

Transnet wants to 'industrialise railways'

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Small- and medium-sized engineering companies must create niche markets for themselves to supply Transnet with parts for the locomotives that the freight logistics company envisages building within the next two to three decades.



Transnet's Brian Molefe is keen to help small- and medium-sized business to build components needed for the Telkom locomotives locally and in Africa. Image: Transnet

Transnet Chief Executive Brian Molefe said at a University of Pretoria Alumni breakfast that the growth in Africa and the expansion of intra-African trade would ultimately increase the growth in railways.

His plans for Transnet entailed the "industrialisation of the railways" where Transnet would be manufacturing locomotives and establish concessions for its current freight role.

"Transnet would not be able to supply all the components, including wheels, windscreens, seats and even braking systems, therefore small firms needed to position themselves to become parts suppliers," Molefe said.

He said given the growth in Africa - seven of the world's fastest growing economies were on the continent - Transnet saw a bigger opportunity in developing and building locomotives, which would be needed for the expected expansion in the demand for rail transport.

Africa's attractiveness

Molefe referred to the latest Ernst & Young Africa Attractiveness survey which highlighted growth into sub-Saharan Africa, the expansion of intra-African investment, and the shift in investment from extractive to consumer focussed sectors as the three most crucial shifts in recent times.

"The most striking observation in the survey is how Africa's perceived attractiveness has improved. In less than five years Africa has risen to become the second most attractive investment destination in the world, tied with Asia.

"South Africa, Nigeria and Kenya are considered the most attractive investment destinations in sub-Saharan Africa," Molefe said.

Transnet in March this year awarded its biggest locomotive supply contracts of R50bn to four global original equipment manufactures, as part of its R312bn rolling capital expenditure market demand strategy announced in 2012.

"The market demand strategy is a revolutionary transition in the life of Transnet. It marks a definitive move to demonstrate the role that state-owned enterprises should play in the development of our country and of our economy," Molefe said.

Transnet has budgeted another R1bn in research and development over the next seven years and will spend R8bn on training, including the training of 2,000 artisans over the same period.

He said Transnet could absorb close to 600 of the trained artisans. The rest of the artisans who were not recruited would be able to look for jobs as electricians or boilermakers in other sectors.

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