



# THE SOCIO-ECONOMIC IMPACT OF GIBELA

## Gibela Rail Transport Consortium

2020

January 2014 to March 2020 period





Gibela has **undertaken a number of social economic and development plans** to benefit South Africa and achieve broader national objectives, recognising the significant development opportunity at hand.

Gibela has created visible benefits since establishment of its primary facility in Dunnottar, Nigel, in 2016.

This report outlines and demonstrates the full range of social and economic benefits Gibela has delivered to date, through its construction and operational phases.

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# PART 1

## AN ECONOMIC DEVELOPMENT MANDATE

## EXECUTIVE SUMMARY

The aim of this report is to present the results of Gibela's **economic, social and environmental activities** between **January 2014** and **March 2020**. Gibela's socio-economic development activities are guided by the **Manufacture & Supply Agreement (MSA)** and **Technical Support & Spares Supply Agreement (TSSSA)** with PRASA. These activities are focused on **elevating commuter rail as a transport of choice, revatilisng the South African rail sector, driving inclusive economic growth, and uplifting local communities**.

The MSA contract with Prasa is for the **supply of 600 new commuter trains** over 10 years, manufactured by Gibela. The TSSSA contract relates to the provision of **maintenance, technical support as well as spare parts** for the new trains over a 19-year period.

In elevating commuter rail as a transport mode of choice, Gibela has committed to designing and **manufacturing 600 electric multiple unit trains** to enable **safe and affordable rail public transport**. Gibela has introduced the X'trapolis Mega trains, which are designed to optimise the **commuter journey experience** and increase fleet volumes within Metrorail, resulting in sufficient train availability and ability to meet commuter demand. As of March 2020, Gibela had delivered 33 trains.

Through developing **local train manufacturing capability** and **upskilling employees**, Gibela is **revitalising the South African rail sector**. **R6.4bn** has been spent on **local content** to date. Financial, technical and incubation support has been provided to component manufacturers and Gibela's training programs have given **specialised and transferable rail-related skills** to participating employees.

Gibela has contributed **1.25%** towards total **economic activity** within **Gauteng's construction sector**, and 0.89% within Gauteng's manufacturing sector. **R4.6 bn of preferential procurement** spend has been directed to **370 suppliers**, with over **R1 bn to Black-owned SMEs and Black women-owned companies**. **2544 direct jobs** were created from Gibela's construction, manufacturing and servicing activities. These economic dividends are part of

Gibela's plan to drive inclusive economic growth.

To **uplift local communities**, Gibela has invested **R30m into Maths and Science** teaching programmes, Early Childhood Development and agricultural schemes. The agricultural upliftment projects have created **25 permanent jobs** and **71 temporary jobs**. Gibela's Math and Science educational programmes are targeting **increased school pass rates** in these subjects and as importantly, Gibela is focused on **reducing its carbon footprint** though 'green' principles and a strategically designed manufacturing site

Going forward, Gibela will fully aligning its business with the future plans of the **National Development Plan (NDP)** of South Africa by continuing and ramping-up its socio-economic activities in South Africa.

### GIBELA BENEFICIARIES



#### COMMUTERS

- » Safe, reliable and affordable rail public transport
- » State of the art trains designed to meet commuter needs



#### EMPLOYEES

- » Specialised training of employees
- » Gibela's workforce is 94.4% Black, and 48% female



#### ENTERPRISES

- » R6.4bn has been spend on local content to date
- » R1bn on Black-owned and Black women-owned SMEs



#### COMMUNITY

- » Invested R30m in community upliftment programmes
- » Reduction of carbon footprint

# FOREWORD

I am honoured to introduce this year’s Socio-Economic Impact report; which captures the social and economic impact achieved by Gibela since its inception. As you read this report you will see the many examples of how we use our capabilities to serve and to contribute towards improving the lives of our fellow South Africans. But most importantly, this report profiles the human experience of the beneficiaries whose lives, hopes, and dreams Gibela has impacted.

We understand the crucial role that business plays towards building better societies and we have assumed our role and taken the lead to inspire our people to work for a better world. Gibela manufactures state-of-the-art trains with the aim of improving and changing the lives of South African’s for the better; as more trains roll off our production line, more will be deployed on Metrorail routes around South Africa, for the benefit of growing numbers of South Africa’s rail commuting public.

Gibela is a Black Economic Empowerment (BEE) consortium comprising Alstom and Ubumbano that is focused on building a world class passenger rail manufacturing and service business in South Africa. We are 70%-owned by Alstom; a world leader in integrated transport systems with Ubumbano; a black owned consortium holding a 30% stake in the company. The business, established in 2013 was subsequently awarded a contract by Passenger Rail Agency of South Africa (PRASA) to design, manufacture and maintain a fleet of 600 passenger trainsets comprising six cars per train for the country’s urban rail commuters. The contract came with a specific mandate to elevate commuter rail as the transport mode of choice, to revitalise the South African railway sector, drive inclusive economic growth and uplift our communities.

PRASA has approximately 2.3 million daily commuters who are starting to experience the high levels of safety, comfort, speed and reliability from the new trains. These passengers are enjoying the benefit of international safety features such as the anti-crash system designed to protect drivers and passengers, which is one of the many stand-out features of our new trains. The six wide double doors per car provide commuters with easy access particularly for those who are mobility challenged and the elderly. Our trains have capacity of up to 1200 passengers in 6 cars with spacious interiors which enables easy movement.

Gibela is fully equipped to deliver on its mandate and to contribute towards improving the railway system of the country. As a business, we are striving to grow beyond the PRASA contract and our current footprints; to service both the South African and global markets. We have invested in building a world class manufacturing facility, technology transfer, and upskilling and training our employees to be South Africa’s sound foundation to revitalise the rail industry. Our socio-economic transformation journey is our business journey and is not separate to the core element of Gibela’s business; and our growth plans fully encompass high socio-economic impact.

A big thank you is reserved for the Gibela staff for contributing to a positive change in our nation’s development. Gibela will strive to continue contributing to South Africa’s socio-economic development.



**Irene Charnley**  
Gibela Chairman

# EDITOR’S NOTE

Gibela has undertaken to evaluate its social, economic and environmental impacts and to assess and quantify its contribution to South Africa’s socio-economic transformation. The main objectives of this report are to:

- Measure and assess Gibela’s contribution to the national development plan since 2014, using a broad set of social, economic and environmental indicators; and
- Improve the quality and level of engagement with Gibela’s stakeholders by communicating findings in a transparent and impartial manner.

We have an important role to play in the transformation of South Africa’s economy; and consequently, have developed a plan to achieve the highest level of local content and local procurement through the implementation of this list of initiatives:

- Executing a sourcing programme which will maximise the level of local content through a robust supply chain which delivers South African made electric multiple units (EMUs) to the highest international standards. This will contribute significantly towards revitalising the railway industry;
- Establishment of a fully capacitated local factory in South Africa for the manufacture of the rolling stock;
- Creation of sustainable local jobs - as part of Gibela’s mandate and our contribution towards PRASA’s commitment to creating sustainable jobs and in turn, aligning to government’s New Growth Path; and
- Delivery of a robust skills development programme, to develop skills and creates capacity at various technical levels within the railway and associated sectors. Our skills development initiatives have not only reached a large number of beneficiaries; it has provided them with relevant skills to find suitable employment - from unskilled, semi-skilled to skilled labour. Associated efforts have also sought to provide these beneficiaries with other work opportunities and in an environment focused on the transfer of technology.

Our commitments extend beyond the programmes highlighted above, they also include B-BBEE elements such as ownership of the company by black people, representation of black people in top and senior management and bringing about an equitable representation of black people in all occupations and at all levels of the organisation. We also deliver Community development programmes with a focus on communities surrounding our factory, where we believe we can and do add the most value and make a significant and lasting impact. All our suppliers are bound by similar commitments in terms of B-BBEE regulation and legislation.

In summation, I am proud of the impact Gibela has made in our spheres of influence, as highlighted by this report and the different analysis found within. Gibela has not only played a role in transforming the South African economic landscape, it has also impacted our local communities in positive, socially beneficial ways. While Gibela is still a relatively new player in the commercial space, its impact has been profound – and our organisation still strives to ensure that we set the standard for our industry on transformation across multiple fronts.



**Dr. Buyiswa Mncono - Liwani**  
Corporate Services Director







# South African Socio-Economic Challenges

South Africa's socio-economic challenges require both public and private entities to foster economic development

*"Partnership with the private sector is important because the bulk of economic activities in South Africa are driven by the private sector"*

Ebrahim Patel

Minster of Trade, Industry and Economic Development



## EDUCATION

South Africa needs critical skills in engineering, IT and healthcare. Yet, less than **5%** of children who begin Grade 1 will attain a **tertiary degree** and even less on Science, Technology, Engineering and Mathematics related qualifications



## UNEMPLOYMENT

South Africa's official unemployment rate is **29%**, affecting mostly **women (30% unemployed)** and **youth (58% unemployed)** as per June 2019 statistics.



## SLOW ECONOMIC GROWTH

South Africa's GDP grew by a marginal 0,15% in the 2019 year (2018: 0.79%). GDP has been forecasted to decline by 6,4% in 2020 as indicated by Minister of Finance, the IMF expects a decline of 5,8%



## TRANSPORT INDUSTRY PARTICIPATION

Between 2015 and 2018, small business only contributed **7% to transport industry turnover**. Small business in the rail sector have shown **limited manufacturing capacity**

# The National Development Plan

The National Development Plan (NDP) is South Africa's framework to eliminate poverty and reduce inequality by 2030. The NDP has set out specific objectives for the transport sector so it can play its part in achieving this goal. Gibela has positioned itself as a key player and strategic enabler in South Africa's railway industry – leveraging its positive impact on the economy.

## Gibela Focus Areas in Support of NDP Transport Sector Objectives



### REVITALISING THE SA RAIL SECTOR

Create a competitive base of infrastructure and human resources. Challenges being addressed include a lack of national rail manufacturing capacity, limited industrialisation, etc.



### ELEVATING COMMUTER RAIL AS TRANSPORT MODE OF CHOICE

Establish safe, affordable public transport leading towards transport sector objectives. Challenges being addressed include limited commuter rail capacity, safe trains, etc.



### DRIVING INCLUSIVE GROWTH

Increase employment and per capita income, ensure job market is reflective of demographics, access to quality education and healthcare. Challenges include low economic growth, high unemployment, inequality, etc.



### COMMUNITY UPLIFTMENT

Access to quality education and healthcare, and reducing carbon emissions



*"It was to address these fundamental challenges that we adopted the National Development Plan (NDP) in 2012 to guide our national effort to defeat poverty, unemployment and inequality."*

**President Cyril Ramaphosa**  
**SONA June 2019**



# Gibela’s Socio- Economic Development Mandate

## Catalysing Socio-Economic Impact

South Africa is facing a number of social and economic challenges that require institutional support. As a proudly South Africa organisation, Gibela supports economic development based on its contractual obligations with PRASA. Gibela’s mandate is to elevate commuter rail as the transport mode of choice, revitalise the South African rail sector, drive inclusive economic growth and uplift communities.

### ELEVATING COMMUTER RAIL AS THE TRANSPORT MODE OF CHOICE

- » Design and manufacture 600 electric multiple unit trains (3 600 cars) to enable safe and affordable rail public transport which services millions of passengers per day
- » Giving commuters an opportunity to experience unprecedented levels of safety, comfort, speed and reliability from new rail public transport
- » Providing technical and spare part supply to support an effective and efficient rail service

### REVITALISING THE SOUTH AFRICAN RAIL SECTOR

- » Developing a local train manufacturing capability through constructing a facility in Dunnottar
- » Creating a sustainable and competitive local rail sector by supporting local content procurement, transferring skills and developing suppliers
- » Transfer of technology to train component manufacturers
- » Transfer of train manufacturing skills to Gibela employees by internationally trained professionals

### DRIVING INCLUSIVE ECONOMIC GROWTH

- » Contributing to job creation and growing South Africa’s economy
- » Advancing economic transformation and participation through B-BBEE compliance and enforcing compliance among our suppliers
- » Supporting the development of Black women-owned entities and South African SMEs
- » Preferential procurement to Black-owned and B-BBEE compliant enterprises
- » Promoting human resource development of Black people through, for example, mentorships, learnership, internships etc.

