

## 2.0 High level background

Background to the PRASA rolling stock fleet renewal programme

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# 1 About PRASA

## 1.1 Purpose

PRASA was established to house the operations, personnel and assets of the Metrorail (metropolitan train service), Shosholoza Meyl (long-distance train service), Autopax (long-distance bus service) and Intersite (property development and management services). PRASA forms a vital element to the Government's efforts to transform public transport in South Africa, providing:

- rail passenger transport as the backbone of integrated mass rapid public transport networks; and
- inter-modal facilities and services packaged into integrated public transport solutions that optimize the performance of the transport system.

## 1.2 Legal status

The Passenger Rail Agency of South Africa ("PRASA") was formed 27 Nov 2008 with the amendment to the South Africa Transport Services (SATS) Act of 1989. PRASA is a 100% Government owned schedule 3B public entity in terms of the Public Finance Management Act 1 of 1999 ("PFMA").

Within the legal framework of the PFMA, PRASA has the power to:

- enter into contracts and perform any other legal acts;
- acquire or alienate movable and immovable property or rights therein;
- acquire or alienate rights in corporeal things and deal therewith in any other manner;
- borrow, lend or invest money;
- make, draw, issue, execute, accept, endorse, discount, buy or sell financial instruments, including promissory notes, bills of exchange, debentures, stock, shares and any other type of negotiable or transferable document, and may acquire or alienate them in any other manner;
- enter into indemnities, guaranties and suretyships and may secure payment in terms thereof in any manner;
- make donations;
- grant service benefits of any nature, including pension and incentives schemes, to members of the Board of Control and employees;
- conclude partnership contracts and may participate in joint ventures;
- form companies or acquire any interest therein and may finance any company for the purposes of realising or advancing its objects, and may transfer all or any portion of its business, assets and liabilities to such companies; and
- generally, to do anything or perform any other act, whether within or outside the Republic, that may assist the Corporation in achieving its objects.

## 2 Current status of rail services

### 2.1 Metrorail

Metrorail is responsible for transporting over 2.2 million passengers daily in the following operational areas: Gauteng, Cape Town, Durban and Eastern Cape. The rolling stock fleet of 406 train sets comprises 4 638 coaches (1 392 motor coaches and 3 246 trailer coaches), of which the vast majority were built between 1958 and 1985. Fewer than 3 percent of the fleet are coaches that were bought in the mid-eighties with relatively newer technology. Traction for Metrorail services in Gauteng, Cape Town and Durban are provided by electric coaches. Diesel locomotives are leased to assist with yard operations and provide the traction supply for the Eastern Cape services.

Three classes of service are offered by Metrorail:

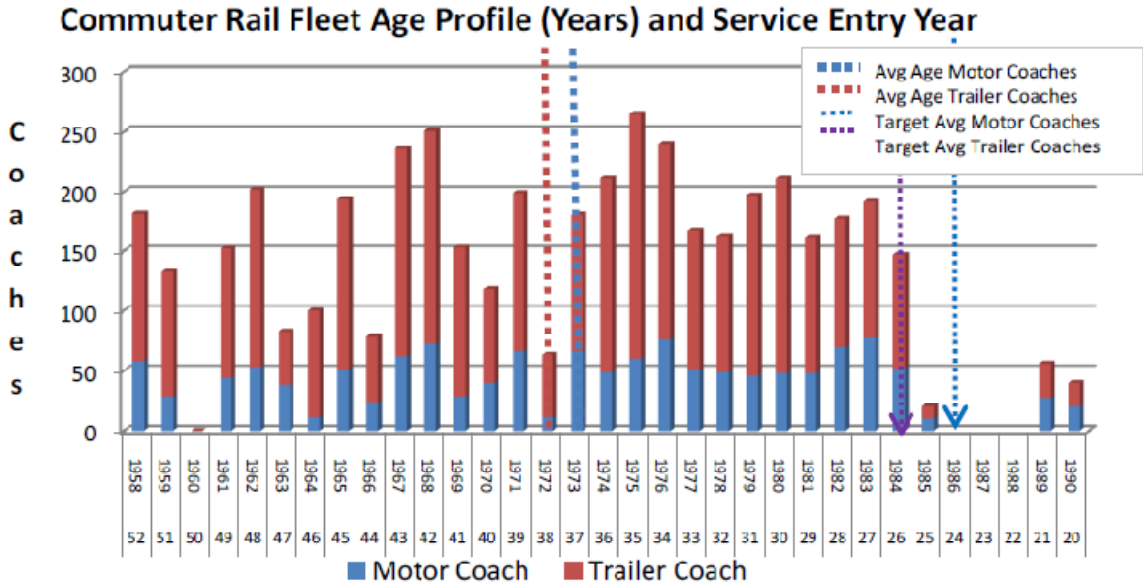
- Metro
- MetroPlus
- Business Express

Metro and MetroPlus comprise the vast majority of train set configuration, and are used for full stop commuter services. The Metro and MetroPlus are typically run on mixed-class train sets, differing in only in the degree of passenger comfort and fare. The Business Express comprises five train sets employed on selected routes, with train configuration upgraded to provide enhanced passenger comfort. The Business Express service runs a limited stop express commuter service.

