Western Cape Government

Project Strategic Resourcing 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 Background & 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.

1.2 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.

2. Objectives & Key Focus Areas

Objective	Key Focus Area

Restore High-Impact Freight Rail Corridors	• Prioritising Infrastructure for Maximum Impact • Addressing Climate Change & Sustainability
Enable Private Sector Participation in Freight Rail	• Enhancing Private Sector Partnerships • Innovation & Futures Planning
Shift Freight from Road to Rail to Improve System Resilience	• Prioritising Infrastructure for Maximum Impact • Addressing Climate Change & Sustainability

3. Project Timeline & Cost

Estimated Duration	30 Year(s) & 0 Month(s)
Estimated Start Date	01 Jul 2026
Estimated Cost	R 0

4. Project Stage-0 Submission & Approval

Self Approved By: **Deidre Ribbonaar**

Self Approved On: **05 Jan 2026 11:21:04 AM**

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5. Environmental & Social Considerations

5.1 Environmental Considerations

- Environmental Authorisation Requirements
- Consolidation of Dispersed Storage & Efficient Use of Space
- Traffic-Induced Environmental Impacts
- Public Health & Environmental Health
- Environmental Compliance & Monitoring
- Greenhouse gas emissions and deforestation contributing to climate change
- Overuse of natural resources leading to scarcity and degradation
- Proper waste management to reduce pollution and health risks
- Sustainable water management to protect quality and prevent scarcity
- Preservation of ecosystem services like clean air, water, and climate regulation
- Land Use & Zoning Compliance

5.2 Social Considerations

- Impacts on Local Economic Activity
- Safety and Personal Security
- Protection of health and safety from environmental hazards

- Promotion of social equity and fair distribution of development benefits
- Engagement with stakeholders throughout the project lifecycle
- Fair labor practices including wages, hours, and working conditions

6. Regulatory & Environmental Approvals

6.1 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

6.2 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

6.3 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

7. Identify Key Stakeholders

7.1 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

7.2 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

7.3 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

7.4 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

7.5 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.

8. WCG Sector Priorities

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

9. Infrastructure Type

9.1 Hard

Yes, hard infrastructure is directly applicable to this project.

Hard infrastructure refers to the **physical, tangible assets** required to move freight.

In this project, hard infrastructure includes:

- Rail track, branch lines, and feeder lines
- Signalling systems, sidings, yards, and depots
- Intermodal and freight terminals
- Supporting assets such as drainage, security fencing, and electrification (where applicable)

The Framework explicitly targets the **rehabilitation and revitalisation of degraded rail assets** and the development of terminals to enable modal shift from road to rail. These investments restore physical capacity, reliability, and connectivity across the freight network.

9.2 Soft

Yes, soft infrastructure is also directly applicable to this project.

Soft infrastructure refers to the **institutional, regulatory, financial, and governance systems** that enable physical infrastructure to function effectively.

In this project, soft infrastructure includes:

- National rail reform (third-party access, Network Statement, economic regulation)
- Private Sector Participation (PSP) frameworks and procurement models
- Governance coordination across national, provincial, and municipal spheres
- Business cases, feasibility studies, and investment structuring
- Digital systems for access, monitoring, and performance management

As a **framework project**, a substantial part of the value lies in creating the *rules, institutions, incentives, and coordination mechanisms* that make long-term rail revitalisation viable.

9.3 Critical

Yes, critical infrastructure is also directly applicable to this project.

Critical infrastructure refers to systems that are **essential to economic functioning, public safety, and national resilience**.

Freight rail qualifies as critical infrastructure because it:

- Underpins export competitiveness and food security
- Supports strategic value chains (agriculture, mining, manufacturing)
- Reduces dependency on vulnerable road networks
- Plays a key role in climate resilience and emissions reduction
- Is vital for economic continuity during disruptions (floods, unrest, fuel shocks)

The Framework explicitly positions freight rail as a **strategic backbone of the provincial and national logistics system**, making it unequivocally critical infrastructure.

10. Project Stage-1 Submission & Approval

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11. Geo Location

12. Procurement Planning

- **Phased, PSP-led procurement planning approach**
  The project adopts a phased, PSP-led procurement planning approach, with detailed procurement plans to be developed at corridor and project level following feasibility studies and market sounding. 1) Framework-Based Procurement Planning The project is positioned as a programme/framework, not a single procurement. Procurement planning is corridor- and project-specific, developed after feasibility. 2) Private Sector Participation (PSP) / PPP-Oriented Planning Procurement is aligned with the PSP Framework, rather than traditional public works contracting. Anticipated procurement models include: - concessions, - service-area contracts, - terminal operating agreements, - asset maintenance and availability-based contracts. 3) Phased Procurement Strategy Phase 1: Feasibility studies, business cases, market sounding Phase 2: Packaging of bankable projects Phase 3: Competitive procurement of operators/investors Phase 4: Contract management and performance monitoring 4) Market-Sounding–Led Planning Early engagement with potential operators and investors is explicitly referenced to inform procurement design before issuing tenders.

13. Procurement Action

- **Procurement Planning**
- **Preferential Procurement Regulations (2022)**
- **Sustainable Public Procurement (SPP)**

14. Social Impact

15. Property Availability

Has the land for the site been identified?	Yes
Remarks	Property availability is implicitly addressed through the use of existing rail servitudes and anticipated terminal development sites. Detailed confirmation of land availability will be undertaken at corridor and project level during feasibility and project formation.

16. Project Stage-2 Submission & Approval

Self Approved By: **Deidre Ribbonaar**

Self Approved On: **12 Jan 2026 11:55:52 AM**

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