

Urgent need to procure rolling stock a challenge

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The time pressures caused by the urgent need to procure new rolling stock pose a significant challenge for the Passenger Rail Agency of South Africa's (Prasa's) rolling stock fleet-renewal programme, says audit, tax and advisory firm KPMG head of infrastructure advisory and financing **De Buys Scott**.

KPMG was part of the team that carried out the feasibility study for the procurement project from January to June. It has also been selected to be part of an expanded consortium appointed by Prasa to be its transaction adviser for the rolling stock procurement programme.

Scott says KPMG will act as lead financial and commercial adviser, as well as coadviser on localisation together with management consulting firm Letsema.

Other consortium partners include fleet management specialist Interfleet Technology, which will advise on the technical front, legal consultants Webber Wentzel and Ledwaba Mazwai, as well as consulting engineering firms Arcus Gibb and Vela VKE, which will focus on infrastructure aspects.

"This is one of the highest priority projects KPMG has worked on. Industry role-players have been asking for local railway capacity

and efficiency improvements for many years," Scott states.

He says the challenge will be to keep to the 2013 deadline for the procurement process for the replacement of all rolling stock. "It will be difficult to ensure that the procurement process is executed meticulously, while keeping to the deadlines. However, this can be achieved if the transaction adviser consortium is mobilised properly."

Localisation is also expected to be one of the major challenges.

"The 65% local content target was set after having discussions with rolling stock manufacturers. It is a substantial portion of the contract that is worth in excess of R100-billion. If this target is achieved, it will hold important spin-off benefits for South Africa in terms of job creation and economic growth," Scott enthuses.

Looking Forward

Further, he says that, along with the associated infrastructure upgrade programme that will include the renewal of depot and signalling systems, the new fleet will enable Prasa to achieve its objective of transporting double the number of passengers in a safer and more efficient environment.



DE BUYS SCOTT

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"In a country where little transport development has taken place, this programme is pivotal. Basic primary transport is critical for the development of any economy and it is encouraging to see that South Africa is following this route.

"Other challenges, such as affordability and availability of stock, as well as the struggling international economy, could hamper progress, but, if these hurdles can be overcome, our country will be well on its way to achieving similar railway efficiency to that of First World countries," Scott concludes.