### COMMUNITY UPLIFTMENT

- » Empowering local communities by enabling access to economic activities, opportunities, infrastructure, ownership and skills
- » Supporting community socio-economic development
- » Supporting the development of Dunnottar factory-adjacent communities through market support and skills training
- » Conserving the natural environment in areas surrounding the Dunnottar factory by reducing its carbon footprint and preserving adjacent wetlands

# Gibela’s Contractual Commitments

## Catalysing Socio-Economic Impact

Gibela’s is contractually obligated to achieve and deliver on a number of requirements under the manufacturing (MSA) and a services (TSSSA) contract . These requirements are a driving force behind Gibela’s economic development mandate

	ECONOMIC DEVELOPMENT	SKILLS DEVELOPMENT	LOCALISATION	TECHNICAL
MSA (Manufacture & Supply Agreement)	<ul style="list-style-type: none"><li>» Local Content</li><li>» Skills development</li><li>» Ownership</li><li>» Management Control</li><li>» Preferential Procurement</li><li>» Enterprise Development</li><li>» Socio-economic development</li><li>» Employment Equity</li></ul>	<ul style="list-style-type: none"><li>» Production evolution facility</li><li>» Skills development</li><li>» Spend value</li><li>» Certified training</li><li>» Master plan</li></ul>	<ul style="list-style-type: none"><li>» To achieve 43.3% Local Content in the beginning, peaking at 75%</li></ul>	<ul style="list-style-type: none"><li>» Design, manufacture and deliver 600 EMU (3,600 cars)</li><li>» Build and supply a manufacturing facility near Johannesburg</li><li>» Supply of capital spares, tools, test equipment and driver training</li></ul>
TSSSA (Technical Support & Spares Supply Agreement)	<ul style="list-style-type: none"><li>» Local Content</li><li>» Skills development</li><li>» Ownership</li><li>» Management Control</li><li>» Preferential Procurement</li><li>» Enterprise Development</li><li>» Socio-economic development</li><li>» Employment Equity</li></ul>	<ul style="list-style-type: none"><li>» Rail related maintenance skills development</li><li>» Alignment with skills development plan</li><li>» Spend value</li><li>» Certified training</li><li>» Master plan</li></ul>	<ul style="list-style-type: none"><li>» To achieve 50% Local Content in Contract Year 1, peaking at 92% in Year 3 and ending at 71% in Year 19.</li></ul>	<ul style="list-style-type: none"><li>» Technical support on 600 trains over 5 depots</li><li>» Full material management</li><li>» Level 4 maintenance (overhaul in 3 repair centers)</li></ul>





*"Our rationale for economic development is based on the need to support government in its quest for economic transformation."*

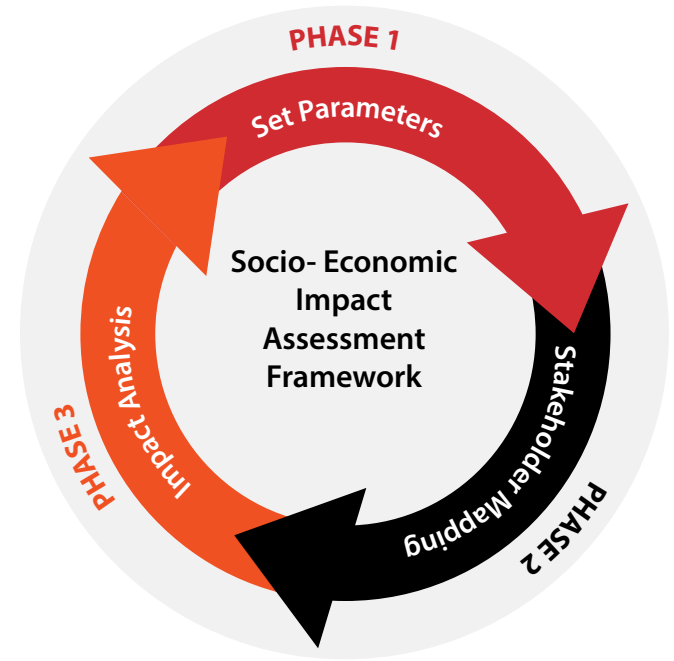
*Our approach to transformation is underpinned by the fundamental belief that economic development is a strategic imperative to ensure that we are able to thrive, grow, and contribute to the broader economic transformation of South Africa".*

**B. Mncono-Liwani**  
Corporate Services Director

# Socio-Economic Impact Assessment Methodology

In order to monitor and refine its social economic impact, Gibela has undertaken a Socio-Economic Impact Assessment (SEIA). A 3-phased framework was used for the SEIA.

- The Impact Analysis was done using an economic model that incorporated:
- » National Input-Output (I-O) Analysis
  - » Social Accounting Matrix (SAM)
  - » Integrated Modelling



## PHASE 1 – Set Parameters

Set the scope for the assessment: clarify objectives, and define geographic and economic scope and other factors to be included

## PHASE 2 –Stakeholder Mapping

Defining the key stakeholders for engagement and determining their messaging and content management strategy

## PHASE 3 – Impact Analysis

Measuring the sources of impact for the relevant stakeholders – in the form of indicators and providing insights based on the findings



# CEO's STATEMENT

Our story began in 2013 when Gibela, a consortium between Alstom, Ubumbano Rail and New Africa Rail through an agreement with PRASA; was contracted to deliver 600 modern commuter passenger trains to the South African rail network over the next 10 years, and to provide maintenance support for the 600-train fleet over a 19-year period in 5 depots around the country.

Today, our ownership structure still complies with South Africa's black economic empowerment legislation; with 30% of Gibela owned by Ubumbano Rail, a black-owned consortium comprising three commercial entities – Khipunyawo Rail; the Elgin-Identity Rail Corporation; and Community Rail – the PRASA Employee Share Option Trust (ESOP) and the Gibela ESOP and an education trust.

Our vision is to lead the revitalisation of the South African railway sector and become a catalyst in PRASA's endeavours to elevate commuter rail as a transport mode of choice for all people in urban areas. We are reigniting the rail industry through localisation. Setting Gibela up as a company fully equipped with the proficiencies to deliver on its mandate to PRASA on all dimensions of the project in just six years has been immensely rewarding. Gibela is now a structured and organised entity that employs well over 900 people who are predominantly South Africans.

Gibela's targets to be met over time and the project deliverables are massive. While there are enormous challenges ahead of us, we are on track, and are serious about our contractual obligation to contribute to the transformation of South Africa, for the good of all people and the environment. This is evidenced by the number of trains that we have manufactured and delivered from our Dunnottar factory.

In the past financial year (2019/2020), we have delivered 13 locally manufactured trainsets which makes the total number of trains delivered to PRASA 33, this includes the 20 trains manufactured in Brazil. At our operational level, we have put together initiatives to instil a mindset and culture of safety and quality in everything we touch and do as we strive to meet our operational goals.

A recent highlight in our journey has been our factory producing two trainsets in one month, this is a great achievement. And despite the gloomy period that our country and the world at large find itself in as it rages a war against COVID-19, it is heartening to see that Gibela is stabilising and growing into a glorious, trailblazer that we have always known it would become.

This Socio-Economic Impact Assessment Report measures objectively and communicates our contribution to all stakeholders, including employees, shareholders, government, customers, local communities and non-governmental organisations (NGOs). Gibela will use the outcome of this report to close the gaps identified and improve on our contribution to a strong, sustainable and inclusive economic growth in South Africa.



**Hector Danisa**  
Gibela CEO







## PART 2

The people's train

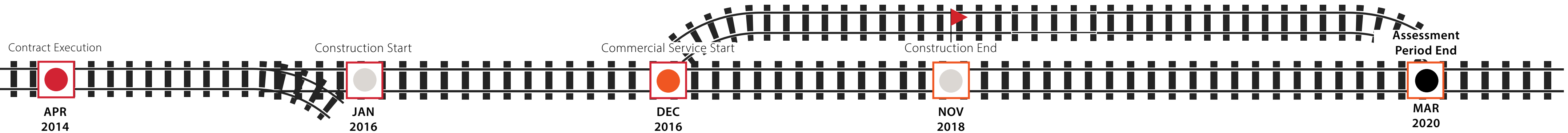
**CONTRIBUTING TO SOUTH AFRICA'S SOCIO-ECONOMIC GROWTH**

*"We have made great strides in elevating commuter rail as the transport mode of choice for the South African consumer, and continue to deliver on the mandate set out by PRASA to generate positive social and economic impact for the country"*

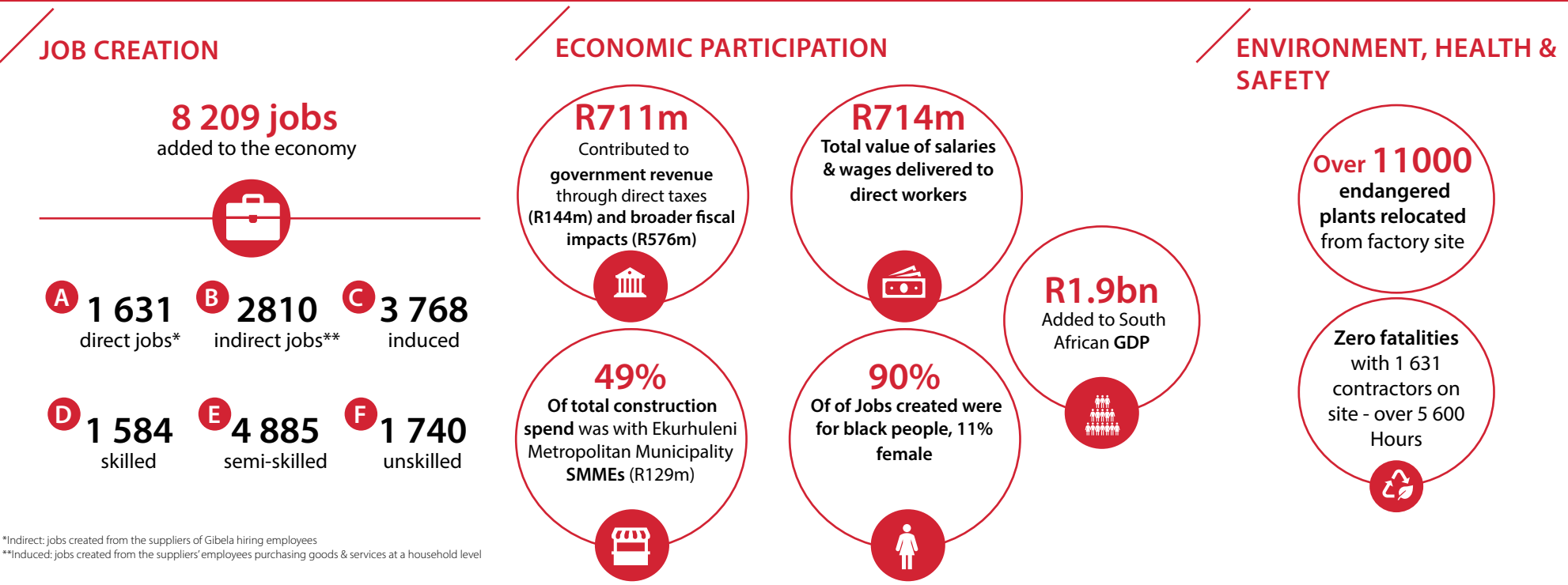
**Hector Danisa**  
Gibela CEO



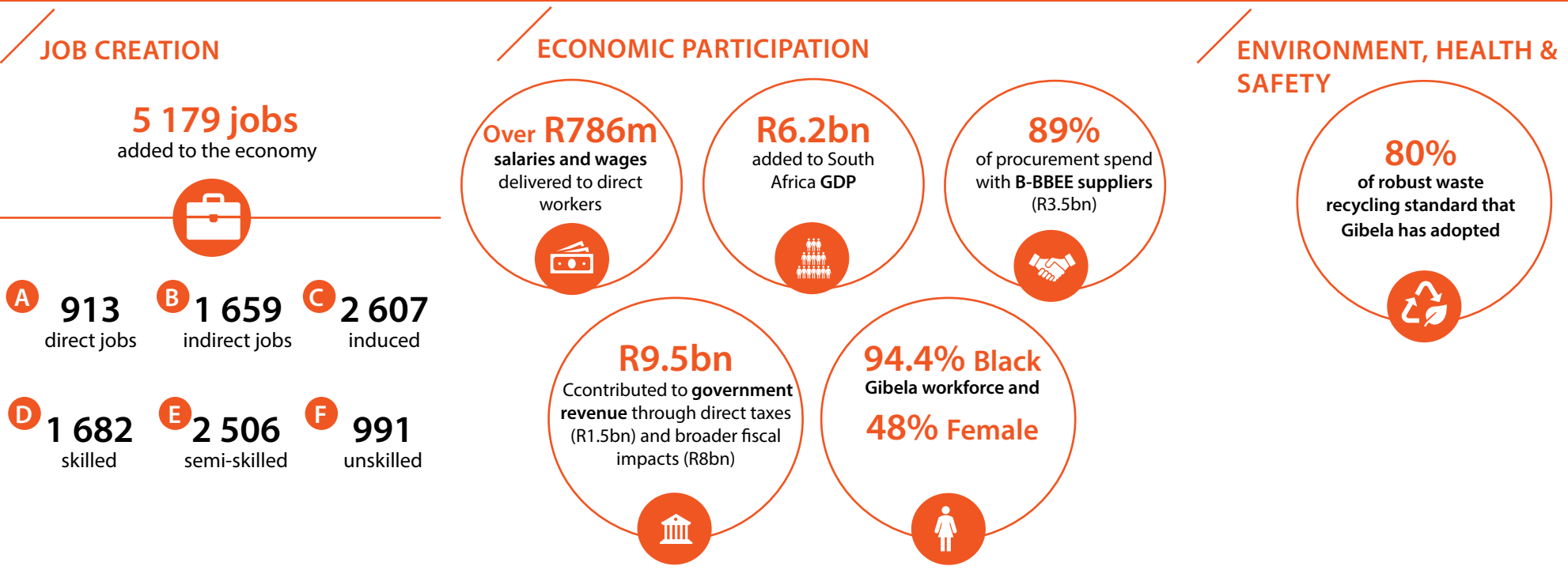
# Impact Phases Timeline



## CONSTRUCTION



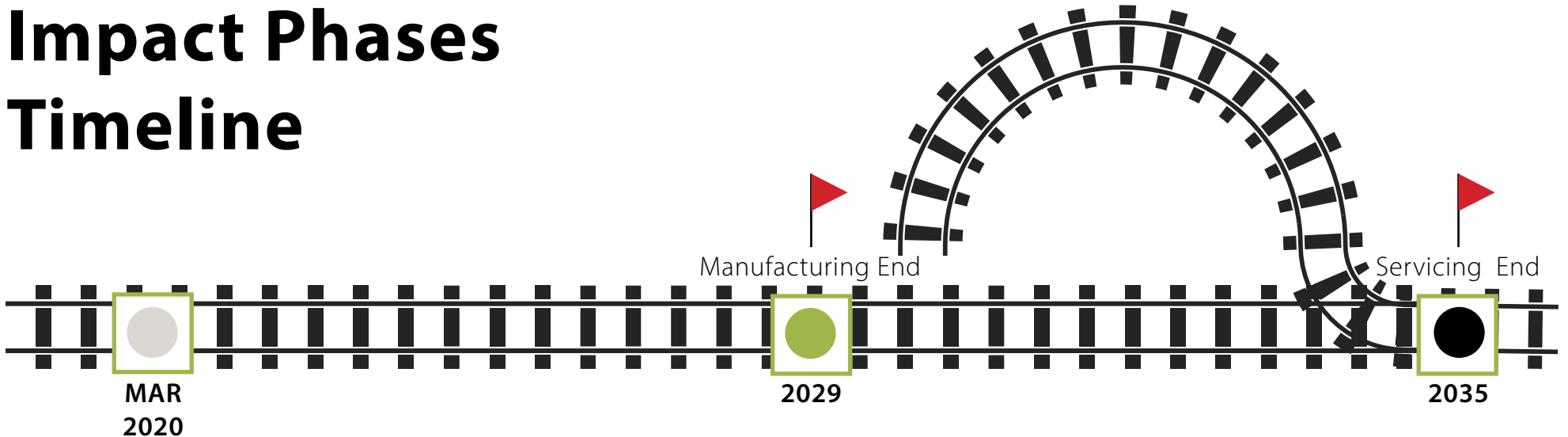
## MANUFACTURING & COMMERCIAL SERVICE TO DATE



