

# Traxtion commits to R1.5bn rail investment as part of SA's economic recovery plan

Following the Economic Recovery Plan presented by President Cyril Ramaphosa at the Joint Sitting of Parliament on 15 October, where he announced that the state will be granting third-party access to the core rail network within the next 12 months - which will allow private freight rail operators to operate on the state-owned rail infrastructure alongside and complementary to Transnet; the Traxtion group, in response to this policy change, has announced an initial locomotive and wagon build programme of R1.5bn upon conclusion of the appropriate access rights with Transnet.



Image via [123RF](#)

Traxtion plans to invest a further R14-17bn in locomotives and wagons over the next five years as part of a carefully scaled rolling procurement programme.

The initial investment has the support of the group's shareholders, including Harith General Partners, one of the leading pan-African fund managers for infrastructure development across the continent, and Principle Capital, a London-based investment company.

Traxtion chief executive officer (CEO) James Holley made the announcement today as part of the Africa Rail conference's keynote panel discussion *Open Access: New Business model, New Profits*. Holley was joined by Railroad Association CEO Mesela Nhlapo and Abigail Kiernan, Senior Project Engineer at the United Kingdom's Network Rail.

Sipho Makhubela, CEO of Harith General Partners said: "We see Traxtion as the ideal vehicle to invest in a sector that we believe will add tremendous impetus to the economic recovery of this country. The rail sector will bring real benefits in terms of further industrial growth, and increasing the country's industrial competitiveness and job creation."

*“ In the past five years, we have seen massive retrenchments, liquidations and business rescue in the South African rail market, but the advent of open access represents a new dawn. Holley, who has for some time advocated the advantages of open access to the core network for private rail operators notes that: "Traxtion is excited by the immense potential that the South African rail sector represents. Transnet has made significant capital investments in the sector and is one of the world's largest rail companies. South Africa has a vast rail track infrastructure base and it is the excess network capacity that will enable government to realise a rare number of wins with this policy shift." "First, it is a win for Transnet as they will be able to earn a new revenue stream through 'track access fees'. Second, it is a win for the rail industry as companies like Traxtion will be able to enter the market and grow the rail customer base. Third and most importantly, it is a win for South Africa's ambition of stimulating general economic growth by leveraging off the benefits of expanded access to rail services." "We have a long track record in the sector, having run trains for the last 33 years in South Africa and Africa. We have invested significantly over the years in skills, capacity, rolling stock and our Rosslyn Rail Services Hub. In addition, we are the only ISO 9001:2015 accredited operator in SA, and our rail school is TETA and QCTO accredited."*

### **Open access impact on the economy**

*While open access is an exciting policy change, the big story is not necessarily the investment that will be made by the group, but the positive impact that greater access to railway infrastructure will have on the broader economy. This includes the development of new businesses, mines and farms and the expansion of existing businesses that now will have access to rail services. "When we invest in a train set to service a mine, for example, we will employ 40-50 people to run that service, but that mine could employ 5,000 people. That's the real story, and that is why this is such an exciting policy shift," said Holley. Holley explained that the rolling stock investment programme will see the group partner with a blue-chip OEM supplier for locomotives to be assembled in the local market. For the wagons, the group will partner with domestic manufacturers. The group will target the movement of general freight in South Africa converting road movements to rail, and plans to also partner with established freight logistic businesses and does not intend to invest in warehousing facilities or freight consolidation hubs. "I believe that we are experiencing a genuinely transformational moment for South Africa's rail industry. In the past five years, we have seen massive retrenchments, liquidations and business rescue in the South African rail market, but the advent of open access represents a new dawn," said Holley. ”*

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