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Citrus association urges that R100bn Transnet bailout be granted

31ST OCTOBER 2023 BY: MARLENY ARNOLDI - DEPUTY EDITOR ONLINE



Oranges

The Citrus Growers' Association of Southern Africa (CGA) has called on Finance Minister **Enoch**

Godongwana to prioritise Transnet's financial recovery in the Medium-Term Budget Policy Statement he presents on November 1.

While other stakeholders such as North-West University Business School Professor **Raymond Parsons** and Nedbank have bemoaned the fact that the State continues to provide bailouts to State-owned entities, CGA says Transnet is the backbone of the country's export economy and deserves immediate attention from government.

The freight utility has requested a R100-billion bailout from National Treasury to fund its recovery plan.

The CGA cautions that, if this support is granted, it should be conditioned on the further expansion of public-private partnerships in rail and port projects.

The association believes more private sector involvement, such as the selection of International Container Terminal Services for the upgrading of the Durban Container Terminal Pier 2, is key to a turnaround at Transnet.

Freight rail offers citrus growers, for one, significant advantages in getting produce to ports, however, owing to the decay of the rail network, 95% of all fruit in South Africa is currently transported by truck.

The additional 100-million 15 kg cartons of citrus that will need to be moved from orchards to ports over the next nine years will be at risk without a functional rail network.

This growth in the citrus industry will translate to 100 000 jobs being created and an additional R20-billion in yearly revenue for the industry.

The CGA says South Africa's roads simply cannot handle these additional volumes, since the industry makes about 900 truck trips a week to the Durban port in peak season.

In turn, well-operating ports are crucial as well. The CGA says the dysfunction at some harbours is likewise a threat to growth.

South African ports currently move an average of 16 containers an hour, compared with the European and Middle Eastern

averages of 33 and 43 containers an hour.

“We hope Godongwana’s policy statement will be clear on Transnet’s central role in our economy and that government will provide the entity with the support it requires – with the understanding that public-private partnerships should be expanded without delay,” the CGA concludes. 🇿🇦

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