

Media Statement

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TO: All Media

ATTENTION: News Editors / Transport Reporters / All Reporters

For immediate use

MINISTER CREECY APPROVES R51 BILLION GUARANTEE FACILITY FOR TRANSNET

PRETORIA: The Minister of Transport, Ms. Barbara Creecy, has this week approved a R51 billion guarantee facility for Transnet, with the concurrence of the Minister of Finance. This guarantee facility is effective immediately in support of Transnet's capital investment program and to enable it to meet its debt obligations.

Transnet plays a central role in the South African economy and the government's goal of inclusive growth. The entity is currently engaged in a wide-ranging reform programme with the aim of improving operational performance in the short and medium term. This programme aims to overcome operational, financial, and governance challenges, hampering its ability to fulfill its strategic role.

At the end of March 2025, Transnet had succeeded in moving the equivalent of 161 million tons of freight on its rail network. In December 2024, the entity released the 2024/25 Network Statement, which facilitates private sector operators on freight rail. Announcements of the first successful bidders are expected by the end of July.

In March, the Department of Transport issued a Request for Information for private investors on five key freight corridors and associated ports with the intention of promoting private investment in the Transnet infrastructure while the network remains state owned. The RFI closes on 31 May, and Transnet is expected to issue requests for proposals by September this year.

Interim solutions to meet capital investment needs by the entity include project based applications to the Budget Facility for Infrastructure. Transnet is also working with National Treasury and the Presidency to develop a joint collaboration and funding policy to support immediate capital improvements by the private sector in priority freight corridors.

In recognition of the progress made to date, the National Treasury and the Department of Transport have been working with Transnet to find a solution to the company's immediate needs and the decision to grant the guarantee facility is a result of these discussions.

The financial support package provided for the entity is a R41 billion guarantee facility for its funding requirements over for the 2025/26 and the 2026/27 financial years. This package also includes a R10 billion guarantee that Transnet will have to utilise for its liquidity management as it relates to the servicing of its maturing debt and capital investments.

On 1 December 2023, a guarantee support facility of R47 billion was announced. This enabled Transnet to execute its Recovery Plan over the 2023/24 – 2024/25 financial years, which has seen increased capital investments and improved liquidity.

A Guarantee Framework Agreement between the Department of Transport and the National Treasury will include guarantee conditions that will be continuously reviewed and amended when deemed necessary. Any drawdowns will be subject to Transnet meeting these conditions. These conditions will again focus on certain operations requirements and logistics sector reforms.

Minister Creecy is confident that the additional support provided to Transnet in the form of guarantees will enable the entity to continue to drive operational improvements in the business, and implement reforms in line with the Freight Logistics Roadmap.

ISSUED BY: National Department of Transport

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