



## Prefeasibility Executive Summary Report

### 1. Project Details

|                 |                                       |
|-----------------|---------------------------------------|
| Project Name    | Freight Rail Revitalisation Framework |
| Location        | Across the Western Cape               |
| Sector          | Economic                              |
| Department      | Department of Mobility                |
| Project Owner   | Deidre Ribbonaar                      |
| Project Manager | Deidre Ribbonaar                      |

#### 1.1 Project Scope

The Freight Rail Revitalisation Framework comprises a province-wide programme of analytical, planning, and coordination activities to restore the performance and viability of freight rail in the Western Cape. The scope of work includes detailed freight-flow and scenario analysis; identification and prioritisation of high-impact branch and feeder lines; assessment of infrastructure condition, maintenance backlogs, and terminal requirements; and development of phased implementation pathways. It further encompasses alignment with national rail reforms, preparation of business cases for priority corridors, structuring of private sector participation opportunities, and coordination with municipalities, regulators, freight owners, and potential operators to enable bankable project development.

#### 1.2 Justification

Freight rail has historically played a critical role in supporting the Western Cape's agricultural, manufacturing, and extractive value chains. Over time, however, sustained underinvestment, declining infrastructure condition, operational inefficiencies, and institutional constraints have led to a significant deterioration in rail performance. As reliability declined, large volumes of rail-friendly freight shifted to road, resulting in higher logistics costs, increased congestion, accelerated road deterioration, higher accident risk, and rising greenhouse gas emissions. These impacts have been felt most acutely along strategic provincial corridors and in regions already shaped by historical spatial and economic inequality.

At the same time, Transnet's constrained financial position has limited its ability to rehabilitate branch lines and respond at the scale required to restore freight rail competitiveness. Without intervention, continued rail underperformance poses material risks to export competitiveness, food security, industrial resilience, and long-term economic growth in the province.

The Freight Rail Revitalisation Framework is justified as a strategic, evidence-based response to these challenges. Grounded in detailed freight-flow analysis and scenario modelling, the Framework identifies substantial rail-friendly demand that can be shifted back to rail, delivering significant transport-cost savings, externality reductions, and resilience benefits. By aligning provincial action with national rail reform, enabling private-sector participation, and prioritising high-impact corridors and terminals, the project provides a structured pathway to restore rail as a reliable, low-carbon backbone of the Western Cape's freight system, while delivering lasting economic, social, and environmental value.

#### 1.3 Sector Specific Analysis

- **Inadequate transportation infrastructure**  
Declining rail infrastructure and branch-line degradation are core problems the project seeks to address.
- **Limited digital connectivity**  
Rail operations are constrained by manual systems; digital rail management and monitoring are identified enablers.
- **Technology & Regulatory features**  
Open-access rail reform, economic regulation, safety oversight, and digital systems are central to delivery.
- **Governance and Compliance Risk**  
Fragmented institutional roles, regulatory reform, and PSP implementation create governance complexity.
- **Operational instability and disruption risk**  
Rail unreliability, vandalism, climate events, and road dependency pose systemic operational risks.
- **Safety and roadworthiness challenges**  
Heavy truck dependence increases accident risk and accelerates road deterioration.
- **Overtrading and route congestion**  
Key road corridors experience congestion due to freight diversion from rail.
- **Dependence on a single dominant mode following rail decline**  
Road freight dominance is a direct consequence of rail underperformance.
- **Sector Characteristics**  
The sector is capital-intensive, network-based, highly regulated, and strategically important to export-oriented value chains.
- **Drivers of Demand**  
Demand is driven by agricultural exports, bulk commodities, long-distance palletised freight, cost efficiency, and reliability needs.
- **Market Size and Growth**  
More than **7.3 million tonnes of rail-friendly freight** have been identified, with long-term growth tied to exports and regional production.
- **Competitive Advantage**  
Rail offers lower cost per tonne-kilometre, reduced emissions, higher safety, and greater resilience compared to road freight.
- **Economic Impact**  
The project delivers **R4.4 billion in transport-cost savings**, **R2 billion in externality reductions**, and strong multiplier effects.
- **Risks and Challenges**  
Key risks include infrastructure condition, security, regulatory transition, private sector confidence, and implementation sequencing.