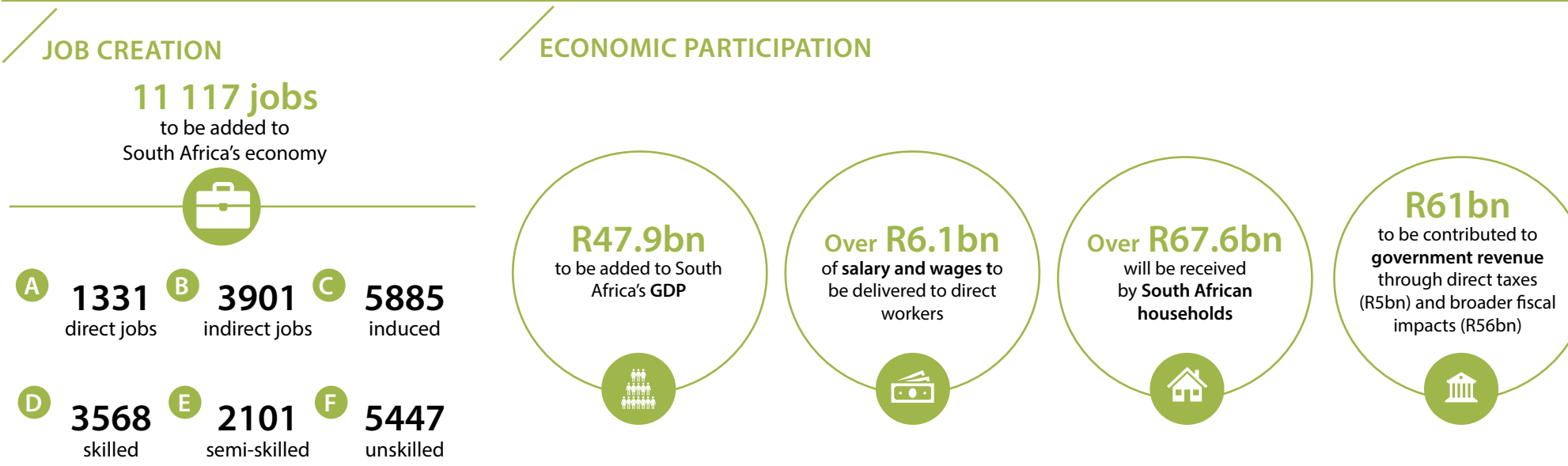
\*Indirect: jobs created from the suppliers of Gibela hiring employees  
\*\*Induced: jobs created from the suppliers' employees purchasing goods & services at a household level



# Impact Phases Timeline



## FUTURE MNUFACTURING & COMMERCIAL SERVICE





# Six Components of Impact

Gibela is committed to becoming a “trailblazer” in economic development by building an integrated and focused strategy to ensure that implementation can happen in a coherent and sustainable manner. Activities will be tested to ensure Gibela is creating a revitalised railway value chain at the lowest cost and with the highest impact, as detailed.

## REVITALISING THE RAIL SECTOR



Gibela's local content spend amounted to **R6.4bn**

- » 44% achievement rate in relation to the contractual commitment of 43.3%
- » Global upskilling of Gibela employees and transfer of rail technology

## JOB CREATION AND SKILLS DEVELOPMENT



Direct jobs created **2 544**

- » Empowered 2 540 people through skills development

## NATION BUILDING



Contribution towards Gauteng's GDP **R8.1bn**

- » R1.7bn has been contributed to government revenue through tax revenue and broader fiscal impacts

## TRANSFORMING THE SOUTH AFRICAN BUSINESS LANDSCAPE



Gibela has invested **R92.2m** in supporting **42 Black-owned SMEs**

- » R4.6 bn preferential procurement spend directed to 370 suppliers, with over R1 bn to Black-owned SMEs and Black women-owned companies

## UPLIFTING THE LOCAL COMMUNITIES



**3 620** beneficiaries

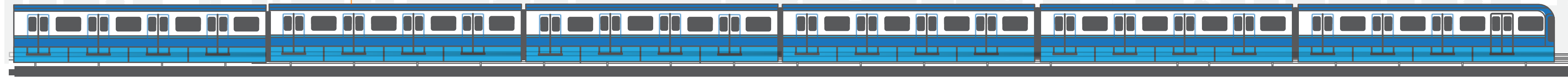
- » benefited from local upliftment programmes

## REDUCING ENVIRONMENTAL IMPACT



**11 928** indigenous plants were relocated

- » with a strong focus on best practice waste management





## Impact 1

The people's train

# Revitalising the South African Rail Sector

## Revitalising the South African Rail Sector

It is critical to PRASA that its contract with Gibela involves and profits as many South Africans as possible.

Gibela is confident that the manner in which the project has been structured will not only revitalise South Africa's rail sector, but make South Africa a hub for rail products, components & services on the continent

### TOPIC COVERED IN THIS SECTION

A

Elevating Commuter Rail – As to become the transport mode **of choice**

B

Localisation - Making use of local businesses as suppliers in the train manufacturing and commercial service value chains.

C

Technology and Innovation – R&D involvement that benefits the rail sector and the development of design capability

D

Skills Development – Developing internal staff skills

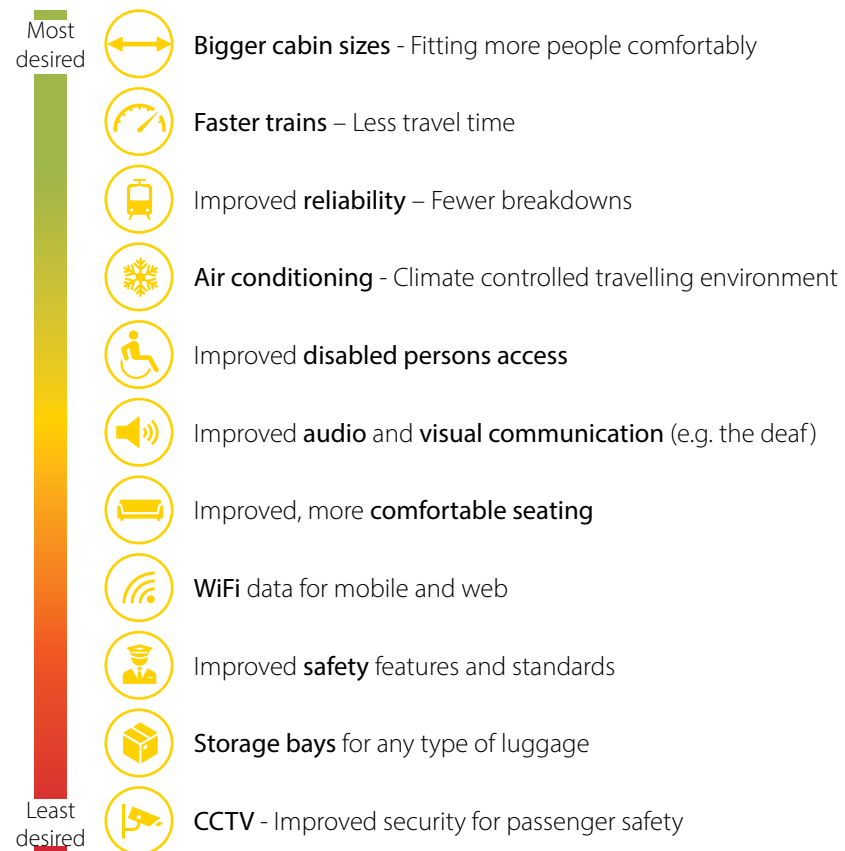
E

Skills transfer and experience – Developing internationally competitive suppliers of rail components

# Elevating Commuter Rail as the transport mode of choice

## PRASA Train Commuter Needs

Gibela conducted a survey to understand the optimal commuter journey experience



## PRASA Strategy to Address Commuter Needs

Gibela's train delivery and servicing support allows PRASA to achieve RAPS

- ☒ **RELIABILITY**  
 Introduction and implementation of the TSSSA for new trains will enhance reliability through continuous fleet maintenance
- ☒ **AVAILABILITY**  
 Introduction of **600 X'trapolis Mega trains** will increase **fleet volumes within Metrorail**, resulting in sufficient trains and ability to **meet commuter demands**
- ☒ **PREDICTABILITY**  
 Ability to arrive and depart a **destination** at the **required** and **specified** time, a consequence of train reliability and availability
- ☒ **SAFETY AND COMFORT**  
 Ability to meet **global safety and security standards** through implementing proven world class technologies





# Localisation

To date, Gibela's South African local content spend has amounted to R6.4bn, a 44% achievement which is in line with contractual commitment



Total local content spend to date: **R6.4bn**



Total local content achievement: **44%**

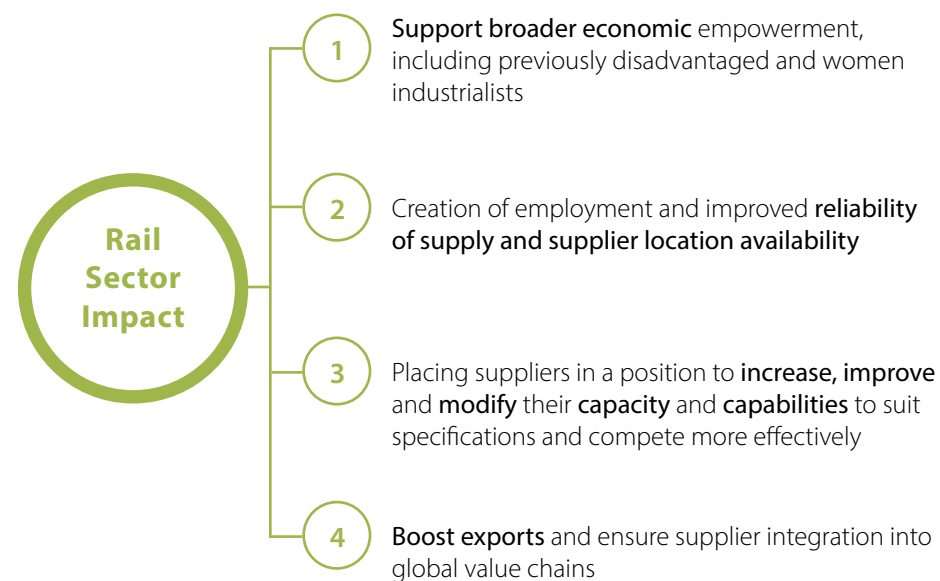


Transfer of technology, capex, tax and VAT local content status: **100%**

**Local Content** – Aggregate monetary value expended in relation to programme activities (including: local sourcing, overheads, raw materials, local assembly and services, local factory, product evolution factory, railway-related skills development and other investments and local taxes)

## Impact on Local Business Entities within South Africa

Gibela's large investment in local content has, to date, had a positive impact on local communities and entities



To date, Gibela has invested a large amount into Specified Components Commitment , which led to a **positive impact on South African entities**

### Specified Components Commitments:

These are train components, sub-components and sub-assemblies used in train manufacturing that Gibela has contractually committed to procure locally. Gibela has committed to locally procure 49 of these components



# Technology and Innovation

Gibela’s Research Chair (GRC) programme has resulted in numerous research papers being developed and utilised for social and commercial benefit

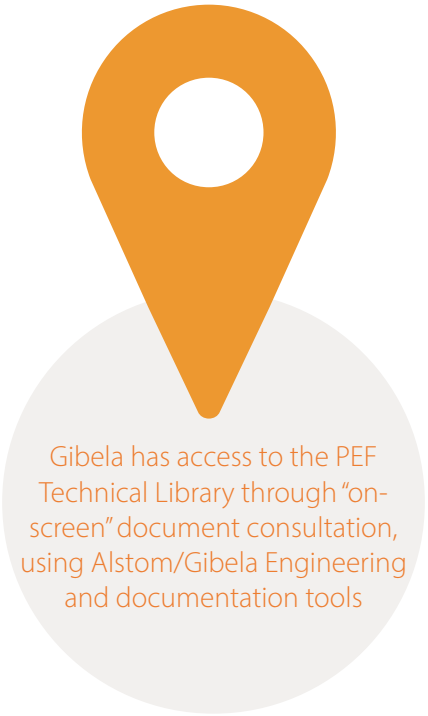
-  3 Graduates have gone through the GRC programme: 3 Post-Doctorial Fellows, 2 Doctoral Fellows, and 1 Masters graduate
-  The programme has supported local inventors to file two patents: Reconfigurable Assembly Fixture and the Reconfigurable Bending & Guillotine Press Machine
-  The programme has significantly contributed towards national research in manufacturing and skills development, with 10 journal and 20 conference papers
-  The GRC programme has led to real world problem solving and transfer of technology through two specialised projects



GRC ACHIEVEMENTS	GRADUATES	RESEARCH	PROJECTS
	3 POST-DOCTORAL FELLOWS	2 NEW PATENTS	2 SPECIAL PROJECTS
	2 DOCTORAL FELLOWS	10 JOURNAL PAPERS	1 COMMUNITY PROJECT
	1 MASTERS GRADUATE	20 CONFERENCE PAPERS	
		3 MEDIA ARTICLES	
		3 INTERNATIONAL KEYNOTE ADDRESSES	

The **Product Evolution Facility (PEF)** is Gibela’s MSA Engineering Department – encompassing the latest innovations in train design (mechanical), train control (electrical and software), train system (doors, brakes, HVAC, etc.) and RAMS functions during new train manufacturing.

