

Government looks to rail sector to grow economy

During his keynote address at the relaunch of the independent railway industry body Africa Rail Industry Association (ARIA) on Wednesday, 31 March 2021, Minister of Public Enterprises, Pravin Gordhan said that the government's proposed policy interventions, to allow third-party access to South Africa's rail infrastructure, will provide an opportunity not only for the growth of the freight transportation sector but also for the growth, transformation and industrialisation of the economy.



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Minister Gordhan said there were significant challenges that had to be tackled, including a 'massive' capital investment backlog, inadequate funding, obsolete and ageing infrastructure, deteriorating rolling stock and outdated technologies.



Third-party access to rail network will boost SA economy

5 Jan 2021



"Despite these challenges, there are opportunities for the rail sector to contribute both in its own right to the transport sector, but also in the context of what my colleague (Trade and Industry) Minister Patel is currently undertaking through the Steel Master Plan, could be massively impacted in a positive sense if the rail sector begins to take off."

Maresh Fakir, Delegated Accounting Authority at the National Treasury, said establishing competitive and efficient freight transport was one of the five key outcomes of Operation Vulindlela, a government project aimed to accelerate the implementation of priority structural reforms.

"Operation Vulindlela is actively engaging with industry associations like ARIA on rail sector reforms such as Third Party Access and Branch Line Concessioning, as well as on the draft White Paper on National Rail Policy," said Fakir.

Growing a thriving industry

The Africa Rail Industry Association (ARIA) Chairperson James Holley said the rebranding came as the body looked to

position itself to play a greater role in revitalising the local and continental rail sector, and supporting the new African Continental Free Trade Area (AfCFTA).

"South Africa railways have a vital role to play as an enabler of growth our economy. By opening up our rail networks to third party operators we will unlock a range of knock-on effects upstream and downstream through the extra train capacity that's created while strengthening the railway's financial position through the generation of access fees," said Holley.

"Efficient railways are a platform that enables the industry to thrive. The questions are, how can we turn our rail industry's fortunes around and how can we positively enable growth in our country?"



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In a later presentation, Howard Rosen, the chairperson of the Rail Working Group in Switzerland, said South Africa was close to signing the Luxembourg Rail Protocol, which would deliver 'substantial' micro-and macro-economic benefits for Africa. The Protocol provides a worldwide legal framework to recognise and regulate the ownership of mobile railway assets, including a central registry, in Luxembourg.

"A major stumbling block for private investors looking to invest in Africa has always been the need to manage the risks inherent in cross-border operations, where there is limited legal infrastructure, and no common system for tracking assets and identifying railway equipment. Cross-border operations are essential to a thriving African rail industry, but operators need to know their rights are protected," said Rosen.

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