###### National Assembly

###### Question Number: 3429

**3429. Mr T Z Hadebe (DA) to ask the Minister of Transport:**

(a) What are the current arrangements regarding the shared rail infrastructure between the Passenger Rail Agency of South Africa (Prasa) and Transnet, (b)(i) how often is the specified arrangement reviewed and (ii) how are such reviews conducted, **(**c)(i) what is the total length of the shared infrastructure and (ii) what is the length of the rail that has been transferred for use by (aa) Prasa and (bb) Transnet, (d) what are the current financial arrangements in this regard, (e) what amounts were (i) paid to Transnet and (ii) received from Transnet in each month in the past three financial years? NW3821E

**RESPONSE**

1. **METRORAIL**

PRASA owns the majority of rail infrastructure in the Metropolitan areas, with some rail corridors owned by Transnet on which Metrorail is currently the main operator. Arrangements are as per original allocation of assets in 1990 when PRASA was formed, while traffic over these corridors have changed since 1990 and where PRASA has become the majority user. Metrorail is dependent on Transnet for operational performance and maintenance on these corridors owned by Transnet, as follows:

**KwaZulu Natal**

* Umgeni – Effingham – Duff’s Road.
* Duff’s Road – Stanger.
* Train control system of entire KZN region controlled by Transnet.

**Western Cape**

* Cape Town – Kraaifontein/Wellington/Worcester.
* Cape Town – Monte Vista.

**Gauteng**

* Vereeniging – Houtheuwel.
* Greenview – Pienaarspoort.
* Oberholozer – Miday.
* Meyerton – Vereeniging.

**Eastern Cape**

* Entire Port Elizabeth network.
* Entire East London network.

In coastal regions such as KZN, Western Cape and Eastern Cape infrastructure ownership and train control are regarded strategic assets for Transnet in terms of access to harbours, and in other regions ownership interest for Transnet is driven by control of freight traffic through the PRASA used network.

The current infrastructure arrangements also include 167 stations owned by Transnet and used by PRASA at a nominal lease amount, plus bulk service charges payable to municipalities and recovered from PRASA.

**MAIN LINE PASSENGER SERVICES (SHOSHOLOZA MEYL)**

The MLPS business has been transferred to PRASA in 2008/09 whereas MLPS is totally reliant on Transnet for track access at market related costs. The MLPS business uses Transnet infrastructure for all long distance passenger rail services and PRASA is totally dependent on Transnet for its service performance and support.

The MLPS business uses 100 Transnet stations, of which some were to be transferred and others leased to PRASA. These arrangements were not concluded and PRASA pays Transnet pro rata usage for bulk services at these stations payable to municipalities.

Usage of shared infrastructure between Transnet and PRASA is governed by various agreements (Interface, Commercial and Safety agreements).

1. **(i) and (ii)**

Most of the current agreements between the parties have expired, while agreements have been extended until new agreements are negotiated. PRASA and Transnet have agreed to review and rationalise the agreements, including reviewing the original asset allocation between the parties based on the principle of the main user to retain ownership. The process has not been concluded and requires policy interventions on the appropriate model for asset allocation and access charge regimes for use of each other’s assets. PRASA presented that the current market related access charges proposed by Transnet is unaffordable to PRASA. The Department of Transport has commenced with a study on the determination of fair/appropriate access charges.

**(c) (i) and (ii)**

* Shared infrastructure Metrorail: 400km.
* Shared infrastructure MLPS: 6 000 – 8 000km
* PRASA owned rail infrastructure: 2 200km
* Transnet owned Freight Rail Infrastructure: 22 000 (including branch lines and heavy haul lines)

**(d)**

Interface arrangements are governed through access and commercial lease agreements.

A Mutual use agreement governs usage and charges for shared infrastructure between Metrorail and Transnet.

An Access and Haulage agreement governs usage and charges for MLPS, while MLPS is totally reliant on Transnet for network access.

Transnet has been moving to market related rates over the past 5 years. PRASA presents that the proposed rates are unaffordable to PRASA in terms of its subsidy allocations and PRASA has therefore negotiated zero percentage increases since 2011/12 until new agreements are concluded.

**(e)**

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| --- | --- | --- |
| **At fixed 2011/12 Rates** | **PRASA pays Transnet per annum****R’m** | **PRASA receives from Transnet per annum****R’m** |
| Metrorail train control | 90 | 21 |
| Metrorail operational support | 120 |  |
| Property expenses | 50 | 10 |
| MLPS haulage | 200 |  |
| Shared Infrastructure | 36 | 60 |
| **TOTAL** | **496** | **91** |

*Notes:*

1. *Transnet’s new price proposals for market related rates include increases of up to 150% on above rates paid by PRASA over the past 5 years.*
2. *Due to the lack of funding for the MLPS business over the past 5 years, a considerable debt has been accrued by PRASA and owed to Transnet on the above access/service charges valued at R600m.*