



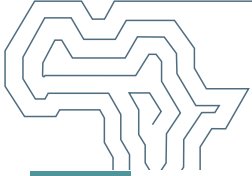
TRANSNET RAIL INFRASTRUCTURE MANAGER





CESA Infrastructure Indaba

19 March 2025

CESA Infrastructure Indaba – Contents

Transnet Rail Infrastructure Manager



-  **01. Transnet & the SOC Mandate**
-  **02. Role of State-Owned Entities in Economic Growth**
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-  **04. Rail Investment Requirements and Plan & potential participation for CESA members**

Transnet is the custodian of the country's key network and transportation systems, and plays a significant role in South Africa's competitiveness



Transnet's Core Mandate

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OUR MANDATE

Lower the cost of doing business in South Africa, **enable economic growth** and **ensure security of supply** through **providing appropriate ports, rail, and pipeline infrastructure** as well as operations in a cost effective and efficient manner, within acceptable benchmark standards.

STATEMENT OF STRATEGIC INTENT

**Improve
Competitiveness of SA's
Freight System**

**Collaborate with the
Private Sector**

**Financial
Sustainability**

**Practice Good
Governance**

Grow Market Share

Role of State-Owned Entities in Economic Growth

Government-owned entities established to deliver public services, drive economic goals, and support national development.

Operate under specific mandates to address market failures and promote socio-economic progress.

Advance economic transformation, industrialisation, job creation and societal progress.

Manage critical infrastructure (transport, energy, water) to enhance competitiveness and connectivity.

Support government policy, e.g., National Development Plan (NDP) 2030.

Importance of Transnet SOC Limited on the South African Economy:

- Manages rail, port, and pipeline infrastructure.
- Supports freight movement, economic corridors, mining and manufacturing companies crucial for exports.
- Transnet Performance has previously impacted South African GDP by up to an estimated 7% (Havenga, J. 2023)
- 2022/23 FY:
 - › 155.9 million tons cargo were moved on rail
 - › 34.6 million tons of fuel and gas through pipelines
 - › 67% of South Africa's total trade value moving through the Ports



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Rail Reform and TRIM Overview

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RAIL REFORM

Implications On Transnet SOC Limited

PRE-RAIL REFORM

TRANSNET FREIGHT RAIL

- **Rail Operator**
 - Managing Rolling Stock and Rail Movement of Freight
- **Rail Infrastructure**
 - Investing and maintaining rail network

RAIL REFORM POLICY & LEGISLATION

White Paper on the National Rail Policy
Mar 2022

Roadmap for the Freight Logistics System in South Africa
Dec 2023

Draft Rail Private Sector Participation Framework
Dec 2023

Economic Regulation of Transport Act 6 of 2024
June 2024

Draft National Rail Bill

POST-RAIL REFORM

TRANSNET FREIGHT RAIL (TFR)

- **Train Operating Company**
 - Managing Rolling Stock and Rail Movement of Freight

TRANSNET RAIL INFRASTRUCTURE MANAGER (TRIM)

- **Rail Infrastructure Manager**
 - Network Capital Investment, Maintenance & Security
 - Network Safety
 - TOC Open Access
 - Increase Rail Market Share

