



TRANSPORT MINISTRY  
REPUBLIC OF SOUTH AFRICA

**STATEMENT DELIVERED BY THE MINISTER OF  
TRANSPORT, MR FIKILE MBALULA, ON THE  
OCCASION OF THE LAUNCH OF THE WHITE PAPER  
ON NATIONAL RAIL POLICY ON 9 MAY 2022 AT  
09H00**

Today South Africa enters a new era and a renaissance of its railways with the publication in the Government Gazette of the White Paper on National Rail Policy. We have come a long way since that first railway from Cape Town to Wellington was introduced in 1859. That was 163 years ago. Our railways have gone through various epochs that have consistently affirmed the role of the railways as an enabler of economic activity and social integration since time immemorial. The release of the White Paper on National Rail Policy represents a new epoch and a decisive break with the past, which saw the railways being used as an instrument to segregate society and give credence to a system of racial oppression.

On 23 March 2022, Cabinet approved the White Paper on National Rail Policy that takes a holistic view of the trajectory of the development of our rail system. This Policy not only creates policy certainty but also introduces radical structural reforms in the sector. This is intended to open up space for private sector investment and effective economic regulation that enables equitable access to both the primary and secondary network.

While rail is a well-established industry in the country, it has operated for more than a century without a cohesive National Rail Policy, that provides a seamlessly integrated and holistic strategic direction for the sector. Challenges over time have weakened the efficiency of the system and limited its contribution to economic growth and connecting communities.

The de Villiers report of 1986 that advocated against new rail investments but rather sweating existing assets, and deregulation of the road sector in 1988, have pushed large portions of the rail industry into acute decline.

This also gave rise to deferred maintenance of passenger rail assets resulting in the subsequent decline of commuter rail over the decades, with sub-standard service being provided in areas that predominantly serviced Africans. The terminal decline of Metrorail is a direct consequence of these deliberate policy choices made in the 1980s. Absence of equitable road pricing and institutional bias towards the road sector has tilted the scales in favour of road transport operators and further eroded rail's ability to compete effectively in the market.

The obsolete state of much of the rail infrastructure and rolling stock, the limitations of narrow gauge and the under-utilisation of the existing network presents only a few of the many challenges facing the rail sector.

The National Rail Policy intends to place rail on a sound footing to play a meaningful role as a backbone of a seamlessly integrated transport value chain able to make a meaningful contribution to the economy.

The National Rail Policy sets out Government's remedial interventions to achieve rail renaissance in the country, which positions rail to contribute meaningfully to the country's economy and reduction in the country's harmful greenhouse gas emissions.

The key thrusts of the White Paper on National Rail Policy is enabling investment in our railways, with specific attention to the exploitation of rail's genetic technologies to achieve renaissance in the following market spaces: heavy haul, heavy intermodal, which includes double-stacked containers, contemporary urban and regional rapid transit, as well as higher-speed of 160 to 200km/h and high speed up to 300 km/h.

The White Paper introduces secondary interventions that will give effect to institutional repositioning and allow for on-rail competition. This will then open up the rail market to other operators to compete and improve operational efficiency that is needed to improve service quality and competitive pricing in the freight sector.

These interventions will also reposition both passenger and freight rail to achieve inherent competitiveness by exploiting rail's genetic technologies to increase axle load as well as speed and train length across the board. This will encourage the use of appropriate technologies to increase productivity and acquisition of much needed skills in the South African economy.

The policy further places emphasis on improved rural access, increased mobility, increased job creation within the rail sector through infrastructure construction and contribute to economic development. Support to the agricultural, agro-processing and mining sectors will receive maximum traction with the implementation of the policy.

In relation to passenger rail service, the policy seeks to address the capacity challenges, where PRASA cannot run services and introduces concessioning on other lines where private sector can operate services.

This will result in introducing an alternative provision of commuter rail in the Republic, thereby providing much needed mobility, addressing funding constraints and enhancing competitiveness of our commuter rail system.

The White Paper presents a multi-decade vision of how South Africa's railway sector should evolve over time, which will provide Policy certainty and enable investment and private sector participation in the sector.

South Africa's Constitution categorises public transport as a functional area of concurrent national and provincial legislative competence, while municipal public transport is an exclusive local government competence. Commuter rail is an integral part of our public transport system.

This therefore requires of us to implement an effective model that will enable Cities and Provinces to deliver a seamlessly integrated public transport system, with commuter rail as its backbone.

It is a harsh reality that municipalities do not have the requisite capacity to plan and operate railways in a manner that enables a seamlessly integrated service that traverses municipal boundaries.

The White Paper acknowledges the importance of devolving public transport functions to the lowest level of government. To this end, the National Rail Policy requires the development and approval of a Devolution Strategy for Commuter Rail to guide the assignment of the commuter rail function to the municipal sphere of government. A devolution Strategy aligned with the Integrated Urban Development Framework will be a key feature of the next iteration of the National Land Transport Strategic Framework to take effect in 2023.

The National Land Transport Act of 2009 (NLTA) provides for service level planning by municipalities for passenger rail service on a corridor basis. The law imposes a number of obligations on a municipality in integrating passenger rail planning in its integrated public transport networks.