- PEF Purpose
- » Carrying out **engineering activities** associated with 3kV train **design evolution** and variant development (25kV, 3kV Express and 3kV Toilets)
  - » Dedicated to keeping technical platform of X'Trapolis Mega trains **at state of the art levels**



Gibela has access to the PEF Technical Library through “on-screen” document consultation, using Alstom/Gibela Engineering and documentation tools



Design Capability Import Process	
2014 - 2015	Engineering staff sent to various international destinations for training, encompassing world-class engineering courses and tools-related skill development
2015 - 2016	Engineering department begins work in South Africa, actively supporting imported 3kV new train validation activities. Initial training provided by internationally trained engineers
2016 - current	Reinforcement of all main functions and beginning of <b>handover by Alstom Engineering</b> (primarily located in France and Brazil) to Gibela. Design capability has been transferred to South Africans



# Skills Development

## Internal Skills Development

Gibela have devised a comprehensive skills development plan in order to upskill employees using an internal training center

South Africa has serious gaps in critical skill areas, which can only be addressed by upskilling the unemployed and school leavers, thereby increasing their participation in the economy



### OVERALL OBJECTIVES

- » To make a meaningful contribution in **promoting the revitalisation** of South Africa's railway and manufacturing industries
- » This assists in attracting, developing and retaining talent through the various skills development initiatives

### TRANSFER OF TECHNOLOGY (TOT)

- » **Employees** are going through a vigorous **TOT process**, where they are trained in the necessary technical expertise to manufacture, test and commission trains

# Investing in Human Capital

In an effort to strengthen the local workforce, Gibela has invested substantially into upskilling their employees, with the goal of facilitating the development of South Africa's rail industry. The goal is to grant Gibela's employees greater economic mobility, boosting their earning potential and creating a series of indirect benefits for the local economy. Gibela has a dedicated training centre and team focused on providing both technical rail and transferable skill sets through a variety of training programmes.



Over **R23 m** has been **invested into employee training**



Since inception over **1454 employees** have **registered and attended a training program**



On average each employee has attended 7 training programs



Thus in total, **10275 employee trainings were attended** since program commencement

## PROFILE OF TRAINED EMPLOYEES

# 90%

of beneficiaries were black employees

Providing employment of historically disadvantaged individuals from local communities

# 50%

of beneficiaries trained are female

Providing equal opportunity for women in the work place

# 78%

of spend allocated to training has been focused on middle management to unskilled employees

Providing training opportunities to employees with larger developmental needs

# 77%

of Junior Management and semi-skilled employees trained were \*youth

Empowering young employees within the rail industry

\*1454 unique employees includes employees outside of full-time, permanent employees, eg: Interns, etc.



# Profile of Training Programs

Gibela’s TSSSA training programmes have provided specialised and transferable training sessions that are intimate and focused

- 1

EHS Awareness training

The EHS induction and training covered areas of Health and Safety as well as Legislation.
- 2

ARC Welding: Metal inert gas and tungsten inert gas

A practical education on the difference between the two types of welding.
- 3

Special Process Torque Tightening

The Torque tightening course unpacked the amount of preload created when torqueing is largely dependent on the effects of friction, etc.
- 4

HIRA E – Learning

Internal Hazard Identification and Risk Assessment (HIRA) Training provided through an electronic based platform
- 5

Railway Safety Awareness

The aim is to understand the safety requirements and signs in a railway safety work environment

Transfer of Technology (TOT)  
A selected group of Engineering students were given the opportunity to visit one of Alstom’s overseas sites, in an effort to enrich their learning experiences and expose their educational efforts to a high grade of international standards.

IMPACT	EFFECT
A substantial number of training programs provided to employees focus on the Transfer of Technology within rail related topics	Gibela is contributing towards the revitalisation of rail by increasing the number of technical rail skilled workers
Over 500 unique training programs have been attended by employees	Employees are receiving tailored training programs focused on specific skill gaps
Over 80% of training programs are classified as entry level learnings	Employees with the highest developmental needs are accessing training at an appropriate level
Over 80% of learning programs were provided in classroom type environments with the remainder being on the job training	The majority of trainings sessions are provided in a formal class environment with on average 5 or less employees - promoting higher skills transfer



My journey with Gibela started in 2016 when I was still at Kwa-thema Ekurhuleni College. I applied for their bursary while doing my N4 electrical studies. The bursary funded my studies and provided me with a transport allowance. At the end of 2016, I completed my N6 in electrical engineering.

In 2017, I saw a Gibela post on Facebook saying they wanted a group of young people from Ekurhuleni for their 3-year apprenticeship and learnership programmes. I tried my luck, applied and was successful. I was placed under the Millwright apprenticeship, which started on the 2nd of May, 2017.

We went to the Saj Competency Training Institute for institutionalised training - theory and practical - for eight months. We completed our training on the 15th of December 2017. The following year we did our on-job training at Gibela. We didn't have all the resources for our trades, so they decided to place us in different companies so that we can be more exposed to many different things. I was placed at another engineering company at Alrode South (Rodecon Engineering).

Thabi Desiree Skosana



I was hired as a millwright apprentice and we trained at Saj Competency Training Institute for 8 month. We then started our on-the-job training at the Gibela production site. When we learned about the train, and seeing it coming together and actually having a hand in making it, it was the best thing that could happen to anyone. Working with other people from different countries so they could share their skills with us was mind blowing.

I moved from the production site to the repair center in Nigel where we were maintaining parts from the trains already operating in Pretoria

It was amazing to actually apply the skills we learned at Saj. It was not only about assembling the train but to know how it actually has improved the known Metrorail train and understanding the necessity of every part.

Gibela has changed my life for the better. I was born in the township, raised by a single parent with four children. Because of Gibela, I was able to help with the bills at home and gain skills that I learned throughout my training.

Nolwazi Mhlanga



I started with Gibela in 2017 through an apprenticeship program as a fitter and turner. For the first 6 months, I was sent to a training institution to be trained for my particular role. It was tough, an understatement, but I managed to pull through.

In 2018, I was introduced to Gibela itself. I went to the plant and was placed in the warehouse organising parts for production. After 6 months, I was placed in production as an assistant operator and that was an amazing experience because I learned a lot about the product we are making. Around September, Gibela sent me for on-job training as they couldn't cover the scope for my trade as a fitter and turner. I was sent to a company known as Novus Print and I worked with the maintenance team

After 18 months, I came back to Gibela where I went back to my previous station in production. I think my supervisors were impressed with my work ethic because they recommended that Gibela hire me permanently. I am currently working as a semi-skilled operator while I wait for my trade test date. What I have learned in this time is you should never want to be a benched player. Get in the field and do your thing!

Sharon Mazibuko



# Transfer of Technology: MSA



MSA has established a high impact of Transfer of Technology – especially relating to transferable skill sets

Gibela have eight skill categories that employees are trained in and which are reportable to PRASA. The level of training ranges from entry to intermediate to advanced, depending on the requirements of employees. Gibela offers skills training in both rail related, and non-rail related content

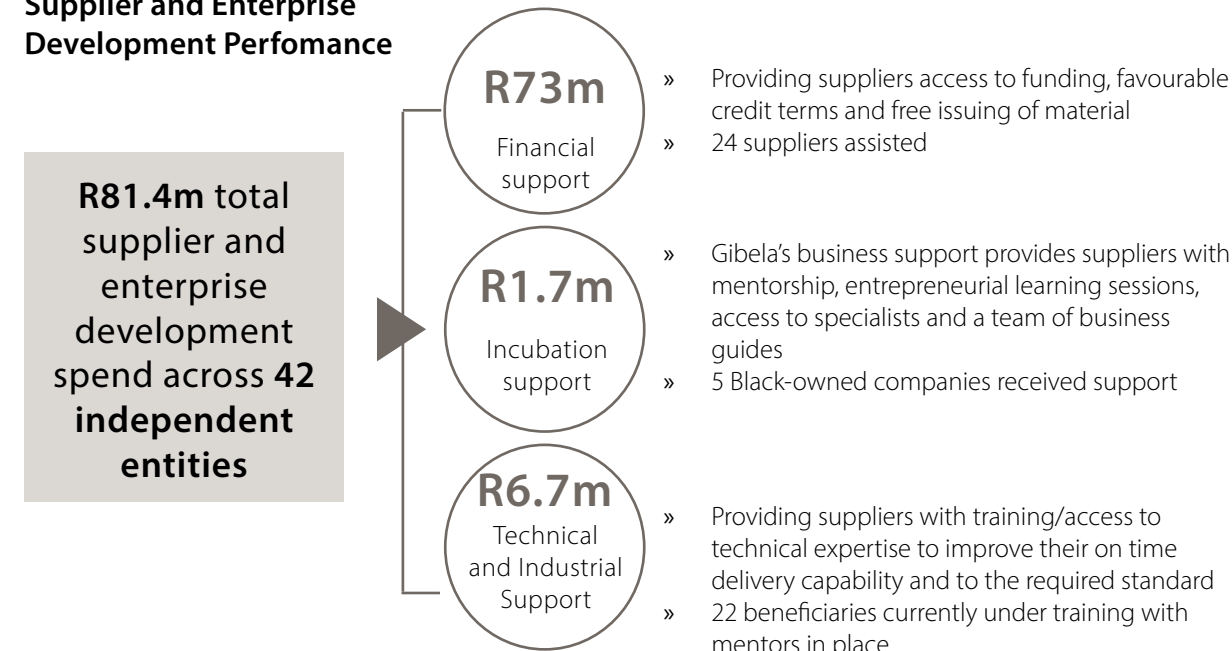
Number of Employees Trained Per Skills Category			
DESIGNER	TECHNOLOGIST	PROFESSIONAL ENGINEER	ENGINEERING TECHNICIAN
7 per annum	14 per annum	20 per annum	59 per annum
OTHER STAFF	OTHER ENGINEER	OTHER TRADE WORKERS	ARTISAN
71 per annum	123 per annum	147 per annum	232 per annum



# Skills Transfer & Experiences

Gibela is responsible for incorporating Economic Development into project execution, with the goal of developing local suppliers capable of delivering to production, service and quality standards

## Supplier and Enterprise Development Performance



## The desired effect of supplier and enterprise development

-  Improved businesses performance (capability and skills)
-  Enhanced routes of supply and supplier diversity
-  Job creation (through an increase in production)
-  Transfer of skills across various areas of the value chain
-  Increased market opportunities and access
-  Development of an export market
-  Exposure to international best practice and standards

## Ultimately...

- » Contributing to the revitalisation of the railway industry
- » Alleviation of poverty and contribution to the economic growth of South Africa

## Case Study: Remkor Manufacturing & VSL



Remkor is a business in the manufacturing and supply of complex mechanical assemblies and components based in Gauteng. The company is 51% black women owned and is a Level 2 BBBEE company.



VSL Manufacturing manufactures pressed parts used in the Gibela trains. VSL is 51% black women owned and is based in the Eastern Cape

## IMPACT

### Gibela provides support to Remkor in the form of supplier development and transfer of technology

- » When Gibela started using Remkor, they were outsourcing some of the work like cutting, they will then bend, assemble and paint internally. Today they are able to cut & bend, assemble, (weld or screw & glue) do protective coating and paint.
- » Initially they were doing 1 ton of cubicles and have now improved their capacity to about 4 ton per month
- » In 3 short year, Remkor Manufacturing has growth to become the preferred supplier to a number of major local and multinational clients (Telkom, Iveco, Hauwei, Gibela, Alstom etc.)

### Gibela has provided funding and business support to VSL

- » Gibela supported the business with R10m ED fund R1m Grant
- » VSL has been awarded 165 trainsets
- » Gibela issued free raw material, which is 65% of the costs for a period of 6 months, after the contract was signed as part of development.
- » Gibela has embarked on purchasing a 3D laser machine for VSL to optimise the complex supply chain of using external sources for the 3d services.



