



JOINT PORTFOLIO COMMITTEES ON PUBLIC ENTERPRISES AND TRANSPORT

8 JUNE 2022



Presentation Outline

- Overview
- Perspective of the White Paper on the National Rail Policy
- Strategy: Freight Migration Plan
- Implementation: Road to Rail Agenda
 - Freight Rail – Transnet
 - Passenger Rail – PRASA
- Monitoring and Evaluation
- Way-Forward



Overview

- Traditionally, rail was the mode of choice to move freight and was a mass mover of people. However, due to the deregulation of road in 1988, and subsequent constraints and challenges experienced in rail, there was a shift towards road as a preferred means of movement for both freight, particularly rail-friendly cargo, and people.
- This has had a significant impact on roads, particularly, traffic congestions, accidents leading to fatalities, road damage and the cost of building, maintaining and repairing those roads, amongst others.
- This led to government's drive to develop policy and strategies that will facilitate the shift from road to rail.
- Implementing agents responsible for freight and passenger rail (Transnet & PRASA) have also developed plans and strategies, in line with the White Paper on the National Rail Policy and Road Freight Strategy, to ensure reliable rail infrastructure that will meet the demand going forward. These are in the process of implementation and will be unpacked in the upcoming slides.



Perspective of the White Paper on National Rail Policy



White Paper on National Rail Policy

- White Paper on National Rail Policy was approved by Cabinet on the 23rd March 2022
- Minister of Transport hosted a media launch on the 9th May 2022.
- The White Paper has been Gazetted for implementation on the 12th May 2022,
- National Stakeholder engagement session took place 02 June 2022
- Provincial Policy Advocacy workshops in Provinces will take place June – July 2022



Policy Vision and Thrusts

- Rail as an affordable, competitive, effective, integrated, reliable, safe, sustainable and valued transport mode that provides the backbone of South Africa's freight logistics and passenger mobility systems and strengthens its economic growth and social development by 2050

Primary Intervention: Rail Sector Investment

- Policy therefore sets out to revitalise the country's railway sector by investing substantially to establish a high-performance rail sector that will recapture rail's proper contribution to the national transport task and thereby reduce transport sector harmful emissions
- The intervention shall initiate railway renaissance in the country by deploying high speed, heavy haul, heavy intermodal as well as contemporary urban- and regional rapid transit, in situations where rail offers the most economically, environmentally, financially and socially viable logistics and or mobility solution

Secondary Intervention: Institutional Repositioning

- **Freight Rail** : allow third party access. To fully exploit the rail addressable market, then third party train operators must be allowed to avail themselves of the opportunity
- Third party train operators must therefore be admitted to the national rail network to access the infrastructure in conjunction with commitment to the investment-led intervention
- **Passenger rail** : Introduction of competition for services rendered by PRASA must therefore be considered.
- Concessioneing of commuter/passenger lines where PRASA is unable to offer services must be considered. This must be offered to the Private Sector on favourable terms in order to recap the investments over the long term.



Objectives of the Policy

- Halt and reverse the decline of the rail sector by developing a National Rail Master Plan and supportive intervention and investment programmes;
- Ensure the implementation of road to rail strategy across both freight and passenger corridors.
- Facilitate or provide attractive, competitive, efficient, reliable, safe and secure freight and passenger rail services to reposition rail as the mode of choice and spontaneously shift freight and passengers from road to rail;
- Establish governance, institutional and regulatory frameworks for managing, operating and maintaining railways, as well as facilitate infrastructure and rolling stock investments in new technologies that increase inherent competitiveness;



Policy Statements



Rail Infrastructure Planning

- Strategic rail network planning and oversight is a centralised strategic function that DoT will undertake. DoT shall, as a first priority, establish a Government Component, to be known as the Rail Planning Component, to undertake centralised strategic rail network planning. Mandate includes:
 - a) Develop and maintain a high-level strategic vision and plan for the development of strategic rail network in consultation with relevant stakeholders.
 - b) Publish a National Rail Master Plan, anchored in the NATMAP 2050 Synopsis Update, which will be updated at least every 5 years.
 - c) Establishment and maintenance of a current and detailed knowledge base of passenger and freight flows, network capacity, asset condition, rolling stock fleets, local content, and available train slots in South Africa.
 - d) Undertake the detailed feasibility assessments and analyses.
 - e) Pursue and support investments in rail infrastructure and sectoral reforms.
 - f) Develop funding strategies, including private investment, in consultation with relevant stakeholders.
 - g) Secure a qualified mandate from incumbent freight and passenger infrastructure owners to concession non-core and branch lines identified as strategic in the Rail Master Plan.



Branch Lines

- The central Planning Component shall include branch lines in the National Rail Masterplan.
- Branch lines will be categorised as Strategic and, by default, non-strategic. The criteria that qualify a branch line as Strategic will be determined by the DoT's central Planning Component in line with the DoT's Rail Branch Line Strategy.
- Private sector investment in branch lines will be included in the Private Sector Participation Framework to be considered by Cabinet in 2022/23.
- Branch line operators shall have access to the core network, non-core network, as well as other branch lines according to the Third Party Access policy.
- Any Government entity, or other stakeholder that wishes to introduce a freight and or passenger service on a state-owned Strategic branch line, shall fund the actual costs of carrying and maintaining the branch line by the Infrastructure Manager, as well as the actual costs of operating trains.
- All such rehabilitation and operation shall be subject to the oversight of the Railway Safety Regulator (RSR), and ruling access arrangements, which access arrangements would eventually be superseded by the TER.
- The Government entity or stakeholder shall also procure a train operator under the ruling access arrangements, which access arrangements would eventually be superseded by the Transport Economic Regulator (TER)'s dispensation.
- Municipalities or any Government entity is responsible to maintain and upgrade municipal sidings and associated rail infrastructure under their control.



Branch Line Implementation

- DoT and DPE concluded Implementation Protocol(IP) for Branch Lines in November 2021
- A Joint Working Team established in February 2022 to provide oversight over Branch line implementation
- Joint Working Team has developed a draft Implementation Plan for the revitalisation of strategic Branch Lines
- DPE has secured subject expert from Transnet to participate in Joint Working Group in finalising the draft Branch Line Implementation Plan. Transformation and development of local entrepreneurs as well as the migration of freight from road to rail critical success factors
- To ensure viability of Branch line concessions, Transnet to invest in Branch Lines infrastructure together with the private sector
- Private sector will be required to invest in locomotives and wagons
- Focused attention on the revitalisation of branch lines to support the sustained growth of agricultural exports, especially the fruit producing and fruit export business

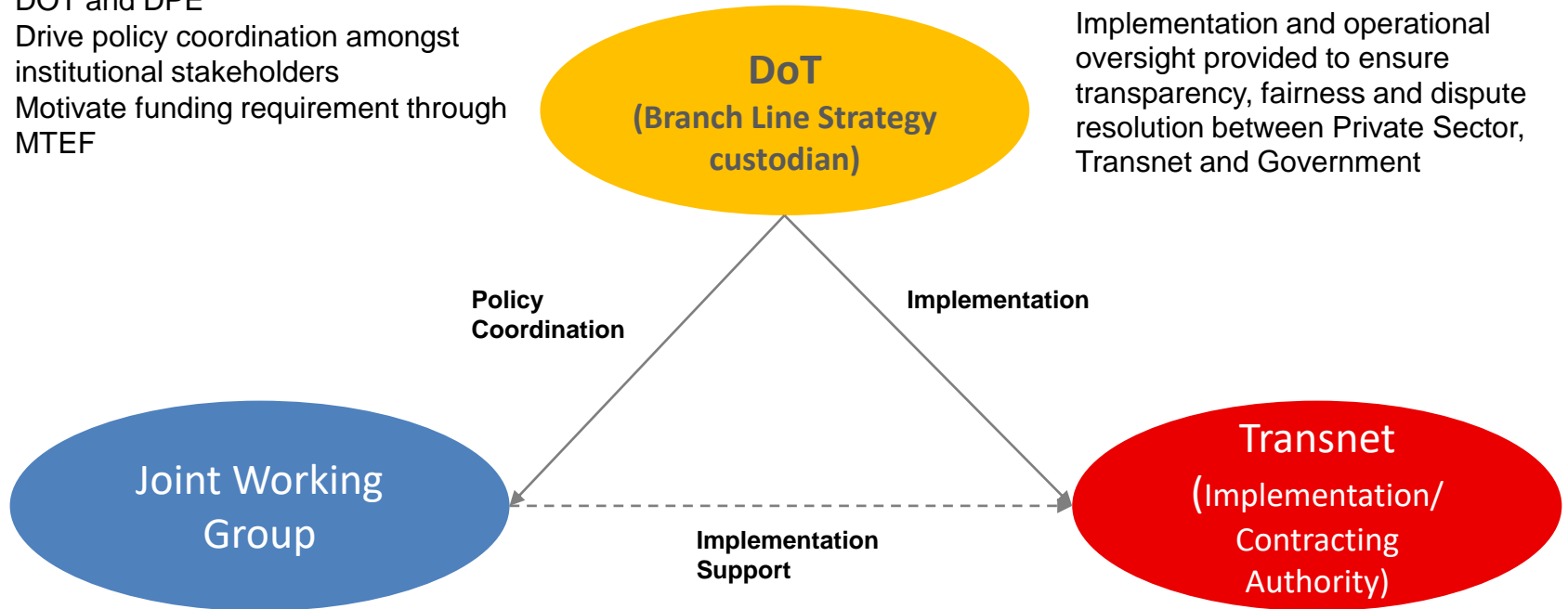


Implementation Protocol

- Implementation Protocol between DOT and DPE
- Drive policy coordination amongst institutional stakeholders
- Motivate funding requirement through MTEF

IRERC

Implementation and operational oversight provided to ensure transparency, fairness and dispute resolution between Private Sector, Transnet and Government



- Develop a Implementation Plan and Business Case for Branchline revitalisation
- Provide implementation oversight
- Remove obstacles to implementation, e.g. support from provinces and municipalities

- Implement Branch Line Concessioning aligned with PSP Framework



Rolling Stock

- South Africa State Owned Companies will exploit its rolling stock manufacturing capacity and strive to become a supplier of rolling stock in Africa.
- Train operators on the existing Cape gauge national rail network and on the future standard-gauge national rail network shall fund, procure and maintain their own rolling stock.
- Government supports the provision of own rolling stock by freight and passenger train operators as an additional funding source in kind to close the gap between existing funding sources and overall funding requirements, as well as the provision of extra capacity by private sector rolling stock leasing companies (ROSCOs).
- Train operators and SOCs can lease their rolling stock to any other party and to encourage new entrants in the market.



Market and Organisation Structure

- The market structure will be split between three distinct functions: Infrastructure Owners, Infrastructure Managers and Train Operators. These functions could be provided by any combination of vertically integrated entity on condition of clear accounting separation.
- Separation may take a variety of forms ranging from complete separation of the provision of track infrastructure from the operation of passenger and/or freight trains, to putting in place third-party access arrangements so that track services may also be provided by an incumbent train operator. The latter can take place with a vertically integrated entity that has financially ring-fenced track infrastructure management from train operations.
- Infrastructure owners will be ultimately responsible for ensuring that safe operations can be conducted on their track assets, and will be the primary concessioning authorities, although the right to concession facilities could be devolved through agreement with another party. Infrastructure managers will maintain and manage the facilities and will be responsible for allocating train slots and ensuring safe operations on the assets. Train operators will operate services in accordance with the prescripts of the RSR.
- In the transition to a TER, the IRERC will formulate, publish proposal and procedures, by which any qualified third party operator may apply to or propose a train service with a view to negotiating and concluding a network access agreement. The procedures shall recognise the case where existing capacity is sufficient, as well as the case where incremental expansion is required to create additional capacity.



Third Party Access

- Every open line whether classified as core, non-core, branch line, or shared freight and commuter line, shall be subject to third party access managed by an Infrastructure Manager (IM) appointed by the Infrastructure Owner of that open line. No IM may refuse or prefer access for an train operator.
- Transnet for the national freight network, and PRASA for its shared passenger and freight network sections, must establishment their IMs accordingly with a Traffic Management Function to control access to and manage operation of the large existing national rail network for all routes except PRASA's three Cape gauge metropolitan networks dedicated to passenger rail only.
- Access fees and terms of business shall be published in the public domain. In negotiating network access agreements the IMs may not discriminate unfairly between the proposed rail operations and the pre-existing rail operations of Transnet Freight Rail or other Train Operator
- A transparent interim arrangement for access must be provided by the incumbent IMs for all classes of freight network until such time that the Transport Economic Regulator (TER) is fully operational, whereafter IMs will sell train slots at TER approved prices.
- IMs must periodically publish a network statement that details Access Conditions, Capacity Allocation, Services and Charges.



