

LOGISTICS

Transnet takes a hard line about concessionary involvement at DCT

28 Jun 2024 - by Eugene Goddard



2 Comments

The court case between Transnet and APM Terminals (APMT) over the awarding of a 49% concession tender for Pier 2 at Durban Container Terminals (DCT) to Philippines operator, International Container Terminal Services Incorporated (ICTSI), will only be heard in October.

In the meantime, frustration is mounting from within the country's logistics industry about ICTSI's involvement, fuelling fears that private sector collaboration with the port's congestion-bound container capacity won't proceed.

The current government of national unity negotiations are adding to the uncertainty, with some early indications pointing to industry-related portfolios like public enterprises and transport changing hands and potentially affecting established business continuity.

But the parastatal's group chief executive officer, Michelle Phillips, has made it clear that there's nothing Transnet can do about matters outside its control, such as the objection by AP Moller–Maersk's port operator about the awarding of the ICTSI contract.

Phillips said if it was left up to Transnet, the concession process would have been completed.

“The fact that a member of the private sector has decided to object is not something that I can control.

“We want to obviously crowd in the private sector, but every time the private sector decides to fight among themselves, it delays things.”

She emphasised that the logistics utility had to abide by what the court decided, and that industry must wait until October when the matter goes to court.

“We believe that we have done things correctly, but if a court decides that it’s not the case then we’re back to square one. But if the court decides everything is fine then we’ll proceed.

She said APMT obviously strongly believes in its own reasons for delaying the private sector participation process.

“We have a cash-constraints business and we have gone to the market to get cash into the business. That’s what DCT intended to do, and in doing that, the intention is to bring in the private sector and enable improvement in our business.”

Phillips said it's important to keep in mind that Transnet will continue to hold 51% of Pier 2's operational efficiency.

She added that private sector operators using DCT must also understand that the state-owned company won't tolerate deliberate volume transgressions, according to the Container Terminal Operating Contract (CTOC).

This view was expressed after Phillips was probed about citrus exports from the port running at less-than-expected loads.

She said she wasn't aware that there were any capacity issues at the moment.

“We have had to be very firm in indicating to industry that we will maintain the rules of CTOC. It gives shippers a window to move a certain amount of containers inside that window, and there's a deviation of 10% either way.

“We cannot have customers, shipping lines and the like doubling their volumes when their window comes up. That causes a problem for everyone. So although we have received some dissatisfaction from the industry, we have indicated that we're going to refuse any CTOC non-compliance.”

Phillips said it must not be interpreted that Transnet is refusing cargo.

“What it means is that we have contractual arrangements with shipping lines that must be respected by all involved, lines and Transnet alike.

“Industry operators can’t come and expand their volume to the detriment of either operator and then make it a Transnet issue.

“When private sector stakeholders don’t stick to the rules it also causes inefficiencies. It’s not just Transnet’s fault.”

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Paul

13 hours ago

I have worked in Taomasina with ICTS. They turned that port around from a disaster in to a very professional operation. I used to oversea the annual lychee export program. Beautiful reefer racks. Cosmetic and planned maintenance was tops. Repairs were tops. The yard was spotless. Delaying tactics is now not in the best interest of the country

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Reply



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Stash

2 days ago

1. Prior to the mass fraud + corruption / BBB-EE era Transnet/Portnet - Port Ops and Port Auth we functioning well. There is an audit-trail.
2. SO if all was still well @ Transnet then would there be a need to get private sector funding? NO!.
3. Private Funding will not happen!!! Why? What is the solution?
4. Contact me via these details for the solution..

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