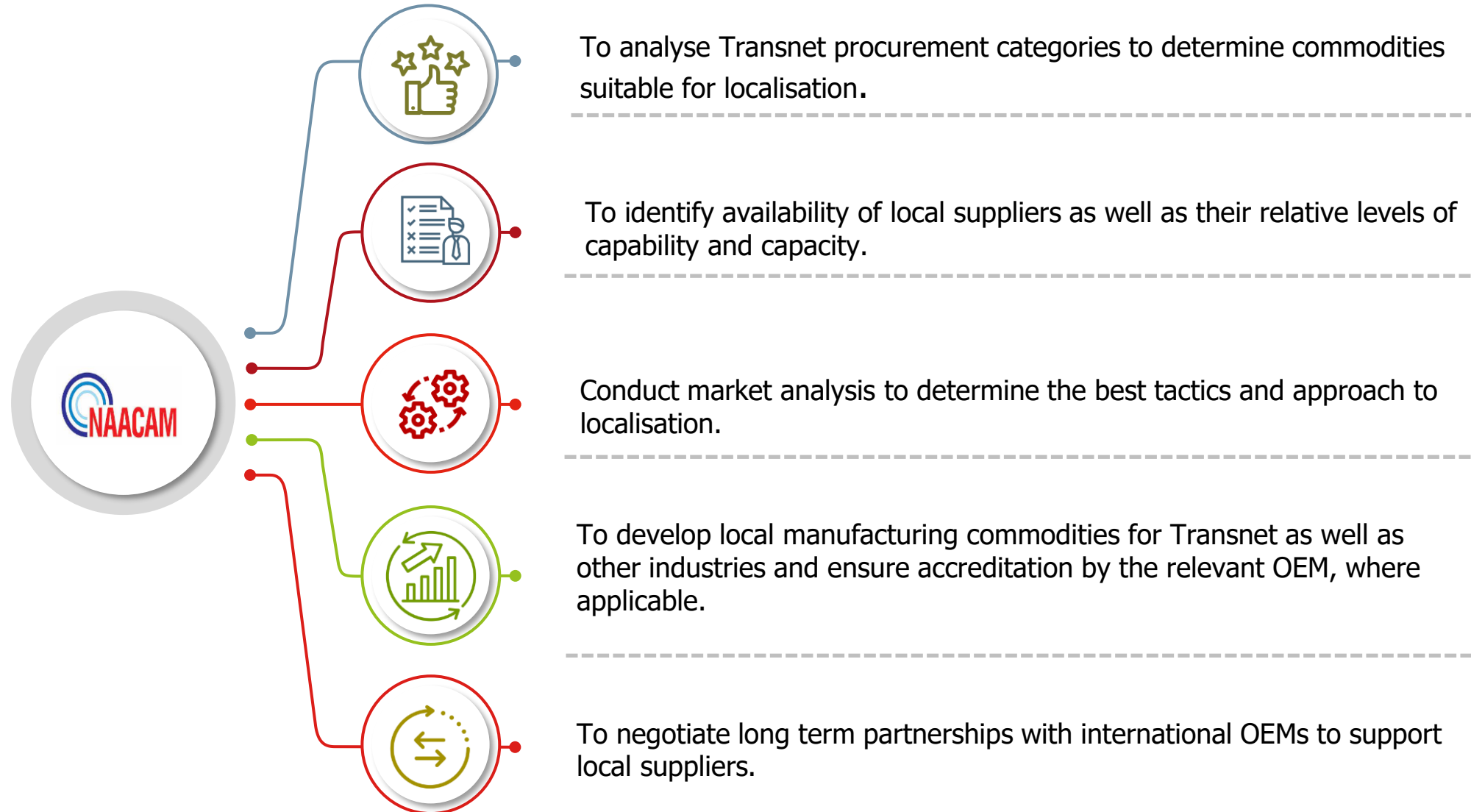
# Transnet Segment Strategies

## Overview of Major Strategic Initiatives



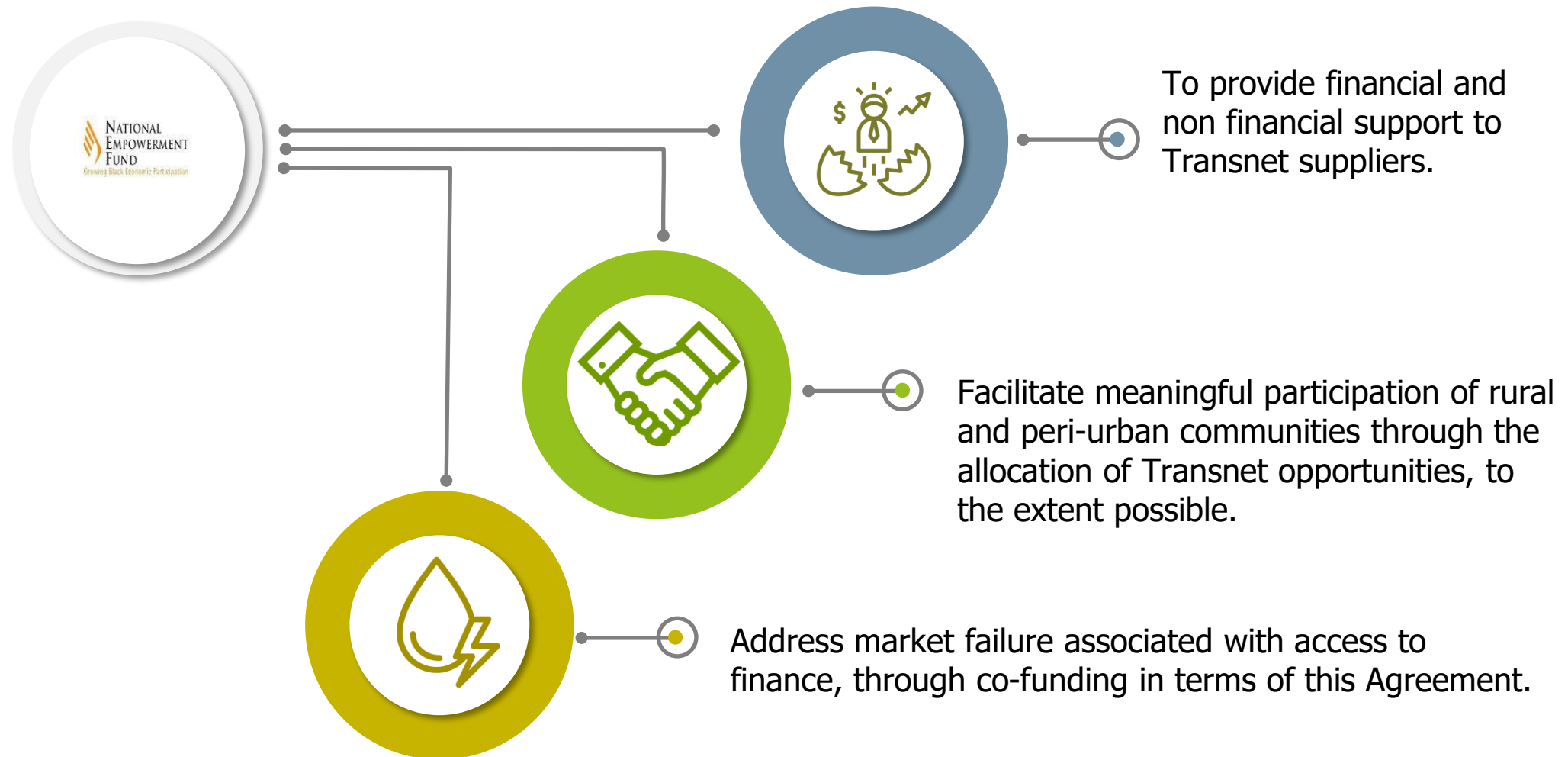
# Supplier Development

## Purpose of NAACAM Partnership



# Supplier Development

## Purpose of NEF Partnership



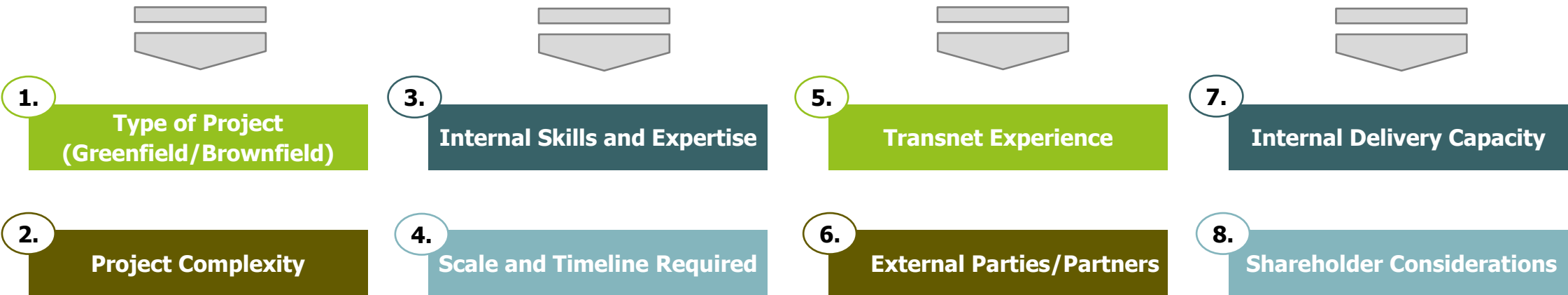
# Transnet Contracting and Engineering Strategies

## EPC & EPCM | FIDIC & NEC



Transnet’s **Contracting and Project Management Strategy** is determined by the **level of risk exposure** to the business.

Risk factors include, but are not limited to, the following:



Currently, Transnet is gravitating towards FIDIC Contracts to reduce risk. NEC Contracts will no longer be the standard.

	EPC (Engineering, Procurement and Construction)	EPCM (Engineering, Procurement and Construction Management)	FIDIC (Silver Book)	NEC
General Principles	<ul style="list-style-type: none"> <li>Single point responsibility.</li> <li>Turnkey solution schedule.</li> <li>Price certainty - lump sum.</li> <li>Single performance guarantee.</li> </ul>	<ul style="list-style-type: none"> <li>Multi-point responsibility.</li> <li>Owner procures skills and resources.</li> <li>Professional construction management services.</li> <li>Contractor is mainly an agent.</li> <li>Multiple direct contracts between owner and trade contractors.</li> </ul>	<ul style="list-style-type: none"> <li>Standard clauses known as general conditions.</li> <li>Option to introduce Particular Conditions, which are meant to be project specific.</li> </ul>	<ul style="list-style-type: none"> <li>Core clauses.</li> <li>Selection of the main option clauses as appropriate for the chosen procurement pathway.</li> <li>Allows parties to insert bespoke terms/amendments:                             <ul style="list-style-type: none"> <li>Secondary option clauses – as X-clauses.</li> <li>Additional conditions of contract – Z-clauses.</li> </ul> </li> </ul>





