

WHITE PAPER NATIONAL RAIL POLICY



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Transport
REPUBLIC OF SOUTH AFRICA



INTRODUCTION

- The Development of the National Rail Policy started in 2009 with a discussion paper
- The Green Paper on National Rail Policy was approved by Cabinet for public consultation on 2015
- Provided the basis for the development of a Draft White Paper on National Rail Policy 2017 and stakeholder engagement
- 23 March 2022 Cabinet approved the White Paper on National Rail Policy
- An overarching National Rail Policy to guide the vision for the future railways in South Africa
- The National Rail Policy describes a conceptual framework for a multi-generational mission to a desired railway future

Vision and Mission

- The National Rail Policy a multi-decade vision of how South Africa railways must evolve over time.
- **Vision:** Rail is an affordable, competitive, effective, integrated, reliable, safe, sustainable and valued transport mode that provides the backbone of South Africa's freight logistics and passenger mobility systems and strengthens its economic growth and social development by 2050
- **Mission:** To recognise and understand rail's heritage of missed opportunities, strategic missteps, structural impediments, and hence to identify and mobilise multi-generational funding and resources to leverage rail's inherent competitiveness to reposition it as backbone of South Africa's land transport task



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POLICY INTERVENTIONS

PRIMARY INTERVENTION: RAIL SECTOR INVESTMENT

- This Policy sets out to revitalise the country's railway sector by investing substantially to establish a high-performance rail sector that will recapture rail's proper contribution to the national transport task
- This intervention shall initiate railway renaissance in the country by deploying high speed, heavy haul, heavy intermodal as well as contemporary urban- and regional rapid transit, in situations where rail offers the most economically, environmentally, financially and socially viable logistics and or mobility solution.
- Where appropriate and feasible, Government will direct investment to standard-gauging existing infrastructure, to complement the greenfields projects that will also be necessary.
- The Rail Sector investment must be aligned to the country's strategic objective of developing the Rail Sector by establishing the local factories.

SECONDARY INTERVENTION

Institutional repositioning - Freight rail

- TFR addresses a fraction of the freight rail addressable market - for planning purposes, its true size is unknown, but it is larger than what TFR reports. The classic remedy is to allow third party access
- Third party train operators must be admitted to the national rail network to access infrastructure in conjunction with investment-led intervention
- Introducing other players will lead to better service quality, quantity, pricing, as well as operational efficiency

Institutional repositioning - Passenger rail

- PRASA provides passenger rail services from a monopoly position. It is largely funded by the fiscus and therefore has no basis for monopolistic market behaviour, however, as the only service provider it may be insensitive to users' perceptions of service quality and quantity
- There is currently no assurance that PRASA maximises the value of services delivered to passengers and minimises the economic resources that it uses to do so
- Passenger rail concessioning will be introduced within commuter rail network where feasible or where Prasa is unable to offer services



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KEY POLICY STATEMENTS

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Policy Statement: Rail Infrastructure Planning

- Strategic rail network planning and oversight is a centralised strategic function that DoT will undertake. DoT shall, as a first priority, establish a Government Component, to be known as the Rail Planning Component, to undertake centralised strategic rail network planning. Mandate includes:
 - a) Develop and maintain a high-level strategic vision and plan for the development of strategic rail network in consultation with relevant stakeholders.
 - b) Publish a National Rail Master Plan, anchored in the NATMAP 2050 Synopsis Update, which will be updated at least every 5 years.
 - c) Establishment and maintenance of a current and detailed knowledge base of passenger and freight flows, network capacity, asset condition, rolling stock fleets, local content, and available train slots in South Africa.
 - d) Undertake the detailed feasibility assessments and analyses.
 - e) Pursue and support investments in rail infrastructure and sectoral reforms.
 - f) Develop funding strategies, including private investment, in consultation with relevant stakeholders.
 - g) Secure a qualified mandate from incumbent freight and passenger infrastructure owners to concession non-core and branch lines identified as strategic in the Rail Master Plan.