## 1.4 Market Size And Demand Analysis

### 1.4.1 Total Addressable Market (TAM)

- **Population served by a transport corridor**  
The freight rail corridors prioritised under the Freight Rail Revitalisation Framework indirectly serve a large and diverse population across the Western Cape, including rural farming communities, peri-urban settlements, and metropolitan labour markets. While freight-focused, these corridors underpin employment, food security, and economic activity that support **millions of residents** through agricultural production, manufacturing, logistics, and export supply chains. Reliable rail freight reduces pressure on roads used by the general population, improves safety and air quality, and enhances access to jobs and markets across regions shaped by historic spatial inequality.
- **Data sources**
  - **Demographic**  
Demographic demand analysis for the Freight Rail Revitalisation Framework draws on provincial and national datasets that describe population distribution, labour markets, and economic activity along key freight corridors. Core sources include Statistics South Africa census and community survey data,

municipal Integrated Development Plans (IDPs), and Spatial Development Frameworks (SDFs). These are complemented by the Western Cape Freight Demand Model, which links demographic and economic activity to freight generation, employment patterns, and regional production nodes rather than direct household service demand.

- **Geographic**

Geographic demand forecasting for the Freight Rail Revitalisation Framework is informed by spatial datasets that map freight origins, destinations, and corridor characteristics across the Western Cape. Key sources include GIS-based rail network data from Transnet/TRIM, municipal and provincial Spatial Development Frameworks (SDFs), land-use zoning maps, and port-interface data for Cape Town and Saldanha. These are integrated with the Western Cape Freight Demand Model, which spatially allocates freight flows by commodity, corridor, and node to assess modal-shift potential and infrastructure prioritisation.

- **Economic**

Economic demand forecasting for the Freight Rail Revitalisation Framework is grounded in sectoral and macroeconomic data that describe production, trade, and logistics activity across the Western Cape. Key sources include provincial economic accounts, sector output and export data for agriculture, manufacturing, and mining, port throughput statistics, and national freight logistics indicators. These datasets are integrated through the Western Cape Freight Demand Model, which translates economic output, commodity flows, and growth scenarios into forecast freight volumes, modal-shift potential, and corridor-level investment demand.

- **Environmental and Biodiversity Data**

Data Sources Related to Environmental and Biodiversity Data

Environmental and biodiversity considerations informing demand forecasting for the Freight Rail Revitalisation Framework draw on national and provincial spatial environmental datasets. Key sources include Environmental Management Frameworks (EMFs), biodiversity sensitivity maps from CapeNature and SANBI, National Land Cover datasets, and climate-risk and floodplain mapping. These datasets are used to screen priority corridors and terminal locations, identify environmentally constrained areas, and inform phased investment sequencing, ensuring that freight demand forecasts are aligned with environmental capacity, compliance requirements, and long-term ecological sustainability.

- **Land Use and Spatial Planning Data**

Data Sources Related to Land Use and Spatial Planning Data

Demand forecasting for the Freight Rail Revitalisation Framework is informed by land-use and spatial planning datasets that define where freight-generating activities are located and how they are expected to grow. Key sources include municipal Spatial Development Frameworks (SDFs), Integrated Development Plans (IDPs), zoning schemes, and provincial spatial strategies, including WCIF 2050. These datasets are used to identify production nodes, logistics zones, and terminal catchments, ensuring that freight demand projections align with planned land-use patterns and long-term spatial development objectives.

- **Climate and Carbon Data**

Climate and carbon-related demand forecasting for the Freight Rail Revitalisation Framework draws on national and provincial greenhouse gas emissions inventories, freight emissions factors by mode, and climate-risk datasets. Key sources include South Africa's National Greenhouse Gas Inventory, transport-sector emissions benchmarks, provincial climate-response strategies, and climate-hazard mapping (flood, heat, and fire risk). These datasets are used to quantify emissions reduction from modal shift, assess climate resilience of corridors, and align freight demand scenarios with long-term decarbonisation pathways.

