

Transnet acting CEO: Private sector should invest 'lazy cash' in infrastructure

Many companies in SA have "lazy cash sitting on their balance sheets" that should be invested in upgrading plant and equipment to grow the economy, says Transnet acting group CEO Siyabonga Gama. It is the second time this week that Gama has implored the private sector to invest idle cash in infrastructure development.



©Tracy Fox via [123RF](#) (2)

Gama was speaking at the official commissioning of Transnet's upgraded City Deep Container Terminal in Johannesburg. Transnet was doing its part by investing in port, rail and pipeline infrastructure, but "concomitant commitment" was required from "captains of industry" to lift the economy, he said.

Moving from road to rail

City Deep is the continent's largest inland container terminal and the fifth-largest in the world. The completed R800m renovation has doubled the terminal's capacity to 400,000 containers annually.

The slump in the economy has resulted in the terminal being unable to operate at full capacity. But Transnet said it had made the investment to ensure that when the economy eventually picked up, the infrastructure would be ready. The inland terminal underpins Transnet's strategy to move rail-friendly cargo from road to rail.

About 65% of all container cargo in SA was consolidated in Gauteng. Of all the freight volumes in the province, 60% was handled at City Deep, said Gama. The terminal handles cargo from the country's three major ports - Port of Durban, Ngqura and Cape Town - and from neighbouring countries. As a result of the investment at City Deep, the running times of trains from Durban had been reduced in the past month to 16 hours from 27 hours.

Legislation and regulations a hassle

However, Patrick Corbin, director of the International Chamber of Commerce, said new legislation mooted by the Treasury could render void Transnet's investment at the terminal. The proposed regulations would see the terminal losing its "international gateway status".

Corbin said currently, ships could "dock" at inland ports such as City Deep, which means cargo could go straight from a vessel onto a train to the inland port for processing. Yet pending legislation proposed that all transactions and customs be done at the coast. "We would lose SA and Johannesburg's trade to neighbouring countries, because business just does not need all that hassle," said Corbin, who is also the former president of the Johannesburg Chamber of Commerce.

Gama said the success of the economy was in public infrastructure investment being "dynamically matched and galvanised" by investment in the private sector. Gama decried the fact that the private sector was sitting on "a pile of cash" that he said needed to be turned into investments.

Retail encouraged to take advantage of system

He encouraged the major retail chains to take advantage of the efficiency of the Transnet railway system. Switching to rail from road would keep the country's prices in check and give retailers access to more consumers as retailers could take advantage of planned production, as well as logistics and cost efficiencies.

Transnet had invested more than R108bn in rail, ports and pipeline infrastructure since it began its market-demand strategy - its infrastructure modernisation programme - in 2012, he said.

Department of Public Enterprises acting director-general Kgathatso Tlhakudi said the department had six entities under it with a total asset value of R800bn. Transnet made up the biggest chunk of this total asset value. "We are counting on efforts like this (the upgraded inland terminal) to kickstart economic development," Tlhakudi said.

Source: Business Day

For more, visit: <https://www.bizcommunity.com>