Third Party Access

- All access to the existing Cape gauge long-distance network and the standard-gauge high-performance national rail network shall be overseen by the RSR and the TER, once established, in terms of their respective legislation.
- IMs of the existing Cape gauge national network and the standard-gauge high-performance national rail network shall provide access to passenger trains. The TER shall regularly monitor the performance of the Transnet IM with regard to its obligations set in the TER legislation and regulations.
- For all IMs penalties shall apply to agreed events that impose on other parties such as, but not limited to, non-provision or non- acceptance of agreed train paths, failure of trains in section, failure of infrastructure in an agreed train path and inability of trains to maintain scheduled running times.
- The TER shall establish an Access Coordination Forum to represent all infrastructure providers, train operators and maintenance service providers. It shall advise the TER on matters such as, but not limited to, detailed access rules and associated terms and conditions, technical standards, non-compliance penalties, as well as but not limited to procedures and responsibilities for rail-worthy and train-worthy inspections, unplanned maintenance, emergency services and the associated fees.
- The TER, once established, shall establish criteria in consultation with the RSR for determining who becomes a train operator, taking into account amongst other the need to promote SMME development and introduce new entrants to the rail market with regard to the relative size of operators, their competitiveness and agility.



Funding

- Government will limit its funding contribution to rail infrastructure only and leave train operators to fund their own rolling stock
- DoT will secure sufficient additional funding from other sources, including but not limited to the equity and other long-term sources mentioned below, to augment debt funding supported by Transnet's balance sheet.
- Access fees paid by operators, or by sponsors in the case of subsidised services, will fund the Infrastructure Manager's current expenditure.
- Initially, organs of state will fund all standard-gauge high-performance national rail network capital requirements. As at present, this source will not be sufficient and private sector participation will be sought.
- Basic national network funding will therefore reflect freight rail requirements, while passenger-specific incremental requirements will be funded by PRASA as an additional source of funding.



Private Sector Participation

- The DoT will spearhead the development of a PSP Framework for the rail industry. This Framework will aim to guide the collaboration between the major SOCs and private sector companies to deliver new economic infrastructure projects to augment the current level on infrastructure projects.
- The Department will pursue policies that will create a conducive environment for PSP and promote PSP in the provision of transport infrastructure and services.
- The PSP Framework for rail will cover broad railway PSP issues, ranging from the South African PSP context, different forms of participation, a clear procurement framework and the role of rail economic regulation as well as detail on the number of opportunities and the areas of PSP in the rail industry.
- Government will also consider the establishment of a dedicated concessioning authority and oversight unit responsible for overseeing the rail PSP process, with the capacity to engage all role players and the fair allocation of risk amongst all participants.



Urban Guided Transit

- Where the current urban rail network does not yet reach, and the need for rail services occurs, municipalities should also consider the development of other light rail systems .
- Government will ensure that there is sufficient flexibility in guiding policy and strategy documents, as well in grant frameworks supporting the development and operation of public transport, to allow municipalities to viably and sustainably consider the implementation of the full spectrum of UGT modes.
- Where urban guided transit is indicated and shown to be feasible and sustainable, local authorities shall plan for the sub-mode with highest appropriate capacity to form the backbone of their Integrated Transport Plans in consultation with the central Planning Component (Authority).
- Where UGT modes are implemented they shall be planned to integrate with existing services so as to maximize the network benefits of the investment.



High Speed Rail (HSR)

The DoT will develop a HSR Framework to provide the foundation for the prioritisation of HSR corridors in South Africa. The Framework will determine the strategic objectives for HSR in South Africa and determine the criteria to be used in determining and prioritising HSR corridors. This criterion varies from country to country, however, the following criteria are universal and will be considered:

- metropolitan population size, pairing of Cities and existing transit systems;
- socio-economic impacts on city pairs and combined per capita GDP;
- distance, transit connections, mega region location and level of highway and airport congestion levels; and
- demand forecast for passenger volumes and financial feasibility.



Passenger Rail Concessioning

- Government commits to introduce concessioning of passenger rail lines in support of government strategic objective of the movement of passenger from road to rail.
- This must be implemented in consultation with the State-Owned Entities that owns rail infrastructure.
- PRASA must develop skills to attract and manage sophisticated funding vehicles. Where municipalities, provinces or PRASA identifies improvement or extension, they should consider private sector participation as a possible funding vehicle.



Economic Regulation

- Economic regulation of Infrastructure Managers as an intervention will play a vital role in providing regulatory certainty to multiple rail sector actors, which is fundamental to successful rail revitalisation.
- An Interim Rail Economic Regulatory Capacity (IRERC) has been established to ensure strategic management of Economic Regulation in the rail sector. The purpose of IRERC is to develop necessary capacity and skills to implement the regulatory approach.
- The IRERC model will be utilised as an interim arrangement for economic regulation until the TER is established.
- Rail regulatory responsibilities of the TER shall include research, compliance and performance monitoring, as well as preventing abuse of market power and facilitating dispute resolution between operators, customers, investors and other stakeholders.
- Economic regulatory functions shall be executed independently of rail sector IMs, train operators and or service providers and be directly accountable to the Minister of Transport, to whom periodic reports on the status and performance of the railway sector will be made.



Security Management (1/2)

- DoT shall engage the Minister responsible for the Critical Infrastructure Act No 8 of 2019 to obtain a departmental seat on the Critical Infrastructure Council ("CIC"), and then use the railway occurrence reporting, as defined and reported on in the Railway Safety Regulator Act no 16 of 2002, to inform proposed rail sector interventions and countermeasures by the CIC.
- The DoT will develop and maintain a central security risk register to help ensure sectoral resilience and threat awareness.
- DoT will establish a specific security coordination forum where SOE's, the country's security agencies including national and local police, as well as local and provincial governments, can share information on recent and emerging developments, share experiences on the use of and proposals for the deployment of advanced security technologies and practices, align on issues of implementation, agree on the exigencies of areas of cooperation and discuss progress on the implementation of measures to address ongoing and emerging challenges.

Security Management (2/2)



- The Department will support the development of research and thought leadership in managing the security challenges in rail,
- The DOT will develop an evidence-based set of best practice guidelines to inform the planning of implementing agents.
- Operator owned or outsourced security services will provide first line defence in the rail setting.
- The Department will develop in consultation with SOE's specifications for security requirements to be included Service Level Agreements between rail operator and IMs.
- The Department of Transport will promote the strengthening of the South African Police Service Protection and Security Services Division (Railway Police) who will continue to enforce the law within the rail setting, i.e. both fixed facilities and trains.
- The RSR will ensure permitted operators include in their SMSs costed, resourced and time-bound action plans to address the ongoing security challenges being experienced in the rail sector.
- The IMs, together with Government agencies, will ensure that planning is implemented timeously, and that railway infrastructure is protected from vandalism, theft and sabotage.



Implementation Priorities

Short-term Objectives (by 2024):

- National Rail Policy approved;
- National Rail Bill enacted
- Accounting separation of Transnet Freight Rail's Infrastructure Manager and Train Operator completed;
- Third party access commences;
- SOEs publish their baseline Network Statements;
- National Rail Master Plan completed;
- Devolution of Commuter Rail Strategy completed.



Implementation Priorities

Medium-term Objectives (up to 2030):

- Local authorities complete planning for additional urban guided transit corridors;
- Commencement of the National Rail Master Plan implementation on priority corridors.
- Conclude the business case for the first Standard Gauge Pilot Project (selected from freight, higher-speed or high-speed passenger options).

Long-Term Objectives (up to 2050):

- Conclude implementation of approved priority corridor projects for freight and passenger rail;
- The rail mode achieving its rightful position in an integrated national transport system; and
- Rail achieved movement of rail friendly cargo and passengers from road-to-rail.



Strategic Perspective: Freight Migration Plan



Road Freight Strategy

- Cabinet approved the Road Freight Strategy (RFS) in March, 2017
- The Road Freight Strategy Integrated Implementation Plan was subsequently developed with all relevant implementing agencies (government Agencies, provinces, DPE, Road Freight Associations, Road Freight Industry)
- DoT Ministerial Agreement in current MTSF period – 10% Road to Rail Migration
- Implementation (Transnet and Road Freight Industry), monitoring and evaluation of the RFS, 2017
- DoT in the process of developing an integrated Freight Road to Rail Migration Plan with international best practices and innovating alternatives, taking the DoT Green Strategy (GTS), 2019 into consideration to promote a transport system that is environmentally friendly and helps boost economic growth and create jobs



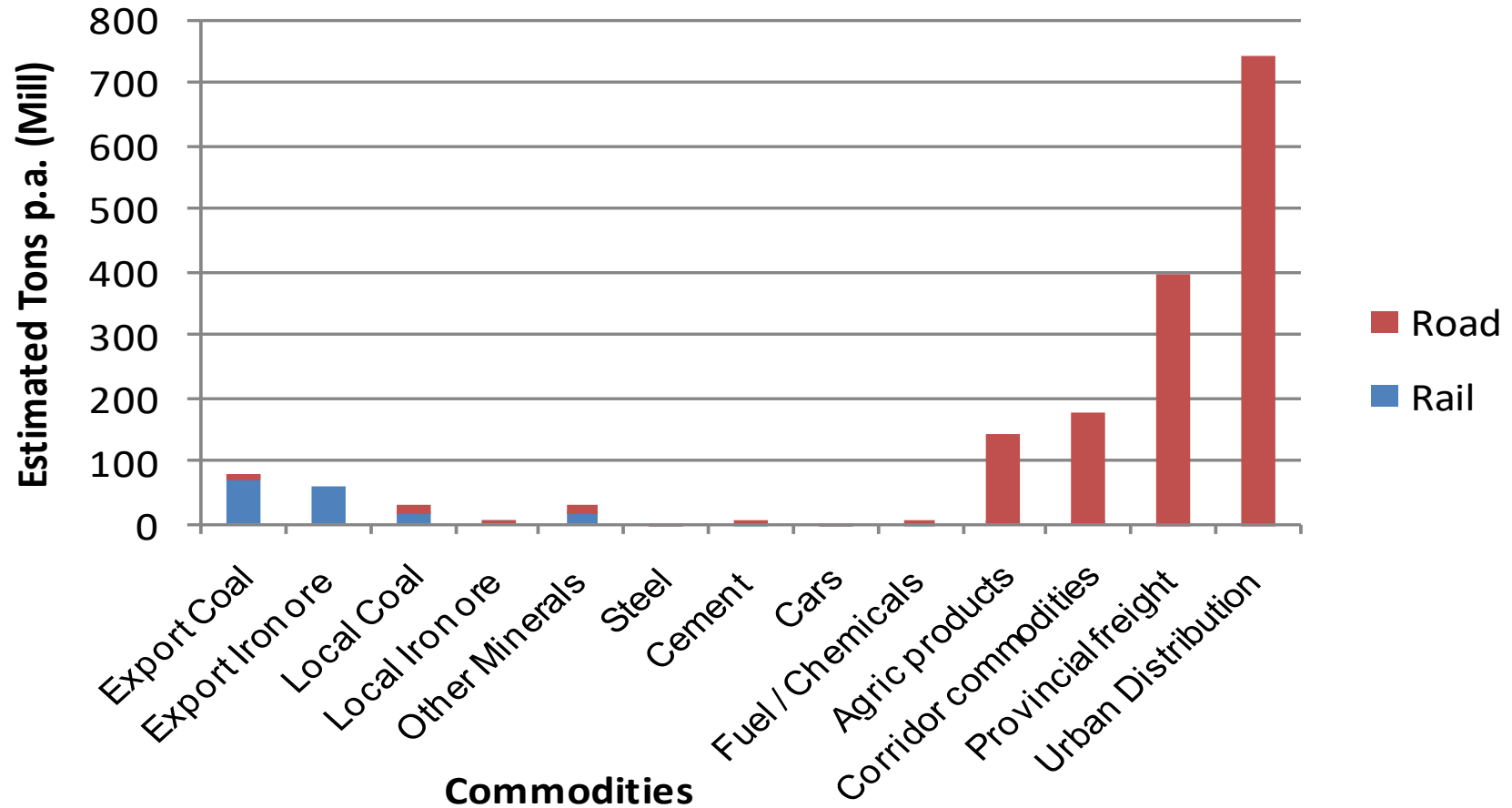
Objectives of the Road Freight Strategy

- Develop strategic land surface transport (road and rail) equitable share and effective modal split (Freight Road to Rail Migration Plan)
- To optimise the efficiency of road freight services to industry and to reduce the externalities of the mode in terms of accidents, pollution, congestion, infrastructure damage and anti-social activities.
- To propose an effective, efficient rail/road split
- To improve the effectiveness of regulation and enforcement of quality standards and to ensure equity between road freight transport operators within a system of quality-regulated competition.
- To create effective training and skills development options for all functions in the industry, to encourage professionalism in the management, operation and support of road freight operations, and to encourage increasing BEE participation in the industry
- To provide for effective liaison between all role players in the sector; all tiers of government, private sector operators and industrial users and to promote optimal intermodal coordination and logistical efficiency as well as improving the planning of road freight infrastructure provision and management.
- To promote regional trade integration and improve cross border transport efficiency to enhance national competitiveness



Setting the scene: Road/Rail Split (87/13)

Estimated Land Transport Volumes (Mill/tons p.a.)