TRANSNET



# Operating Divisions:

## Key Projects and Investments; and the Role that can be Played by Engineers in Transnet's Delivery Process



# **TRANSNET NATIONAL PORTS AUTHORITY**



# Infrastructure Projects

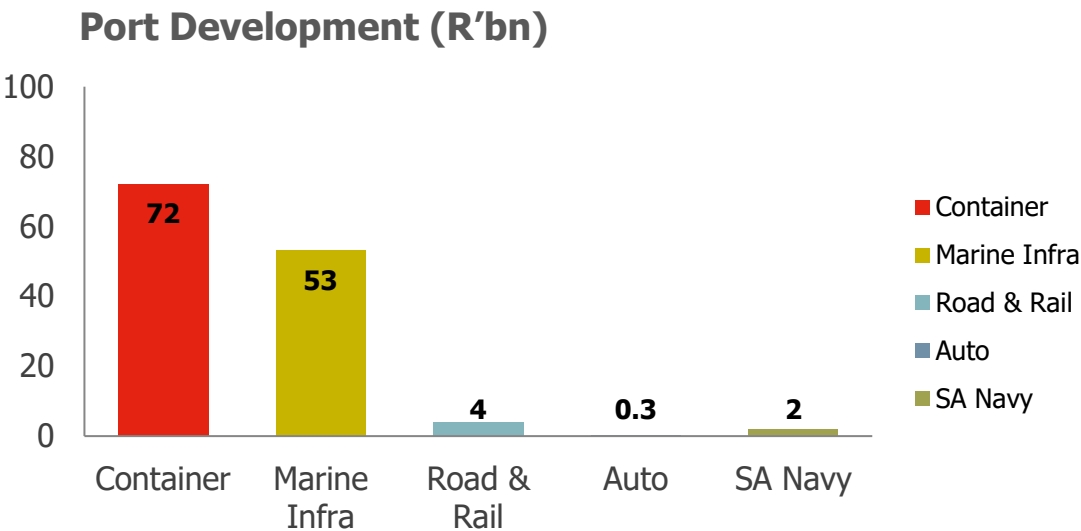
Port	Project Names	Typical Contracting Strategy
<b>RCB</b>	Bulk services for Liquefied Natural Gas - LNG	EPC
	Provision of additional berthing capacity for MPT - berths 709 to 711 (700m quaywall)	EPCM
	Provision of additional DBT Export berthing capacity - Berth 802 / 3	EPCM
	Construction of Additional Liquid Bulk Berth 206 (Subject to IPP funding the Project)	EPC
	Extension of Ferro slab to cater for future growth	EPCM
	Relocation of SA Navy to Naval Island & Pelican Island	EPC
	Build berth 210 for ISO Containers	EPCM
	Develop DLH sites	EPC
<b>DBN</b>	Execution: DCT berth deepening 203 to 205	EPCM
	Port Perway Upgrade	EPCM
	SA Navy Satellite Station	EPC
	Pier 1 Phase 1 Container Terminal	EPCM
	Development of Durban Point Container Terminal	EPCM
<b>EL</b>	Realignment of the North Breakwater, deepening of Entrance Channel & Turning Basin, Extend main breakwater, etc.	EPC
	Desalination Plant for EL Port	EPC
<b>NGQ</b>	Manganese project	EPCM
	Construction of Liquid bulk Berth A100 and associated services	EPCM
	Construction of Liquid Bulk terminal Ngq	EPCM
<b>CPT</b>	Expansion of Container Terminal : CPT Phase 2B	EPCM
<b>NC (Head Office)</b>	Boegoebaai	EPC
<b>MSB</b>	Desalination Plant	EPC

# KZN Logistics Hub – Masterplan Planned Developments

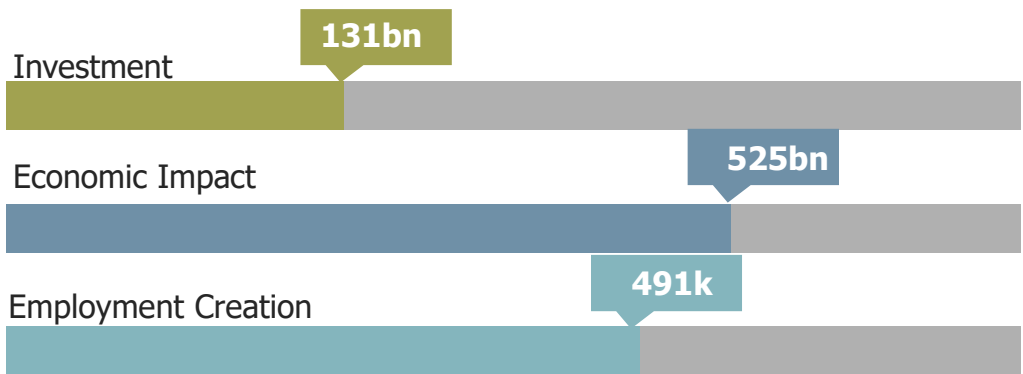
## Durban Port Masterplan: Socio-Economic Impact