Overview Transnet Rail Infrastructure Manager

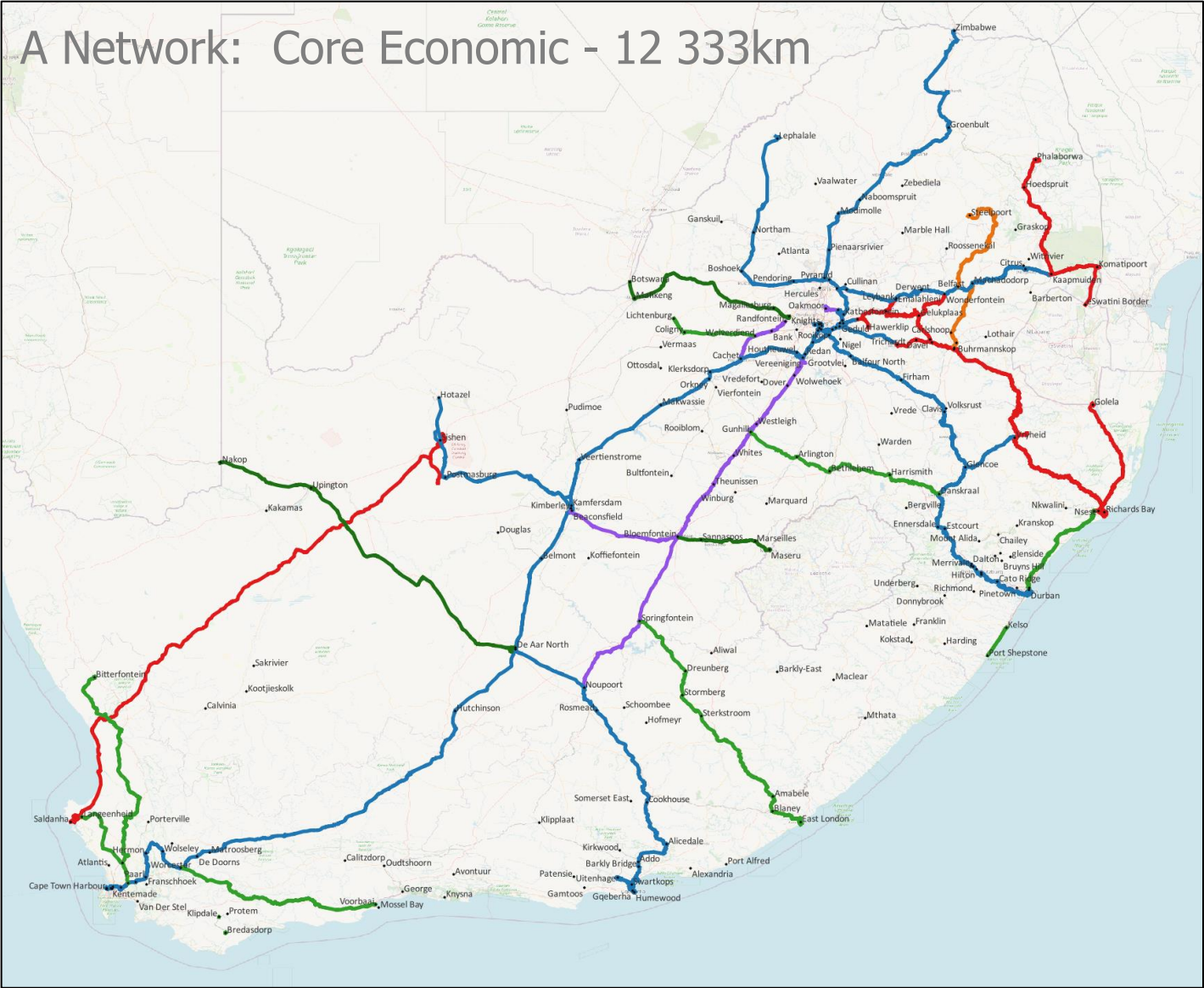
Corridor Footprint – A Network



TRIM Network covers 21 232 kilometres

BACKBONE 9 072	Bulk Minerals Corridors (BMC)	2 405
	*BMC Dependent (some CFN & Feeder)	3 717
	Core Freight Network (CFN) Remaining	1 960
	Key Redundancy	990
FEEDER 3 261	Feeder	2 224
	Feeder Strategic	1 037
LOW DENSITY 8 899	Low / No Freight Potential	5 466
	Some Freight Potential	3 433

A Network: Core Economic - 12 333km



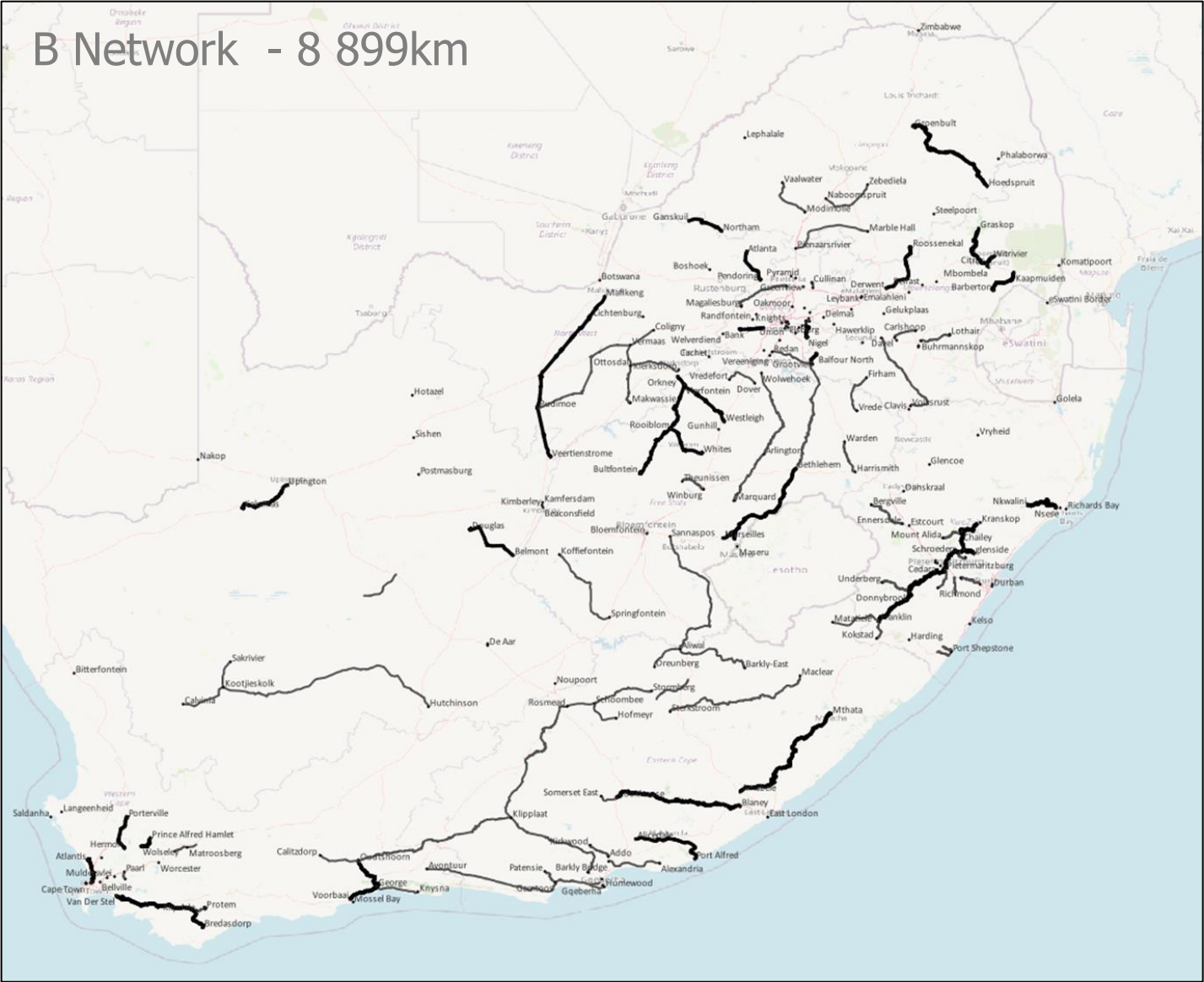
Overview Transnet Rail Infrastructure Manager