Land Surface Transport Annual Tonnages

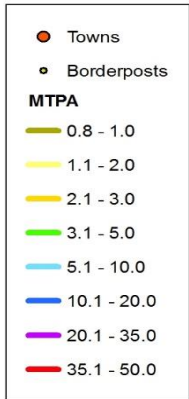


Commodity Characteristics	Commodities	Annual Tons mtpa	Typical origins	Typical destinations	Modal Usage %		Primary reason for modal choice	Rail	Road
					Rail	Road		mtpa	mtpa
Bulk - Coallink Bulk - Orex Bulk - GFB	export coal	76.3	Mines	Ports	100	0	Full rail facilities	76.3	0.0
	export iron ore	59.7	Mines	Ports	100	0	Full rail facilities	59.7	0.0
	local coal	24.6	Mines	Powerstations	85	15	Some rail facilities	21.0	3.6
	local iron ore	12.0	Mines	Foundries	100	0	Some rail facilities	12.0	0.0
	local coal	9.5	Mines	Factories/ports	74	26	Few rail facilities	7.0	2.5
	other minerals	8.5	Mines	Foundries/ports	72	28	Some rail facilities	6.1	2.4
	other minerals	8.6	Quarries	Smelters	81	19	Some rail facilities	7.0	1.6
	Clinker	5.8	Quarries	Factories	86	14	Some rail facilities	5.0	0.8
	fuel/chemicals	3.9	Plants	Ports	90	10	Some rail facilities	3.5	0.4
	Grain	10.0	Silos/ports	millers	40	60	Some rail facilities	4.0	6.0
	steel	2.1	Foundries	Ports	53	47	Some rail facilities	1.1	1.0
	timber	8.0	Forest	mills /ports	75	25	Some rail facilities	6.0	2.0
	Paper and pulp	1.5	Port/plants	ports/plants	67	33	Some rail facilities	1.0	0.5
	Other bulk	4.0	Mines/agric	Plants/ports	100	0	Some rail facilities	4.0	0.0
TOTAL BULK		234.5			91	9		213.7	20.8
Break bulk	steel	1.0	Foundries	Wholesaler	1	99	No rail facilities	0.0	1.0
	cars	1.0	Ports/Plants	Ports/ Plants	40	60	Few rail facilities	0.4	0.6
	cars	1.0	Ports/Plants	Retailers	20	80	Few rail facilities	0.2	0.8
	containers	6.0	Ports/Terminals	Plants	30	70	Few rail facilities	1.8	4.2
	containers	14.0	Ports/Terminals	Ports/terminals	36	64.3	Few rail facilities	5.0	9.0
	chemicals	20.0	Factories	Users	0	100	No rail facilities	0.0	20.0
	fuel	30.0	Plant	Retailers	0	100	No rail facilities	0.0	30.0
Mixed	agric prods	111.0	Farms,silos	Farms / Mills	5	95.5	Few rail facilities	5.0	106.0
	industrial goods	550.0	Ports/factories	User industries	0	100	No rail facilities	0.0	550.0
	FMCG	500.0	Processors	Wholesale/retail	0	100	No rail facilities	0.0	500.0
	beverages	90.0	Plants	Wholesale/retail	0	100	No rail facilities	0.0	90.0
	packaging	40.0	Plants	factories/processors	0	100	No rail facilities	0.0	40.0
Casual	Construction	40.0	Suppliers	Sites	0	100	No rail facilities	0.0	40.0
	Building	20.0	Suppliers	Sites	0	100	No rail facilities	0.0	20.0
	Retail	20.0	distribution	stores	0	100	No rail facilities	0.0	20.0
TOTAL BREAK BULK		1444			1	99.1		12	1432
TOTAL LAND FREIGHT		1679	Million tons p.a.		13	86.5		226	1452

NATIONAL ROAD FREIGHT CORRIDORS: LOCATIONS AND ANNUAL TONNAGES



Road Freight Corridors in South Africa



Corridor	Commodity
N1 S	Fruit, Fish, Containers
N1N	General cargo, Fuel
N2S	Cars, Fruit, Containers, milk
N2C	General cargo, Fuel
N2N	Ferro Chrome, Timber
N3	chemicals, cars, Fuel, containers
N4W	Fuel, maize, wheat
N4E	Ferrochrome, coal, fruit
N5	Containers, general cargo, maize
N6	Cars, containers
N7	Fish, fruit, containers,
N8	Manganese, Foods
N9	Cars, containers
N10	Maize, cars, containers
N11	Steel, coal, marble
N12	Maize, fruit, vegetables
N14	Maize, wheat, livestock
N17	Coal, steel, fuel, chemicals



Tonnages to Move from Road to Rail

Tonnages to move from Road to Rail

COMMODITIES	ESTIMATED TONS P.A.
Steel	1,000,000
Oil and fuels	2,500,000
Domestic Coal	3,500,000
Export (sized) Coal	1,500,000
Manganese	800,000
Grain	6,000,000
Timber	2,000,000
Pulp and Paper	500,000
Minerals	2,000,000
Total	19,800,000

Road Freight Industries keen to migrate the following commodities to rail:

- Oils and fuels
- Steel
- Timber
- Grain
- Pulp and Paper

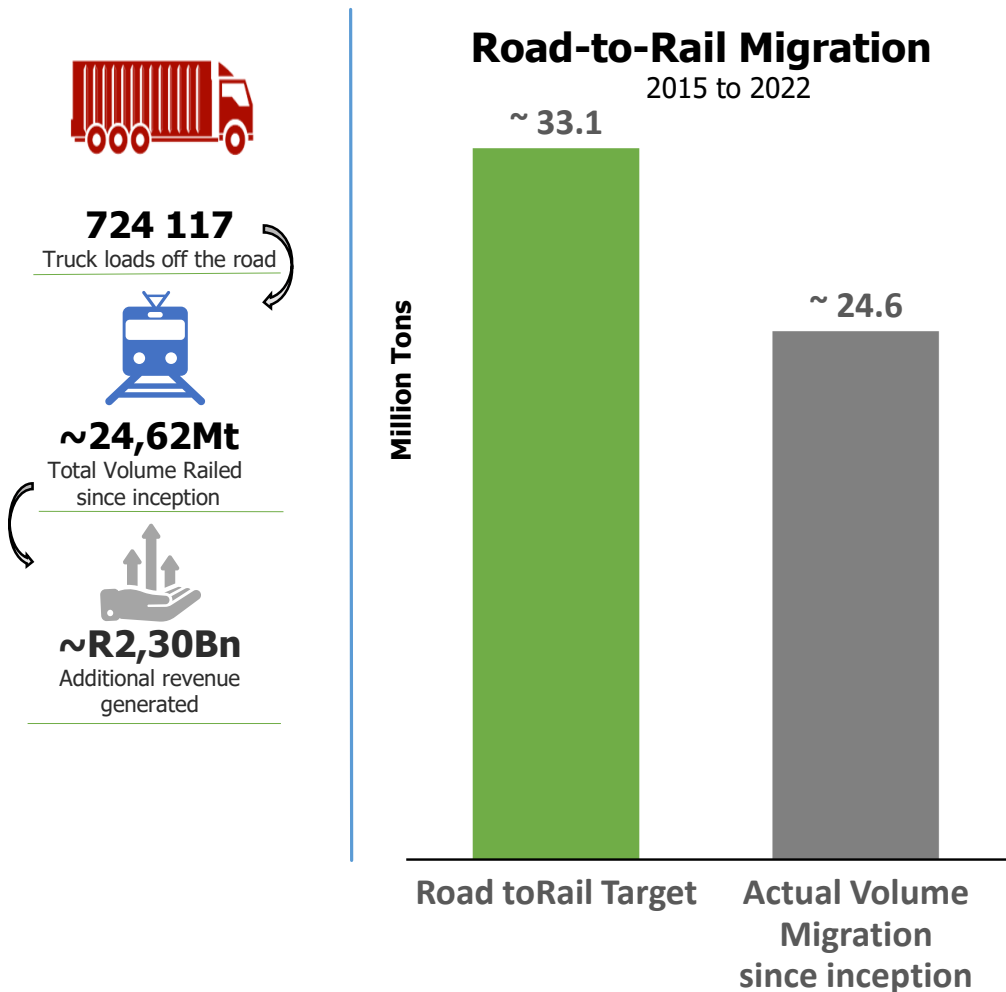


Perspective on Implementation

Freight Rail - Transnet



Road-to-Rail Historical Performance



Customers seek reliability and predictability from rail in order to migrate from Road to Rail

Key Constraints which impact on operational improvements and efficiencies

- **Rail infrastructure** deterioration due to historical under-investment resulting in increased incidents/ derailments.
- **Locomotive** availability and reliability: delivery and maintenance program for locomotives under pressure due to 1064 Locomotive Contracts review process. **(25% decline in loco availability from 2017/18 (226mt) to 2021/22 (173mt))**
- A **179% increase in security** related incidents resulting from theft and vandalism of infrastructure; a 1096% increase in cable length stolen
 - This negatively impacts TFR's network availability - tons lost have increased by 550% over the same period
 - Revenue lost has increased by 1 433% due to higher tariff for impacted GF traffic
 - Net financial impact for 2021/2022 is R4.1bn



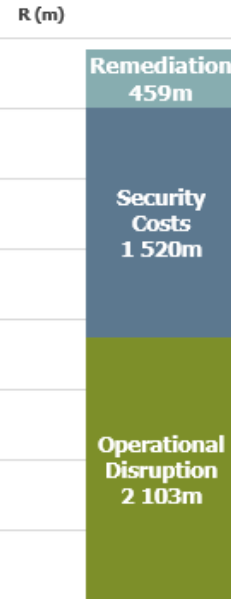
Net Financial Impact of Security Incidents

HEAT MAP: 44% of all security incidents occur on the Container corridor where the greatest opportunity for road to rail migration lies



Corridor	% of the Total Security Incidents per Corridor
North Corridor	30%
Container Corridor	44%
Central Corridor	23%
NE Corridor	2%
Cape Corridor	1%
Iron Corridor	0%

**2021/22
TFR Net Impact:
R 4 082m**

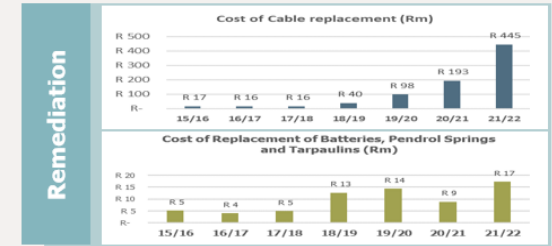
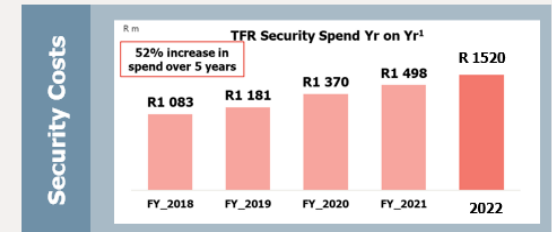
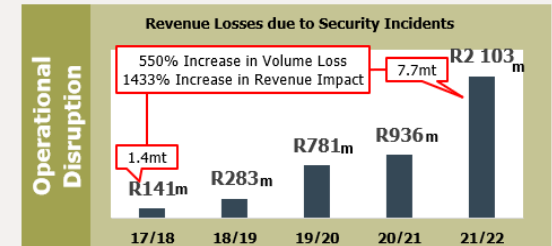


LENGTH OF CABLE STOLEN

Year	Incidents	Overhead (m)	Underground (m)	Total (m)	% Overhead Cable of Total Cable Stolen*
2015/16	1 688	-	-	128 897	
2016/17	1 709	51 300	62 125	113 425	45%
2017/18	1 598	62 377	57 766	120 143	52%
2018/19	2 045	153 064	121 887	274 951	1 096% Increase 56%
2019/20	3 081	332 651	116 877	449 528	74%
2020/21	3 477	635 284	88 887	724 171	88%
2021/22	4 862	1 212 523	293 750	1 506 273	81%

*OHTE is thicker cable for high voltage and covering longer distances thus making it more valuable. It also requires a group of people with tools and vehicles to steal a few spans. This indicates that theft has migrated from "bread and butter" thefts to syndicates who are often armed and move in huge numbers

FINANCIAL IMPACT OF SECURITY INCIDENTS



TFR Container Corridor

Direct and Indirect Impact of Security and Vandalism on Rail Service Quality



Service reliability is the primary KPI the container customers use to define quality of service. This remains the selling point for containers on rail across the world.