The average age profile of commuter coaches is 40 years and has been left behind by international advancements in rail technology over the past few decades. The life expectancy of railway rolling stock is of the order of 54 years. The railway industry norms are that the coaches will be upgraded at half life (27 years) and overhauled every 9 years, so as to ensure the structural and sub-systems integrity is not compromised by metal fatigue, age, wear and tear or environmental condition. 51% percent of the commuter rail fleet is already above 36 years and therefore would be uneconomical to upgrade.

Of the 4 638 coaches, approximately 12% of motor coaches and 8% of trailer coaches are non-operational.

The age distribution of the commuter rail fleet of PRASA is depicted graphically below.



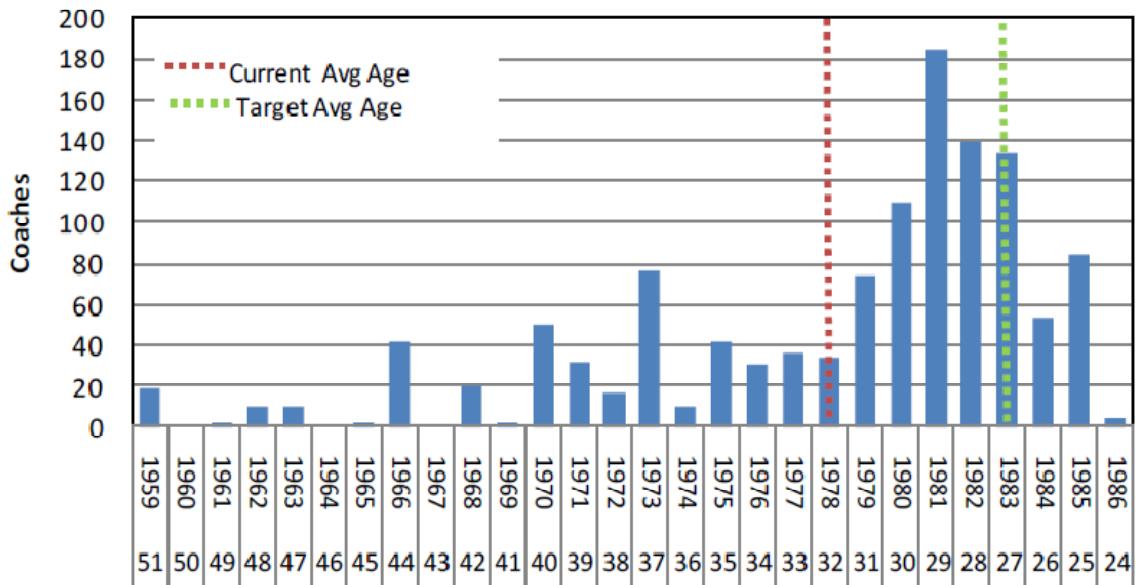
Taking latest growth estimates into account, PRASA foresees the need for approximately 8 600 new Metrorail coaches over an 18 year period.

## 2.2 Shosholozza Meyl Services

Shosholozza Meyl, currently services twenty-one routes between major destinations in South Africa. It carries over 3.9 million passengers per annum, many of whom are migrant workers travelling between the rural areas and the Metropolitan centres of South Africa as well as migrant workers from neighbouring countries such as Mozambique, Malawi, Zimbabwe, Lesotho and Zambia. The sifter or economy class travellers contribute 87.5% of the total revenue of the business. In addition to this core basic service, Shosholozza Meyl also provides Premier Class trains, Tourist Class trains, baggage and car transportation. Tourist Class offers basic sleeper trains while Premier Classe offers deluxe sleeper trains.

Shosholozza Meyl operates 1 223 coaches and 124 locomotives with an average fleet age of 33 years. The age distribution of the Shosholozza Meyl coach and locomotive rail fleet of PRASA is depicted graphically below.

## Shosholoza Meyl - Mainline Service Coaches Age (years) & Service entry year



## Shosholoza Meyl - MainLine Services Locomotives - Age (years) & Service Entry Year

