

TUESDAY, 14 MARCH, 2017

MINISTERIAL STATEMENTS

RAILWAY TRANSPORT SYSTEM IN ZAMBIA

The Minister of Transport and Communication (Mr Mushimba): Mr Speaker, I thank you for your generosity in allowing me to speak to the nation on this important matter that can contribute to national development.

Mr Speaker, the statement I am about to give is on the railway transport system in Zambia.

The current railway transportation system in Zambia can be divided into two categories. The first is existing railway network under the Zambia Railways Limited wholly owned by the Zambian Government covering almost 1,000 km and the Tanzania/Zambia Railway Authority (TAZARA) co-owned with the Government of Tanzania which covers approximately 1,900 km. The second aspect of the railway network relates to the newly planned green-field projects that will link Zambia to several sea ports.

Mr Speaker, as you may be aware; the existing railway companies have not lived up to our expectations over many years. There are varying reasons for this and I will touch on some of them in this statement and propose a way forward to turn the institutions around.

Mr Speaker, the state of the two railway companies reveals that both of them are currently operating at average speeds of around 40 km per hour for freight and maximum speeds of approximately 60 km per hour for passenger trains. The low speeds and vulnerability to derailments are due to the bad state of the permanent ways. The security for rail freight and passengers has also been a major concern and consequently a major factor in the erosion of the market share.

Sir, the railway companies are also burdened with the responsibility of maintaining the railway infrastructure in addition to maintaining their rolling stock. As a result, both Tazara and Zambia

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Railways have witnessed significant decrease in their freight and passenger haulage due to the lack of competitiveness.

Mr Speaker, it is common knowledge that the railway operators are competing with the road sub-sector where the infrastructure is better maintained by the Government. This set up gives a competitive advantage to the road operators who previously also never had to pay for road maintenance directly.

Mr Speaker, the current railway freight transportation share of the market as compared to road transport ranges between 5 to 8 per cent. This imbalance in freight haulage across these modes of transport is of great concern such that my ministry has been analysing options to spread haulage more evenly and appropriately.

Mr Speaker, in spreading haulage more evenly as well as providing multiple affordable and readily available modes of transportation, the Government is investing in all the modes of transportation. This action by the Government is with the view to transform Zambia, through a well integrated transport system, into a regional transport hub. Therefore, in the next coming years, the Government intends to focus on the development of the railway transport system in order to make it more attractive and competitive for the market. This will ultimately mean less haulage of bulk and heavy cargo on the roads and subsequently, this will improve the road safety profile and extend the life of our roads.

Mr Speaker, outside the plans to revamp the existing two railway companies, the Government has prioritised the development of five green-field railway projects, namely:

- (a) the 389km Chipata/Petauke/Serenje rail project to link Zambia to the Nakala Corridor;
- (b) the 600 km Chingola/Solwezi/Jimbe rail project to link Zambia to the Lobito Corridor in Angola;

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- (c) the 195 km Nseluka/Mpulungu rail project to link Zambia to the Great lakes region;
- (d) the 200 km Livingstone/Kazungula/Sesheke rail project to link Zambia to Walvis Bay in Namibia; and
- (e) the 800 km Solwezi/ Kaoma/ Sesheke Rail Project to link Zambia to Walvis bay, again, in Namibia.

Further, rail connectivity projects on the inter-mine are being implemented so as to link the new mines that are not currently connected to the railway network. Sir, 123 km of new railway connections on the Copperbelt at an estimated cost of US\$25 million through joint funding arrangement are being built currently.

Mr Speaker, these interventions will result in lowering the cost of doing business in Zambia and make it a competitive destination for investment.

Mr Speaker, a number of institutional reforms will also be proposed in the railway sector to improve efficiency. I will soon be moving the Motion to create a national railway development authority meant to separate maintenance and development of railway infrastructure and permanent way from operations. The agency will also be the regulator of the rail subsector.

Mr Speaker, the current railway parastatal companies can then only focus on the operations whilst the Government, through the proposed agency, will undertake all maintenance rehabilitation and development of railway infrastructure. It is further envisioned that this institutional reform will accord the railway operators an enabling environment for competitive costing of their services against the road service operators. It is also envisaged that this will attract the private sector companies to invest in railway transportation.

Mr Speaker, in order to increase the business and competitiveness of the existing railway operators, the ministry has began the process of reviewing the Tazara Act of 1995 and plans are

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underway to review the railways Act Cap. 453 of the Laws of Zambia to make the railway sector commercially viable and give them a chance at profitability.

