

Local suppliers to benefit from passenger rail upgrade

By [Andiswa Maqutu](#)

25 Apr 2016

The Passenger Rail Agency of SA (Prasa) has allocated R39bn of its R172bn modernisation programme - which will overhaul Metrorail's aging rolling stock - for procurement from local suppliers.



A further R5bn had been reserved for small, medium and micro enterprises (SMMEs) and R1.7bn for women-owned businesses, said Zeeshan Khaliq of Prasa's strategic asset development, who was speaking at the South African Rail Industry Summit in Boksburg.

New rolling stock

Prasa has bought 3,600 new passenger train coaches - to be assembled into 600 train sets - in an R51bn deal from Gibela Rail Transport Consortium, which is 61% owned by French power and transport giant Alstom. The trains will form the new rolling stock for Prasa's modernisation programme, which is set to span 10 years.

The Gibela trains bring new technology that requires a complete overhaul of existing Metrorail infrastructure. Prasa will spend billions on modernising signalling, stations and depots, as well as building new infrastructure.

Prasa had already spent R13.4bn on the programme and was expected to spend R15bn this year, said Khaliq. Investment in the programme will increase each year.

Localising manufacturing

Prasa had spent nearly R2bn a year on maintenance for its aged Metrorail rolling stock, said Khaliq. This maintenance was largely done by local companies. In 2000, four local contractors refurbished Prasa's rolling stock and this had increased to seven local contractors through a supplier development programme by the company.

The first 20 of the new Gibela trains are being manufactured at Alstom facilities in Brazil, while the remaining 580 trains will be manufactured at a factory under construction in Ekurhuleni.

Gibela is expected to reach 65% local content in manufacturing the new trains in SA. Khalique said while localisation was not a requirement for the first 20 trains, Gibela had already reached 20% local content. He said it was important for suppliers to start with localisation at the beginning of the contract and not at the end.

"Suppliers overseas find SA a challenging environment. They don't understand us as a country. So what you find is that they are resistant (to localisation). But if you engage them at a level where you expose them to what we have - the infrastructure and companies, the vision of government - all of a sudden 65% to 85% is realistic."

Local procurement

Railroad Association of SA CEO Bongani Mankewu said the portion given to local companies within Prasa's modernisation programme was significant. He urged local suppliers to develop the country into the rail hub of the continent.

Mankewu said local procurement in projects had been declining over the past years. "That means we have a challenge. We (the rail industry) must get together with the operators, Prasa and Transnet, as well as the Department of Trade and Industry, and also bring in the South African Bureau of Standards to look at compliance," said Mankewu.

Source: Business Day

For more, visit: <https://www.bizcommunity.com>