Corridor Footprint – B Network



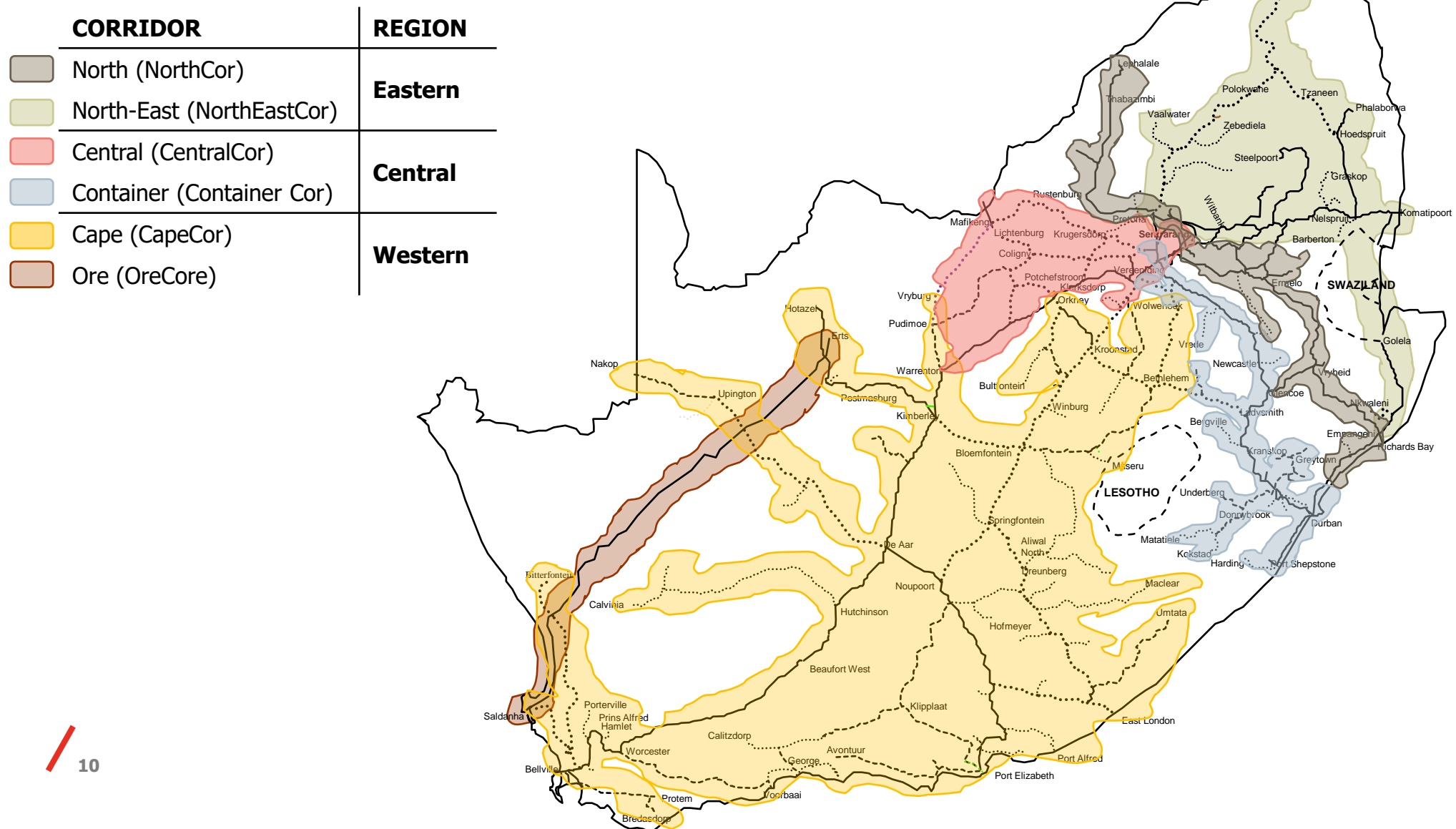
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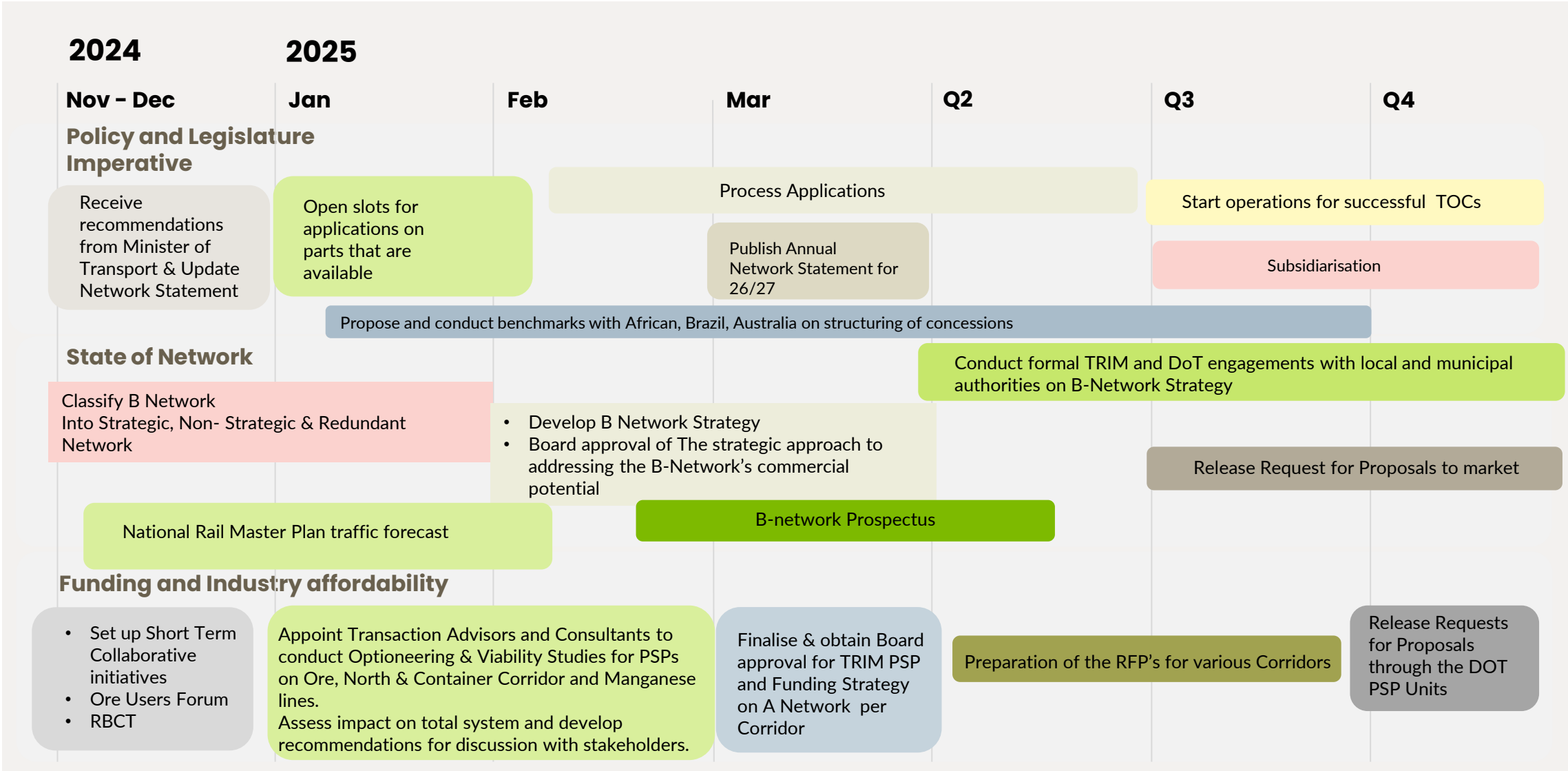