KEY POLICY STATEMENT

Policy Statement: Rail Infrastructure Planning

- State Owned Entities (SOE's)/ operating entities will undertake their own planning with regard to business operations, inclusive of investment business decisions, and will consult with the DoT Rail Planning Component to ensure planned investments and initiatives are aligned to the National Rail Master Plan and the National Land Transport Strategic Framework

KEY POLICY STATEMENT

Policy Statement: Track Gauge

- The long-term strategic direction for rail is standard gauge.
- The central Rail Planning Component shall ensure the National Rail Master Plan balances a brownfields approach that minimizes costs by retaining as much as economically possible of the existing infrastructure, against a greenfields approach meant to extend the standard gauge network at every economically justifiable opportunity.
- The Department of Transport, being responsible for the suite of specifications for high-performance national rail network comprising both narrow and standard gauges, will determine through feasibility studies on a route-by-route basis whether to:
 1. Return the existing Cape gauge network to a high-performance end-to-end national rail network, inclusive of train loading and unloading facilities,
 2. Extend the existing narrow gauge system in length where justified.
 3. Upgrade the existing Cape gauge system to dual gauge to accommodate new standard gauge routes on critical sections to allowing for interoperability.
 4. Create a completely new standard gauge system, especially for standalone green fields rail projects, In line with the AU resolution of 2007.
 5. Re-gauge the Cape gauge network to standard gauge where route rationalization is justified.

KEY POLICY STATEMENT

Policy Statement: Track Gauge

The DoT shall:

- a) Coordinate and lead a rail sector development programme on railway engineering research, technology development, test and homologation; on skills development with the Department of Higher Education and Training, universities, technical vocational education and training (TVET) colleges, SOE, private and government-owned research institutes; and alignment with international railway standards and specification bodies.; and
- b) Agree a suite of specifications for narrow and standard-gauge high-performance national rail networks inclusive of rolling stock and systems in consultation with the Railway Safety Regulator, rail sector and its suppliers, in a forum within which stakeholders can negotiate objectively.

DoT and the stakeholder forum must therefore maximise use of specifications created by others to acquire suitable and compliant equipment at minimal or no price premium.

The specifications must address at least maximum axle loads, track forms, speeds and train lengths; vehicle profile; train authorisation and protection systems; energy consumption; and electrification where that is indicated.

KEY POLICY STATEMENT

Policy Statement: Branch lines

- The central Planning Component shall Include branch lines in the National Rail Masterplan.
- Branch lines will be categorised as Strategic and, by default, non-strategic. The criteria that qualify a branch line as Strategic will be determined by the DoT's central Planning Component in line with the DoT's Rail Branch Line Strategy.
- Private Sector investment in branch lines will be included in the Private Sector Participation Programme policy statement contained in this document. Specifically, where branch lines are strategic and Government cannot afford to investment, they must be put out for concessioning.
- Branch line operators shall have access to the core network, non-core network, as well as other branch lines according the Third Party Access policy statement contained in this document.
- Any Government entity, or other stakeholder that wishes to introduce a freight and or passenger service on a state-owned Strategic branch line, shall fund the actual costs of carrying and maintaining the branch line by the Infrastructure Manager, as well as the actual costs of operating trains.

KEY POLICY STATEMENT

Policy Statement: Branch lines

- Where a branch line is inactive, and requires rehabilitation to restore it to minimum safe standards, the Government entity or stakeholder shall also fund that investment.
- All such rehabilitation and operation shall be subject to the oversight of the Railway Safety Regulator (RSR), and ruling access arrangements, which access arrangements would eventually be superseded by the TER.
- The Government entity or stakeholder shall also procure a train operator under the ruling access arrangements, which access arrangements would eventually be superseded by the Transport Economic Regulator (TER)'s dispensation.
- Municipalities or any Government entity is responsible to maintain and upgrade municipal sidings and associated rail infrastructure under their control.

