**THE NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**2834. Mr D W Macpherson (DA) to ask the Minister of Trade and Industry:**

(1) With reference to the procurement of locomotives and coaches by the Passenger Rail Agency of South Africa (PRASA), (a) what discussions did he hold with PRASA: (b) the Department of Transport to ensure that local (i) content and (ii) procurement was possible for the specified locomotives and coaches;

(2) was the procurement of locomotives and coaches by PRASA designated by him for local content; if not, why not? NW3307E:

**Response**

1. (a) – (b) (i)-(ii) Numerous engagements were held with PRASA and the Department of Transport (DOT) on both locomotives and coaches procurement to ensure that localisation requirements are fulfilled. Significant inputs were provided on the capabilities of the domestic rolling stock manufacturing sector including comprehensive information on components that should be localised. Efforts to maximise local content are on-going.

The locomotives procurement has been subjected to the National Policy Industrial Participation (NIPP) Programme and discussions on the development of offset projects are advanced. Further, **the dti** participated in the Rail Inter-Departmental Committee chaired by the DOT so as to provide support and inputs on how the coaches’ procurement can be leveraged to resuscitate and enhance the rail manufacturing capacity and capability.

In addition, engagements with the winning bidder of the coaches tender (Gibela Consortium) are continuing. The contract has provided the department with the opportunity to offer the various incentive programmes to the rolling stock manufacturing firms in order to enable the necessary investments to improve the competitiveness and to meet the Original Equipment Manufacturers’ requirements.

1. The procurement of both coaches and locomotives were not subject to the designation process as the request for proposals were issued before the issuance of the National Treasury Instruction Note ,that provides guidelines for the invitation and evaluation of bids for the procurement of rolling stock sector. This instruction note only came into effect on the 07 December 2011. It is for this reason that the locomotive procurement is subjected to the offset obligation programme as indicated above. Although the designation had not been effected on the coaches’ procurement, **the dti** played a critical role to ensure the draft policy framework on local content was incorporated into the extensive procurement processes driven by DoT and PRASA, hence the coaches’ tender was issued with a minimum local content of 65%.