- **Regulatory and Compliance Data**

Data Sources Related to Regulatory and Compliance Data

Demand forecasting for the Freight Rail Revitalisation Framework is informed by regulatory and compliance datasets that shape network access, operational feasibility, and investment timing. Key sources include national rail policy instruments, TRIM's Network Statement, economic regulation and access-pricing frameworks (TER), rail safety requirements (RSR), and environmental approval triggers under NEMA and EIA Regulations. These regulatory inputs are used to test realistic operating scenarios, phase demand uptake, and ensure that forecast freight volumes are aligned with legally permissible access, capacity, and compliance conditions.

- **Socio-Economic and Development Data**

Data Sources Related to Socio-Economic and Development Data

Socio-economic demand forecasting for the Freight Rail Revitalisation Framework draws on datasets that capture employment patterns, income distribution, production intensity, and regional development dynamics along freight corridors. Key sources include Statistics South Africa census and labour-force data, provincial socio-economic profiles, municipal IDPs, and sector development strategies for agriculture, manufacturing, and mining. These are integrated with the Western Cape Freight Demand Model to link socio-economic activity to freight generation, assess distributional impacts, and ensure demand projections reflect inclusive growth and spatial development priorities.

## 1.4.2 Served Available Market (SAM)

- **Location**

The served available market for the Freight Rail Revitalisation Framework is geographically anchored in the Western Cape's inland production regions, rural branch-line catchments, and port-facing corridors. Key locations include agricultural zones such as Ceres, Elgin, and Vredendal; industrial and logistics nodes around Worcester and George; and export gateways at Cape Town and Saldanha Bay. These locations fall within practical rail catchments where freight densities, distances, and terminal access make rail services commercially viable, defining a province-wide, location-specific market suitable for phased rail reactivation.

- **Capacity**

The served available market for the Freight Rail Revitalisation Framework is constrained and enabled by available rail capacity across branch lines, feeder corridors, terminals, and port interfaces. Current capacity is limited by infrastructure condition, maintenance backlogs, and operational reliability rather than underlying demand. The Framework identifies that, with targeted rehabilitation and improved access arrangements, existing corridors can accommodate millions of tonnes of additional freight annually. Phased capacity restoration—through track upgrades, terminal throughput improvements, and operational reforms—allows demand to be progressively unlocked without requiring wholesale network expansion.

- **Which of the following criteria is being used to support this analysis in terms of Segmentation?**

- **Region**

The served available market is strongly segmented by region, reflecting the spatial distribution of freight-generating activities across the Western Cape. Priority regions include inland agricultural production areas (e.g. Ceres, Elgin, Vredendal), secondary industrial centres (Worcester, George), and port-facing corridors linked to Cape Town and Saldanha Bay. Regional segmentation is critical because freight volumes, distances to ports, infrastructure condition, and terminal access vary significantly by region, directly influencing rail viability, service design, and phased investment prioritisation.

- **Service level**

Market segmentation by service level distinguishes freight demand based on reliability, frequency, transit time, and handling requirements. High-volume bulk commodities and export agriculture require predictable, scheduled rail services linked to port windows, while palletised and mixed freight demand more flexible terminal-based services. The Framework uses service-level segmentation to identify corridors where rail can competitively meet shipper expectations, ensuring that only freight with suitable service requirements is included in the served available market.

- **Travel Purpose & Network Role**

The served available market is segmented by travel purpose and network role, distinguishing long-haul, port-bound freight from shorter regional distribution movements. Rail is prioritised for freight performing a strategic network role—moving high volumes over longer distances between production zones, terminals, and ports—rather than short, local deliveries. This segmentation ensures that rail capacity is focused on freight movements where it delivers maximum economic, environmental, and system-wide benefits.

