

27 August 2021

Dear Valued Customer

Durban Container Terminal Pier 1 and Pier 2 Stack Occupancy Initiative

The Durban Container Terminals (DCT) Pier 1 and Pier 2 have been experiencing high stack occupancy due to several causes. The purpose of this letter is to sensitise all stakeholders of the changes which are required to create a more efficient collection model. We ask that all users support this operating model for the benefit of all within the Port.

The recent events, namely Covid 19 pandemic, civil unrest and cyber-attack have resulted in the following unprecedented scenarios in the value chain;

- Shortage of full and empty depots including those impacted by the KwaZulu-Natal unrest
- Ageing/High Dwelling Imports at the Terminals increasing the congestion as a result
- Bunching/Accumulation of vessels as result of shortage of discharge space
- Changes to vessel plans at short notice
- Delaying the repositioning of empty Reefers for the Reefer season
- Underutilisation of the yard at certain periods
- Delaying in the movement of transshipments out of the country impacting terminal fluidity
- Vessels omitting other TPT terminals (Eastern and Western Cape terminals) to reduce schedule delays. This causes volumes to be diverted to Durban as a result.
- Massive demand for empty containers in the Far East encouraging increased export empties (including overflow from planned empty stacks and into the general purpose stack),

In addition, the following themes have persisted in creating congestion within the terminals:

- During peak citrus export season, it is common practice is for Pier 1 and Pier 2 to convert parts of the dry container stack into export reefer handling container stacks. This is done to accommodate the peak reefer export season, from April to October each year. It does, however, have a negative impact to space available for general purpose imports and exports
- Stakeholders seeking to align their collection with the receivers' optimal receiving time, leading to peaks (resulting in terminal congestion) and troughs (creating underutilised terminal resources) in the collection
- Weather impacts have proved severe in creating terminal delays in 2020 and 2021. This shows no sign of abating
- Key terminal assets are in need of regular maintenance and attention – whilst planned interventions are in place by TPT, it is often difficult to plan an efficient and effective terminal due to the unplanned fluctuations in reliability

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The resultant effects of the above scenarios have led to:

- Congestion in the collection of imports/drop-off of exports on the landside
- Increased berthing delays on the waterside, at worst case resulting in vessels by-passing or omitting S.A Ports completely, with negative effects to the imports/exports

Therefore, urgent and effective interventions are required to decongest the DCT yards and restore fluidity to be efficient and productive for the remainder of the peak citrus export season and into the future. This will include fast tracking the movement of imports, reducing the shuffling of containers in the process, reduce truck turnaround and staging times.

The following import interventions have been mooted for urgent implementation:

1. Evacuation Model for Carrier Haulage imports:

- Prior to discharge, TPT will download a list of carrier haulage imports and plan an escalated import evacuation process by strictly following a “peel from the top” strategy to ensure the best retrievable container is planned for first collection.
- The pilot of this model has been tested already and has proven to be effective. It is already being supported by our shipping lines

