

1. On submission of Transnet National Ports Authority Tariff rates increase, we herewith report as follows:

"Goals and Vision" listed below is not aligned with the service delivery received over the last year on year. As noted, in our experience vs the proposed increase, the service levels have not improved in any sector and notwithstanding the proposed rate is in excess of the CPI.



2. Escalation - average increase per year - SAASOA Feedback

There is no motivation from TNPA for the increase to compete with other global markets. TNPA is proposing a close to double digit rate increase, this will bring our export market to a standstill. The cost of COVID Regulations in itself has posed an increase for all vessels calling at any port of South Africa. The lack of service delivery to satisfy these regulations is causing massive berthing delays and places our clients at risk.

Table: average inflation South Africa (CPI) - by year		TNPA
average inflation	inflation	Proposed
<u>CPI South Africa 2021</u>	4.22 %	9.40%
<u>CPI South Africa 2020</u>	3.23 %	4.21%
<u>CPI South Africa 2019</u>	4.13 %	8.45%
<u>CPI South Africa 2018</u>	4.50 %	8.02%
<u>CPI South Africa 2017</u>	5.19 %	5.90%
<u>CPI South Africa 2016</u>	6.59 %	9.47%

3. Ongoing Port Delays – On all berths

Weather and Marine :

- It is recommended that TNPA obtain a Global Benchmark and compare Port closures, as Richards Bay has encountered excessive Marine Service Closures over the past year.
- What measures do the port have planned into the future in order to mitigate and reduce the berthing delays and improve Port productivity
- Annual weather delays recorded : 2020 recorded 48 days 1hr 8min, current YTD 2021 recorded 41 days 4hrs 5 min, currently at 85.4% of the 10.5 months recorded for 2021. This is excessive by any standard Globally.

Other:

- Marine – COVID 19 testing delays
 - Launch boat service – Only one private launch Boat operational in a Port that requires Covid testing at anchorage.
 - TNPA launch boat – 2021 – weeks of downtime experienced
 - Helicopter – Daylight operations only
 - Lack of skills
- Additional Cost of COVID Regulations
- DBT delays and MPT delays resulting is massive demurrage exposure to Shippers
- Delays of up to 1 month on DBT and MPT
- Demurrage risk totally on exporters
 - Slow Turnaround of vessels as a result of poor performance by Transnet
 - Burden Shareholders of RBCT as well as Junior miners

4. Deliverables

- ✚ Productivity and port Norms, penalties to the defaulting party:
- ✚ There are no penalty mechanism in place whereby Transnet may also be accountable for poor performance and claims from Buyers
- ✚ Port performance impacting negatively

- ✚ Transnet performance impacting negatively
- ✚ Impact Service provider (Anglo) all angles
- ✚ Reduced tonnage exported due to Transnet's poor performance
- ✚ Reduced vessels numbers calling Richards Bay due to lower cargo deliveries and as a result many sectors impacted.
- ✚ Recent announcements that no nominations may be taken for 2 weeks in October 2021 to reduce the backlog caused by TPT non performance
- Road transporters rates escalated dramatically due to demand for "road" as a result of poor rail performance.
- Products coming to Richards bay - by use of road vs rail
- Annualised export rate YTD 57 Mt/a on coal vs the initial target of 77 Mt/a original forecast
- Negative impact of poor deliveries to port for exporting, in turn resulting in massive reduction of revenue flows into the country. SA economy adversely affected.
- Clients are starting to looking at different countries for products and services due to the inefficiencies at our ports at increased rates.
- TNPA not aligned with clients' needs and requirements.
- TPT housekeeping is poor and standards are declining year on year.
- TPT deliverables and feedback

5. **Infrastructure Improvements: Feedback requested on past 12 months achievements**

- How many projects TPT completed on time over the past year on year
- How many projects TPT completed within budget
- Adhering to a strict dredging programme
- Global Markets comparison
- Global Competitiveness review

6. **Housekeeping**

- Basic services not available
- Port Roads in a poor state, deteriorating further as more trucking becomes the norm, as opposed to rail.
- Underspending on capital and infrastructure and maintenance resulting in bad state on infrastructure
- Tug alongside at small craft Richards Bay - sunken tug still there !!

7. **Contingency plans**

- Achieve Consistency when delivering marine services
- Layby berths and layby facilities not available in Port of Richards
- Admission and statistics: 50days layby facilities ensure contingencies in port, TNPA own inability to operate 24/7

- Global Warming blamed for weather delays, Global benchmarking with other ports, what is being done about this ??
- Richards Bay Small Craft - utilisation of quay, can this be utilized?

SUMMARY:

Transnet need to review the proposal tabled. The Covid pandemic has resulted Shippers(exporters), contractors, agents, Ship Owners and Buyers to face hardship and challenges. Unemployment statistics are staggering. Specifically with 65% efficiency on TFR and Port operations strained, no clients are in favour of the suggested tariff hike.

South Africa must remain the Country of choice, Richards Bay must remain the Port of Choice, remain competitive and cost effective, thereby attracting international trade.

We as Angloamerican cannot support the tariff increase proposal tabled and would like to see a zero / or minimal value actualised as the facts presented above relate to the current economic conditions we, the rest of South Africa and the world are experiencing. It is not business as usual, and therefore general proposed tariffs cannot be used. These are devastating times the world has never experienced, and we hope the facts and comments presented are received favourably and should therefore be seriously considered under the current circumstances we find ourselves in.

Regards,

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