- **Regulatory risk, user type, maturity**

Segmentation by regulatory risk and user type differentiates between established freight owners with mature logistics operations and emerging users facing higher regulatory or operational uncertainty. Exporters, large agri-processors, and bulk producers represent lower-risk, anchor demand, while smaller or new entrants may require phased onboarding. This segmentation supports realistic demand forecasting by aligning served market assumptions with regulatory readiness, access arrangements, and the maturity of potential rail users.

- **Geographic Segmentation**

Geographic segmentation focuses on rail catchment areas defined by distance to rail infrastructure, terminals, and ports. The served available market includes locations within economically viable rail radii, where first- and last-mile road distances do not erode rail's cost advantage. This approach ensures that demand forecasts reflect practical geography rather than theoretical freight volumes, anchoring the market in locations where rail can operate competitively.

- **Development Impact Segmentation**

The project segments the market by development impact, prioritising corridors and regions where rail revitalisation delivers disproportionate economic and social benefits. This includes rural and peri-urban areas affected by historic underinvestment, where improved logistics access can unlock growth, employment, and resilience. Development impact segmentation aligns the served market with provincial spatial justice and inclusive growth objectives, not only commercial demand.

- **Socio-Economic Segmentation**

Socio-economic segmentation considers the role of freight rail in supporting employment, income generation, and value chains across different communities. The served available market prioritises freight flows that underpin labour-intensive sectors such as agriculture and manufacturing, particularly in regions with higher unemployment and limited economic diversification. This ensures that demand forecasting reflects both economic volume and socio-economic importance.

- **Carbon and Climate Segmentation**

The served available market is segmented by carbon intensity and climate impact, prioritising freight flows where modal shift from road to rail delivers the greatest emissions reduction and resilience benefits. High-volume, long-distance road freight with significant carbon footprints is prioritised for rail capture. This segmentation aligns demand forecasting with climate objectives, ensuring that capacity is allocated where environmental returns are highest.

### 1.4.3 Demand Forecasting

- **Projections of usage over time**

- **traffic volumes**

Traffic volume projections are central to demand forecasting for the Freight Rail Revitalisation Framework. Forecasts are based on identified rail-friendly freight currently moving by road, with projections showing progressive increases in tonne-kilometres as infrastructure reliability improves and services are reinstated. Short-term volumes are driven by anchor shippers on priority corridors, while medium- and long-term growth reflects expanded corridor coverage, improved terminal throughput, and growing export demand. Traffic growth is phased to align with rehabilitated capacity rather than assumed market capture.

- **energy consumption**

Energy consumption projections are closely linked to traffic volumes and modal shift. As freight transitions from road to rail, overall energy use per tonne-kilometre declines, even as absolute rail energy consumption increases over time. Demand forecasts therefore reflect rising rail energy use alongside net reductions in system-wide fuel consumption. Over the medium to long term, improved operating efficiency, better train utilisation, and potential future electrification or cleaner traction technologies further moderate energy growth relative to freight volumes.

- **Phased Operational Capability**

Demand projections are explicitly aligned to phased operational capability. Initial phases assume limited service frequencies, conservative scheduling, and constrained terminal operations, resulting in modest early uptake. As operational capability improves, through restored track condition, enhanced signalling, terminal upgrades, and experienced operators, usage ramps up accordingly. This phased approach ensures that demand forecasts remain realistic and deliverable, avoiding over-estimation and allowing traffic volumes to grow in step with proven operational performance.

- **Regulatory Readiness and Approval Throughput**

Projections of usage over time are sensitive to the pace of regulatory readiness, including access agreements, safety certification, and economic regulation approvals. Faster approval throughput enables earlier service commencement and higher short-term uptake, while delays push demand growth into later years. Demand scenarios therefore incorporate regulatory-linked milestones, with conservative, base, and accelerated cases reflecting different approval timelines. This ensures that projected usage is grounded in realistic regulatory pathways rather than assumed immediate market access.