Overview Transnet Rail Infrastructure Manager

Total Corridor Footprint

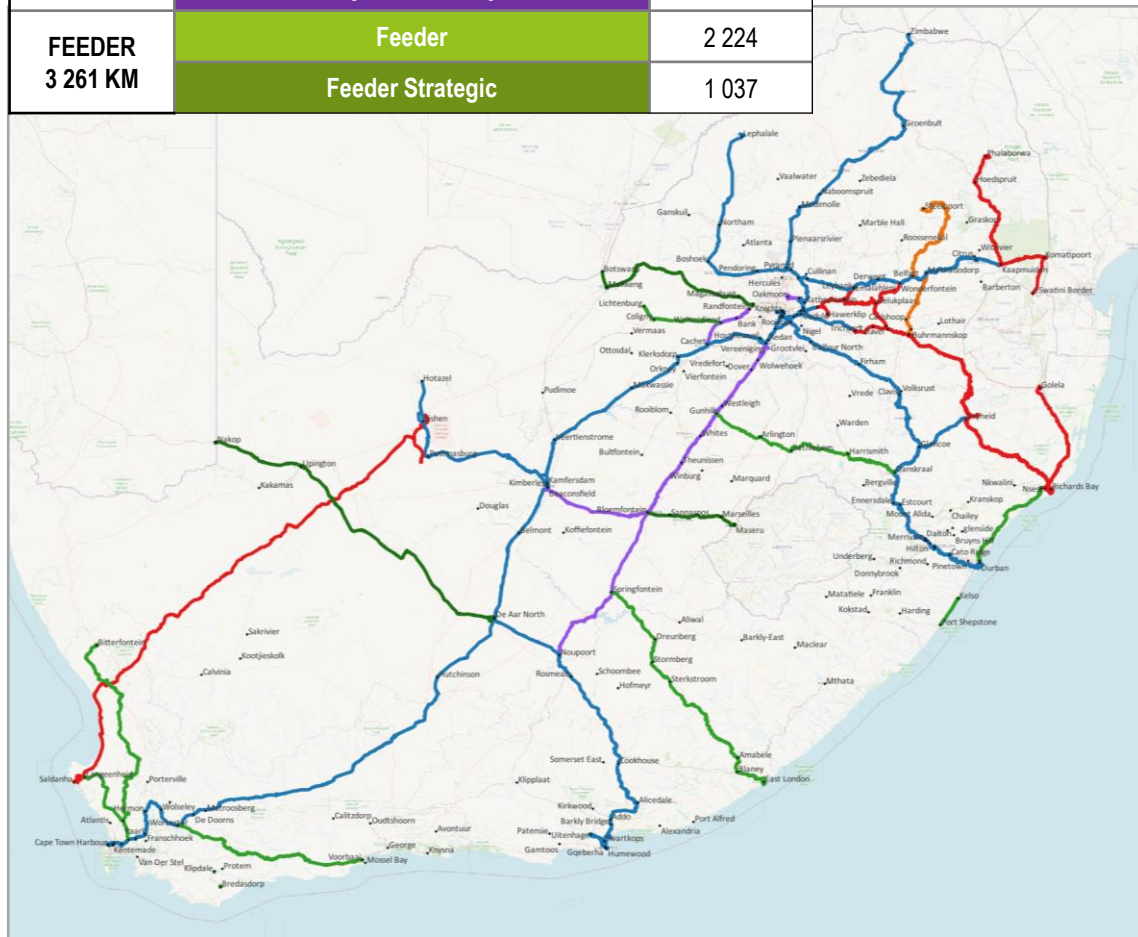


TRIM Initiatives key milestones and Timelines



PSPs are fundamental enablers of the Branch line Network Strategy

	CATEGORY	KILOMETRES
BACKBONE 9 072 KM	Bulk Minerals Corridors (BMC)	2 405
	*BMC Dependent (some CFN & Feeder)	3 717
	Core Freight Network (CFN) Remaining	1 960
	Key Redundancy	990
FEEDER 3 261 KM	Feeder	2 224
	Feeder Strategic	1 037



ALIGNMENT WITH THE NATIONAL RAIL POLICY AND FREIGHT LOGISTICS ROADMAP

1. **Right size the network** to protect its commercial viability
2. Make non-strategic non-core lines available for ownership **or co-funding by the public and private sector**
3. Dispose of non-strategic non-core lines where no EOIs are received, while protecting the alignments and ROWs for possible future use .
4. **Concession strategic non-core lines** where funding is inadequate to maintain individual lines
5. **Private investors must be afforded the opportunity to purchase and take over short lines**
6. When the IM proposes to close a line – a 3 months public announcement is required with an offer to purchase or subsidise the line.
7. The IM **must align with DOT on the B-Network Catalogue/List** and which lines are deemed as Strategic, Non-Strategic with potential, assignment to PRASA, redundant and dormant (**NRP Section 6.1.4**)