### Durban

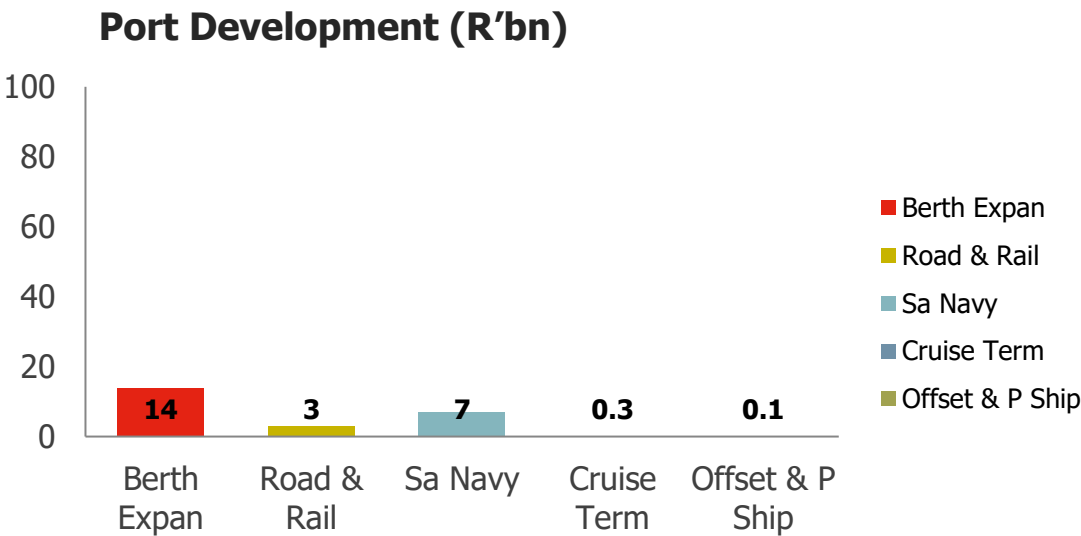


#### Socio-economic Impact Chart

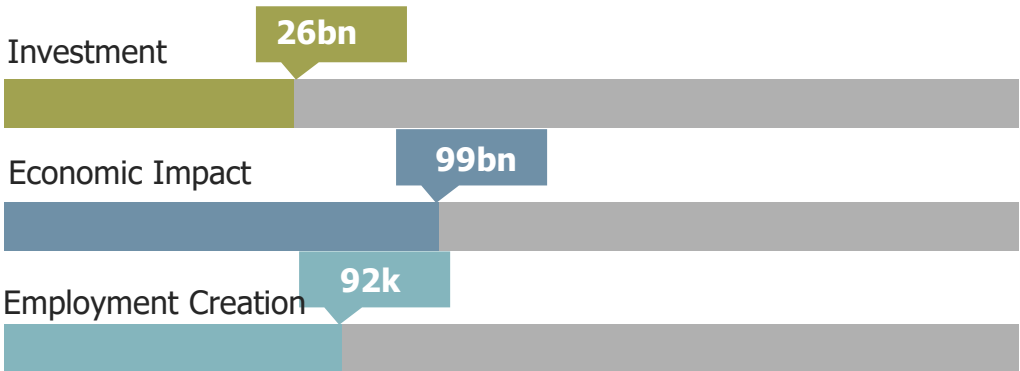


Source: Transnet National Ports Authority

### Richards Bay



#### Socio-economic Impact Chart





# TNPA Capital Investment Pipeline



- Dredging Services**
  - R 125,02m
- Port of Richards Bay**
  - R 519,47m
- Port of Durban**
  - R 4 347,32m
- Port of East London**
  - R 356,41m
- Port of Ngqura**
  - R 98,27m
- Port of Port Elizabeth**
  - R 160,67m
- Port of Mossel Bay**
  - R 104,96m
- Port of Cape Town**
  - R 862,94m
- Port of Saldanha Bay**
  - R 366.60m
- Port of Boegoebaai**
  - R 45 000m +