## Impact 2

The people's train

# Driving Inclusive Economic Growth

## Driving Inclusive Economic Growth

Gibela aims to contribute to South Africa's economic growth, with a focused on transformation and inclusion of the previously disadvantaged

Initiatives undertaken to provide equitable opportunities for all South African citizens

- A** Advancing the nation's development – Contributing to GDP at both construction and manufacturing phases
- B** Transforming the South African business landscape – Creating opportunities for Black business
- C** Job creation
- D** Employment equity
- E** Gibela B-BBEE

# Nation Building

## Total Economic Impact of the Gibela Project

Gibela has played a pivotal role in South Africa's economic growth, evidenced by the following economic indicators: Gross Domestic Product (GDP), job creation, salaries and wages paid and adding to the government's revenue base

The Gibela project has resulted in to-date contribution to South Africa's GDP of R8b



### MSA & TSSSA Contract

Manufacturing 600 X'trapolis Mega trains for PRASA/Metrorail and constructing Dunnottar manufacturing facility



### R8.1bn

Contribution to the GDP of South Africa



### 5179 Jobs

Added to the economy (direct, indirect & induced)



### R10.2bn Gov. Revenue

Contributed through direct taxes and broader fiscal impacts



### 44% Local Spend

Of total value expended in relation to programme activities

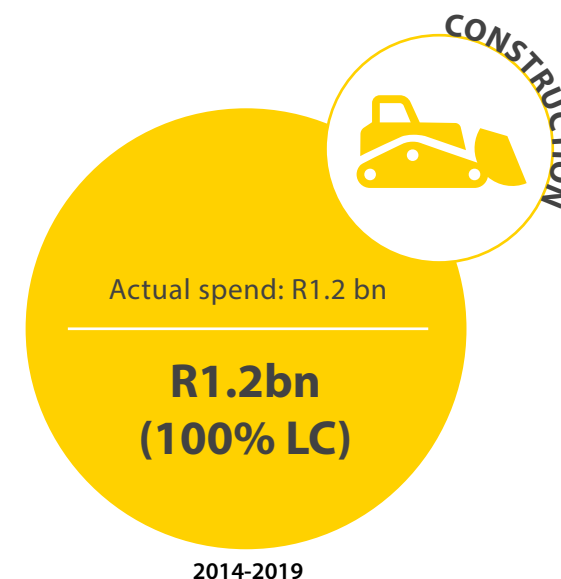


*"We must all commit to growing South Africa together through collaborative effort and teamwork. We are Team Transport and must play our part in taking our country to a higher growth trajectory."*

**Fikile Mbalula,**  
Minister of Transport

## Economic Impact of Dunnottar Manufacturing Facility Construction

The Dunnottar facility construction resulted in a total contribution to South African GDP of R1.9bn



## Construction Phase Impact (over 4 years)

- » **R1,2bn spent** during the construction phase
- » Spend created **1 631 direct jobs** for the South African citizens
- » Around **6 578 additional jobs** were supported through the execution and implementation of the associated construction activities
- » Over **R918m in salary** was received by those involved in the activities of the transaction
- » In turn, Gibela paid **R711m in taxes** through the collection of direct and indirect taxes



# Nation Building

## Economic Impact of the Manufacturing and Servicing Phases

### Manufacturing Phase Impact (over 1.5 years)

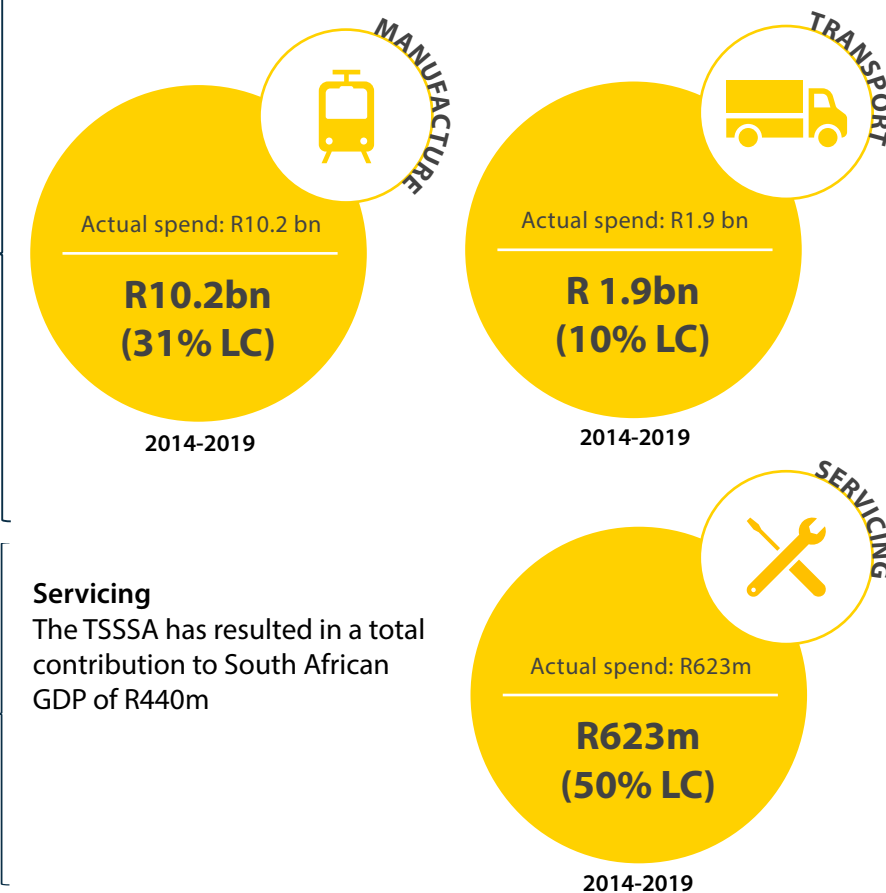
- » The manufacturing phase has delivered **773 direct jobs** to South African citizens
- » Approximately **3 613 additional jobs** were supported through supply chain and wage spend
- » Over **R2.9 bn in salaries and wages** received by those involved in transaction activities
- » In turn, Gibela paid **R9 bn in taxes** through direct and indirect tax collection

### TSSSA Phase Impact

- » During the servicing period, **140 direct jobs** were created
- » Approximately **653 additional jobs** were supported
- » Over R56m in salaries and wages was delivered to support workers
- » Over R656.5m was received by local households
- » R471m contributed to the fiscus through tax revenue and broader fiscal impacts

### Manufacturing

Manufacturing Gibela's X'trapolis Mega trains has resulted in a total contribution to South African GDP of R5.8bn



### Servicing

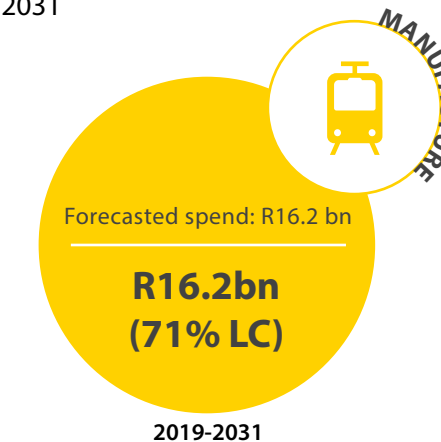
The TSSSA has resulted in a total contribution to South African GDP of R440m

## Future Expected Economic Impact

### Manufacturing

Manufacturing Phase Future Impact

The Manufacturing period will result in a total economic impact of R157bn by 2031

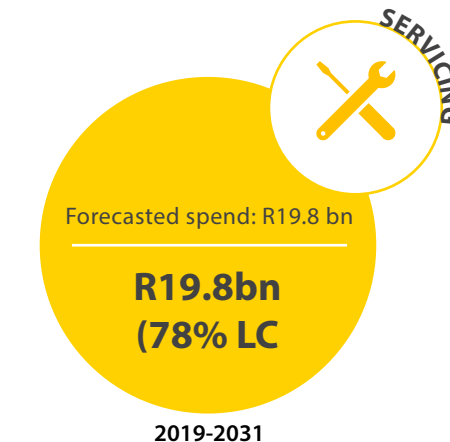


- » 781 direct jobs will be created for South Africans
- » R19.9bn will be added to South Africa's GDP
- » Over R2.5bn in salaries and wages will be delivered to direct workers
- » Over R26bn will be received by South African households
- » R4.5m will be contributed to the fiscus through direct tax revenue

### Servicing

Servicing Phase Future Impact

The TSSSA will result in a total economic impact of R174.5bn by 2031



- » 550 direct jobs will be created for South Africans
- » R28bn will be added to South Africa's GDP
- » Over R3.6bn in salaries and wages will be delivered to direct workers
- » Over R41.6bn will be received by South African households
- » R4.3bn will be contributed to the fiscus through direct tax revenue

### Did you know

By 2031, the total number of direct jobs created would be 3875.



## Transforming South African Business

Gibela has taken a proactive approach in maximising local supplier participation into their supply chains throughout construction and implementation. Gibela's support of South African businesses will in turn facilitate economic transformation and promote the revitalisation of the local railway industry.



Gibela has implemented a number of initiatives to facilitate local business transformation and to promote South African business growth



### Supporting Local Business

Maximising purchasing of goods and services from local South African businesses (preference given to B-BBEE, qualifying small enterprises/exempt micro enterprises and or Black-women owned suppliers)



### Gibela and Supplier Transformation Commitments

Responding and aligning to the priorities of the National Development Plan 2030 by establishing a more competitive, diversified and inclusive economy

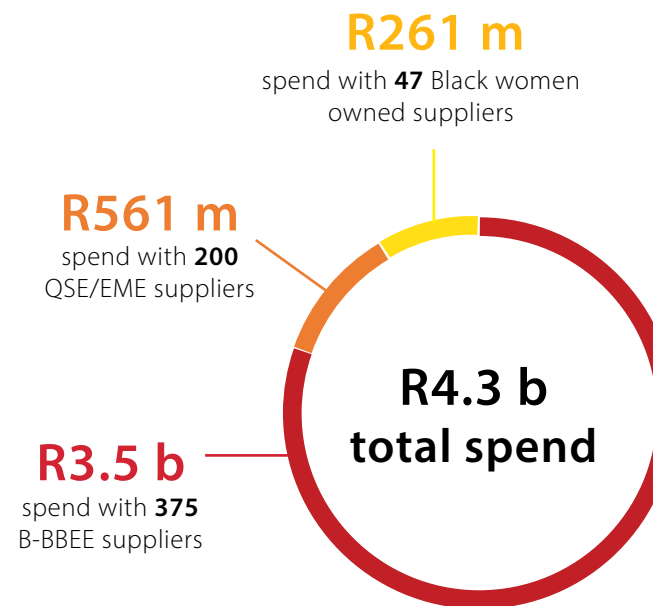


### Developing Local Business

Development of local businesses whom can deliver goods and services at the required standards and quality through Gibela's established Supplier and Enterprise Development Programmes

## Breakdown of Gibela's Spend in Supporting South African Business

Gibela has actively sought to increase their use of local suppliers, thereby supporting local business. Gibela has continuously increased the number of Black Women Owned (BWO), Qualifying Small Enterprise (QSE)/Exempt Micro Enterprise (EME) and B-BBEE businesses that it supports.



### Total Local Spend

44%

**42 local suppliers** directly involved in factory construction, and supplying local materials and equipment in building each trainset (70% local trainset spend with B-BBEE compliant suppliers – excl. imports)



### Did you know

During the *construction phase* 78% of the contract was awarded to local businesses within Gibela's operational region (Ekurhuleni Metropolitan Municipality) with the manufacturing of the factory being awarded to two Black women owned companies





# Transforming South African Business

## Gibela and Supplier Transformation Commitments

To enhance sustainable development within the economy, Gibela and its suppliers have agreed to implement initiatives with set time horizons to increase their transformation credentials

Gibela has set annual purchasing targets, maximising the use/development of small/large Black-owned/Black-women owned suppliers

### SOME KEY STATISTICS



### SOME OF THE KEY COMMITMENTS INCLUDE:

- Suppliers contracted to Gibela need to maintain/improve their B-BBEE status within 3 years or move to Gibela’s desired B-BBEE level (Level 4)
- To purchase goods and services from more than one independent supplier to induce healthy competition within the market
- Establish value adding joint ventures for transfer of technology and skills development to those with potential
- Preference given to B-BBEE, QSE/EME and BWO suppliers to advance localisation and support the previously disadvantaged
- Suppliers contracted to Gibela are bound to certain agreements to uplift local communities, such as hiring employees from local communities around the Dunnottar factory only
- Support suppliers on their transformation journey (monitor progress)

# South African Local Content

South African suppliers produce a wide range of components, including but not limited to:



**Did you know**  
145 tons of South African steel per train is used

## The initiatives discussed will drive the following benefits

- Drive transformation
- Increase expenditure and development of local suppliers
- Address and support those previously disadvantaged
- Increase access of businesses to opportunities (specifically small/large B-BBEE Black Owned/ Black Women Owned)
- Promote entrepreneurship and participation of women in the working world

## Job Creation

### South Africa's unemployment crisis is deepening

The lack of employment opportunities and shortage of skills amongst young people in South Africa continues to be a topical issue as highlighted in government documents.

With South Africa's high unemployment rate of 29%, Gibela is playing an active role in creating employment opportunities for local community members. This is being achieved through two main mechanisms, being that of direct Job Creation and Skills Development



*"As an individual who was fresh from university and entering the work environment as an Intern, the Economic Development Department was very accommodating, supportive and welcoming."*

*From the day I started working for Gibela my experience was never disarmed, I had not a moment of idling because there was so much to do and learn. The program has given me the confidence for the workplace, a sense of belonging and my team equipped me with the necessary and relevant skills. The Diversity of Gibela workforce creates the opportunity for one to develop people skills and skill of building professional relationship*

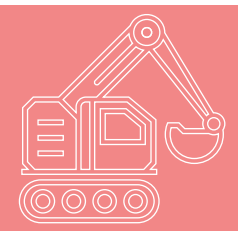
*In 2019 I was absorbed from the Internship programme to a permanent position as ED Training Analyst which includes supporting the Organisation in providing reports for the customer (both internal and externa), rolling out the Skills Development initiatives to employees and communities in order to support the project deliverables."*

**Pholoso Kgasoane**  
Gibela employee





## Jobs Created Locally



### CONSTRUCTION PHASE

(Jan 2016 - Nov 2018)

Gibela created 1631 jobs during its construction phase. Based on construction requiring a large contingent of labour, especially that of unskilled and semi-skilled workers, Gibela was able to create the majority of its employment opportunities for local community members.

