

TRANSNET Insights



 CUSTOMER NEWSLETTER

SECOND QUARTER - JULY 2020

FOREWORD BY THE CBDO

Welcome to the first ever issue of **Transnet Insights**, a quarterly communication platform that is dedicated to you- our customer. By virtue of its name, Transnet Insider will seek to offer you a broader view Transnet's business, give you updates on operations and new developments as well as addressing matters that concern you as a customer.



Ms Yolisa Kani

Chief Business
Development Officer (CBDO)

The Covid-19 pandemic has had adverse impact on the global business environment on many levels, many lives have been lost due to the virus and many economies are under severe pressure. At a global level, the World Bank reported that the Covid-19 pandemic will shrink the global economy by 5.2% this year, representing the deepest recession since World War II and triggering a dramatic rise in extreme poverty. The escalating global tensions with China have strained economic relationships with South Africa's trading partners such as Australia, India, United Kingdom and United States

of America. India is the dominant export partner for South Africa's coal at 56% and the future impact on coal exports to India is uncertain following the country's auctioning of its coal mining blocks to private entities.

On the domestic front, we are facing our own challenges which have been made worst by the Covid-19 pandemic. The National Treasury has forecasted that due to the impact of Covid-19 and the extended lockdown period, the economy is likely to shed between 690 000 to 1.79 million jobs. Internally, Covid-19 cases have impacted our operations in the ports and have caused continuous unplanned stoppages, these challenges continue to hamper our production ramp-up efforts. Then, there is the adverse weather challenges that we are currently experiencing at the moment and which are expected to continue until August 2020.

We are facing a time like no other and we remain resolute to continue to forge ahead despite these difficult times. As Transnet, we have put in a number of measures to mitigate and limit the impact on our operations and your business as a customer. Demand remains in excess of available capacity and therefore capacity creation initiatives remain a key focus area for Transnet. The multi-channel strategy sub-projects are giving us an opportunity to commence unlocking constraints and some of the measures we are putting in place include but are not limited to the following:

- The demand for iron ore is very high due to Covid-19 related challenges in Brazil and the high demand for iron ore in China. The Terminal is busy with volume ramp up to 95% by December 2020. The 2020/21 year-end estimate is 55.53 Mt for rail and 54.295Mt for the port.
- Manganese via Richards Bay has been activated and this will aid in the recovery of capacity lost as a result of Covid-19 related stoppages on the Port Elizabeth channel.
- The Durban channel has been activated to handle bulk trains as part of the Durban decongestion project aimed at reducing

the number of road trucks in the Bayhead Precinct in Durban. Manganese was the first commodity to switch to rail and the volumes are assisting with recovery for any Covid-19 related losses.

- Transnet is engaging with the various Original Equipment Manufacturers in the automotive industry to ensure operational readiness with the ramp-up of production.

We are a company in transition and one of the major developments that I would like to highlight has been the filling of key leadership positions within Transnet EXCO and senior management. I would like to also take this opportunity to introduce Ms. Kesley Keeve, who has joined my team. She has been appointed as the Group Customer Executive and has filled the position that was left vacant with the departure of Mr. Mike Fanucchi at the end of May 2020. Ms. Keeve is a seasoned business executive with over 20 years of experience in the logistics industry. She has led major developments and projects relating to domestic and cross border logistics transactions within the Southern Africa Development Community (SADC). We are excited to have her lead our sales team.

“The National Treasury has forecasted that due to the impact of Covid-19 and the extended lockdown period, the economy is likely to shed between 690 000 to 1.79 million jobs.

Despite the many changes that are happening and challenges that we collectively face, Transnet remains committed to serving you as our customer. We welcome your feedback and we look forward to continuous engagements with you through this newsletter as well as our regular meetings and other forums. Keep well and stay safe!

Yolisa Kani



Stakeholders Collaborate to Decongest Port of Durban

For the first time in many decades, port residents from the Continent's busiest port, Port of Durban meet regularly on a virtual platform to find solutions to decongest the port.

Durban Harbour, as commonly known, is the country's main cargo and container port handling about 31.4 million tons of cargo yearly. Private logistics and cargo companies use a single main entrance motorway, the Bayhead Road to move the cargo from Durban to the inland markets.

The traffic congestion has had a negative impact on port performance resulting in low productivity and slow truck turnaround times which causes congestion.

Compounded by the backlog created by the global COVID-19 pandemic at the port, port stakeholders had to no choice but to come together, using technology, to find a solution.

