

Minister to announce BEE details of Prasa contract

On Thursday, 1 August 2013, the minister of Transport, Dipuo Peters, is expected to make an announcement on the details of the Black Economic Empowerment (BEE) component of the R51 billion Gibela rail consortium, Passenger Rail Agency of South Africa (Prasa) chief executive Lucky Montana said on 30 July.

Briefing the National Council of Provinces (NCOP) select committee on public services, Montana said the Prasa board is expected to finalise the details of the 30% BEE component of the Gibela consortium on 31 July. Once finalised, this would increase the black economic participation in the contract to 41%.

The consortium is led by Alstom, which in December won the first Prasa contract to manufacture new rolling stock. Montana said Prasa had concluded all key negotiations with Alstom to ensure that a new manufacturing plant for rolling stock will be set up in Ekurhuleni. The new plant will create about 33,000 direct and indirect jobs and will ensure that about 65% of each coach will be produced from local inputs.

"The only thing that we will be left with, after our board has considered and approved everything, is for us to now go and finalise everything with National Treasury, and then we expect to reach financial close, latest 15 September this year. Then the process of producing the trains will then begin," said Montana.

A 20-year fleet renewal programme

Prasa aims to spend R123.5 billion over a 20-year period on its fleet renewal programme, to procure 7224 coaches to replace its ageing fleet, through two 10-year contracts. In 2014/15 and 2015/16, R4 billion and R5.3 billion has been set aside respectively under Prasa's capital investment programme to fund new rolling stock.

Montana, however, stressed that 20 train sets may have to be manufactured overseas and imported into the country, to ensure that the first new trains are ready to roll by the first quarter of 2015. "Building a modern plant is going to be very important for South Africa, but that plant may take us almost up to 18 months to build," he pointed out.

Over the 20-year period, the new coaches will gradually replace the current 4600 coaches at an average of 360 coaches a year, he said. The coaches will be used by Metrorail as well as in inter-city travel on a number of corridors such as between Maputo and Johannesburg.

Important modernisations

As part of its capital investment programme, Prasa would be spending R32 billion between 2013/14 and 2015/16 on new rolling stock, upgrading the current fleet, improving stations and putting in place new signaling and rail systems.

In 2013/14, Prasa has budgeted to spend R7.5 billion on its capital investment programme, climbing to R13.9 billion in 2015/16. In the last financial year, Prasa spent R6.3 billion on its capital investment programme - with the bulk spent on its accelerated rolling stock programme (R2.2 billion) and new speed gates, which channel passengers at stations (R1.1 billion).

So far 41 stations have been fitted with 71 speed gates, and the project, which is expected to cost R1.7 billion, is 86% complete. New signaling systems are being put in place by Siemens in Gauteng, while the Thales Maziya Consortium was appointed to modernise the signaling system in the Western Cape and Bombardier was appointed as the contractor in the Durban region. In all, 134 stations of the 500 stations that Prasa operates will be modernised at an expected cost of R5.4 billion.

New rail linkages

Prasa is also busy extending rail links in a number of areas, including:

- The R2 billion Bara link to provide new rail linkages in Soweto.
- The R1.5 billion Motherwell rail link to extend rail lines into Motherwell, Port Elizabeth.
- A R3.2 billion rail link between Cape Town and Cape Town International Airport.
- A R2.5 billion rail extension between Daveyton and Etwatwa.

A feasibility study is also under way on the Moloto Rail Corridor linking Gauteng with Mpumalanga, while Prasa is also investigating the possibility of a rail link to Durban's King Shaka International Airport, Dube Trade Port and Ballito, in KwaZulu-Natal.

A driver of socio-economic growth

Montana said while many countries, such as China, had used rail to drive social and economic growth, South Africa had since the 1980s had no meaningful investment in rail. He stressed that growing urbanisation globally also placed pressure on putting in place ways to transport people in a more affordable, efficient and environmentally-friendly way, he said. With the right kind of investment and proper maintenance and training, rail is safer than road transport, he said.

Montana also backed the committee's call for an aggressive strategy to provide more support and rail infrastructure to link rural areas with cities.

He added that Prasa had in the last financial year lost R800 million on the long-distance Shoshaloza Meyl rail service and there had been calls to close it down.

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