Service reliability on the corridor is poor, supply chain reliability and service quality are strongly associated **with logistics performance**.

Highest contribution to service disruptions is theft and vandalism of OHTE and signals. These incidents further impact resource cycle time, crew productivity and balancing of resources.

Schedule Impact

- On Time Arrival of trains average is 20%
- Train Running time average is 36 hours vs design of 18Hours; road truck average transit of 8-10Hrs

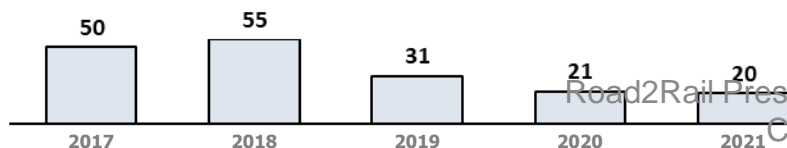
Service Quality

- 39% of export containers fail to meet vessel stack (short shipments 2020)
- The cost of **short shipments** or **import container dwell** in the port is material for the customer and increases the cost of logistics. Average cost to customer for short shipment is USD2000 per container. Late arrival of export containers delays the vessel and impacts **port productivity**

Slot Capacity

- 22 out of 47 slots eroded due to manual authorisations caused by signal theft. A further 10 slots are lost on average during execution due to frequent theft and vandalism of infrastructure OHTE and signal

Train On Time Arrival (%)



Container Sector impact on RSA GDP

- Containers, Grain, Fuel and Automotive are the dominant commodities railed on the Container Corridor
- These segments contribute materially to the RSA economy and GDP as per the table below
- One of the key barriers to growth for containers on rail is service reliability

Nine key segments form the Strategic Focus

Based primarily on contributions to the RSA economy, the global market and Transnet



	Economic contribution			Market outlook*	Transnet revenue contribution			
	% GDP	Economic value	Employment		Freight Rail	National Ports Authority	Pipelines	Port Terminals
Iron Ore	1.39%	R 65.04bn Export Value	19,769	3.6%	[Bar chart showing revenue contribution]			
Manganese	0.89%	R 34.28bn Export Value	11,143	4.0%	[Bar chart showing revenue contribution]			
Coal	2.74 %	R 55.34bn Export Value	94,297	1.6 %	[Bar chart showing revenue contribution]			
Chrome & Magnetite	0.44%	R 10.45bn Export Value	20 901	5.0%	[Bar chart showing revenue contribution]			
Automotive	6.9%	R 178.88bn Export Value	110,000	5.5%	[Bar chart showing revenue contribution]			
Containers	12% (Logistics cost)	R 274bn (Logistics turnover)	Not available	4.3%	[Bar chart showing revenue contribution]			
Liquid Fuels	6%	~18% of SA energy	10 924 direct 100 000 indirect	1.1%	[Bar chart showing revenue contribution]			
Gas	Minor GDP	~3% of primary energy mix	Potential for up to 230 000	1.5%	[Bar chart showing revenue contribution]			
Agriculture	1.2%	R 48.0bn Export Value	~900,000 direct	4.2%	[Bar chart showing revenue contribution]			

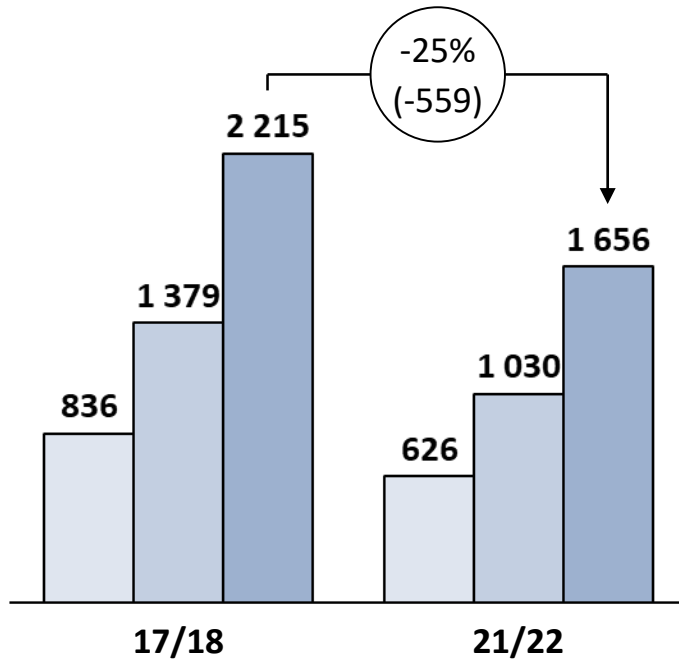
* Speculative CAGR for 2021-2025

Energy Transformation Focus
Economic Reconstruction and Recovery Focus

Locomotive and Infrastructure Challenges

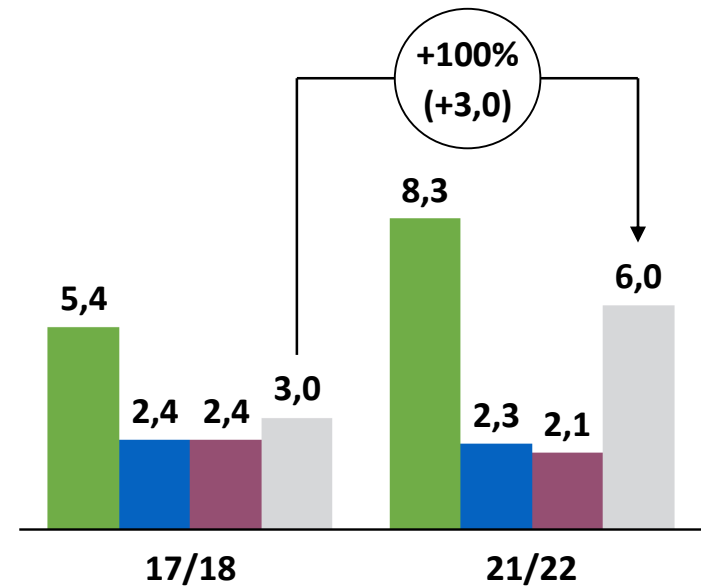


TFR: Available Fleet



- Diesel Locos
- Electric Locos
- Total Available Fleet

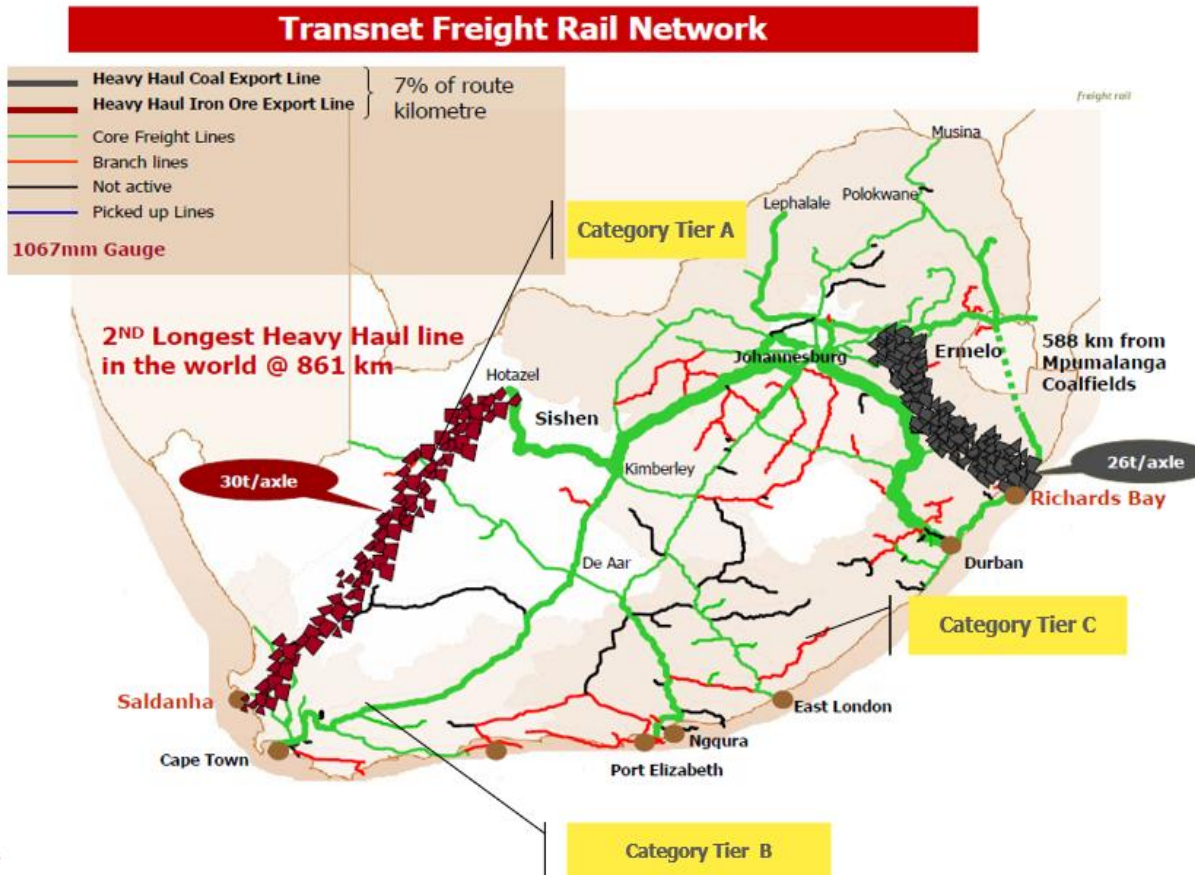
Sustaining and Backlog Maintenance (R Billion)



- Infra Copex Required
- Approved Allocation
- Actual Spent
- Non-addressed Maintenance

Line Classification (A, B, C)

TFR operates an integrated network of Heavy Haul, Core Mainlines and Branch Lines



Category Tier A

- ✓ **Heavy haul** – 26/30-ton axle load, **operates in the most efficient and effective way with mineral mining users funding network maintenance.**
- ✓ **Self Funding**

Category Tier B

- ✓ **General Freight Network** - 20-ton axle load, largely services mixed commercial traffic, **TFR as the dominant Operator but introduce new players** (managed 3rd party access)
- ✓ **User Pay Principle**
- ✓ **Tariff funded and subsidized by Category A**

Category Tier C

- ✓ Branch Line Network and sections of this network will be concessioned to **3rd party operators.**
- ✓ **Full Concession**

Partnership and collaboration – Logistics solutions



Customer Collaboration
Volume growth initiatives



- Development of LP Gas Hub and investment in specialized tank wagons.
- Rail Solution competing with Road PBS offer. Volume Opportunity: 1.2Mt over 10 years.
- Rolling Stock Partnership: Contract negotiating with customer currently underway.



