

**LEGAL SUCCESSION TO THE SOUTH  
AFRICAN TRANSPORT SERVICES  
AMENDMENT BILL, 2008**

**PRESENTATION TO THE PORTFOLIO  
COMMITTEE ON TRANSPORT**



## BACKGROUND

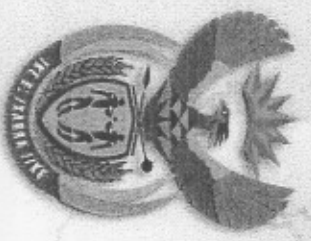
- Cabinet approved in 2004 that urgent action should be taken to improve the efficiency of passenger rail transport in the Country
- It authorised the consolidation of the SARCC, Metro Rail its commuter services operator and long distance rail operator, Shosholoza Meyl.

● Cabinet further directed that the consolidation should be executed in two phases.



## BACKGROUND

- The first phase has been concluded on 1 March 2006, entailed the consolidation of Metro Rail within the SARCC
- The second phase which was planned for conclusion in March 2007 entails incorporating the assets, finances and personnel of Shosholoza Meyl within SARCC



## BACKGROUND CONT....

- Transnet Ltd is a public company with the state as sole shareholder and currently provides among other transport services, rail passenger and freight services in South Africa
- Metro Rail and Shosholoza Meyl have been, and in the latter case continue to be business units of Transnet without separate legal personality

## BACKGROUND CONTI.....

- Previously Metrorail and Transnet provided rail commuter services in urban centres in terms of the Rail Commuter Agreement entered into on 28<sup>th</sup> August 2000 between Transnet and SARCC
- Shosholoza Meyl currently provides long-haul rail passenger services
- On 26 December 2005, Transnet entered into an agreement of sale with the SARCC in respect of business of Metrorail

## BACKGROUND CONT...

- In terms of the agreement, the SARCC took over the management and operational control of Metrorail's business, which included risk and reward in respect of rail commuter services provided by Metrorail and this meant the agreement was cancelled.
- On 1<sup>st</sup> May 2006, ownership in respect of all assets and liabilities of the business passed to the SARCC

## BACKGROUND CONTI...

- The effect of this agreement is that SARCC provides rail commuter services directly to the public
- Except for urban rail commuter services, Transnet continued to run the business of the former SATS including long distance rail passenger services, Shosholoza Mely

## BACKGROUND CONT...

- Transnet and the SARCC now wish to enter into an agreement of sale in respect of Shosholoza Meyl and have made it necessary for certain amendments to be affected to the Legal Succession Act to ensure that the provision of rail commuter services and long-haul passenger services remains legally acceptable.



## OBJECTS OF THE BILL

- To amend the Legal Succession to the South African Transport Services Act No. 9 of 1998 so as to insert table of contents
- To amend certain definitions
- To amend so as to allow for the Long Haul Passenger Rail Services and Long Distance Bus Services within the Passenger Rail Agency of South Africa, formerly known as SARCC
- To provide for matters connected therewith

## SECTION 1 (DEFINITIONS) (CLAUSE 1)

Table of contents inserted to facilitate reading of the Act

- The Definition of the word “Corporation”
  - is amended by deletion of reference to SARCC Ltd and replaced by reference to the “Passengers Rail Agency of South Africa”.
  - The purpose of the amendment is to reflect the new role of the Corporation.

## SECTION 1(DEFINITIONS) CONTI...

- The Definition of the word “**local government body**”
  - is deleted because the name is outdated and the new word that is being used for such a body is “Municipality”

## SECTION 1 CONTI...

- The Definition of “Transport Authority”
  - This definition is amended and substituted for a new definition
  - The purpose is to add and distinguish “Transport Authorities” as dealt with in the NLTTA, 2000(Act No. 22 of 2000)