My ministry, therefore, proposes the following measures to improve the railway sector performance through the repealing of the said Acts above:

- (a) open access on railway infrastructure for more operators. In as much as Zambia Railways Limited and Tazara currently have monopoly of the railway infrastructure, having lifted their burden of infrastructure maintenance and rehabilitation, the Government can then encourage more operators to ply on our railway infrastructure. This will help the Government to raise resources for the maintenance of the infrastructure, though the 'user pay' principal which can be exercised through administering appropriate rail access fees;
- (b) in order to increase railway market share in the transportation of bulk and heavy cargo, we are also proposing a 30 per cent quota system on restricting all our mining products, and other bulk and heavy commodities such as lime, cement, sugar, fertiliser and fuel to be transported by rail;
- (c) considering the high cost of new railway infrastructure developments which are currently averaging at an estimated US\$3 million to US\$5 million per kilometre, we shall encourage more public private partnership (PPP) initiatives for the construction of the planned new railway lines based on reasonable feasibility studies;
- (d) for more focussed attention, a dedicated and specialised approach to implementing these measures, we propose to establish a semi-autonomous or quasi Government Agency, the Zambia National Railways Development Agency, which I earlier alluded to. This should be a Special Purpose Vehicle (SPV) responsible for railway infrastructure maintenance, rehabilitation and development. This SPV will supplement Government efforts in railway sector

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resource mobilisation, specialised staff development as well as development and maintenance of infrastructure and operational standards.

Mr Speaker, these enabling railway sector measures outlined here shall not only inspire the railways, but also assist in accelerating our nation's transport sector development agenda. As you may be aware, the Government has in place a draft revised National Transport Policy and is also developing its first ever National Transport Master Plan. These policy documents are being crafted with the view of integrating all transport modes including water, aviation, roads and rail with a goal to optimise all the transport modes in the country.

Mr Speaker, I thank you.

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TABLE 1: OBJECTIVES AND STATUS OF PLANNED AND EXISTING ZAMBIA RAILWAY NETWORK,				
NO.	Railway Line	Approx. Length (km)	Objectives	Status
1	Chipata –Serenje Via Petauke	388.8	To link TAZARA line and Eastern Province of Zambia to the Nacala Corridor.	After carrying out the pre-feasibility studies in February 2012, CCECC has now undertaking detailed feasibility studies, detailed Engineering Designs are being developed with the aim of constructing on EPC + financing basis. The pre-estimate total amount of this project is USD 2.38273 billion with the technical economic index of USD 6.12842 million per main track km.
2	Chingola-Solwezi-Jimbe	600	To link the copper mines in North West Province of Zambia including Kansanshi mine and the new Lumwana mine to the various smelters, particularly the main copper smelter at Chingola and to ease the Exportation of surplus ore to the existing Main Rail System and to access the port of Lobito.	Ministries of Finance and Transport have initiated a CAB MEMO seeking Cabinet to approve the acquisition of 20 per cent equity shares in the North Western Railway Company Limited, a private company owned by a consortium of local and foreign entities in order to safeguard Government interests on the corridor and expedite construction of the railway. The Ministry of Transport is still analysing the CAB MEMO before it is circulated.
3	Nseluka-Mpulungu	175	To construct a railway link between TAZARA and Mpulungu Port in order to provide cheaper and efficient route to the great lakes region of East Africa via Lake Tanganyika.	The Ministry is carrying out detailed feasibility studies and detailed design with financing from AfDB, with the help of the consultant Team Engineering SPA of Italy. The consultant submitted the inception report on 13/10/2015. Technical review committee finished review on 17/01/16 and the IR has been accepted subject to incorporation of minor comments. The consultant has since submitted his Field Surveys Report. Which the technical review team is not pleased with.
4	Livingstone -Kazungula -Sesheke	200	To provide an alternative sea route by linking Zambia to the Namibian Port of Walvis Bay through the Trans-Namib Transport System.	The Ministry is carrying out pre-feasibility studies and preliminary designs with financing from AfDB, with the help of the consultant Team Engineering SPA of Italy. The consultant submitted the inception report on 13/10/2015. Technical review committee finished review on 17/01/16 and the IR has been accepted. The consultant has since submitted his Field Surveys Report and comments have been submitted requesting the consultant to do a good better.
5	Solwezi –Kaoma -Sesheke			
6	Zambia Railways Limited System	1248	To upgrade the railway in order to accommodate growing travel and freight demands	CCECC has done the Pre-feasibility for the upgrade with the intention of upgrading using the EPC + financing model.
7	TAZARA Railway System (Kapiri Mposhi to Nakonde)	891	To upgrade the railway in order to accommodate growing travel and freight demands with the new Chipata-Petauke line.	Government is still studying the situation and the reports produced on TAZARA upgrade and sustainability. Government has received an offer from CREC.

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