

RSZ Potential and Challenges in 2010-01-12

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The railway sector in Zambia has for over two decades experienced daunting challenges ranging from lack of capital injection, run-down rail infrastructure, obsolete locomotives, wagons and passenger coaches as well as diminishing passenger service delivery apart from sabotage. Our correspondent CHAMBO NG'UNI now writes on the current new player, Railways Systems of Zambia – its potential and challenges this year.
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The Zambia Railways Limited (ZR), like other railway companies in the southern African region, has during the past decade been losing traffic to the road transport sector.

This is still a challenge today, primarily due to the failure to provide a seamless, efficient, cost effective and predictable railway service that is responsive to the needs of the market.

In a bid to inject a new lease of life in the railway sector after consultations and considering a number of options to save ZR from collapsing and address the woes that dogged the parastatal rail firm. Government settled for concessioning the freight and passenger operations through a competitive process with Railways Systems of Zambia (RSZ) for 20 years.

Debate on the 'brighter' future of the railway sector in Zambia remains a hot issue more especially that the Tanzania Zambia Railway Authority (TAZARA), in which Zambia has a stake, is on its knees and needing urgent capital injection.

Contrary to the unfortunate perception about RSZ, chief executive Benjamin Evan says since taking over from ZR, the firm has invested substantially in the rehabilitation and maintenance of locomotives, wagons, coaches and passenger station facilities, purchase of new motor vehicles, workshop equipment and improving other operational areas.

The RSZ is a subsidiary of privately owned North Limpopo Project Investment (NLPI) group of companies whose shareholders are Nedbank, Old Mutual and Sanlam.

The ZR has now assumed the role of a monitoring agent on behalf of Government.

Mr. Evan said the company has also spent a lot of money to rehabilitate hundreds of wagons which were discarded after being involved in accidents and sidelined for many years prior to the concession.

The RSZ recently held an Open Day where the company shared its successes and challenges with stakeholders since it took over the freight and passenger operations from ZR in 2003 through a concessioning agreement.

The first ever RSZ Open Day was held in Kabwe at Tuskers Hotel. The event drew a number of key stakeholders who toured the Centralized Train Control Centre and the main workshops.

The concession agreement required an investment of US \$15 million dollars but the company has managed an investment of US \$30 million. RSZ has faced many challenges since it started operations in Zambia ranging from the run-down infrastructure and assets

which were as a result of inadequate funding to the forerunner ZR leading to deferred maintenance activities in infrastructure and assets for many years.

RSZ at end of 2009 is standing at almost US \$30 million investments. This was done only from self-financing without any assistance of GRZ or other international institutions.

Mr. Evan pointed out that even if his company has faced challenges, this does not mean the concession has failed. He admits that the perceived failure has been created by RSZ's lack of public relations during the first few years.

He said RSZ decided to hold the inaugural Open Day to correct the wrong public perception, share the challenges it is experiencing, explain plans and programs to improve service delivery and interact with customers and stakeholders.

Compared with other railway firms in the region, some which receive government funding, Mr. Evan says RSZ is performing better. "For example, we have heard many times over the media - 'this concession has failed' – did it, compare to what? TLC Tanzania who receives money from government to pay salaries. Compare this to the concessioning agreement which required investments US \$15 million but now is at US \$30 million. Compared neighboring railways, which are under collapse our only real biggest failure was our PR in the past few years," he said.

The RSZ chief executive officer said the firm is aware of what is expected from it considering the challenges the railway sector has been experiencing from the days of ZR.

Given the current situation, the RSZ has engaged Government on various matters of concern such as fair competition and security as well as with various programs internally and with other neighboring railways aimed at improving the system.

We are aware of the remaining work to be done in improving service delivery. Some of the actions we are taking are as a result of the feedback that we have been getting from our esteemed customers he said.

Government said it is encouraged that RSZ's shareholders and management decided to hold the Open Day because the event was aimed at negotiating various policy and operational challenges and success which the company has been experiencing.

Deputy Minister of Communications and Transport Mubika Mubika said the Open Day was an important event not only for RSZ but all stakeholders because of the strategic role the railway sector and RSZ are expected to play in the economic development of Zambia.

"This Open Day also affords a scarce opportunity for RSZ business clients and other stakeholders to realistically appreciate each other's position and find amicable solutions for improved RSZ service delivery to the benefit of all parties" Mr. Mubika said.

Mr. Mubika stressed the importance for the RSZ shareholders and management to seriously consider the observations and comments from the stakeholders because this is cardinal to the operations of the company.

He observed that the conducted tour of the main engineering workshop and Centralized Train Control Centre and viewing of the RSZ documentary was a milestone development in the history of the RSZ.

"I urge RSZ shareholders and management to take into serious considerations on the observations and comments which will eventually come out since their contribution will be done with good intentions to encourage RSZ invest more into its operations for the benefit of all stakeholders" he said.

The deputy minister also urged the RSZ to ensure it puts up traffic lights at all strategic road crossing points to ensure public safety.

Government reaffirmed its continued engagement with the RSZ on various matters of paramount concern.

Mr. Mubika assured the RSZ and its shareholders that Government is addressing issues of vandalism and other security concerns which the company had brought to its attention.

And Ng'andu Magande chairman of the Parliamentary Committee on Transport Communications, Works and Supply, says there is need for RSZ to remain focused on improving its operations.