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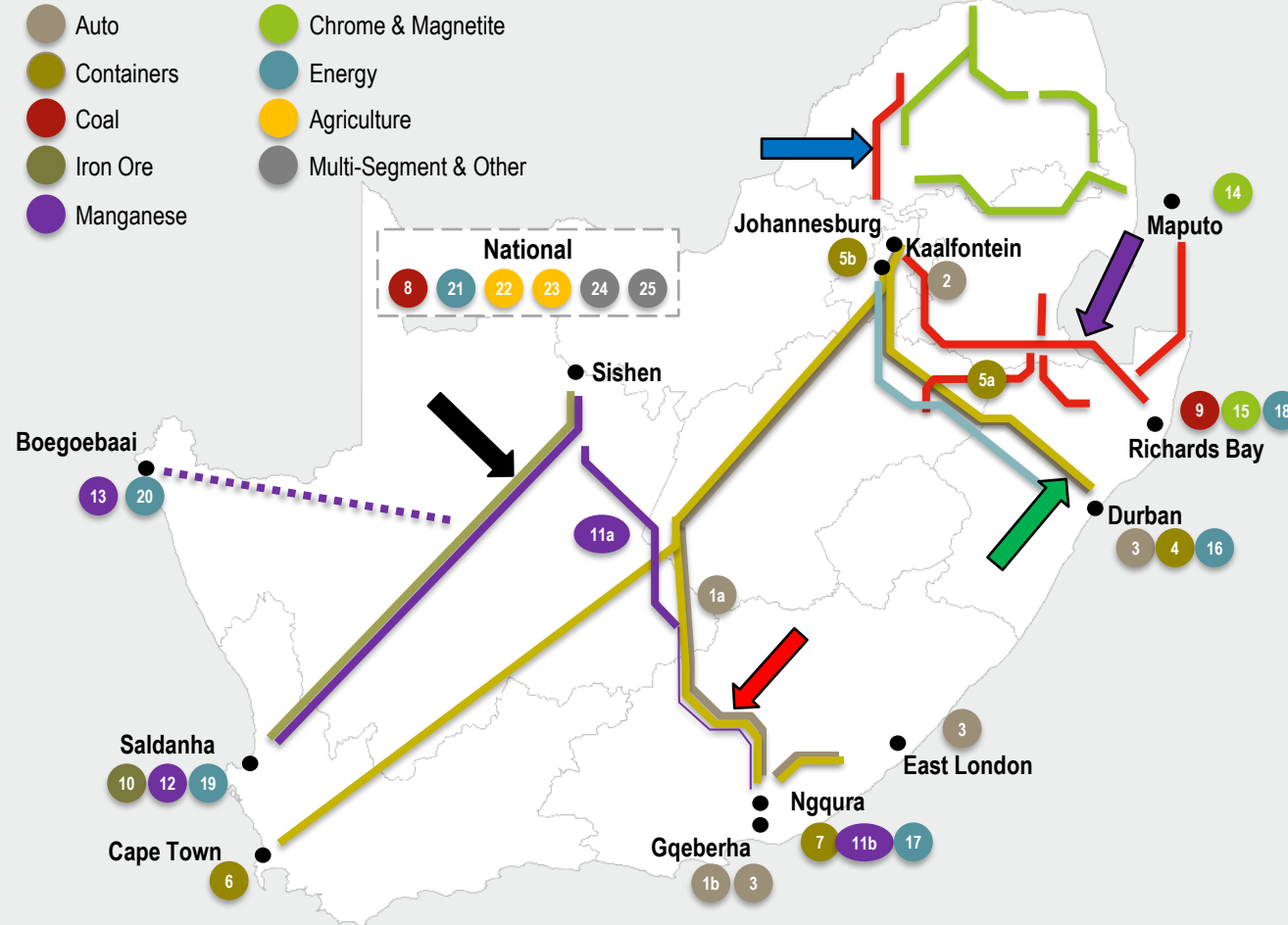
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Rail Investment Requirements and Plan

Transnet Rail Infrastructure Manager

Overview of Major Infrastructure Projects – Potential Participation for CESA members

1 a&b	High-Capacity Corridor for Automotive Volumes via SouthCor & Gqeberha
2	Kaalfontein Terminal Auto Supply Chain Integration
3	Auto Export Capacity & Operating Model at the Ports of Durban, Gqeberha & East London
4	Reposition Port of Durban as an International Container Hub, incl.: • Point Container Terminal • Durban Container Terminal Pier 2 Various Master Plan Led Projects
5 a&b	Rail Revitalisation of the Container Corridor, incl. initiatives linked to the Third-Party Rail Operating Model: • New Gauteng Hub Terminal/s • City Deep Container Terminal
6	Cape Town Container Terminal Landside Capacity Expansion
7	International Transshipment Hub Development at the Port of Ngqura
8	Partnership Based Eskom Coal Logistics Solution
9	Consolidated and Sustainable Export Coal Network
10	Iron Ore Export Capacity Expansion via Port of Saldanha
11 a&b	Ngqura Manganese Corridor expansion (rail & export terminal)



Transactions are presented as a **conceptual portfolio**, at various stages of project development and viability maturation.

12	Port of Saldanha Manganese Export Capacity Expansion
13	Boegoebaai Manganese Export Channel (Long term)
14	Strengthening the Secondary Export Channel via the Port of Maputo
15	Expansion & Optimisation of Bulk Export Capacity via the Port of Richards Bay
16	Develop a Transnet Fuel Import Terminal at the Port of Durban
17	Develop an LNG Terminal & Facilities at the Port of Ngqura
18	Develop an LNG Terminal & Facilities at the Port of Richards Bay
19	Develop an LNG Terminal & Facilities at the Port of Saldanha
20	Develop Green Hydrogen Export Capacity at the Port of Boegoebaai
21	Develop an Energy Transition Strategy for Transnet
22	Concession various branch lines supporting agricultural
23	Develop inland terminal / consolidation facilities supporting rail supply chains
24	Rail Operating Model: Third Party Access
25	Various Wagon Sales to Private Operators

Unconstrained 5 Year Investment Plan Required to reach 250MT

Investments (Rbn) required to meet 250MT target in the Period 2025/25 – 2029/30

FUNDING AND BUDGET CONSTRAINTS

- Approved tariffs remain insufficient to cover rising capital and operational costs.
- Capital and maintenance funding must be secured at least 12 months before project commencement to ensure resource readiness.

MULTI-SOURCE FUNDING STRATEGY

- To close the funding gap, TRIM must implement a diversified funding strategy over three years, leveraging:
 - Government & Public Funding: BFI funding applications and historic debt relief.
 - Private Sector & Investment: Private sector funding, project financing, and concessions.
 - Internal Revenue Streams: Access fees, leasing income, and scrap sales.
 - Debt Instruments: Loans and bonds

REQUIRED CASH INJECTION

- A substantial interim funding injection is required in the two years preceding the Catalytic PSP transactions. This is vital to: restore critical network capacity and reliability; enable timely capital investments; and lay the foundation for rail reform.