Around **8 000 additional jobs** were supported through supply chain and wage spend

### GENERAL JOBS STATISTICS

**90%**

**Black employees**

Providing employment of historically disadvantaged individuals and better representing South Africa's population demographic

**30%**

**youth\* employees**

Addressing the need to employ school leavers

**78%**

**of jobs focused on skilled and semi-skilled labourers**

Providing employment of historically disadvantaged individuals and better representing South Africa's population demographic

\*Youth is defined as people between the ages of 18 and 35

**1631**

**local jobs created**

Creating large scale employment for South Africans, helping to address South Africa's high unemployment rate

#### JOBS CREATED

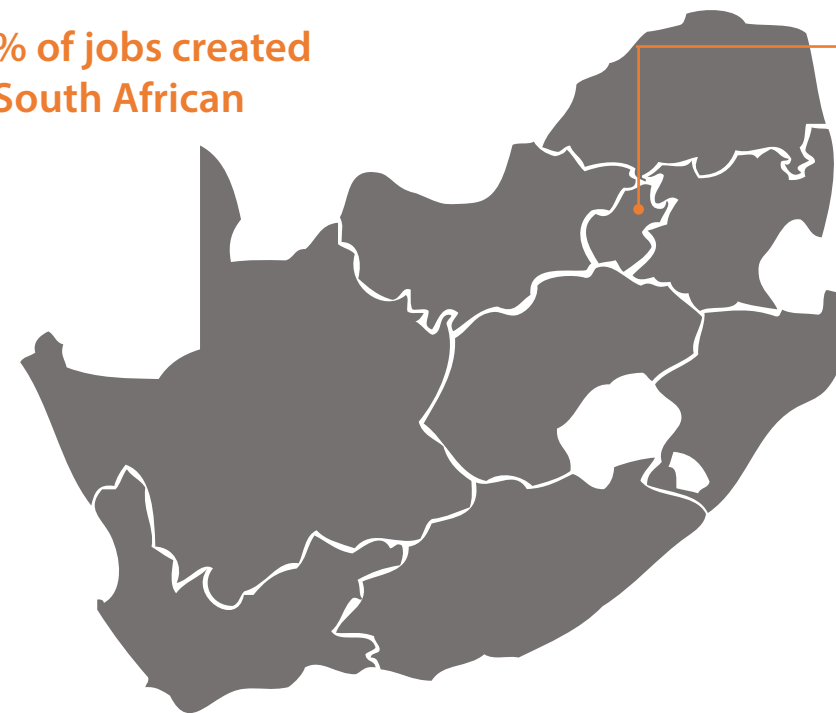
1740 Unskilled

1584 Skilled

1584 Semi-skilled

### SOURCING LOCATION OF EMPLOYEES

**100% of jobs created were South African**



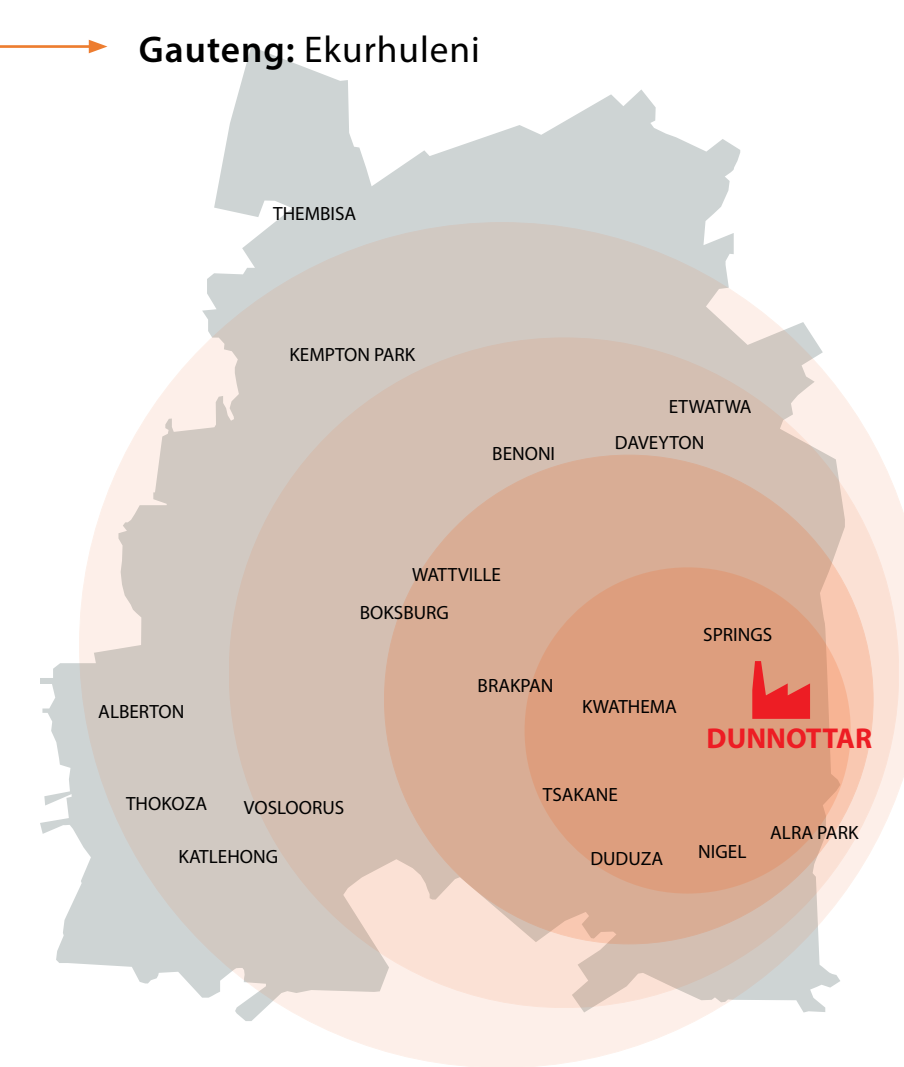
**Gauteng: Ekurhuleni**

▶ **359**  
**(22%) Jobs created in SA outside of Ekurhuleni**

Mainly consisted of **skilled labour required for the specialised work packages** e.g. crane construction and set up

▶ **1272**  
**(78%) Jobs created in Ekurhuleni**

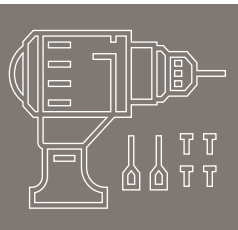
Majority of the local labour force **created employment for the local communities within Ekurhuleni** (see map)



Low density employment

High density employment

# Jobs Created Locally



## MANUFACTURING PHASE

(Jan 2018 - May 2020)

Gibela created 913 jobs, thus far, during its manufacturing phase. Gibela has implemented a number of employment equity initiatives to accurately represent South Africa’s population’s demographics. Further, through local hiring policies Gibela has ensured local community members have employment opportunities

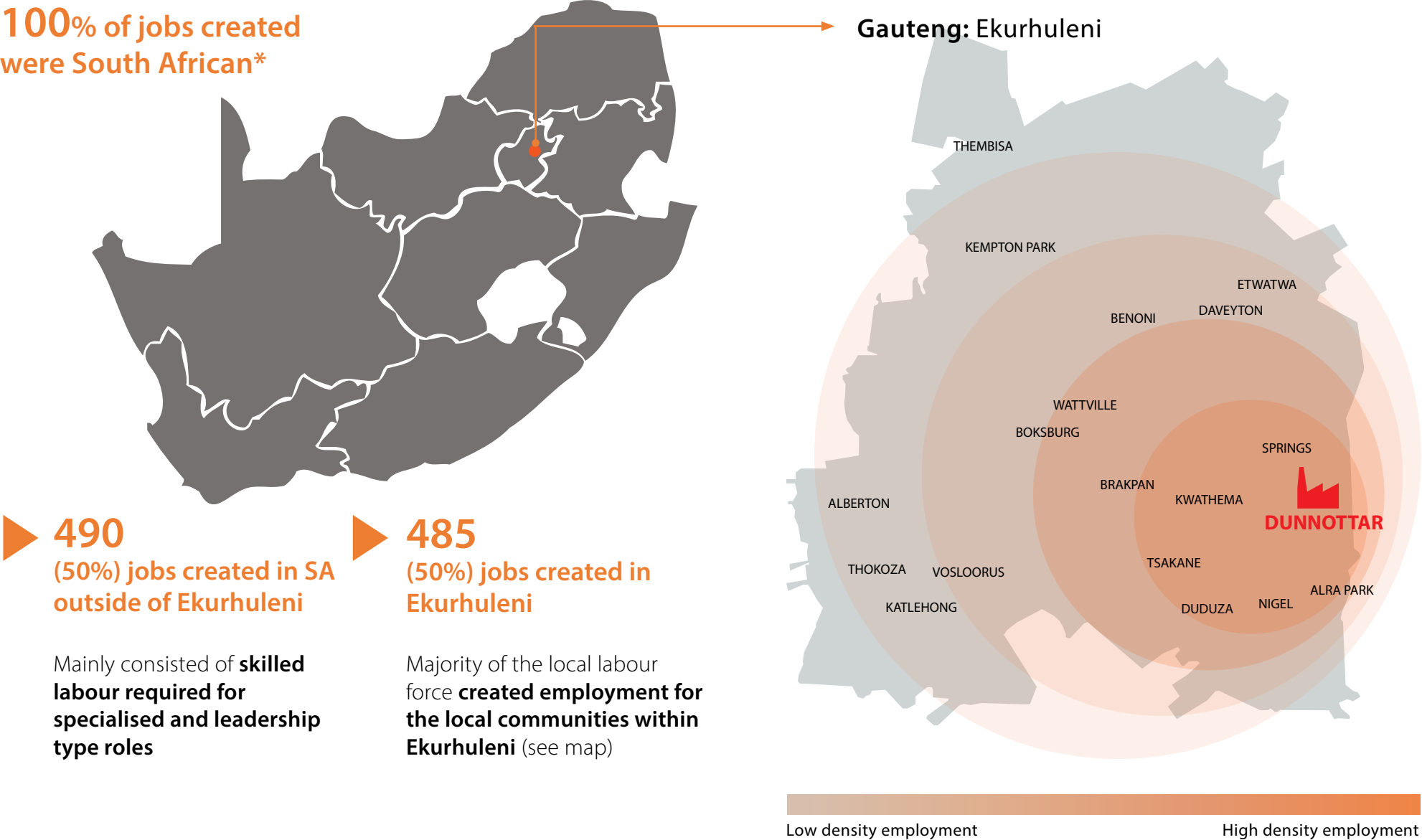
Further, through local hiring policies, local community members have received employment opportunities

## GENERAL JOBS STATISTICS



## SOURCING LOCATION OF EMPLOYEES

100% of jobs created were South African\*



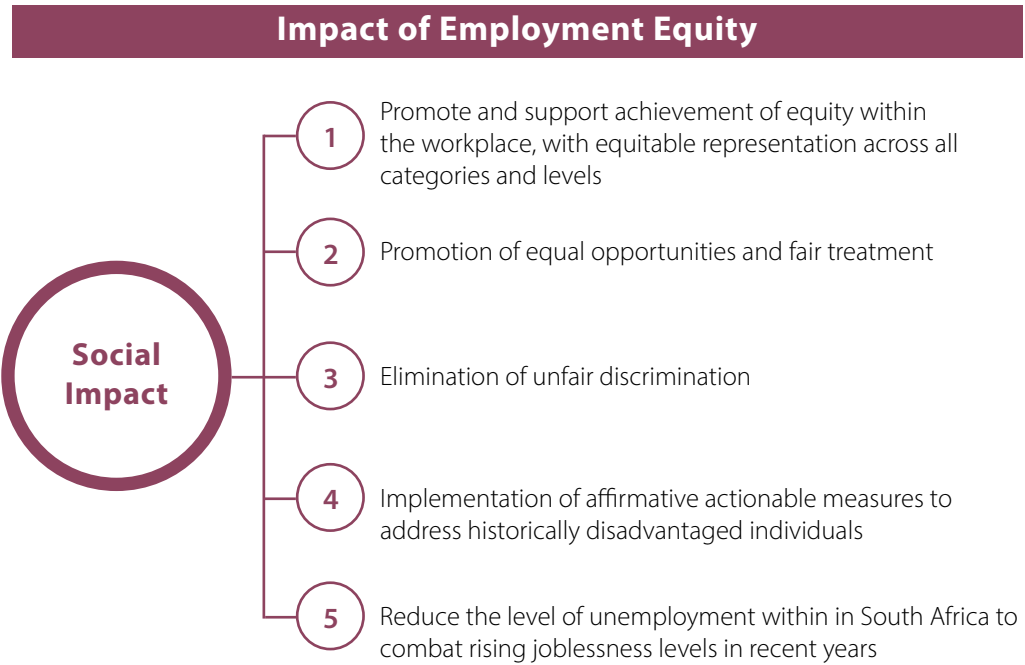
\*As the employees included in the number of jobs created are all on payroll, expats have been excluded.






# Employment Equity


## Impact of Employment Equity and Alignment to the NDP


Gibela’s focus on successfully implementing the Employment Equity Act will place the company in good standing to achieve the NDP goal of the workplace truly reflecting the make-up and demographics of South Africa’s population




Alignment with NDP 2030	
NDP Description	Achievement
<div>Ensure that the job market better reflects the racial, gender and disability make-up of the country</div>	<div><div></div><div>Gibela has a strong focus of ensuring their workforce is <b>reflective of the South African population</b> of which:<ul style="list-style-type: none"><li>• 98% are Black persons</li><li>• 48% Black females</li></ul></div></div> <div><div></div><div>Emphasis has been placed on addressing those <b>historically disadvantaged individuals</b>, specifically women</div></div>

## Gibela’s focus on successfully implementing employment equity highlights the organisation’s commitment to transformation

- 

Gibela has undertaken a number of initiatives to create opportunities, fulfil contractual commitments and enhance the employment of HDIs
- 

Gibela has a near 1:1 ratio between men and woman in the workplace, compared with the transport industry average of 4:1
- 

Gibela is reflective of South Africa’s, with a high number of Black employees



## B-BBEE Preferential Procurement

From 2017 until 2019 Q2, Gibela spent R3.5bn on B-BBEE suppliers and has exceeded its contractual target by more than 1.2%



Total procurement spend for the period: **R3.9bn**



Total spend on B-BBEE suppliers for the period: **R3.5bn**



B-BBEE spend amounted to **28%** more than committed



An additional **R18bn** to be spent on B-BBEE suppliers by 2028



**375** of total suppliers were B-BBEE compliant, of which **46%** were Black-owned, more than 51%

### IMPACT ON ENTITIES AND SOUTH AFRICA AS A WHOLE



Drives transformation across all levels of the South African economy



Increased expenditure and focus on local businesses and promotion of locally produced goods/services, enhancing exports and decreasing imports



Encourages and promotes broad based participation into entity value chains



Enhanced focus of procuring from Black-owned, Black-women owned and small, micro and medium sized businesses, boosting SME development and growth



Improved access to markets and potential clients opportunities through experience and exposure development

DRNG Projects Pty Ltd was appointed Gibela Rail Transport Consortium in 2016 as a technical support SMME.