It is equally important to note that the NLTA empowers the Minister to assign a function to a municipality provided that the municipality has adequate capacity to undertake that function. We will work on a framework with SALGA to guide efforts by municipalities to build requisite capacity that will enable the assignment based on the capacity of the City to manage the rail function within the broader ambit of its Integrated Public Transport Plan.

The finalisation of an appropriate Public Transport Funding Model will play a pivotal role in addressing the intractable challenge of funding our public transport system, which includes passenger and commuter rail, in a sustainable manner.

The White Paper goes further to introduce concessioning of passenger lines in order to enable the private sector to invest and unlock economic value of our railways.



The Policy alludes that strategic rail network planning and oversight is a centralised strategic function that the Department of Transport will undertake. A National Rail Master Plan anchored on the National Transport Master Plan 2050 (NATMAP) will be developed; setting out a sustainable approach to strategic rail network planning and a long-term plan that informs all future developments of rail in the country.

Safety and security are a critical and an integral part of rail revitalisation. The Railway Safety Regulator will be encouraged to leverage the substantial new investments to implement modern safety technologies. All critical role players will ensure safety and security to transport passengers and freight at all times.

The criminality behind the rampant theft and vandalism of railway infrastructure that has stripped bare our stations and rail network requires extraordinary interventions that go beyond merely stepping up security.

Theft and vandalism of critical rail infrastructure with the effect of disruption economic activity constitutes economic sabotage and should be treated as such by our courts of law. The corporate sector must come to the party and bolster our efforts to deal a decisive blow to this criminality that is enabled by scrap dealers buying stolen scrap metal.

We must eliminate this perverse incentive by banning export of scrap metal and therefore limit the market that aids this criminality. Taking this step will reinforce our other interventions aimed at protecting public assets and making theft of our cables and other metals less lucrative. We are unequivocal in our call to ban export of scrap metal and will support any measure that will bring us closer to this reality.

The National Rail Policy is critical for fast-tracking the implementation of priority structural reforms in the economy to support economic recovery.

The key Policy position on the introduction of third-party access on the rail network is one of the key thrusts to drive efficiencies and improve competitiveness.

The National Rail Policy will guide the building of the local industry capacity thereby boosting the manufacturing capacity and localisation. Government will ensure that industrialisation and the local production of steel and other inputs, rail lines and supplies, and rolling stock is promoted through policies that will require state and private operators to procure all supplies from South African-based manufacturers.

The policy also encourages the entry of black, female and young industrialists as local manufacturers, including through manufacturing joint ventures.

A localisation strategy will be used to develop the industrial base for an active export strategy, particularly to other African countries. This will also support the Steel Master Plan of Government.

The Department working with the DTIC will set up a joint committee to develop the strategy and will engage the private sector on investment plans required to unlock opportunities in the sector.

Rolling stock as a key pillar to railway operations will be an integral part of this approach. Government supports the provision of own rolling stock by freight and passenger train operators as an additional funding source in kind, to close the gap between existing funding sources and overall funding requirements, as well as the provision of extra capacity by private sector rolling stock leasing companies. Train operators and State-Owned Enterprises can lease their rolling stock to any other party and to encourage new entrants in the market.

With regard the role of Private Sector Participation in railways, the Department will spearhead the development of a Private Sector Participation Framework for the rail industry.

This Framework will aim to guide the collaboration between the major SOEs and private sector companies to deliver new economic infrastructure projects to augment the current level on infrastructure projects. The pursuit of PSP should, however, not be construed as the privatisation of the South African Railways, as there is no such policy on the table.

Central to the passenger rail reforms is the introduction of High Speed Rail into the service mix. The Department will develop a High Speed Rail Framework to provide the foundation for the prioritisation of high speed rail corridors in South Africa.

The framework will determine the strategic objectives for high speed rail in the country and determine the criteria to be used in determining and prioritising these corridors. Feasibility studies on proposed high-speed rail services will be conducted by the Department guided by the framework.

The implementation of the White Paper on National Rail Policy will be segmented along short, medium and long-term policy reforms. In the short-term, over the next 3 years, policy reforms include

- accounting separation of Transnet Freight Rail's Infrastructure Manager and Train Operator, introduction of the National Rail Bill,
- introduction of third-party access,
- concessioning of branch lines,
- finalisation of the National Rail Master Plan and
- finalisation of the Commuter Rail Devolution Strategy.

The Policy further unpacks medium and long-term policy reforms that will place the industry on a sustainable growth path.

In Conclusion, giving practical expression to the objectives of the White Paper on National Rail Policy requires of us to pay particular attention to skills development and growing the requisite capacity in the country.

Our long-term vision of an institution of higher learning specialising in rail engineering and operations will be built on the foundation of interventions such as the Centres of Excellence model the Department has developed in partnership with universities in the country and the Transnet Freight Rail's School of Rail. This will go a long way in ensuring that there is adequate capacity to respond to the current challenges and giving the implementation of the National Rail Policy the necessary traction.

I thank you.