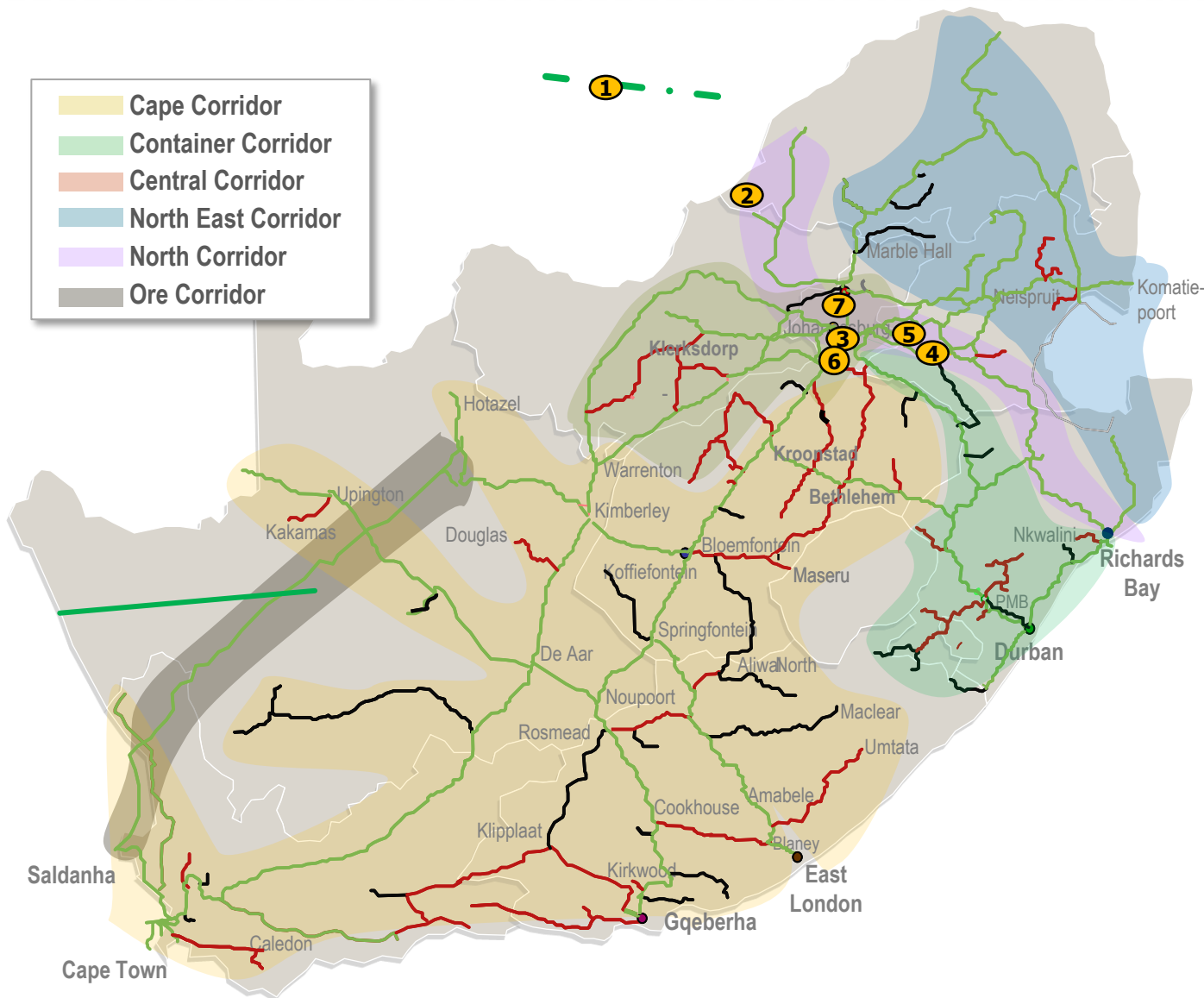
CAPITAL BUDGET CONSTRAINTS

- Capital budgets for 2025/26 have been reduced due to funding constraints. This ensures: feasibility and affordability; adequate supplier lead times; and practical project implementation.

Corridor COPEX	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30
NORTHCOR	1 897	2 551	2 312	2 462	3 057
CAPECOR	1 632	2 095	2 069	2 206	2 187
CONTAINERCOR	1 303	1 436	1 483	2 751	2 415
NORTHEASTCOR	930	1 218	1 424	1 268	1 248
CENTRALCOR	861	1 038	1 015	1 040	1 751
ORECOR	1 576	1 214	1 181	958	775
Grand Total	8 199	9 552	9 484	10 685	11 433
Corridor CAPEX	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30
NORTHCOR	948	1 060	888	588	374
CAPECOR	420	446	435	476	428
CONTAINERCOR	471	479	367	389	313
NORTHEASTCOR	455	527	418	429	300
CENTRALCOR	378	373	281	309	258
ORECOR	747	847	745	600	343
Grand Total	3 418	3 732	3 134	2 792	2 017
Total Investment Requirements	11 617	13 284	12 618	13 477	13 450