- **Capacity Constraints**

Capacity constraints are a defining factor in demand forecasting. Usage projections are capped by available track condition, axle-load limits, siding lengths, terminal handling capacity, and port interfaces. The framework assumes that latent demand exceeds current capacity, meaning growth is unlocked only as constraints are progressively addressed. This results in stepped increases in usage over time, with each phase of infrastructure investment enabling a corresponding increase in traffic volumes rather than continuous unconstrained growth.

- **Past Infrastructure Projects**

Historical performance of past rail and logistics infrastructure projects informs usage projections by providing empirical evidence of demand recovery timelines following rehabilitation. These precedents demonstrate that demand does not return instantly but builds as reliability, service consistency, and market confidence are restored. The framework applies these lessons to temper early forecasts and shape realistic ramp-up curves, ensuring that projections reflect observed behaviour rather than theoretical mode-shift potential.

- **Economic Growth Forecasts**

Long-term usage projections are anchored to provincial and national economic growth forecasts, particularly in agriculture, agri-processing, manufacturing, and exports. As output in these sectors grows, underlying freight demand increases, supporting sustained rail usage beyond initial modal shift. Economic growth forecasts therefore inform baseline demand expansion in the medium to long term, while short-term growth remains dominated by structural recovery and operational improvements rather than macroeconomic expansion alone.

- **Carbon Neutrality Goals**

Carbon neutrality goals and emission reduction targets shape long-term demand projections by reinforcing rail's competitiveness relative to road freight. As climate policy tightens and carbon costs rise, demand forecasts assume increasing preference for lower-emission transport modes. This results in stronger long-term rail uptake, particularly for high-volume, long-distance freight, with projections reflecting policy-driven demand reinforcement in addition to economic fundamentals.

- **Population Growth**

While freight rail does not directly serve households, population growth indirectly influences demand by driving increased food consumption, manufactured goods demand, and export volumes. Over time, population growth supports higher production and distribution activity across the province, which is reflected in gradual upward adjustments to freight demand projections. This effect is secondary to industrial and export drivers but contributes to long-term baseline growth in rail usage.

- **Economic Development Zones**

Economic Development Zones and industrial nodes play a direct role in shaping future freight demand. Projections account for increased freight generation from zones focused on manufacturing, processing, and export activities, particularly where rail access is available or planned. As these zones mature, usage projections show higher, more stable demand linked to concentrated industrial output, reinforcing the strategic importance of connecting development nodes to revitalised rail corridors.

- **Informed by**

- **historical data**

Demand forecasting is informed by historical freight movement data across rail and road modes, including past rail volumes, corridor utilisation, commodity flows, and observed modal shifts following infrastructure decline or recovery. Historical data provides a baseline for understanding latent demand, seasonality, and corridor-specific performance. It also enables calibration of realistic recovery trajectories, avoiding assumptions of immediate demand return and ensuring projections reflect observed freight-owner behaviour in response to service reliability and infrastructure condition.

- **growth trends**

Forecasting incorporates growth trends in key freight-generating sectors such as agriculture, agri-processing, manufacturing, and export logistics. These trends reflect both historical output growth and forward-looking sector projections, allowing demand estimates to scale over time beyond initial modal shift. Growth trends ensure that demand forecasts capture structural increases in freight volumes linked to economic expansion rather than treating demand as static once rail services are restored.

- **policy targets**

Demand projections are informed by national and provincial policy targets related to freight logistics reform, emissions reduction, modal shift, and economic competitiveness. These targets shape scenario assumptions by influencing infrastructure investment priorities, regulatory reform timelines, and market behaviour. Policy-aligned forecasting allows demand projections to reflect not only market fundamentals but also the directional impact of government commitments to decarbonisation, resilience, and logistics efficiency.

- **Stakeholder Engagement Data**

Engagement with freight owners, logistics operators, regulators, and municipalities informs demand forecasting by validating assumptions on volumes, service requirements, pricing sensitivity, and operational constraints. Stakeholder inputs help distinguish committed, near-term demand from aspirational or contingent volumes, improving forecast credibility. This qualitative data complements quantitative models by grounding projections in actual market intent and readiness rather than purely theoretical modal-shift potential.