- Decongest the Durban Port Precinct with heavy road vehicles and reduce burden on city.
- Increase export Chrome, Manganese and Grain throughput via Bidvest facilities in Durban from road to rail.
- Improved efficiency of running 65 wagon trains to maximize network capacity usage.



- Customer collaboration on wagons to address volume growth plans.
- 0.35Mt per annum (Ammonia and Carbon).
- Opportunity development underway for a Hook & Haul rail service.



- Collaboration with Mkhuze Loading Facility Pty Ltd (JV -Sentrans Pty Ltd and the Makhathini Flats Local Farmers)
- Supporting an RSA Government lead strategic project (Dept of Rural Development and Land Reform)
- Livelihood for **2 000** black small scale farmers preserved
- Job creation/ retention ~**8 000** black people Umkhanyakude District
- **0,3 million tons** Sugar Cane per annum from road to rail
- Lease for Mkhuze Rail Siding awarded: Commercial transaction being concluded



- Development of an Intermodal Terminal in Estcourt to migrate 1,6Mt container traffic from road to rail
- Solution - 220km Bi-Directional traffic from Durban Harbour to Estcourt
- Competition - ~ 2 000 road trucks per day on the N3 Toll Route between Durban and the Reef
- Contract negotiating with customer currently underway



- Development of Grain Hub in Free State
- Rolling stock partnership (locomotives and wagons) to unlock 0,9Mt Grain and Agriculture rail volumes
- In opportunity development phase



- Inland Dry Port mega development in Cato Ridge for Containers and Automotive
- 0.50m TEU's per annum
- Rolling stock partnership (locomotives and wagons) alleviate congestion at the Durban Port Precinct and attract volume opportunities from FMCG industry already established in Cato Ridge
- Lease for Cato Ridge facility awarded: Commercial transaction being concluded

Partnership and collaboration – Logistics solutions (continued)



Customer Collaboration

Volume growth initiatives

Automotive



- Ukuvuselela project – expanded automotive export capacity via a high capacity rail corridor between Gauteng and the Port of Port Elizabeth supported by partner inclusive rail operating model.

Manganese



- Ngqura Manganese Export Terminal and associated rail capacity enhancement intended to expand Manganese capacity at the Port of Ngqura to 16mtpa, including targeting approximately 4mtpa currently on road.

Chrome & Ferrochrome



- Chrome & Ferrochrome expanded volumes via the Port of Richards Bay, allowing for rail based solutions for the >2mtpa currently moved on road via the Port of Durban.

Agriculture



- Various partner driven projects to support the agriculture sector are in development, particularly focused on supporting fruit and grain industries. These include inland and port terminals, supported by a partner driven revitalization of branch lines.

Partnership and collaboration – Rail siding



Reposition strategic rail sidings through collaboration with customers to complement an end-to-end efficient logistics service, increase rail volume and unlock investment on active and dormant land assets





Third Party Access – Slot Sale

3rd Party Access Slot Sale

Overview



- RSA White Paper on National Rail Policy (2017) positions access to 3rd Party Operators to TFR railway infrastructure network as the center of RSA rail reform.
 - TFR to be custodian of rail infrastructure - Facilitate controlled access to railway infrastructure network
 - Rail operations conducted by TFR as the dominant operator.
 - 3rd Party operators to be granted access to rail infrastructure by TFR.

Progress to date



- Phase 1: 3rd party access of the container corridor and automotive flows
- Advertisement issued 01 April 2022 for Container and South Corridors
 - 6x Slots in Container Corridor for Containers and Grain
 - South Corridor – Pretoria to East London
- Bid evaluation underway
- Engaging with DOT and IRERC on the Policy and on the implementation of Phase 1 of Third Party Access.

Principles



- 3rd Party slot access valid for 2 years during the pilot phase.
- This will allow Transnet and 3rd Party Operators to assess the outcome of the pilot.
- Utilisation to be on a take or pay basis.
- Slots to be awarded to operators who are operationally ready or who can start operating within a month of the award process.
- Slots will be readvertised if the utilisation threshold is not achieved.
- Price considers volume mix, scale and density (i.e. tonnages and distances).

Benefits



- Contribute to the improvement of route density.
- Increase railway capacity.
- Advance technological innovation.
- Aid in providing the funding required to increase investment in maintenance.
- Improve overall railway efficiencies and service quality.
- Reduce the cost of logistics for the South African economy.

Opportunity for Future Rail Growth on the Container Corridor

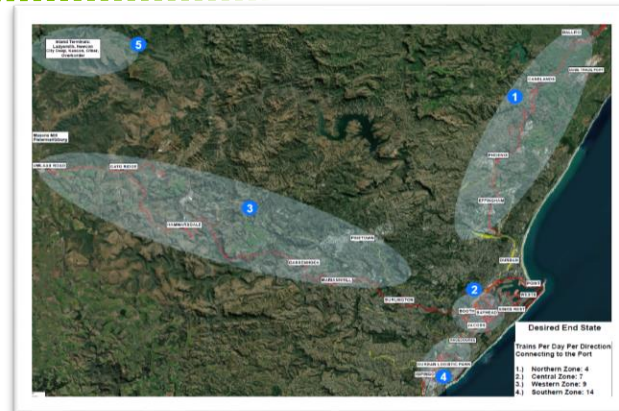


3rd Party Access Slot Sales

- Phase 1 target of **6 slots** for sale to 3rd Party operators in 2022 has been impacted by the Floods in KZN
- Restoration of the infrastructure creates opportunity to double slots made available **from 6 to 12**
- This further creates opportunity to increase migrating road volumes to rail particularly for the container sector
- Based on 6 slots, volume equivalent of **~ 200 000 TEU per annum; equivalent to 100 000 road trucks** (based on 2 TEU per truck)

Rail Response to Port of Durban Capacity Ramp Up

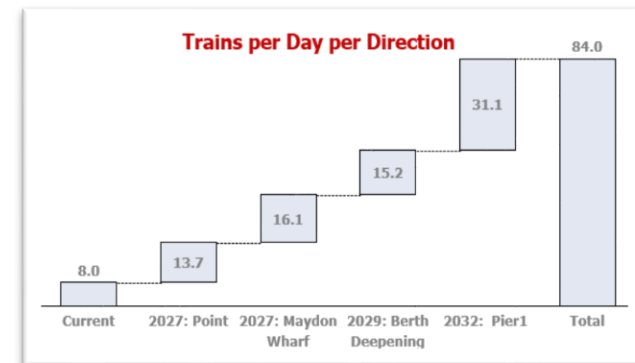
- Transnet has crafted a Port Master Plan that seeks to increase container capacity at the Port of Durban over the next 10 years.
- Berth Capacity increase from 2.9m TEU per annum to **~11.3m TEU per annum** (*undergoing expert validation*)
- Landside volumes estimated to be 6m TEU, creation of capacity for 5m TEU on rail; Train equivalent: from 8 to 84 trains per day
- Rail Capacity expansion plan in initial development phase and will be subject to expert validation



Port of Durban Growth Plan: Rail Capacity Ramp

Some of the key principles applied:

- Maximise the use of rail for inbound and outbound logistics
- Optimise the rail configuration for terminals in the Port
- Continue to support rail terminals outside the port boundary (Back of Port)
- Mass evacuation via rail enabling port fluidity
- Increase train length to maximise slot capacity on the mainline
- Modernisation of signalling system in Durban Complex





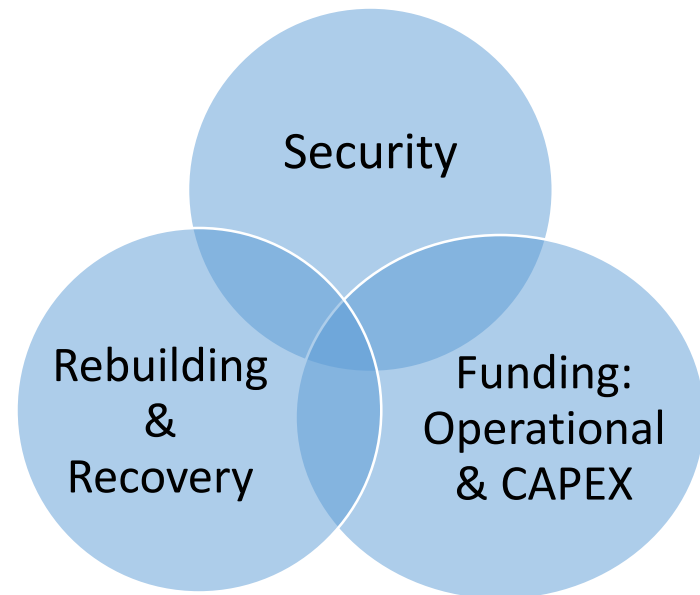
Perspective on Implementation

Passenger Rail - PRASA



A. INTRODUCTION AND CONTEXT

- PRASA key challenges may be summarised into three main categories:
 - **Security:** - Securing and protection of our assets
 - **Rebuilding and Service Recovery:** - Reconstruction of our corridors, and resumption of train services to level stipulated in our mandate. In support of the Road to Rail Strategy
 - **Funding:** - Operational Funding to Sustain the mandate, and the heightened security challenge.
- This is PRASA's Triple Challenge
- In this presentation, we provide some details, summary of progress and assistance required in each category.



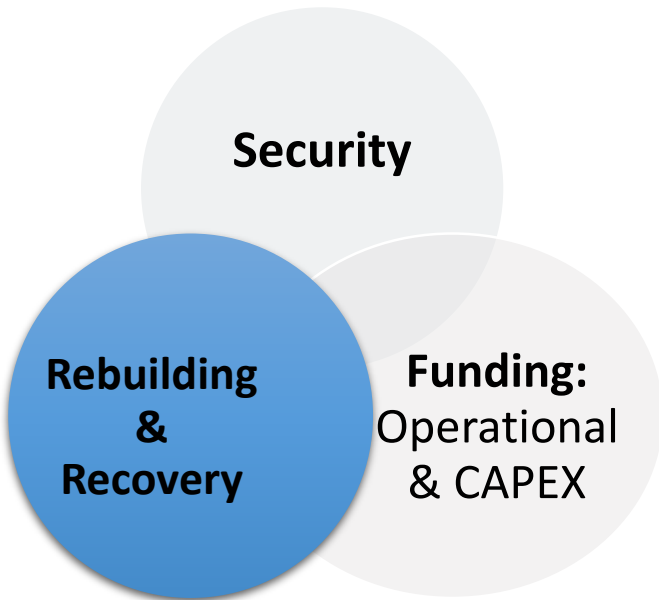
The Triple Challenge

B. ROAD TO RAIL STRATEGY: Rebuilding & Recovery



**CORRIDOR REBUILDING AND
SERVICE RECOVERY CHALLENGES**

B. REBUILDING & RECOVERY: The Problem /1



The Triple Challenge

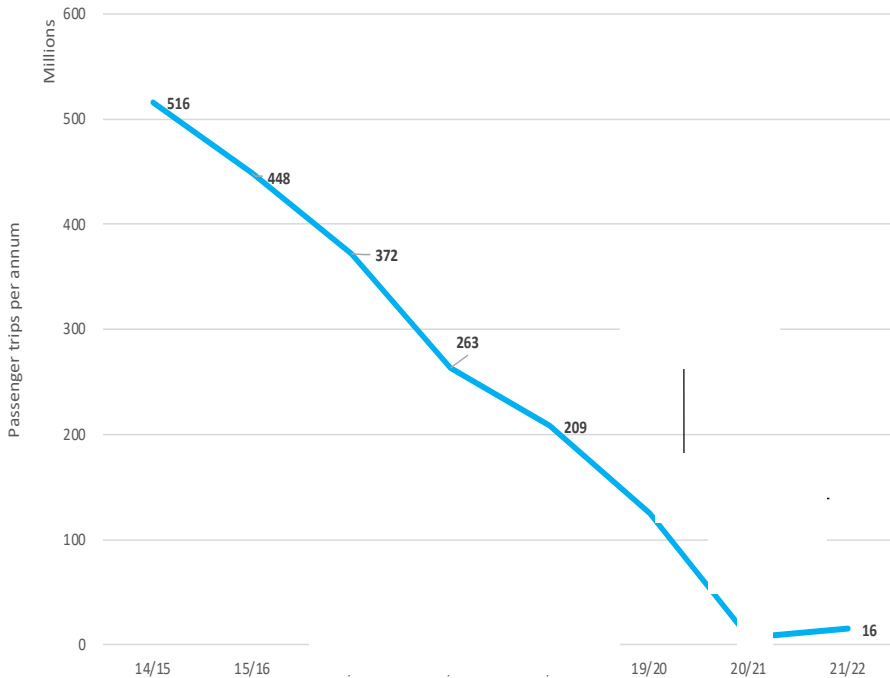
STATUS:

- We have 40 corridors/lines and 18 functional since the opening after Covid Lockdown
- 17 Gauteng - 7 Functional (2 Electric and the rest Diesel)
- 9 KZN - 3 Functional before Floods (recovery underway)
- 2 EC - 2 Functional (both Diesel traction)
- 12 WC - 6 Functional (all Electric)

B. REBUILDING & RECOVERY: The Problem /2



Trend in Metrorail passenger trips

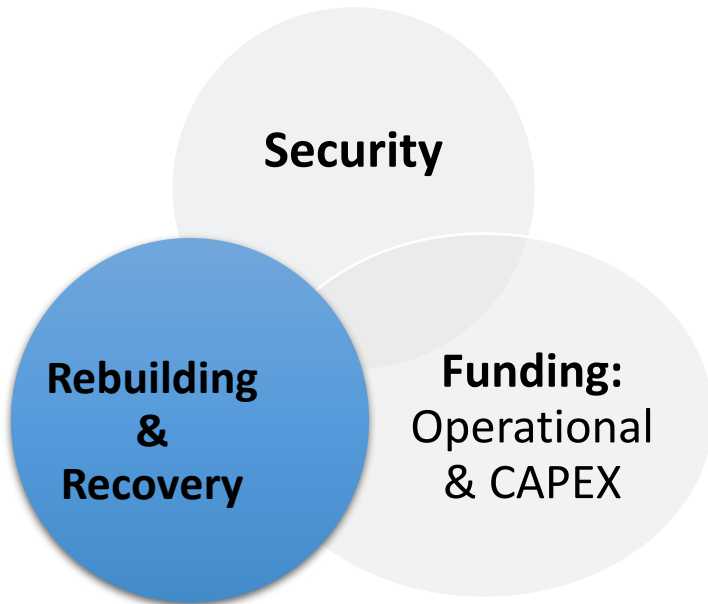


Rail potential: Road to Rail

- Lowest level of Rail passenger numbers at lowest level
 - +500m pax / annum in 2015 compared to 16m in 2021
 - Current levels (around 32k p/d) compared to a potential 600k-1m pax p/d
- Captive market represent large portion of rail passengers
- Acceleration of corridor service recovery critical for turnaround
- Opportunity to ensure more fit for purpose network – attracting more/new passengers
- Fuel costs and and unsustainable percentage of household income on transport costs necessitates the recovery of the passenger rail network

B. REBUILDING & RECOVERY: The Probler

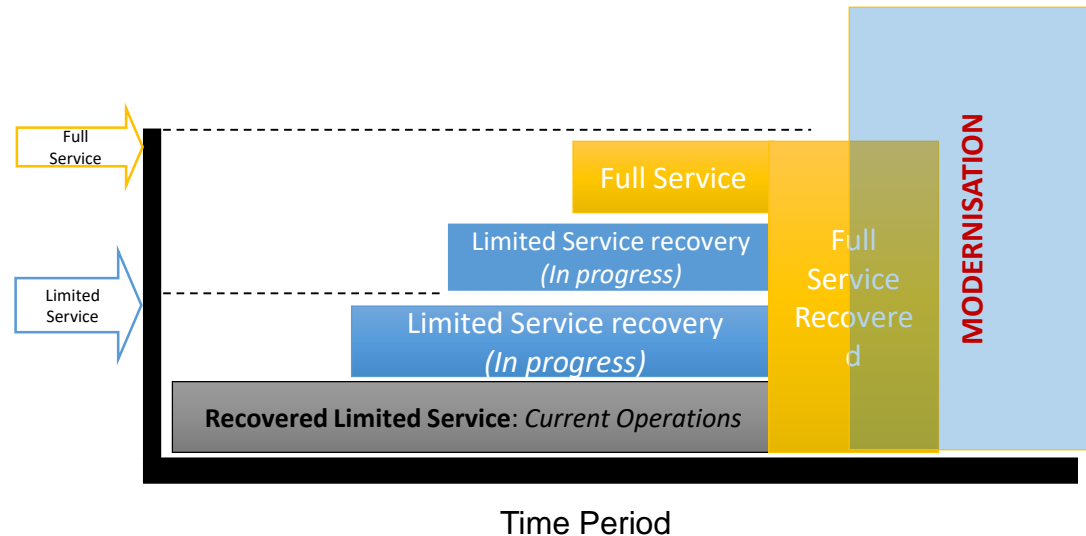
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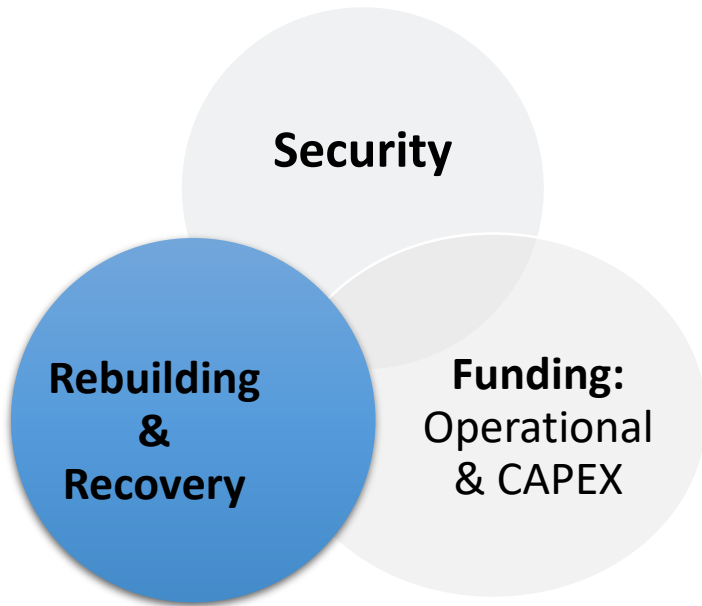
The Triple Challenge

THE PROBLEM / ISSUES – continue..:

- As the service is recovered per corridor or line, it needs to be secured and protected (**Secure the base**), until we recover the total system.



B. REBUILDING & RECOVERY: Progress /4

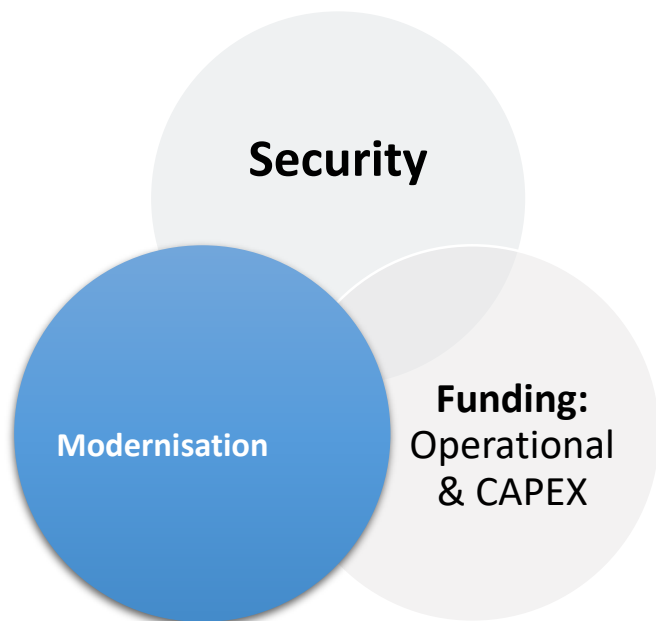


The Triple Challenge

PROGRESS SUMMARY UPDATE:

Province	Recovery Status – Limited Service with Electric Traction
Gauteng	<ul style="list-style-type: none"> Mabopane – PTA Line recovered in January 2022. Saulsville – PTA Line recovered in February 2022 Four Lines / corridors in progress for recovery from Sept 2022. <ul style="list-style-type: none"> <i>Piensaarspoort – PTA;</i> <i>Leralla – Kaalfontein – JHB;</i> <i>PTA – Kaalfontein</i> <i>Naledi - JHB</i>
Western Cape	<ul style="list-style-type: none"> Cape Town - Simons Town & Cape Town – Bellville are operational. Central Line: Phase 1: Cape Town – Bellville Line in progress, targeting July 2022 Central Line: Phase 2: Nyanga to Kapteinsklip and to Chris Hani in progress, targeting December 2022.
KZN	<ul style="list-style-type: none"> Services were disrupted by the recent floods, setting the province backwards. Durban – Umlazi corridor in progress for recovery in September 2022 (Dalbridge)Durban – Kwamashu in progress for recovery in September 2022 (Diesel Traction)

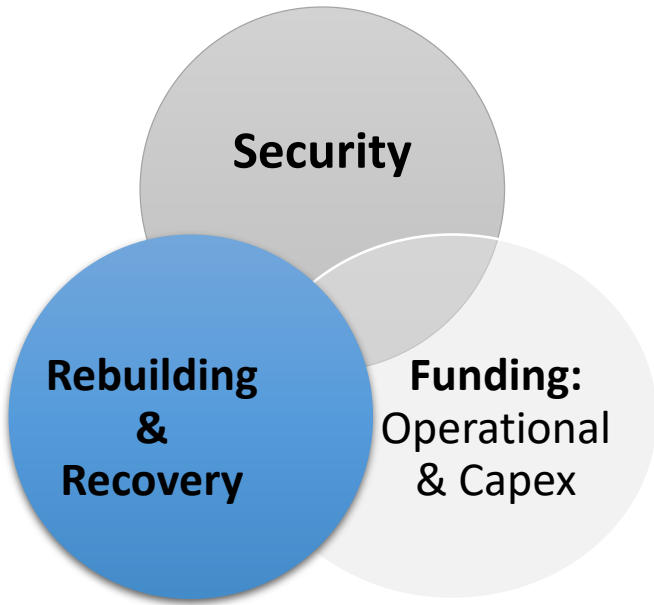
B. REBUILDING & RECOVERY: Modernisation /5



The Triple Challenge

- PRASA though it's Corridor Rebuilding and Modernisation programme addresses the road to rail strategy with a focus to provide a consistently good passenger rail services to get commuters back to rail.
- Modernisation of the rail system is to provide new reliable train sets; further expansion of the signalling to KwaZulu Natal as well as projects such as GSM network for rail, signalling improvements such as automatic train protection and automation of the manual authorisation working.
- The Corridor recovery programme over the MTEF period already includes modernized infrastructure elements, inter alia implementing modern signalling, and substations.

B. REBUILDING & RECOVERY: Challenges /6



The Triple Challenge

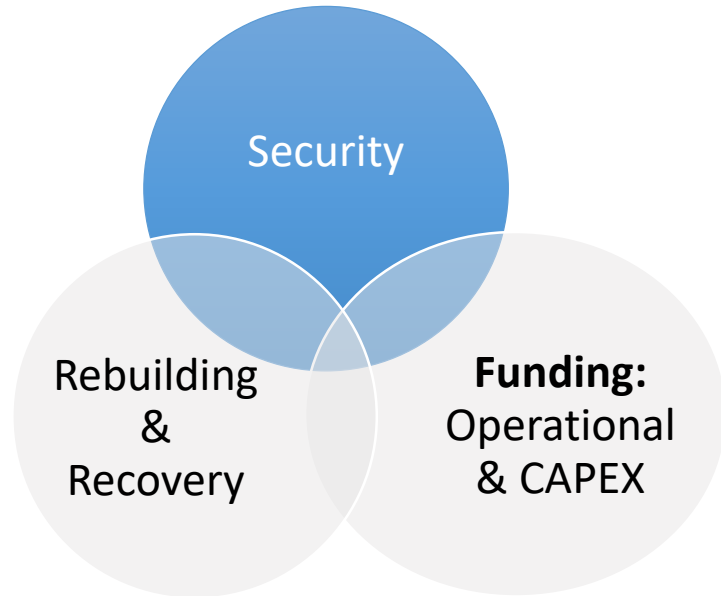
CHALLENGES:

- The following key challenges impact on the recovery efforts:

High-level Challenge	Mitigation
<ul style="list-style-type: none"> Execution: Implementation Capacity ~ (Scares Skills & Retention) 	Sourcing (SOE assistance, Fixed term contract workers – retirees, training programmes)
<ul style="list-style-type: none"> Security : Open System <ul style="list-style-type: none"> Encroachment Theft & Vandalism of recovered areas 	<ul style="list-style-type: none"> Current Integrated Security Deployment Plan (as discussed above) Engagement and assistance from Cities Walling of rail boundaries and technology – Long term.
<ul style="list-style-type: none"> “Tender Hijacking & demands” – prolonged communities engagements. 	<ul style="list-style-type: none"> Proactive Community & Stakeholder Engagements Collaboration & Assistance from Cities Legislation review – Long term
<ul style="list-style-type: none"> Rapid Climate Changes <ul style="list-style-type: none"> Flooding (e.g. KZN & Cape Flats) Wash aways 	<ul style="list-style-type: none"> Rail Industry technology and standards reviews Infrastructure Assessments e.g. embarkments & bridges structural integrity
<ul style="list-style-type: none"> Sourcing of material: <ul style="list-style-type: none"> long lead-times (e.g. Covid, strikes, KZN Harbour etc) Market readiness for the volumes of material required for rebuilding 	<ul style="list-style-type: none"> Accelerated programmes with appointed suppliers Joint engagements and negotiations with manufacturers were applicable.