Every day of the week at 9am key stakeholders at the port including all privately owned terminal operators, our very own Transnet Port Terminals, depot operators, transporter associations, freight forwarders, citrus growers association, Transnet Freight Rail and Transnet National Ports Authority meet to plan and outline how seamless operations can be achieved.

Through this kind of collaboration, all participants make meaningful contributions on how to simplify port operations by coordinating cargo flows and operational capacity.

These meetings have been described as an opportunity amidst a pandemic. The initiative, which started in the early days of the hard lockdown, has contributed to the significant decline of traffic at the Bayhead precinct.

One of the initiatives is the consistent use of the new Truck Appointment system. The stakeholder collaboration virtual meetings are also held bi-weekly to accommodate the municipality, several provincial and national government departments, port stakeholders and Transnet Group to review the past 14 days and plan for the next coming 14 days.



TRANSNET RE-OPENS FREIGHT LINE FROM THE PRETORIA COMPLEX TO PYRAMID STATION



Transnet has re-opened the freight line from the Pretoria complex to Pyramid Station (Pretoria North to Hercules), following years of closure as a result of challenges with cable theft and sabotage. This significant milestone, which took place in Pretoria's Capital Park yesterday, will improve efficiencies and reliable delivery of services to Transnet's customers in the mining and automotive sectors.

This initiative is part of the implementation of Transnet's Road to Rail Strategy, and is one of the key projects to revive rail services in the Pretoria area. It is also part of the Transnet-PRASA Collaboration Program that has recently been established between the two entities, to identify common challenges, and jointly develop solutions to improve service offerings to customers and passengers respectively.

The line has been out of operation since August 2014 due to theft of signalling equipment and over-head track equipment,

which resulted in decreased capacity and longer turnaround times of rolling stock.

"The reopening of the line, which has been enabled for the most part by listening to people running the operations and implementing their proposals, will result in a more reliable network, which we believe will improve customer satisfaction", said Transnet Freight Rail Chief Executive, Ms Siza Mzimela.

"We will curb cable thefts through aggressive initiatives such as reviewing operations methods, augmenting the physical guarding of assets with technology and engineering solutions. This we will do in partnership with our key stakeholders such as PRASA and SAPS, and by so doing, we will ensure that TFR delivers on time to customers in this important economic area", said Mzimela.



TRUCK BOOKING SYSTEM FOR CITY DEEP CUSTOMERS

TFR has implemented the Navis Truck Appointment System at its City Deep Terminal in Johannesburg from 06 July 2020. This new online truck scheduling system will not only regulate the flow of road trucks to the terminal, but will also enable physical distancing during the Covid19 pandemic.

The aim of the appointment system is to improve the customer service delivered at the terminal by the elimination of excessive truck queues at the gate, limiting the maximum number of trucks lined up at the in-gate at any given time and limiting the waiting time before being processed at the in-gate aligned to demand and terminal capacity.

How this system works, is that the terminal will create appointments spread over the course of the day based on the resources, capacity and demand for evacuation or delivery into the terminal. It will also create appointed windows over the operational period where customers will log into the system, select an appointment and proceed to call at the terminal.

“The Truck Booking System will resolve several challenges that are currently experienced, particularly around the road truck congestion and truck turnaround time. It will also enable the terminal to control the rate of collections and deliveries in line with capacity and demand and most importantly, for our customers, reduce the cost of doing business with Transnet Freight Rail in the long term,” said Andiswa Dlanga, Acting General Manager, Container and Automotive (CAB) Business Unit.

The first customer to make an appointment booking on the system and gain access into the terminal was Maersk on the 9th of July at 07:00 followed by Spectrans Express at 09:00 and CAB team has have seen an increase of the number of booking from the customers particularly on the second day of the Go Live.

“ The Truck Booking System will resolve several challenges that are currently experienced, particularly around the road truck congestion and truck turnaround time

TRANSNET FREIGHT RAIL (TFR) IS READY TO SERVICE THE GRAIN FARMERS THROUGH ITS BRANCHLINE FROM REITZ TO FRANKFORT IN THE FREE STATE PROVINCE.

This significant milestone will guarantee the entire line from Reitz to Villiers is operational. The 50-kilometre portion of the line had been closed for six (6) months for rehabilitation. TFR will start transporting agricultural commodities for the approaching grain season. The rehabilitation of the line will provide a more reliable network and boost customer confidence, particularly the farming community in the province.

The grain industry presents an opportunity of 550,000 tons for deep-sea exports for the 2020/21 financial year. The line will also enable TFR to increase the current two trains per day to three trains, which is an addition of 32 wagons.