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# TRANSNET PORT TERMINALS



# Infrastructure Projects

## TPT Infrastructure Projects – In-house EPCM and Turnkey Projects

Richards Bay Terminals	Durban Terminals	Eastern Cape Terminals	Western Cape Terminals
<b><u>5 Yr Project List</u></b> <ul style="list-style-type: none"> <li>• 23 equip projects</li> <li>• 27 infra projects</li> </ul>	<b><u>5 Yr Project List</u></b> <ul style="list-style-type: none"> <li>• 28 equip projects</li> <li>• 23 infra projects</li> </ul>	<b><u>5 Yr Project List</u></b> <ul style="list-style-type: none"> <li>• 51 equip projects</li> <li>• 23 infra projects</li> </ul>	<b><u>5 Yr Project List</u></b> <ul style="list-style-type: none"> <li>• 69 equip projects</li> <li>• 81 infra projects</li> </ul>
<b><u>Significant Project List</u></b> <ul style="list-style-type: none"> <li>• DBT Fire Rebuild</li> <li>• Bayvue Rail Reconfig</li> <li>• RCB Stormwater Upgrade</li> <li>• CD West Stack Rehab &amp; Surfacing of E&amp;F</li> <li>• MPT Stockpile Rehab &amp; Dust Suppression Upgrade</li> <li>• Roads rehab</li> <li>• Staff Facilities Upgrade</li> <li>• MHA Workshop Upgrade</li> </ul>	<b><u>Significant Project List</u></b> <ul style="list-style-type: none"> <li>• Resurfacing of MPT AB Area</li> <li>• Empty Container Stack for Pier 1</li> <li>• Pier 1 Admin Bld Upgrade – linked to future remote equip operation</li> </ul>	<b><u>Significant Project List</u></b> <ul style="list-style-type: none"> <li>• New Ngqura Mn Export Terminal (16mtpa)</li> <li>• Port of PE Auto Terminal Upgrade</li> </ul>	<b><u>Significant Project List</u></b> <ul style="list-style-type: none"> <li>• SLD Tippler 3 Project</li> <li>• SLD IOT Tippler 2 Refurb</li> <li>• SLD IOT Expansion to 67mtpa,</li> <li>• SLD MPT Mn Expansion to 6mtpa</li> <li>• SLD IOT Stormwater Upgrade</li> <li>• CTCT Phase 2B Expansion &amp; West Coast Reefer Stack Resurfacing</li> </ul>

National TPT Projects	<ul style="list-style-type: none"> <li>• National Fire Protection Programme</li> <li>• National Fuel Storage Tanks Upgrade</li> <li>• Various Substation Refurbishments</li> </ul>
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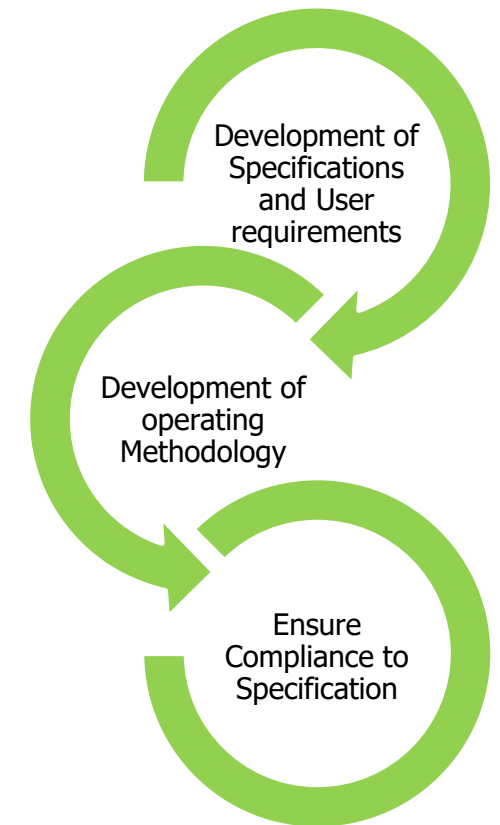


# TRANSNET FREIGHT RAIL

# Infrastructure Projects

Corridor		Project Name	Project Benefits
North Corridor	★	Waterberg Revised Stage 2 - 3	Increase coal rail capacity on the Waterberg line (Lephalale to Pyramid South) from 2.6 to 13.8 Mtpa Enabling Emerging Miners.
	●	Feeder line Upgrades from 20t/axle to 26t/axle e.g. Carolina to Ermelo line	Improving Operational Efficiency to run heavier trains.
	●	Canyon Coal, Bekezela Mine	Transport/accommodate the Canyon Coal proposed 5MTPA tonnages to Twistdraai.
	★	Mmamabula – Lephalale Rail Link	The project will provide a link line from Botswana mines to TFR rail network in order to unlock Botswana coal reserves.
	●	Bayvue Yard Improvements	Improve slot utilization and efficiency from 75 to 122 trains.
	●	Coal 81mtpa-Electrical (Power Upgrades)	Increase export coal capacity from Ermelo to Richards Bay to 81 Mtpa.
	●	Coal Line 81mtpa – (Yards and Lines)	Increase export coal capacity from Ermelo to Richards Bay to 81 Mtpa.