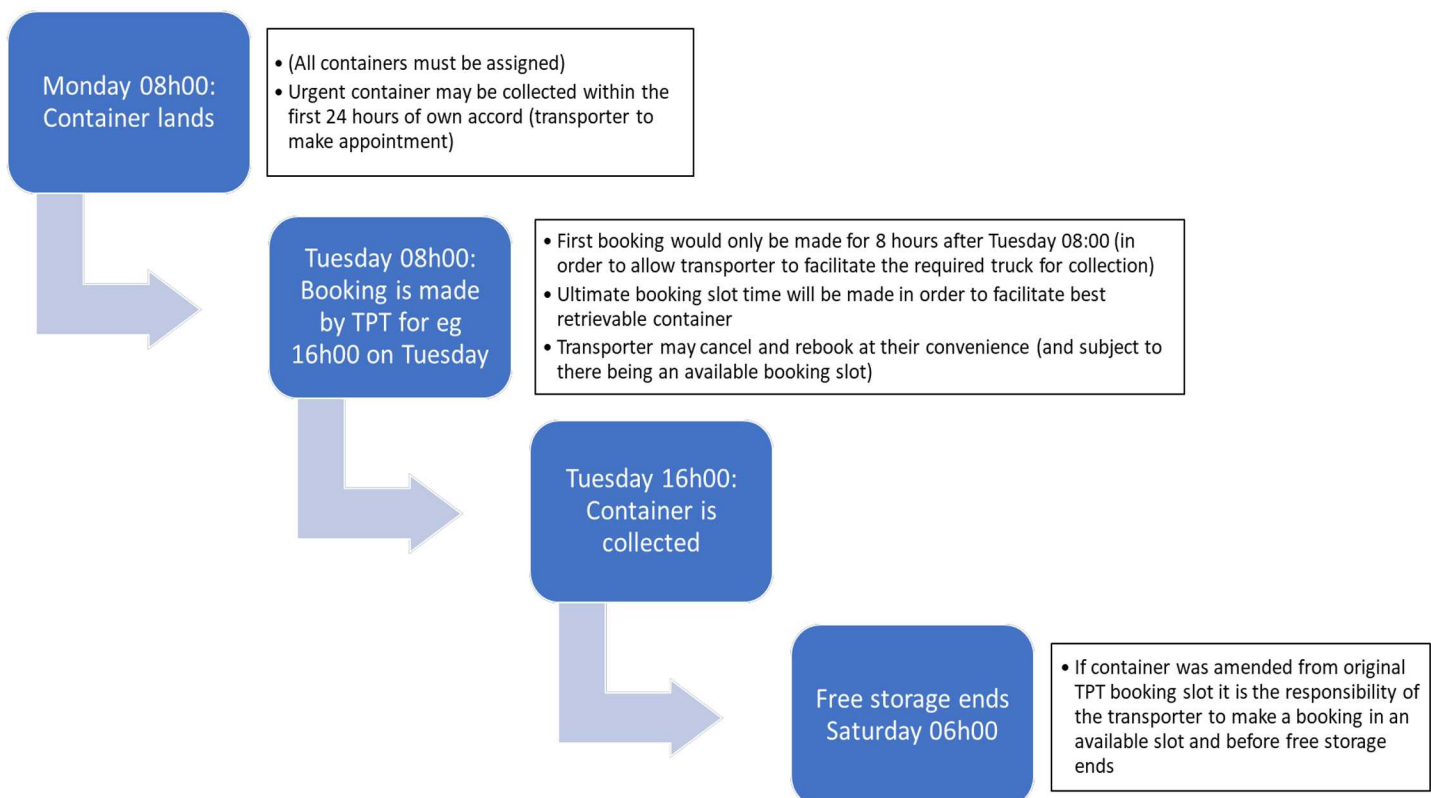
2. Evacuation Model for Merchant Haulage imports:

- Operating principles:
 - Pier 1 and 2: Customers to adhere to mandatory assigning of 100% of imports to transporters and ensure pre-clearance with SARS/Customs before vessel commences discharge (if Customs pre-clearance is not possible then arrangements must be made to plan for the container to move to a Customs approved licenced depot until SARS has released the container)
 - Pier 2: Customers are encouraged to make their own appointments before the end of the first 24 hours from the time the container has been discharged from the vessel
 - Pier 2: After the completion of 24 hours from the time the assigned container has been discharged, all import containers in the yard without appointments will be given an appointment number and time to collect containers. The first appointment would only be scheduled with a minimum lead time of 8 hours in order to allow the transporter to plan and facilitate the physical collection within the given time slot.
 - Pier 1: Customers are encouraged to make their appointments within 24 hours from the time the block has been released
 - Pier 1: After 24 hours from the release of the block, all import containers in the block without appointments will be given an appointment number and time to collect containers. The first appointment would only be scheduled with a minimum lead time of 8 hours in order to allow the transporter to plan and facilitate the physical collection within the given time slot.

- Other alternatives for collection

- Customers may amend or cancel appointments up to 2 hours before the confirmed collection time – in such case a new booking may be created at any available time within the advertised free storage period. As a caution to our stakeholders, appointments cancelled post collection time (considered “wasted appointments”) will not be guaranteed another appointment within the free storage period. In this case no leniency or special arrangements will be made if free storage is exceeded.

The above process is graphically represented as an example of a container arriving in DCT Pier 2:



- Other areas of emphasis

- Terminals will create appointments based on the best retrievable container to avoid shifters during import collection
- The onus remains on customers to check the appointment time of landed containers daily for all their Containers
- The Call Centre can be contacted to provide a list of appointments assigned to a specific transporter
- Customers to make own appointments where appointments have not been made by the Terminal on their behalf
- Containers with wasted or missed appointments: the onus remains on customers to find a suitable new appointment
- Import storage extensions will be suspended during this time. Import storage rules as per TPT Tariff book will be upheld

- TPT encourages bi-lateral engagement with bulk transporters so that bulk collection of containers can be coordinated together in a smooth process. This may be facilitated via the Key Accounts team at DCT

The Terminals plan to implement these interventions with effect from 01 September 2021, with pilots first. Should the result prove successful the project will then be rolled out to all imports. Further communication will be sent to all customers once the pilot vessels have been analysed.

DCT will host an engagement session on Wednesday 1 September at 14h00, on MS Teams for all stakeholders. If you would like to be involved in this session please email timothy.keit@transnet.net

We look forward to partnering with you as we strive to keep the South African economy moving.

Kind Regards

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