TRIM Targeted Expansion Initiatives – Where CESA members can participate

Unconstrained Capacity Creation in Response to Demand



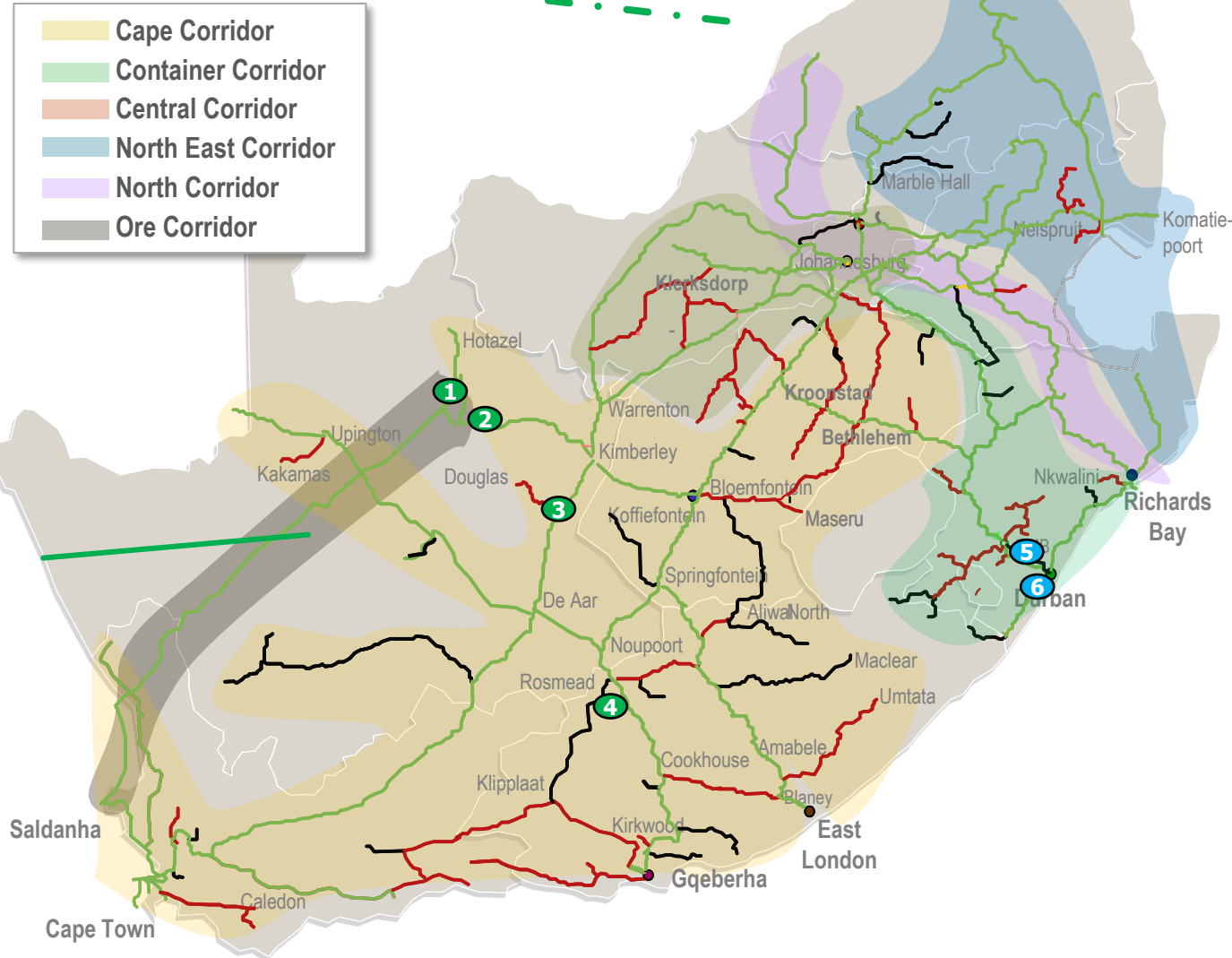
North & Central Corridor

Ongoing Projects

- Mmamabula - Lephalale rail link line (Botswana link)**
 - To be completed by December 2028
 - Additional **6mtpa coal volume** in the first 10 years
- Waterberg Revised Stage 2 – 3
 - To be completed by December 2026
 - Increase capacity from **2.6mtpa to +/- 4 mtpa for export Coal**
- Coal 81mtpa power upgrades AC, yard and line
 - To be completed by December 2026
 - Increase capacity from **77mtpa to 81mtpa for Coal**
- Eswatini Rail Link Program**
 - To be completed by July 2030 (dependent on project 1)
 - 12.21mtpa GFB Volumes (i.e. Chrome and Ferrochrome) Diverted to Swazi Rail Link (Ermelo to Richards Bay via Link) free up capacity on the south of Ermelo.**
- Carolina to Ermelo line (20t/a to 26t/a)
 - Feasibility study to be done, Timelines are still to be defined
 - Increase capacity by **4mtpa of Export Coal**
- Canyon Coal
 - Feasibility study is complete, construction to be completed in March 2026.
 - Additional **5mtpa domestic Coal volumes**
- Doubling of single lines in the Gauteng Freight Ring**
 - Pre-feasibility study has started the completion date are still to be determine

TRIM Targeted Expansion Initiatives

Unconstrained Capacity Creation in Response to Demand



Cape and Container Corridor

Completed Projects

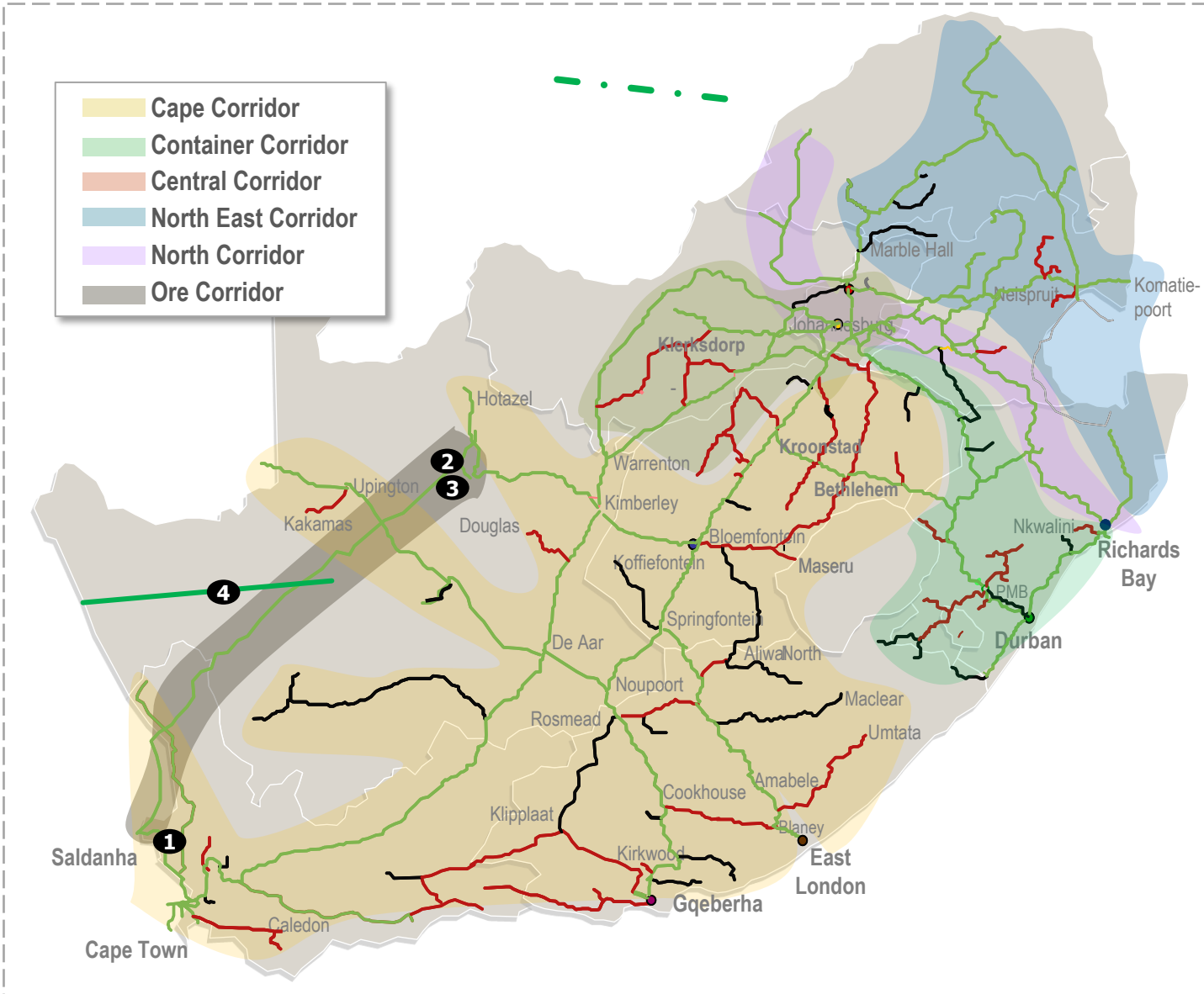
1. Mamathwane Loop Extension
 - Completed in June 2023
 - Increased **Manganese capacity by 1.5Mtpa**
2. 12Mtpa program - Substations at Witloop and Vlermuislaagte
 - TR completed its scope in April 2023, awaiting Eskom to complete its scope in June 2024.
 - Increase **Manganese capacity from 10.5mtpa to 12mtpa.**

