

"The more you talk about negative things in your life, the more you call them in. Speak victory not defeat." Joel Osteen

TRANSNET SOC – A TURNAROUND IS SURELY IMMINENT (MITCHELL BROOKE)

At this time many would be reading the headlines regarding the precarious state at which Transnet finds itself. What we are witnessing at the moment is a severe downturn in Transnet's operational performance across the port and rail divisions specifically. On the side of the rail division, massive vandalism and theft of rail infrastructure coupled with deteriorating loco fleet has seen the rail network across strategic routes grossly underperforming. This has been detrimental to the mining sector and has created truck congestion at borders and ports of epic proportions. The important rail line between Durban and Gauteng has also not been spared, resulting in a downturn in rail movement, and equally, we have not materialized the full potential to rail citrus from the northern region hinterland to ports for export. Although the ports divisions (TNPA and TPT) recorded profit for the last financial year, operational performance on container movements through ports has been affected by malfunctioning machinery and equipment. This has affected Durban and Cape Town terminals mostly where aging equipment is crippling operations. From my perspective, Transnet now faces somewhat of a conundrum, as to turn the entity around three things need to happen simultaneously. 1) Operational performance needs to match demand and also match network capacity and capability; 2) To achieve this, upscaling of full complement and functional fleet on the rail and port networks will be needed, which will require capital investment for maintenance and procurement on an epic scale; and 3) Reading the latest Transnet financial report, a Back to Basics strategy was identified. The Back to Basics concept is essentially a drive to get the basics right at a foundational level. Ensuring the most skilled people are employed and function at the best of their abilities aligned to results and output objectives. The conundrum I'm referring to could be self-explanatory but ultimately an organization that reports losses will struggle to raise capital to reinvest in fleet maintenance and procurement (on the scale that Transnet needs) – without which operational performance will not turn around thus bolstering the balance sheet. Having outlined this, a number of reforms are underway that, if successful, could see a turnaround of key corridors and networks. The conundrum that faces Transnet could be resolved through policy reforms and partnerships on key strategic networks. Of importance is the implementation of the national rail policy which will see the rail network split from the operating of rail services on the network. This will mean private rail operators will very soon be able to run trains on the national rail networks. This is a very important development for the citrus industry as the upscaling of rail transport is needed and can be aligned with private operators in the near future. Another important reform is the highly anticipated partnership between Transnet Port Terminals (TPT) and Philippines-based International Container Terminal Services (ICTSI) to manage the Pier 2 Container Terminal in Durban. It is believed that the partnership agreement will be in place by April 2024 and the company's track record suggests a turnaround is inevitable. We await progress with a successful partnership to manage Ngqura Container Terminal (NCT) at the Coega port. Further to this, TNPA has requested from the Ports Regulator, through the tariff application, capital to invest in marine equipment on a large scale. TPT has also outlined maintenance schedules and fleet procurement schedules for Pier 1, NCT, and Cape Town terminals. By way of these schedules, the fleet should be augmented ahead of the 2024 peak citrus season, and by then ship and terminal landside performance should by all accounts be radically improved. Finally, The National Logistics Crisis Committee (NLCC) has been formulated and is active in engaging the Presidency ensuring these essential reforms are implemented. The CGA interfaces with Agbiz who are represented on the NLCC and meet fortnightly.

PACKED AND SHIPPED

End of Week 39 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB/AGRIHUB	2021	2022	2023	2022	2023	2023	2023	2022
Grapefruit	20.3 m	16.7 m	14.7 m	14.8 m	13.9 m	14.4 m	14.8 m	16.7 m
Mandarins	30.7 m	31.6 m	37.6 m	31.4 m	37.5 m	34.1 m	38.0 m	31.8 m
Lemons	31.0 m	34.6 m	35.5 m	33.7 m	34.9 m	37.3 m	35.9 m	34.7 m
Navels	27.2 m	27.6 m	24.7 m	26.9 m	24.5 m	25.3 m	24.9 m	27.8 m
Valencia	53.9 m	52.6 m	51.0 m	47.2 m	48.3 m	54.5 m	51.7 m	53.8 m
Total	163.1m	163.1m	163.5m	154.0 m	159.1 m	165.6 m	165.3 m	164.8 m