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PASSENGER RAIL AGENCY  
OF SOUTH AFRICA

## **PRASA FACTS ON MARKET ENGAGEMENT – UPDATE NUMBER 2**

### **1. ABOUT PRASA:**

#### **LEGISLATIVE MANDATE OF PRASA:**

- PRASA launched 24 months ago on 20 March 2009.
- PRASA was established to be a leading provider of Integrated Public Transport Solutions.

#### **The Primary object of PRASA according to the Legal Succession Act is to:**

- Provide Urban Rail Commuter Services in the public interest
- Provide Long Haul Passenger Rail Services
- Provide Long Haul Bus Services

#### **The Secondary object of PRASA is to:**

- Generate income from the exploitation of assets acquired by PRASA

#### **In addition PRASA shall have due regard to key Government:**

- Social objectives
- Economic objectives
- Transport objectives

**PRASA OBJECTIVE:****Responsibilities of PRASA:**

- To effectively develop and manage rail & related transport infrastructure and to provide efficient rail and road based passenger transport services within, to and from urban and rural areas

**2. RAIL OPERATIONS:****STATISTICAL OVERVIEW PASSENGER RAIL:**

- Total Rail Network in SA= 22 300km. CAP (Narrow) gauge (1 067mm)
- Commuter network (Metrorail) = 2228km. (Majority electrified)
- Freight (Transnet/Spoornet) = 18 000km (10 000km highly active, mainly containerised freight, bulk ore/coal and some general freight)
- Long Distance Passenger = Dependency on Transnet/Spoornet long distance/intercity network – at traditional freight speeds – average 70 km p/h.

**COMMUTER RAIL ASSETS:**

- 2 000km electrified track
- Provide services at 470 stations
- PRASA manages 374 stations and 4200 hectares of land
- 4 638 coaches (406 train sets)
- Average age of rolling stock = 36 years – 1950 technology (40% contribution to poor performance)
  - Historic investment back log.
  - Perway Infrastructure – good condition.
  - Electrical equipment - condition deteriorating. Sub-stations replacement program.
  - Signaling systems obsolete commenced a R 19.5 billion phase one replacement project in Gauteng.
- Asset value: Book value: R16bn
- Replacement value: R150bn

**ROLLING STOCK:**

- 2000 coaches upgraded in the past 3 years at a cost of R7bn.
- Focus on maintenance and reliability for increased life span of 10 years.
- 1950's technology – Average age = 35 – 40 years.
- Maximum life-span 46 years – 51% of fleet beyond 51 years – To be retired soon.
- New rolling stock acquisition program to commence in the next 3 years.

**MARKET ENGAGEMENT FACTS:****What is Market Engagement?**

- The Market Engagement exercise is not as an expression of interest or proposals for tenders, but to conduct market feasibility studies for future rolling stock fleet renewal programme with both rolling stock manufacturers and financiers with the aim of establishing the following market information:
  - The market possibility for vehicle production capacity of at least 300 passenger vehicles per year,
  - The market possibility for maintenance or significant/ whole life support for manufactured vehicles;
  - Company ability to demonstrate International production lines with a presence in at least three countries;
  - Prior South African train building and maintenance provision experience OR willingness to transfer technology to South Africa / local production facility.

**When will the first trains be available?**

- In three years time – 2015 due to the urgent need for new rolling stock.

**What is the budget for the exercise?**

- Government has set aside R97 billion for the acquisition of new rolling stock.

**How many trains is PRASA going to procure?**

- 8 600 Metrorail coaches and 2 000 locomotives/coaches for Shosholoza Meyl long distance rail service.

**On Broad Based Black Economic Empowerment, PRASA aims to focus on:**

- A transformational process that will address the social and economic dimensions of inequality;
- Achievement of Constitutional Rights to equality;
- Increase broad based participation of black people in the economy; and
- Promotion of a higher economic growth rate, increased employment and equitable distribution of wealth.

**Progress to date?**

- The rolling stock renewal programme already endorsed by the Minister of Transport;
- Inter-ministerial team which include the National Department of Transport, National Treasury, Department of Trade and Industry and Department of Public Enterprise was established to oversee the delivery of the programme;
- Funding for the study has already been funded by the National Treasury;
- A transaction advisor for the project has been appointed;
- The development of a detailed study for the procurement of new rolling stock has commenced; and
- Minister of Finance confirmed the new rolling stock investment during the February 2011 budget speech.
- Market Engagement exercise has been finalised.

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