- **Operational Phasing Assumptions**

Demand forecasting is explicitly shaped by operational phasing assumptions that reflect staged infrastructure rehabilitation, regulatory approvals, and service ramp-up. Usage projections are aligned with what can be delivered operationally at each phase, ensuring demand only increases as capacity, reliability, and service frequency improve. This approach avoids front-loading demand and supports realistic, bankable projections linked to implementable milestones.

- **Other – Capacity and Regulatory Constraints:**

In addition to the above, demand forecasting is informed by capacity and regulatory constraints, including track condition, terminal throughput, access pricing, and safety certification timelines. These constraints define the upper bounds of achievable demand at any point in time and are integral to producing conservative, credible forecasts that align with real-world delivery conditions.

## 2. Project Status & Implementation

### 2.1 Regulatory & Environmental Approvals

#### 2.1.1 National Level

- Department of Forestry, Fisheries and the Environment (DFFE): Responsible for environmental management, conservation, and protection in South Africa
- Rail Safety Regulator

- Transnet Rail Infrastructure Manager (TRIM)
- Transport Economic Regulator (TER)
- National Department of Transport (DoT)
- PSP Unit (with National Treasury alignment where required)
- National Environmental Management Act (NEMA): Governs environmental management and authorization processes, including Environmental Authorizations (EAs)
- Environmental Management Frameworks (EMFs): Strategic planning tools for land-use and environmental management decisions

### 2.1.2 Provincial and Local Levels

- Provincial Environmental Departments: Implement and enforce environmental regulations within provinces
- Provincial Transport Authorities / Regulatory Functions
- Western Cape Department of Environmental Affairs and Development Planning (DEA&DP)
- Municipal Environmental Management
- Municipal Planning Departments - Handle rezoning, land-use approvals, and integration into municipal Spatial Development Frameworks (SDFs).
- Western Cape Mobility Department (WCMD)
- Relevant Local or District Municipality
- Local Municipality / Provincial Roads Authority

### 2.1.3 Other Relevant Entities

- South African National Roads Agency SOC Limited (SANRAL)
- Eskom (or Municipal Electricity Providers) - power supply approvals and capacity confirmation
- Transnet National Ports Authority (TNPA) - coordination for rail-to-port interfaces
- South African Revenue Service (SARS) - customs and excise compliance
- Heritage Western Cape

## 2.2 Identify Key Stakeholders

### 2.2.1 Government

- Local Government
- Western Cape Government
- Department of Transport
- Department of Forestry, Fisheries and the Environment (DFFE)
- Transnet Rail Infrastructure Manager (TRIM)
- Private Sector Participation Unit (PSP Unit)
- Transport Economic Regulator (TER)
- Rail Safety Regulator (RSR)
- National Treasury (oversight of PPP/PSP)
- Municipal Planning, Engineering, Transport, and Environmental Units

### 2.2.2 State-Owned Entities

- **Transnet SOC Ltd**  
Parent SOE responsible for national freight logistics; provides strategic context and group-level coordination.
- **Transnet Rail Infrastructure Manager (TRIM)**  
Custodian and manager of the national rail network; responsible for infrastructure condition, access agreements, tariffs, and capacity allocation under the Network Statement.
- **Transnet Freight Rail (TFR)**  
Existing freight rail operator; relevant for transitional arrangements, interoperability, and operational coordination where applicable.

- **Transnet National Ports Authority (TNPA)**  
Manages port infrastructure and rail–port interfaces, particularly relevant for corridors linked to Cape Town and Saldanha Bay ports.
- **South African National Roads Agency SOC Ltd (SANRAL)**  
Coordinates where rail terminals and logistics hubs interface with national road infrastructure and freight access routes.
- **Environmental Management Inspectors (Green Scorpions)**  
Enforcement arm for environmental compliance during construction and operations (oversight role rather than project ownership).
- Eskom