C.1 SECURITY CHALLENGE: The Problem/1



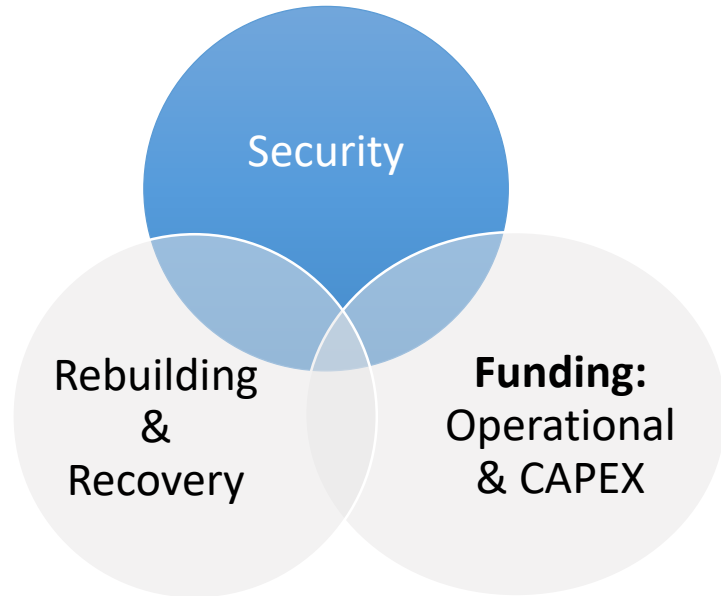
The Triple Challenge

THE PROBLEM / ISSUES:

- The extensive level of vandalism of PRASA infrastructure has been widely documented and reported in the past.
- This was mainly attributable to the cancellation of private security contracts prior to 2020 and the COVID-19 Lock downs, all of which left the network infrastructure exposed and vulnerable to syndicates and opportunistic criminal activities.
- The illegal copper trade market is posing a huge threat to the South African economic recovery as PRASA, Transnet, ESKOM and Municipalities are faced with an unprecedented battle to protect their infrastructure.
- As a result, PRASA is unable to effectively deliver on its mandate to provide efficient and reliable passenger rail services.

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C.1 SECURITY CHALLENGE : Initiatives /2



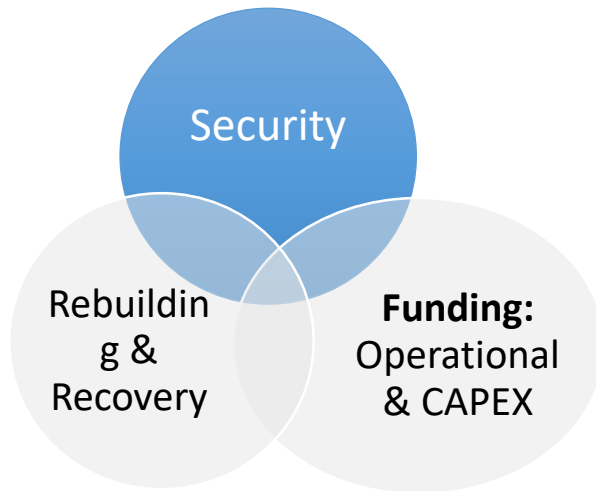
The Triple Challenge

THE CORRECTIVE PLAN / INITIATIVES

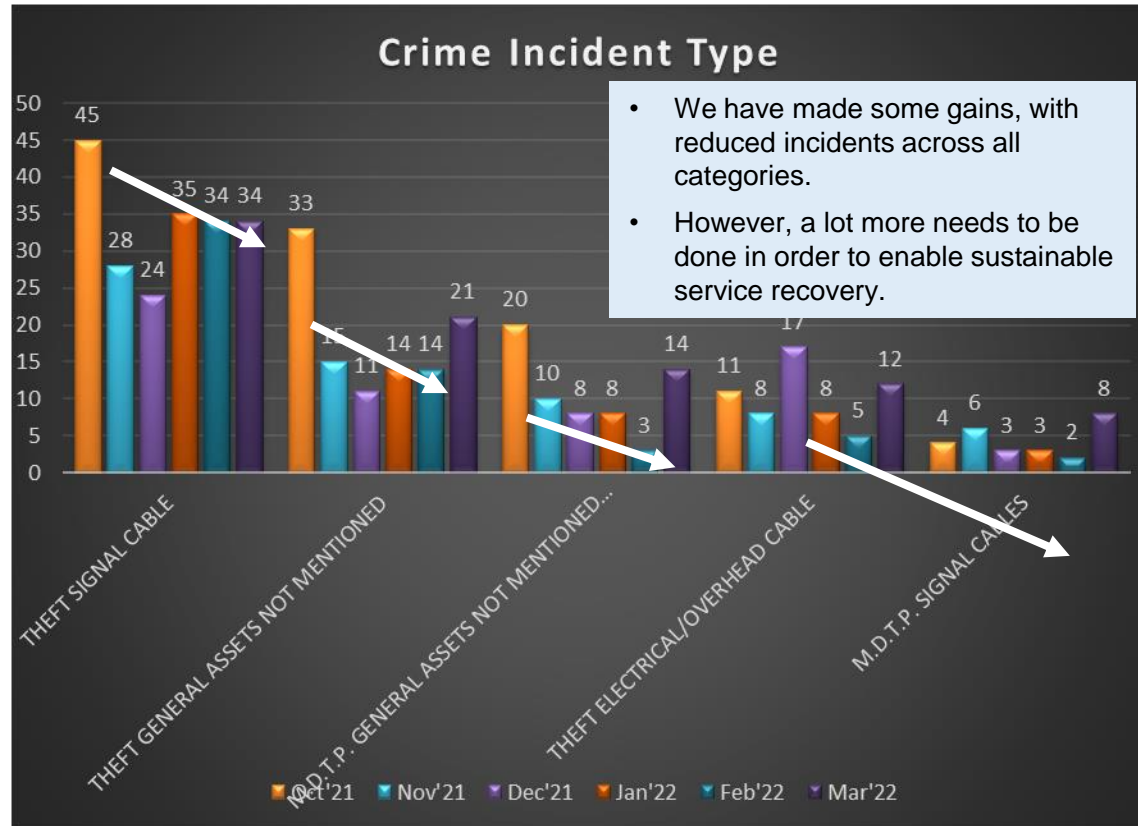
- High visibility integrated deployments and stabilization through prevention and combat in the rail environment, targeting problematic hot spot areas;
- Conduct observation operations, vehicle check points and stop & Search at entry/exit points in the yards, hubs and surrounding;
- Support integrated operations arrests and seizure, intensify police actions/ stabilisation railway ambit;
- Regular and intensified rail operations by Rapid Rail Policing Units;
- Ensure high visibility on trains, train stations and surrounding areas; and
- Appointment of private security for first phase on 16 securities⁵⁵
- Crime Intelligent information driven operations.



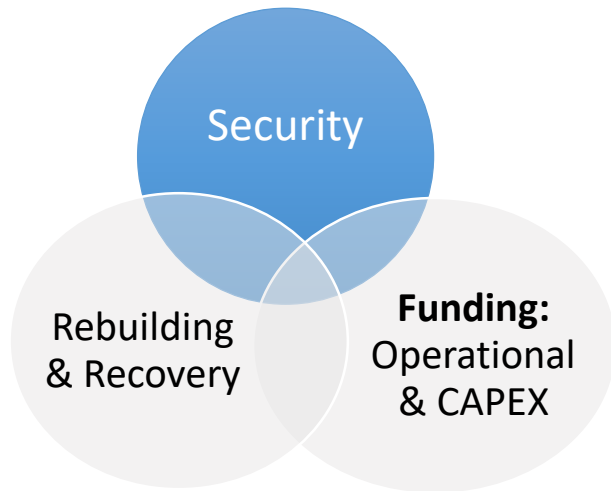
C.1 SECURITY CHALLENGE: Progress / 3



The Triple Challenge



C.1 SECURITY CHALLENGE: Progress / 4

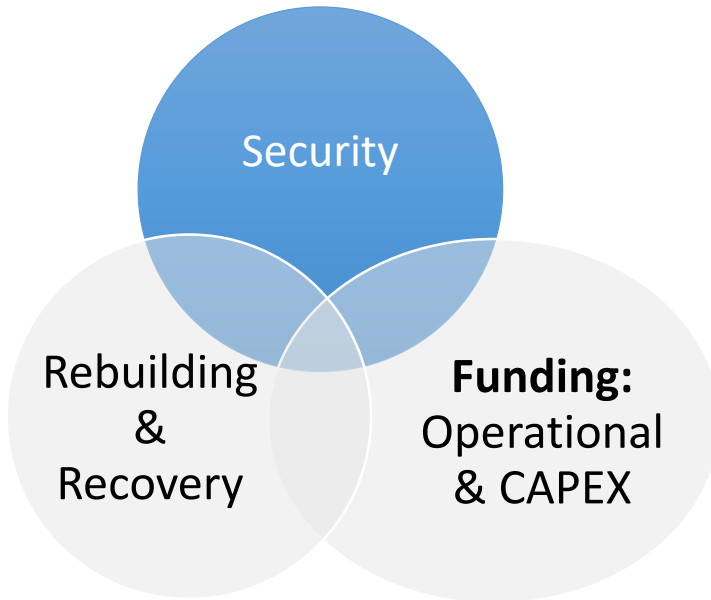


The Triple Challenge

PROGRESS UPDATE: ENCROACHMENT ON PRIORITY CORRIDORS

- **Mabopane corridor in Gauteng: from Mabopane station to Pretoria CBD**
 - Dunusa Informal Settlement on the PRASA Reserve removed and relocated
 - Collaboration with City of Tshwane led to success
 - Winternest Informal Settlement outstanding
- **Central Line in the Western Cape: from Khayelitsha to Cape Town CBD:**
 - The DoT, together with Public Works, Human Settlements & Provincial, City of Cape Town & interventions at working together in securing alternative settlements to clear the Central Line for the rehabilitation.
 - Removal of Informal Settlements in Langa, Phillipi, Khayelitsha to be done in phases

C.1 SECURITY CHALLENGE: Our Partners /5



The Triple Challenge

KEY PARTNERS

- South African Police Service; State Security Agency; Transnet Freight Rail (TFR), the Railway Safety Regulator (RSR); Eskom, Telkom
- Department of Transport (DOT), the National Prosecuting Authority, the Department of Home Affairs
- PSIRA, Community Police Forums, Brand Holder Representative, Provincial Law Enforcement