*"DRNG Projects has received over R10m worth of projects from Gibela such as; Laborum in TSSSA, Electrification of the Nigel building, Segregation /Demarcations/Floor markings, Importing of machinery/tools, Design and building of chemical storage facility etc.*

*Gibela has taught me a lot & and I have experience challenges in business which I overcome through hard work, consistency and emotional intelligence. I am proud to announce that we have 8 employees within DRNG Projects to date."*



**Alpheus Ngapo**  
Director of DRNG Projects





## Impact 3

The people's train

# Community Upliftment

## Community Upliftment

Gibela aims to contribute to South Africa's economic growth, with a focused on transformation and inclusion of the previously disadvantaged

Gibela has made significant progress with respect to its commitment of recruiting black South African employees.

*"We are aware and sensitive to the reality that our immediate communities do not, and large, possess the necessary skills desirable to be employed in our factory. As such we have implemented programmes that will empower them with portable skills which they can sell and earn a decent living"*

**Loyiso Jiya**  
Community Development Manager

Uplifting local communities through:

- A** Lifelong learning, Agricultural upliftment, Social infrastructure development
- B** Skills development initiatives dedicated to the local community
- C** Measures undertaken to ensure a positive impact on the environment and in compliance with environmental performance standards

# Uplifting Local Communities

Due to low commercial activity in areas surrounding Gibela’s factory in Dunnotar, Nigel, adjacent communities are located within an economically depressed zone. Therefore, community members lack employment opportunities, which impacts upon living standards.

To address this, Gibela has undertaken initiatives to create job opportunities and increase community members’ standard of living.

Gibela’s socio-economic initiatives can be classified into three programme types:







Gibela’s upliftment programmes focus on communities adjacent to the factory and service sites



# Lifelong Learning

In an effort to **accelerate Youth Development within the Local Communities** of Tsakane and Duduza, Gibela has invested into educational programs aimed at increasing school pass rates. Throughout the initiatives both students and teachers have shown an increased self-esteem and self-reliance.

PROGRAM	ABOUT	FOCUS AREAS	# OF PEOPLE IMPACTED
 <b>Early Childhood Development</b>	Equipping teachers with a deeper knowledge on Early Childhood Development	<ul style="list-style-type: none"><li>Stimulation and development</li><li>Management and business</li><li>Child care and health</li></ul>	<b>18 centres are registered as Non Profit Organisations from the Department of Social Development</b>
 <b>Learner Development</b>	Tutoring high school students in Maths, Science and English	<ul style="list-style-type: none"><li>Science</li><li>Maths</li><li>English</li></ul>	<b>1100 students showed tracked improvement</b>
 <b>Lecturer Development</b>	Increasing the academic competencies of teachers	<ul style="list-style-type: none"><li>Maths</li><li>Science</li></ul>	<b>63 teachers participated</b>
 <b>Work readiness</b>	Equipping participants with soft skills aimed at work readiness	<ul style="list-style-type: none"><li>Problem solving</li><li>Action Planning</li><li>Self reliance</li></ul>	<b>539 people participated</b>



Gibela has spent around **R30m**, which has resulted in more than **3469 students and teachers** benefitting

### Did you know

In order to ensure the desired impacts result from the educational programs, Gibela monitors the programs effects. Some of the tangible benefits already realised include:

- Increase in pass rates for science by 25%
- Increase in pass rates for Maths by 65%
- A pass rate for English of 100%
- An increase in teachers Maths competency by 62%

188 teachers who were trained are able to sustain the impact with new student groups every year.



**100%**

of beneficiaries were Black

**40%**

of beneficiaries were females

**95%**

of beneficiaries were between the ages of 3 and 18  
le: full youth development focus

## Early Childhood Development

From 2016 to 2019, GIBELA has supported 98 Early Childhood Development (ECD) projects in informal pre-schools within communities of Ekurhuleni and Tshwane. The vision is to make the pre-schools have a positive impact on the childcare provision and socio-economic circumstances of employees attached to the selected centres.

The project will impact on 1642 children, 125 ECD practitioners employed at the centres in 8 communities .



### MEASURES IMPLEMENTED AT THE ECD CENTRES

#### Clean and safe learning environments

- » Locked gates
- » Signing in
- » Hygiene practices



#### Children stimulation and development

- » Daily programmes
- » Theme & lesson planning
- » Visible Indoor & Outdoor activity areas



#### Improved management of the centres

- » Update of admin records
- » Definition of roles & responsibilities



#### Nutrition

- » Daily balanced meals
- » Meal planning bi-weekly



# Learner Development

## High Schools

Gibela runs a Mathematics (Maths) and Physical Science (Physics) support programme for matriculants in various schools within Gauteng. The programme is conducted by Maths Centre Incorporating Sciences (MCIS) on behalf of Gibela. MCIS conducts various learning methods to aid both the teacher and learner in achieving positive results.



### Key Interventions

#### TEACHER FOCUSED

- » Enhancement of teacher development through Share & Shine
- » Value added teacher assessment and gaps correction
- » Teacher class support visits through demonstration, observation and co-teaching learning

#### LEARNER FOCUSED

- » Morning, afternoon and Saturday classes
- » Computer assisted instructions
- » Involvement of peer learner-centered approach in class
- » Rapid assessments and feedback provided to learners

#### LEARNING MATERIAL

- » High standard exam preparation
- » Rigorous STEM (science, technology, engineering and mathematics) classes
- » The use of Science kits provided by Gibela

#### ACTIVITIES CONDUCTED

- » 200 class visits
- » 26 Saturday classes
- » 15 Holiday classes
- » 17 teacher workshops
- » 3 Parents Count advocacy campaigns
- » 1 Maps and Mirrors advocacy campaign
- » Career assessment conducted for grade 12 cohort learners

**450** Learner beneficiaries

**60** Teacher beneficiaries

**99%** Black South African beneficiaries

**10** Suburbs in Gauteng affected

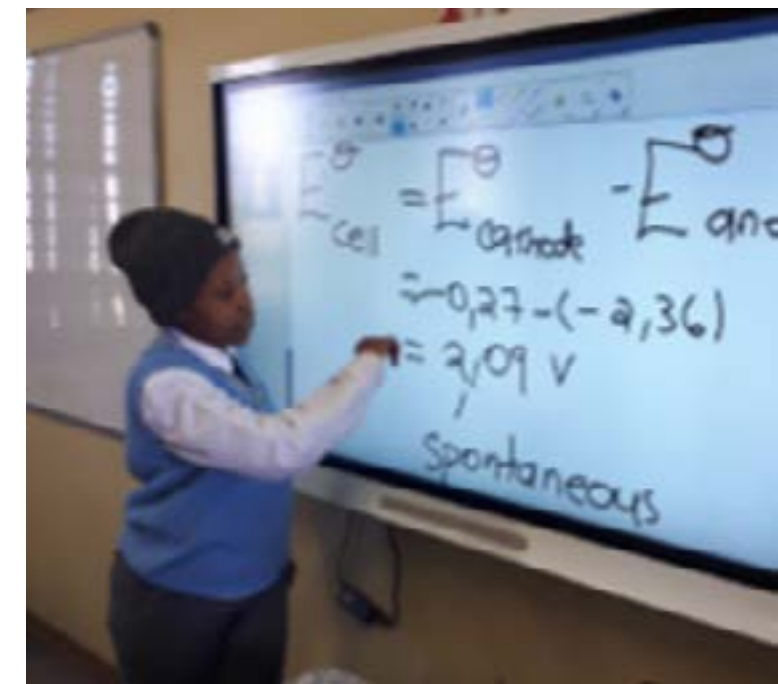
**11** Teaching jobs created/maintained

**10** Catering jobs created/maintained

**10K** Estimated no. of indirect beneficiaries



*"Thabang achieved 87% overall average with nine distinctions. He is currently in his final year of study and is top of the bursary pool. Thabang plans to join the Gibela Rail Internship Program and register for B Tech at the same time. He was encouraged to sort out his driver's license."*





# Learner Development

## Mobile Libraries Project

As part of its contribution towards education and social infrastructure development, Gibela is providing mobile library units to secondary and high schools (total of 20 schools).

### A POSITIVE IMPACT ACHIEVED

- » Providing library resources to schools that have little or no access to functioning libraries or library resources
- » The beneficiaries will be 100% from disadvantaged communities
- » No minimum amount required to spend and wagon will be tailored to the specific needs of the beneficiaries
- » The libraries are conveniently packaged in trolleys with wheels for easy distribution and lockable for safekeeping
- » The library will include both local and international books for primary and high schools



### FINDINGS THAT LED TO THE INITIATIVE

- » About 80% of schools in South Africa are without libraries and only 3% are with books in their libraries
- » 78% of Grade 4 learners in South Africa are not able to read in any language
- » Children who read generally perform 12% better than those who do not read





# Learner Development

## TVET Colleges

Gibela, in partnership with Maths Centre Incorporating Sciences (MCIS), provides support to TVET colleges in Gauteng to aid in improving pass rates of learners, specifically in obtaining their National Certificate Vocational (NCV) 3 & 4.



### Key Interventions provided

#### CLASSROOM SUPPORT VISITS

- » Classroom visits to support application of effective leaning and teaching methods

#### EDUCATOR WORKSHOPS

- » Engage in effective ways of teaching and learning

#### LEARNER INTERVENTION CLASSES

- » Afternoon and Saturday classes

#### ADVOCACY CAMPAIGNS

- » Motivational session for students and Maps and Mirrors (career decision making aid)

#### ACTIVITIES CONDUCTED

- » 71 class visits
- » 43 Saturday classes were conducted
- » 187 Afternoon classes
- » 11 Lecturer workshops
- » 99 % of our cohort learners qualified to write national examinations
- » 1 Maps and Mirrors advocacy campaign

**256** Student beneficiaries

**100%** Black South African students

**12** Lecture beneficiaries

**75%** Black South African lectures

**3** Jobs created/maintained

**500** Estimated no. of indirect beneficiaries



*“One boy touched everybody after telling his story of starting to do pure Math at NCV Level 2. The boy was doing Maths Lit at school up to matric. He mentioned how Gibela helped him to transform from fearing Maths into getting 84% in final examinations of Level 3.”*



# Agricultural Upliftment

Gibela's agricultural project focuses on building a sustainable local community farm, called Spaarwater. The project acts as a catalyst for economic opportunity in the Duduza and Tsakane communities.

The farm is capital intensive and has facilitated many developments for local communities such as:

- 1 Increasing agricultural opportunities within the area
- 2 Upskilling local community members through agricultural skills development
- 3 Supporting the community through agricultural-based learnings
- 4 Increasing agricultural opportunities within the area

*In order to create further opportunity within the local communities, using agriculture, Gibela will now move into a processing stage to make the farm commercially sustainable*

Over R14 m has been invested into the Agricultural project, creating 25 permanent and 71 seasonal jobs within the community.



Communities impacted are Tsakana and Duduza

100%

of beneficiaries were Black

76%

of beneficiaries were females

Selected produce types are in high market demand, resulting in a sustainable commercial venture

## STAFF TRAINING

Multiple Training Programmes have been conducted for the benefit of the employees such as:

- » Technical skills training on land preparation, crop planting, application of pesticides & herbicides as well as the irrigation of the crops
- » Health and safety training on farm safety, rules and regulations and chemical safety, handling and use



## PROGRAMME MANAGEMENT:

- » Well managed with updates provided through monthly reports on Project progress, farm infrastructure status, production status etc.
- » The year 2018 ended with a positive balance financially – with sales ranging around R700k per month

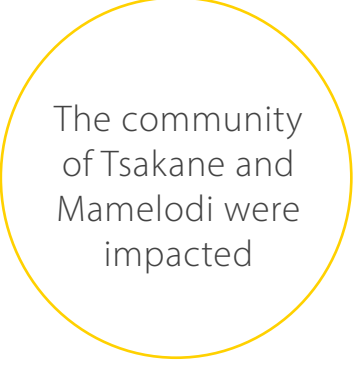
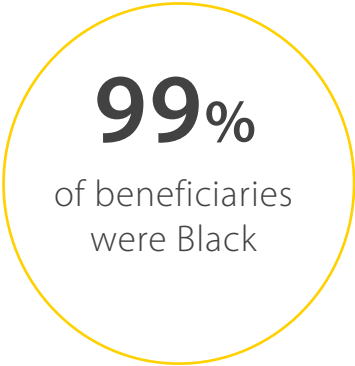


# Social Infrastructure

Gibela’s community development programs are focused on improving the standard of living within adjacent communities, through interventions to support community centres and old age homes, as well as strengthening the diversity of skillsets in local communities. This focus is addressed by investment in community infrastructure such as community centres, health care, and art programmes.

PROGRAM	ABOUT	FOCUS AREAS	# OF PEOPLE IMPACTED
 <b>Community Support</b>	Supporting disabled community members	<ul style="list-style-type: none"><li>• Health care</li><li>• Therapy</li><li>• Basic necessities and resources</li></ul>	58 community members
 <b>Community Infrastructure</b>	Providing community resources	<ul style="list-style-type: none"><li>• Food and supplies</li><li>• Kitchen appliances</li><li>• Books</li><li>• Furniture</li></ul>	40 community members
 <b>Community Upliftment</b>	Supporting community art and culture	<ul style="list-style-type: none"><li>• Music lessons</li><li>• Instruments and tools</li><li>• Art lessons and supplies</li><li>• Theatre and production</li></ul>	25 community members

Over R 200 thousand has been invested into Community Infrastructure, uplifting the lives of over 123 community members





# Community Skills Development

The local communities adjacent to Gibela’s Dunnottar factory are economically depressed, leading to high unemployment. Due to a lack of funding, community members cannot further their studies and skill development, lowering the probability of finding employment.