TFR's rail network team expects to complete the second phase of the rail rehabilitation programme from Frankfort to Villiers by August 2020. This additional 31-kilometre railway line will be able to load a further 40 wagons from Villiers and Windfield, which will result in an additional train.



AGILITY RESTORES OPERATIONS AT THE PORT OF EAST LONDON

A quick decision to deploy a tug master to the Port of East London after temporary suspension of operations due to a Covid-19 related incident, has resulted in the restoration of vessel movement.

Captain Pillay from TNPA, who is a qualified Marine Pilot and a Tug Master at the Port of Durban, was asked to assist at the Port of East London after a number of employees in marine operations went into self-quarantine while awaiting their Covid-19 test results.

The Captain was ferried in a helicopter belonging to the Port of Durban to assist with vessel docking and sailing at the Port of East London for the next few days.

The port will be operating with minimum permissible work force of one tug, a workboat and also reliant on good weather in order to dock vessels.

The COVID-19 pandemic has given rise to a new spirit of collaboration, which sees port users enjoying the benefit of TNPA's complementary port system across its eight commercial ports and the port authority's ability to deploy multi-skilled marine employees to provide relief service in affected ports to keep cargo flowing into and out of the country.

TRANSNET CONTRIBUTION TO THE COVID-19 PANDEMIC – DEPLOYMENT OF THE PHELOPHEPA TRAINS

Transnet contribution to the COVID-19 pandemic – Deployment of the Phelophepa Trains. Phelophepa rolls into Phoenix as Transnet boosts KZN's COVID-19 testing capacity [Johannesburg, 18 May 2020] Transnet SOC Limited has added its clinic-on-wheels to KwaZulu-Natal's battle to contain the spread of the corona virus, thus increasing the provinces' testing capability. The Phelophepa II train - which arrived in the province on Monday 18th May 2020 - will be stationed in Phoenix, a township northwest of central Durban, with an estimated 176 989 population.

The train will be in KZN from 18 May until 24 July 2020, and will visit communities in Empangeni, Ulundi, Pietermaritzburg and Port Shepstone. The deployment of the Phelophepa II train is part of an agreement between Transnet and the Department of Health in KwaZulu-Natal and the Eastern Cape provinces to provide the health trains for screening and testing for Covid-19. Only screening and testing for COVID-19 will take place on-board the train. The Phelophepa I train arrived in Stutterheim the Eastern Cape last week, and is expected to leave for the next station, Mount Ruth, later this week.

The Department of Health in both provinces will handle all activities associated with the screening and testing for COVID-19, and will be responsible for the welfare of the healthcare staff, administrative staff and all equipment required for screening. Transnet will provide connection points for water and electricity from the health train as well as furniture, shading and public amenities. Transnet will also manage personnel for the movement and the staging of the train and security services including crowd control.

20 VOLUNTEERS FROM THE DURBAN CONTAINER TERMINAL SENT TO PORT OF CAPE TOWN TO ASSIST THE PORT'S BACKLOG

In the spirit of camaraderie, a group of 20 volunteers from the Durban Container Terminal (DCT) have descended at the Cape Town Container Terminals to assist the terminal with operations.

The Cape Town Container Terminal has been one of the hardest hit terminals by the Covid-19 pandemic, resulting in staff shortages. The DCT heroes would have been on leave but have instead chosen to volunteer their time and skills to the Cape Town Container Terminal.

Their deployment will not adversely affect operations in Durban. "COVID-19 has been devastating, but more so for our Cape Town operations", says Velile Dube who is the Acting Chief Operations Officer at Transnet Port Terminals. "The colleagues who arrived in Cape Town are a combination of Driver Articulated Vehicles (DAV's), Rubber Tyre Gantry (RTG) cranes and Ship To Shore (STS) cranes drivers with over 100 years collectively of work experience. This proves that at Transnet, we are one family. We are grateful to our colleagues from DCT who have made the sacrifice and volunteered to assist us," says Dube.

The Cape Town Terminals have been operational since the Lockdown Level 5 to date, working at a reduced capacity.

The container terminal has 60% of its employees currently on duty while the multi-purpose terminal has been operating at a 75% capacity.

"Our operations have faced challenges as we had to remain operational during the national lockdown and we now face more pressure as the economy opens up," added Dube.

The 20 volunteers have been through rigorous screening and testing protocols. The terminal is also practicing strict social distancing, wearing of masks and sanitising protocols with additional ablution facilities added to ensure that there is no sharing of these between shifts.



CUSTOMER ENQUIRIES 000 0000