### 2.2.3 Private Sector

- Construction Companies
- Engineering Firms
- **Freight Owners / Shippers (Demand Side)**  
Agricultural producers and exporters (fruit, grains, wine, agri-processing) Manufacturing firms (cement, FMCG, building materials, palletised freight) Mining and bulk commodity producers
- **Train Operating Companies (TOCs)**  
Existing private rail operators Prospective third-party operators entering under open-access reforms Operate freight services; invest in rolling stock; meet performance and safety standards.
- **Terminal & Intermodal Developers / Operators**  
Dry port and intermodal terminal developers Warehouse, cold-chain, and consolidation facility operators
- **Logistics & Supply Chain Service Providers**  
Logistics companies and 3PLs Freight forwarders and clearing agents Road haulage firms (as first/last-mile partners)
- **Rolling Stock & Rail Systems Providers**  
Rolling stock leasing companies Locomotive and wagon manufacturers/suppliers Maintenance, repair, and overhaul (MRO) providers
- **Private Investors & Financiers**  
Infrastructure funds and pension funds Commercial banks and lenders Impact and climate-focused investors
- **Professional & Advisory Services**  
Technical, legal, financial, and ESG advisors Transaction advisors for PSP/PPP structuring

### 2.2.4 Civil Society

- Civil society organizations advocating for community needs
- Non-Governmental Organizations (NGOs)
- Academic and Research Institutions
- **Unions - Labour & Workforce Organisations**  
Rail and transport worker unions Construction and infrastructure labour associations

### 2.2.5 Other Stakeholders

- **Security & Law-Enforcement Stakeholders**  
Private rail-security providers & SAPS - freight rail viability in South Africa is materially affected by theft, vandalism, cable theft, and personal security risks. Security coordination is critical for operational reliability, investor confidence, and O&M success.
- **Customs & Border Control Authorities**  
Customs & Excise - for export-oriented freight, bonded terminals, dry ports, and rail-to-port flows, customs clearance and compliance are critical to throughput, competitiveness, and terminal design.
- **Skills Development & Training Institutions**  
Rail revitalisation requires specialised skills in signalling, operations, maintenance, and safety. Skills pipelines directly affect long-term sustainability and localisation objectives.
- **Insurance & Risk Underwriting Sector**  
Insurance availability and pricing affect project bankability, especially where theft, climate risk, and operational disruption are material concerns.

## 3. Governance, Policy & Enabling environment



## 3.1 Legal and Regulatory Framework

### 3.1.1 Procurement and Supply Chain Management

- Preferential Procurement Policy Framework Act (PPPFA)
- Western Cape Procurement Regulations
- Compliance with tender procedures and transparency requirements
- Competition Act
- Environmental Feasibility

### 3.1.2 Environmental and Land Use Planning

- Western Cape Land Use Planning Act (LUPA)
- Environmental Impact Assessment (EIA)
- National Environmental Management Act (NEMA)

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### 3.1.3 Public Finance and Governance

- Public Finance Management Act (PFMA)
  - Provincial Treasury Instructions and Budget Guidelines
  - National Treasury PPP Framework & Practice Notes
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1. Municipal Finance Management Act (MFMA)
  2. National Treasury PPP / PSP Frameworks
  3. Division of Revenue Act (DORA)
  4. Infrastructure South Africa (ISA) Governance Processes
  5. Intergovernmental Relations Framework Act (IGRFA)

### 3.1.4 Transport and Infrastructure

- A range of transport-related regulations apply directly or indirectly, including:
  - National rail reform instruments (open access, Network Statement, economic and safety regulation),
  - Provincial transport planning frameworks (PLTF and related policies),
  - Municipal traffic and access regulations for terminal development and freight interfaces,
  - Road–rail interface standards governing crossings, access points, and safety measures.