Gibela has made considerable efforts to uplift its surrounding communities through skills development. To achieve this objective, Gibela has made a R156m social investment into Ekurhuleni. The program caters to a wide range of skills levels (unskilled/ semi-skilled/ skilled) so community members are more employable. The programmes seeks to empower local citizens and revitalise the rail industry through developing core-in-demand artisan and engineering skills.



R57M SPENT



800 INDIVIDUALS



5 LEARNING AREAS



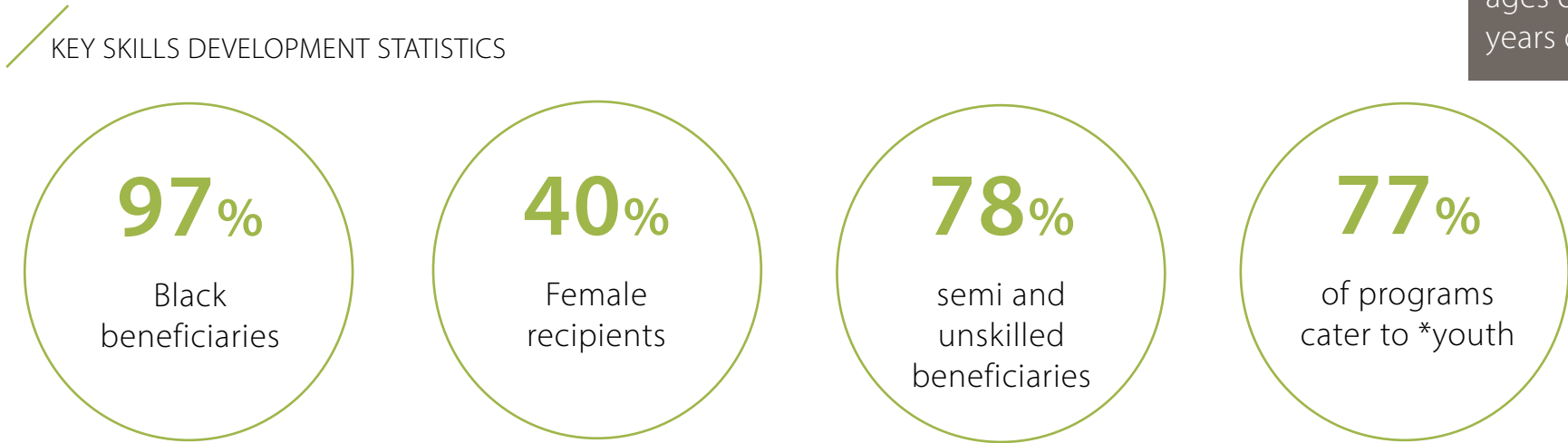
CERTIFICATION CREDITS



R7K PER STUDENT\*

KEY HIGHLIGHTS

- GIBELA HAS 6 COMMUNITY DEVELOPMENT PROGRAMS:
- 1 Skills Programme: A learning programme focused on occupational training
  - 2 Railway Introduction Course: Railway environment training for students
  - 3 Bursaries: Support for young people to pursue a tertiary education
  - 4 Apprenticeship: On-the-job practitioner training and academic tutoring
  - 5 Graduate Programme: Training focused on theory application within the workplace
  - 6 Research Chair: Fostering research career paths and contributing toward basic rail research



- KEY SKILLS DEVELOPMENT IMPACTS
- » Programme implementation impacted 2 540 South Africans
  - » Over R156m of investment delivered to support skills development.
  - » Over 68 learning areas covered by Gibela
  - » 75% of attained qualifications strengthened South Africa’s rail industry through technical skills transfer programmes in engineering, artisanal specialisations etc.
  - » 92% of gained skill sets transferable, with community members developing maintenance, supply chain, management among other skills, increasing employability
  - » While not mandated, Gibela has absorbed 58 interns and 15 apprentices from its skill development programmes, testament to the quality of graduates produced

Did you know

Gibela’s external skills development program impacts a wide range of ages older than 16 years of age.



Did you know

Gibela aims to train over 19 500 people



# Community Skills Development

## Skills Training Programme

Gibela ED appointed IOS -ITS Education and Training Institute as implementation partner to deliver on their training obligations. IOS -ITS commenced implementation in 2017 and successfully completed implementation for Year 1. Year 2 commenced in Nov 2018 and 435 of the 900 trainings have been completed to date – in line with training roll-out plan



435 / 900  
Trainings  
done to date

- 80 Apprentices
- 43 Electrical Wiring
- 30 Painting
- 43 Welding
- 30 Tiling and Plastering
- 60 Entrepreneurship
- 89 BUSSMART
- 32 Work Readiness Training
- 25 Community SMART

## APPRENTICE AWARDS



Best Apprentice: Fitter & Turner  
**TT Mahlangu**



Best Progress: Welder  
**CS Malapane**

## APPRENTICESHIP PROGRAMME

In addition to other skills programmes aimed at promoting employability in local communities in Ekurhuleni, Gibela started a formal Apprenticeship Programme in 2017. This is to afford the youth in the local communities an opportunity to qualify as artisans. Many of the apprentices on the programme have already received an indication of the companies that are keen to employ them upon qualification. One of the welding apprentices at Drotski Engineering is has been applauded for performing better than permanent staff at the company.

Awards for the apprentices were held at the Training Centre where they completed their theory and practical training. The Training Centre provides training in various trades for companies in different industries.



# Reducing Environmental Impact

Gibela's factory was constructed and operates on a wetland, impacting the local environment. The wetland is host to a variety of indigenous flora and fauna, necessitating the application of conservation management principles. Improper environmental management negatively impact local communities.

Gibela has adopted high international environmental performance standards to mitigate the negative impacts on the local environment. In doing this, Gibela has undertaken global best practices and aims to be a positive role model in the South African manufacturing industry.

## Construction Phase

In order to limit the factory's environmental impact during construction phase, a series of initiatives were undertaken:

### Wetland Clean-Up

Improved the condition of an adjacent wetland – previously a dump site

### Indigenous Flora Rescue

11 928 endangered plants were relocated from the factory site

### Licenses and Approvals

Acquired all relevant environmental licenses and approvals prior to construction

## Manufacturing Phase

### Factory Waste Management

An extensive waste management process has been implemented to mitigate the factory's effect on the local environment and communities.

The waste management system seeks to increase the waste recovery rate to 80%, leading to increased levels of recycling, and material reuse.



*Gibela is bringing environmental, cleaner operations to South Africa, with new trains constructed from 90% recyclable components. The new trains will consume up to 31% less energy than current in-use trains, leading to reduced carbon emissions.*

# Reducing Environmental Impact

Steps taken by Gibela for disposing business waste responsibly:



## STEP 1: CLASSIFICATION OF WASTE

- » Gibela keeps a record of details on all classes of waste it has produced before sending it for recycling and disposal.
- » Waste classification: General waste, hazardous, hard plastic, windscreens, cardboard, wood, steel(scrap) and fiber glass.

## STEP 2: SEPARATE, SEGREGATE AND STORE OR MANAGE

- » All waste to be stored or managed at Gibela waste dumping area, demarcated as such
- » Gibela uses suitable containers to comply with waste policies and prevent possible waste escaping unnoticed
- » All containers are clearly labelled with the type of waste by color (green, red, yellow)
- » All containers have covers to stop waste escaping to the environment
- » Waterproof covers are used as rain could cause contaminated run-off or impact the waste recycling opportunity
- » Only Gibela authorized waste carrier will be allowed to collect any waste

## STEP 3: COLLECT AND RECYCLE OR DISPOSE

- » Gibela has subcontracted Multi Waste for this (an authorized waste carrier under TNT Production)
- » Multi waste carrier is registered and their waste sites have environmental permits.
- » Gibela rail transport has employed TNT waste management to manage waste recycling together.
- » Gibela and TNT take full responsibility for the disposal of waste, on site and off site until delivered to destination.

## STEP 4: RECORDING

- » Gibela policy requires that records are kept for 3 years at the premises that produced, stored and managed the waste.

## Gibela's Waste Management Summary



Gibela has successfully completed the authorisation of **7 out of 7 requisite environmental licenses**



Gibela has established performance baselines for **6 environmental elements**. However, **waste management** is the only indicator **formally measured and reported on**



From 2018 to date (Jan-June 2019) Gibela's **monthly waste recyclability** rate was **35%**. Gibela is targeting to get to a rate of 80% annually.

**South African infrastructure** is not 100% geared for leading waste management, however, Gibela is making **progress** to ensure **its targets are met, while transforming the industry norm**

## Impact of Waste Management



Promotes **environmental cleanliness** and quality, reducing air, water and land pollution



Reduction of **waste in public areas**, reducing health risks and pest infestations



**Less strain** on the **Earth's resources** through recycling and material re-use



Effective land use decreases greenhouse gas emissions and **increases property and land values**



Supports the development and promotion of a **sustainable brand** through commitment to the future of local communities



Waste management is mechanism in **creating jobs**, with a 9x multiplier compared to landfills



Waste management implementation leads to improved entity **environmental compliance and meeting of standards**



# Summary

## Revitalising South Africa's Rail Sector

<b>Gibela's local content spend amounted to R6.4bn a 44% achievement rate in relation to the contractual commitment of 43.3%</b>	Gibela has committed to supporting local businesses by contracting their participation within their supply chain. The supplier sourcing requirements, such as having strong B-BBEE criteria, ensures that local businesses take initiative to empower further members	To further the impact of their commitment to development, Gibela has made efforts to increase the capability of local businesses through tailored support with: finance, technical support and incubation.	Gibela's training programmes have provided specialised and transferable training sessions to employees that are intimate and focused. The level of training ranges from entry to intermediate to advanced, depending on the requirements of employees	Gibela's Research Chair (GRC) programme has resulted in numerous research papers being developed and utilised for social and commercial benefit
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## Driving Inclusive Economic Growth

<b>Gibela supply-chain partnerships have created opportunities for B-BBEE SMEs to the value of R4,1bn and supported local businesses to the value of R92,9m</b>	Gibela recognises the responsibility that comes with its contract, and has committed to indirectly create further Government revenue through its investments, which will ultimately drive up the country's GDP	Gibela has contributed 1.25% towards economic activity within Gauteng's construction sector, and 0.89% towards economic activity within Gauteng's manufacturing sector	With 65% of the employees being locally sourced - Gibela is playing an active role in creating employment opportunities for local community members	From 2017 until 2019 Q2, Gibela spent R3.2bn on B-BBEE suppliers and has exceeded its contractual target by more than 1.2%
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## Community Upliftment

<b>Through Gibela's initiatives, 3620 beneficiaries benefitted</b>	In an effort to accelerate Youth Development within the Local Communities, Gibela has spent around R30m, which has resulted in more than 3469 students and teachers benefitting	Gibela's agricultural project acts as a catalyst for economic opportunity in the communities of Duduza and Tsakane, increasing agricultural opportunities within the area such as providing 96 new jobs within the community	Gibela is focused on reducing its Carbon Footprint through 'green' principles and a strategically designed manufacturing site. Gibela also preserved the local flora and fauna environment by its manufacturing site.	Demonstrating corporate citizenship through leading by example through extensive waste management Process that has been implemented to mitigate the effect of the factory on the local environment and communities
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## PART 3

# FUTURE OUTLOOK

## Future Outlook

The future plans of the NDP and how Gibela plans to align with them

The National Development Plan (NDP) 2030 explicitly states a number of key objectives for the transport sector of which Gibela plans to continue aligning with through the delivery of remaining trains (567) that are designed to achieved RAPS (Reliability, Availability, Predictability, Safety & Security)

Chapter 4 of the NDP calls for the development of economic infrastructure as the foundation of social and economic development.





# Future Outlook

## Gibela`s focus areas in support of NDP transport sector objectives

- AFFORDABILITY OF TRANSPORT**  
Rail transportation is by far the most affordable mode of transport for most South Africans. The introduction of Gibela trains into the rail system will also ensure that more South Africans have access to trains around the country.
- BETTER QUALITY PUBLIC TRANSPORT**  
Gibela is delivering newly manufactured trains that are of the highest quality to the rail system. These will replace the old and worn out Prasa fleet.
- RELIABILITY OF TRANSPORT**  
The introduction and implementation of the TSSSA (servicing) for the trains will ensure reliability is enhanced through continued maintenance of the fleet. Preventative maintenance will be undertaken every 20000km/ 2 months.
- SUSTAINABILITY OF TRANSPORT**  
Gibela complies with the highest environmental protection standards in the manufacturing site (Nigel factory). Furthermore each train has a 93% component recyclability rate and consumes 15% less net energy than existing trains.
- SAFETY OF TRANSPORT**  
Gibela trains have the meet global security and safety standards as a result of, implementation of world class proven and tested technologies (CCTV, automatic doors, Fire and smoke detectors)



Gibela also strives for socio-economic development in South Africa which aligns with the government's 2019-2024 Medium Term Strategic Framework, in particularly;  
Priority 1: Economic transformation and job creation; and  
Priority 2: Education, skills and health

## GIBELA'S SOCIO- ECONOMIC ASPIRATIONS

-  Promoting localization of products and services in South Africa
-  Achieving a substantial change in the racial composition of ownership and management structures in the skilled occupations of existing and new enterprises
-  Promoting access to finance for black businesses
-  Empowering local communities by enabling their access to economic activities, infrastructure, ownership and skills
-  Promoting human resource development of black people through mentorships, learnership, and internships
-  Assisting in the development of the operational and financial capacity of B-BBEE enterprises, especially small, medium and micro enterprises (SMMEs), and black- owned enterprises
-  Facilitating access to economic activities, infrastructure, and skills training for existing and new enterprises owned and managed by black women