KEY POLICY STATEMENT - cont

Policy Statement: Rolling Stock

- The rail National policy provides an important opportunity to build and strengthen local manufacturing capacity in South Africa.
- The DOT will engage with the DTIC and other Govt stakeholders to exploit its rolling stock manufacturing capacity and strive to become a supplier of rolling stock in Africa
- Train operators shall fund, procure and maintain their own rolling stock
- Govt supports this initiative to as an additional funding source to overall funding requirements for railways
- Establishment of Rolling stock leasing companies (ROSCOs) by the Private sector to create extra capacity
- Train Operators and SOCs can lease their own rolling stock to any party to encourage new entrants in the market

KEY POLICY STATEMENT - cont

Policy Statement: Economic Regulation

- Economic regulation of Infrastructure Managers as an intervention will play a vital role in providing regulatory certainty to multiple rail sector actors, which is fundamental to successful rail revitalisation
- An Interim Rail Economic Regulatory Capacity (IRERC) has been established to ensure strategic management of Economic Regulation
- The IRERC model will be utilised as an interim arrangement for economic regulation until the TER is established

Policy Statement: Safety Regulation

- The RSR shall, complementary to its current statutory responsibilities, after consultation with relevant stakeholders develop a railway risk matrix
- The RSR will ensure its permit cost methodology reflects measurable direct and indirect cost of risk whilst incentivising improved railway safety

KEY POLICY STATEMENT - cont

Policy Statement: Security Management

- DoT shall engage the Minister responsible for the Critical Infrastructure Act No 8 of 2019 to obtain a departmental seat on the Critical Infrastructure Council ("CIC").
- The DoT in consultation with DPE and Operating entities will develop an overarching rail sector security strategy and plan.
- RSR will develop and maintain a central security risk register to help ensure sectoral resilience and threat awareness.
- The Department of Transport will engage the Minister of Police to strengthen the South African Police Service (Railway Police) as a dedicated pro-active law enforcement division within the rail setting.

KEY POLICY STATEMENT - cont

Policy Statement: Market and Organisation Structure

- The market structure will be split between three distinct functions: Infrastructure Owners, Infrastructure Managers and Train Operators. These functions could be provided by any combination of vertically integrated entity on condition of clear accounting separation
- Infrastructure owners will be ultimately responsible for ensuring that safe operations can be conducted on their track assets, and will be the primary concessioning authorities, although the right to concession facilities could be devolved through agreement with another party
- Every open line whether classified as core, non-core, branch line, or shared freight and commuter line, shall be subject to third party access managed by an Infrastructure Manager (IM) appointed by the Infrastructure Owner of that open line. No IM may refuse or prefer access for an train operator
- IMs must periodically publish a network statement that details Access Conditions, Capacity Allocation, Services and Charges

KEY POLICY STATEMENT - cont

Private Sector participation

- The DoT will spearhead the development of a PSP Framework for the rail industry
- This Framework will aim to guide the collaboration between the major SOCs and private sector companies to deliver new economic infrastructure projects to augment the current level on infrastructure projects.

Policy Statement: Passenger Rail Concessioning

- Private sector must be considered where PRASA or state owned entities cannot run commuter services or extend the rail service
- Government commits to introduce concessioning of passenger rail lines
- The policy position will support government objectives and moving passengers from road to rail
- Implemented in consultation with state owned entities that owns rail infrastructure

KEY POLICY STATEMENT - cont

Future of Urban Rail

- The DoT will develop a devolution strategy inline with the urban development framework
- Capacitate Municipalities as part of preparation of planning for rail as part of their integrated transport plans
- The next phase of urban rail positioning, shall be initiated once the strategy for devolution for rail is concluded and approved

TIMELINE FOR IMPLEMENTATION

National White Paper Implementation timelines

Short-term objectives (by 2024):

- Accounting separation of Transnet Freight Rail's Infrastructure Manager and Train Operator completed;
- National Rail Bill enacted;
- Third party access commences;
- Recovery of commuter rail networks;
- Branch Line Concessions commences;
- SOEs publish their baseline Network Statements;
- National Rail Master Plan completed;
- Devolution of Commuter Rail Strategy completed.

TIMELINE FOR IMPLEMENTATION

National White Paper Implementation timelines

Medium-term objectives (up to 2030):

- Local authorities complete planning for additional urban guided transit corridors
- Commencement of the National Rail Master Plan implementation on priority corridors
- Conclude the business case for the first Standard Gauge Pilot Project [selected from freight, higher-speed or high-speed passenger options]

Long-Term Objectives (up to 2050):

- Conclude implementation of approved priority corridor projects for freight and passenger rail
- The rail mode achieving its rightful position in an integrated national transport system
- Rail achieved movement of rail friendly cargo and passengers from road-to-rail



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Thank you