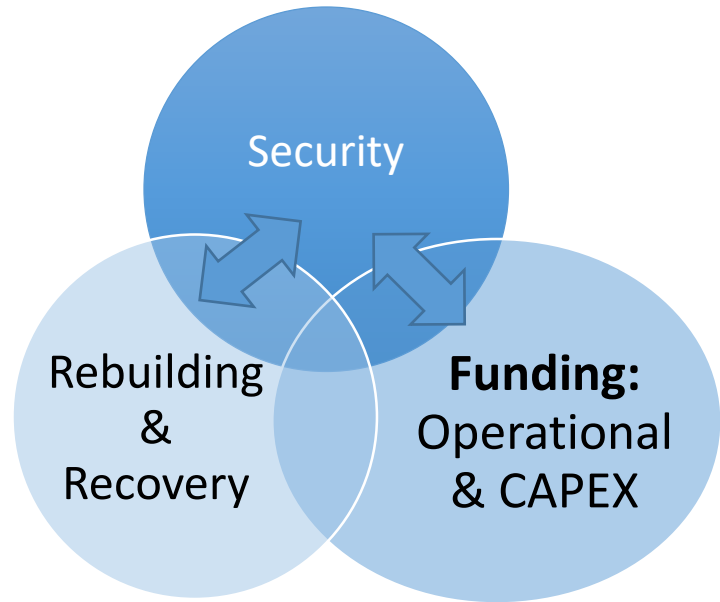
Prasa worker who stole copper cables worth R1m gets 12 years in prison: The Scottburgh regional court on Tuesday sentenced Sphiwe Mngadi, 43, to 12 years in jail after his conviction for tampering with and destroying essential infrastructure in the...



sowetanlive.co.za
Prasa worker who stole copper cables worth R1m gets 12 years in prison



C.1 SECURITY CHALLENGE: Required Support



The Triple Challenge

REQUIRED ASSISTANCE / SUPPORT

- PRASA Security requirements need approximately **One Billion Rand in funding yearly for the next three years.**
- As the corridor recovery efforts gain momentum, so is the need to protect the recovered assets, to secure the base until the service is fully operation.
- This condition places an added pressure on the OPEX funding needs for PRASA.
- Results in the Mabopane corridor have proven that there is a solution.
- PRASA security needs the funding support (Department of Transport, as well as National Treasury) to operationally fund the security plans. This would allow the take back of PRASA infrastructure and the necessary resources deployed with an oversight of command and control.
- Physical deployments are needed to prevent access to the infrastructure and the network as majority of the network is still open. Once PRASA has fully deployed the personnel needed to stabilise the infrastructure, can the divisions get on with their work to fully restore services.
- As previously mentioned , PRASA protection services will then be able to follow through on Phase 2: namely the security technology projects. Certain Parts of this solution is covered in our Presidential corridors walling projects, however, it is extremely important that PRASA Security

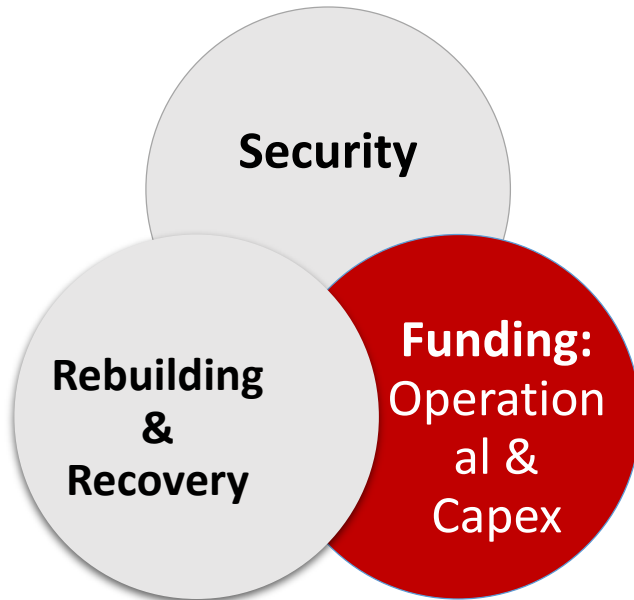


C.2: FUNDING MODEL



OPERATIONAL BUDGET FUNDING

C.2 FUNDING CHALLENGE : The Problem / 1



The Triple Challenge

THE PROBLEM / ISSUES ...Continue...:

Operational Subsidies

- Metrorail paying passengers has decreased from 646 million in 2008/09 to 147 million 2019/20
- MLPS passengers has declined from 3 million in 2008/09 to only 276 400 in 2019/20
- As the number of paying passengers declines, so do operational revenues, making it more difficult to fund the maintenance, refurbishment and maintain levels of services, which lead to further loss of paying customers
- PRASA's passenger revenue has thus decline at a much higher rate than which Government could affordably increase the operational subsidies

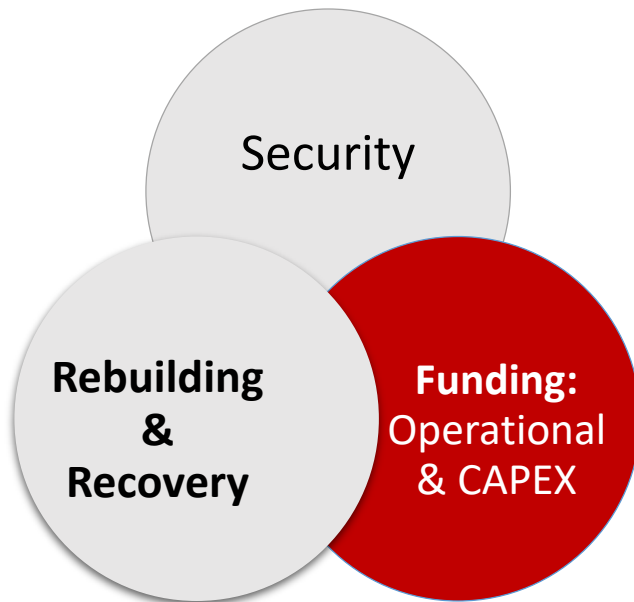
Fare revenue

- The ticket prices were last increased in 2015 and the potential revenue that is generated is not aligned to the cost of running rail. This simply exacerbates the cash flow funding issues at PRASA and its inability to pay creditors.

Operational subsidy formula

- The following is the formula required to properly fund rail: **Operating costs less fare revenue = operating subsidy.**
- This has been a major contributor to underfunding at PRASA. – there is no incentive to operate efficiently with such a subsidy formula (deficit subsidy). It is an imperative that we fully understand the economic return of our rail activities.

C.2 FUNDING CHALLENGE : The Problem / 2



The Triple Challenge

THE PROBLEM / ISSUES ...Continue...:

MAINLINE PASSENGER SERVICES (SHOSHOLOZA MEYL)

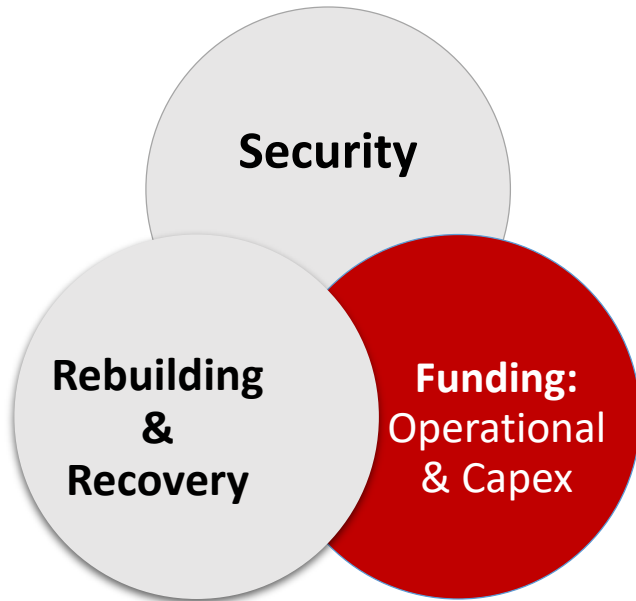
- The MLPS business now only transports 7.5% of the passengers it did a decade ago. The decrease is not due to Covid, but changing passenger preferences
- **MLPS RELIES ON TRANSNET** Infrastructure which is also going through serious attacks. The attacks which lead to instability/unavailability of the Transnet infrastructure, lead to our own inability to deliver the **LONG-DISTANCE SERVICE**

Transnet debt

- Operational debt – This is a major issue at PRASA as we are unable to pay the **R2.4 billion owed to Transnet**. PRASA has written to the DOT and National Treasury are on addressing this debt. As part of any solution there needs to be a renegotiation of agreements between PRASA and Transnet as they currently wholly favour Transnet whereas PRASA seeks a more equitable relationship.
- A set-off agreement has been finalised between the two entities which led to debt reduction of **R1.8billion** as PRASA had posted a debt of R581million against Transnet
- Capital debt – This is largely under control and there is no real issue in paying the outstanding capital balances.



B.3 FUNDING CHALLENGE : Required Support / 3



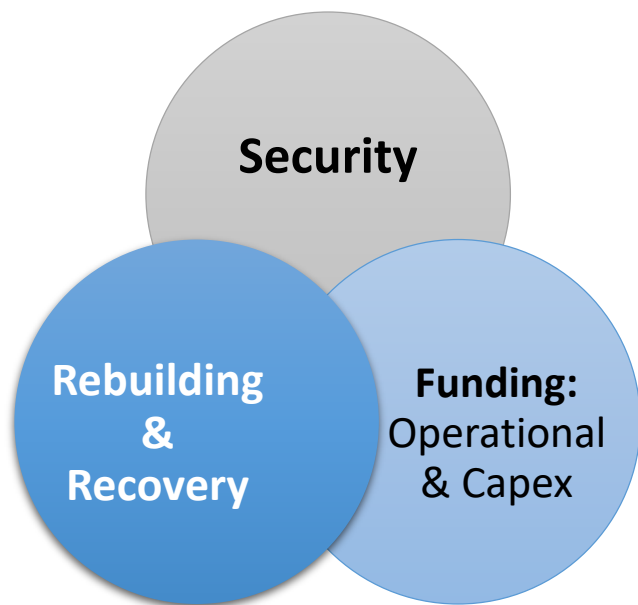
The Triple Challenge

REQUIRED ASSISTANCE / SUPPORT:

FUNDING REQUIREMENT

PRASA Rail funding requirement	
New Corridor Security funding 2022/23 (annually)	964
Operational Cash Funding Requirement for 2021/22 and 2022/23 (to decrease as revenue is restored)	2620
Transnet Debt (once-off)	1800
Other creditors (once-off)	1767
PRASA Total	7151

D. REBUILDING & RECOVERY: Required Support /1



The Triple Challenge

REQUIRED SUPPORT / ASSISTANCE:

- The three challenges are interrelated, and the requires an integrated response.
- Security is fundamental in the Rebuilding and Service recovery efforts for PRASA.
- The rebuilding programme recognises this fact, however the security capacity must be matched to respond to the recovery needs, as well as operational needs.
- The funding needs and model to support the base operating requirements of the recovered business, as a foundation for modernisation.



Monitoring and Evaluation



Monitoring and Evaluation

- **Shareholder Oversight (DPE & DoT)**
 - Ensure good governance, compliance by Transnet and PRASA in relation to implementation of legislation, policies (Transport and NRP) and strategies policy (R2R, branch lines) objectives
 - Strategic Intent Statement (SIS) and Shareholder's Compact (development and reporting)
- **Integrated Monitoring Framework**
 - Policy implementation monitoring and evaluation
 - Intergovernmental relations– DPME, DoT, the dtic, NT, etc.
- **Stakeholder Management/Collaborations**
 - Participate in stakeholders forums (government or private) – address challenges and mitigation



Recommendations and Way Forward



Recommendation

- Accelerated investment in the rail infrastructure (primary and secondary network) to ensure increased capacity and the availability of slots on the network for an effective road to rail migration.
- A Rail Runner (the linking of trucks to trains/hook and haul) should be considered on major corridors to relieve the pressure on the crumbling long distance infrastructure.



Way Forward

- Structured engagements between DoT and DPE to ensure effective flow of information between the two Departments.
- Three-way quarterly meetings between DOT, DPE and Transnet
- A central repository of information to be established to ensure co-ordinated reporting between DoT and DPE.
- Vigorous and continuous negotiations with the Road Freight Industry to address areas of concern, possible risks and hindrances in achieving the targeted road to rail shift.
- An effective intermodal interface for effective & efficient road to rail migration.
- A Sidings Strategy and an Inland Depo Strategy to be considered and developed to facilitate the intended shift.
- The branchlines and sidings strategies to be enhanced to ensure an effective feeder system/network.
- Advocacy for intensified law enforcement especially with respect to overloading control.
- Support “Greening of Transport” implemented through Green Transport Strategy.
- Speed up the development of the Operator Register in conjunction with RTMC.



**THANK YOU!
RE A LEBOGA!
SIYABONGA!**