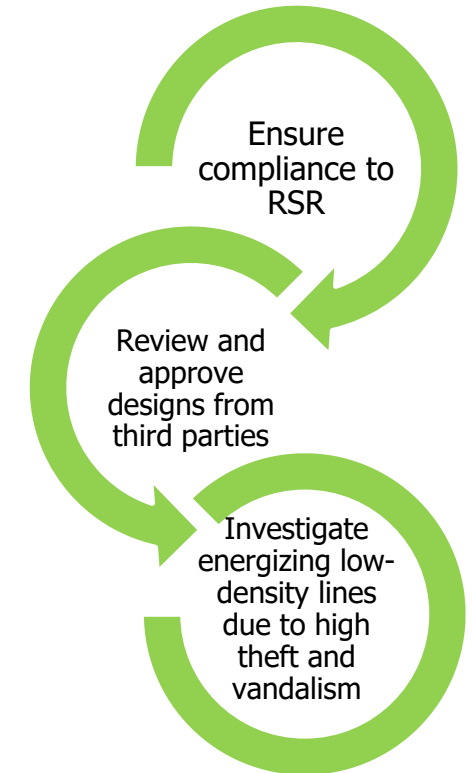
## Engineers Support



# Infrastructure Projects

Corridor	Project Name	Project Benefits
<b>North-east Corridor</b>	● Pienaarspoort Bypass Link Line	<ol style="list-style-type: none"> <li>1. Reduce the TAT of chrome trains from the Rustenburg area to Witbank and Maputo.</li> <li>2. Separate from PRASA operations at Pienaarspoort which impacts TFR trains.</li> <li>3. Provide additional slots on the Sentrarand line.</li> </ol>
	● Re-signaling and Reconfiguration of the Magnetite line	Reduce cable theft by changing to mechanical points.
	● Steelpoort MUF	The project will provide a link line from Botswana mines to TFR rail network in order to unlock Botswana coal reserves.
<b>Cape Corridor</b>	● Manganese 12Mtpa	<ol style="list-style-type: none"> <li>1. Enabling growth of Manganese Export capacity.</li> <li>2. Enables Greater compliance.</li> <li>3. Enabling emerging miners.</li> </ol>
	★ Manganese 16 Mtpa Last Phase	<ol style="list-style-type: none"> <li>1. Enabling growth of Manganese Export capacity.</li> <li>2. Enables Greater compliance.</li> <li>3. Enabling emerging miners.</li> </ol>
<b>Ore Corridor</b>	● Sishen Link and Vlermuislaagte crossing loop	<ol style="list-style-type: none"> <li>1. Improve capacity and volumes from 5Mtpa to 6Mtpa.</li> <li>2. Enabling emerging miners.</li> </ol>
<b>Cape Corridor</b>	★ Project Ukuvuselela Automotive	<ol style="list-style-type: none"> <li>1. To capture and increase the automotive volumes.</li> <li>2. To improve the customer satisfaction service.</li> </ol>
	● Boegoebaai Port Development	To improve the volume growth for manganese, agriculture and containers.

## Engineers Support



- ★ Strategic Infrastructure Projects - EPC
- Infrastructure Projects - EPCM



For CESA members who are interested in participating in Transnet's projects, the following procurement approaches are being used at Transnet:

1.

Due to capital constraints within Transnet, projects that are strategic in nature and require huge capital outlay will be bringing the private sector into play. These opportunities are turnkey (EPC) and require private funding and long-term participation in their operation.

2.

For projects where internal funding is available, opportunities to provide EPCM services by CESA members do exist for most engineering disciplines (.e.g., civil & structures, electrical, geotechnical investigation, mechanical, land survey, environmental studies etc.).

3.

To ensure equitable and transparent processes, all these services are advertised on the Treasury website where all the tender documents and necessary information can be downloaded.



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# THANK YOU, SIYABONGA

Transnet National Ports Authority	Transnet Freight Rail	Transnet Port Terminals	Transnet Pipelines	Transnet Property
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