### 3.1.5 Environmental Compliance

- Requires Environmental Impact Assessments (EIAs) for certain developments

## 3.2 Governance policies

- National Development Plan (NDP)
- Infrastructure South Africa (ISA)
- Budget Facility for Infrastructure (BFI)
- Relevant Integrated Development Plans (IDPs)

- Western Cape Infrastructure Framework 2050 (WCIF 2050); Western Cape Infrastructure Strategy (WCIS)
- Provincial Land Transport Framework (PLTF)
- Comprehensive Integrated Transport Plan (CITP)
- Strategic Infrastructure Projects (SIPs)
- Multi-Year Financial Operational Plan (MYFIN)
- Growth for Jobs (G4J)
- Innovation and Industrial Policy [White Paper on Science, Technology and Innovation (STI) (2019)]
- National Land Transport Act (NLTA)
- WCIF 2050
- Municipal Planning By-Laws
- National Environmental Management Act (NEMA)
- Environmental Impact Assessment (EIA) Regulations
- Provincial Guidelines
- Legal and Regulatory Certainty
- Stakeholder Engagement
- Financial Mechanisms
- Institutional Framework

### **3.3. Investment Needs**

#### **3.3.1 Infrastructure Development**

- Digital and Operational Infrastructure
- Archival Storage Infrastructure

#### **3.3.2 Agriculture and Agri-processing**

- Agro-logistics and cold chain infrastructure.
- Export-oriented agricultural market access and competitiveness

#### **3.3.3 Green Economy**

- Low-Carbon and Resource-Efficient Mobility
- Resource efficiency through consolidation and digitisation
- Digitisation-Enabled Environmental Efficiency
- Climate Resilience and Adaptation Support
- Green Finance & ESG Alignment
- Green Innovation and Technology Development

#### **3.3.4 SMME and Entrepreneurship Support**

- Enterprise Participation through Inclusive Procurement
- Lowering Barriers to Market Entry
- Access to Shared Infrastructure
- Market Validation and Credibility
- Regional and Spatial Inclusion of Enterprises
- Creation of rail-linked local service markets

### **3.4 Policy Incentives**

#### **3.4.1 Sector-Focused Incentives**

- Agri-processing: Support for infrastructure, logistics, and export readiness.
- Inclusive Infrastructure Development
- Gender-Responsive Procurement
- Youth Empowerment
- Public-Private Partnerships (PPP)
- Economic Inclusion
- Freight logistics and export competitiveness incentives

- Freight logistics and export competitiveness incentives

### 3.4.2 Investment Ecosystem Support

- Western Cape Infrastructure Pipeline / DOI support
- Provincial Treasury PPP and project preparation support
- WCIF 2050 Panoptic Evaluation framework
- Development finance institution (DFI) technical assistance
- National PSP and rail reform support mechanisms
- National PSP and rail reform support mechanisms

### 3.4.3 National Incentives Accessible in the Western Cape Via the Department of Trade, Industry and Competition (DTIC)

- Indirect DTIC Alignment (Not Incentive-Based) [around inclusive economic participation, formalisation of informal sectors, SMME participation through procurement and concessions]
- ational rail reform and open-access policy enablement

### 3.4.4 Investment Summits: Hosted by the Premier to connect investors with opportunities and funding partners

## 4. Financial requirements & Funding strategies

### 4.1 Project Guestimate

|                |     |
|----------------|-----|
| Estimated Cost | R 0 |
|----------------|-----|

## 5. Delivery Mechanism & procurement strategy

### 5.1 WCG Sector Priorities

| Outcomes                                                                                                                         | Social | Energy & Water | Economic                | Technology | Ecological |
|----------------------------------------------------------------------------------------------------------------------------------|--------|----------------|-------------------------|------------|------------|
| Households have increased access to basic services and improved shelter                                                          |        |                | Medium Term<br>5-15 YRS |            |            |
| Infrastructure investment drives spatial transformation and improves spatial resilience                                          |        |                | Medium Term<br>5-15 YRS |            |            |
| Investment in social infrastructure improves access to health, education, social development, and recreation opportunities       |        |                | Medium Term<br>5-15 YRS |            |            |
| Mobility systems and transportation corridors provide safe and efficient connectivity to opportunities, services, and facilities |        |                | Medium Term<br>5-15 YRS |            |            |

### 5.2 Current Planning Phase