Ongoing Projects

3. 12Mtpa program - Burgervilleweg loop extension
 - Completed by June 2025
 - Increase **Manganese capacity from 10.5mtpa to 12mtpa.**
4. 24Mtpa programme
 - Feasibility studies to commence
 - Increase **Manganese capacity to 12mtpa to Ngqura and 12mtpa to Saldanha**
 - **Project Ukuvuselela – Automotives from Tshwane to PE**
5. Durban Logistic Hub
 - Feasibility study to be completed by March 2026
 - Enhanced infrastructure to increase Port Rail Handling Capacity to enable the Port capacity growth plans
6. Bayhead Terminal and yard upgrade
 - Enhanced infrastructure to increase Port Rail Handling Capacity to enable the Port capacity growth plans

TRIM Targeted Expansion Initiatives

Unconstrained Capacity Creation in Response to Demand

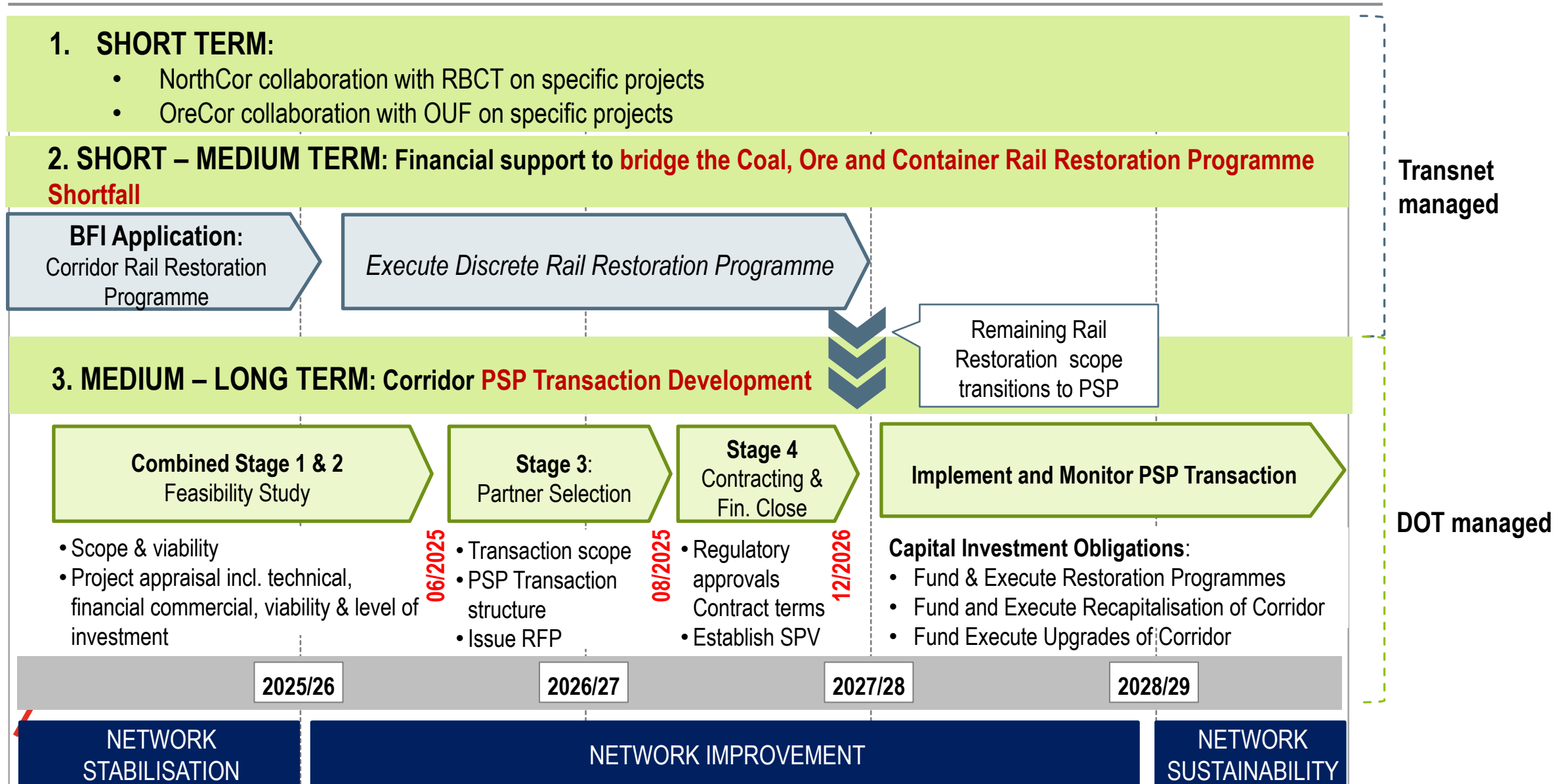


Ongoing Projects

1. Salkor B yard upgrade
 - Completed by November 2025
 - Increase **Manganese capacity from 4.9mtpa to 6mtpa**
2. Sishen Link line
 - Feasibility Study Completed, construction to be completed by November 2027
 - Increase **Manganese capacity from 5mtpa to 12mtpa**
 - Dependent on manganese wagon builds and axle load increase
3. **Sishen Yard**
 - To be completed by November 2027
 - Increase **Manganese capacity from 5mtpa to 12mtpa**
 - Dependent on manganese wagon builds and axle load increase
4. **Boegoebaai Rail-Port Programme**
 - Feasibilities studies to commence (dependent on TNPA Port Development)

Catalytic Corridor Funding & PSP Strategy

- **at least 2 years required before any major PSP will be operational**





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THANK YOU