



Transnet Takes Action against 1064 Locomotives OEMs

[Johannesburg; 17 December 2019] Transnet SOC Ltd plans to approach the court to declare unlawful and set aside all four locomotive contracts.

Transnet entered into a R54 billion contract to procure 1064 locomotives with four Original Equipment Manufacturers (OEMs), the General Electric (GE), Bombardier Transportation, China North Rail (CNR) and China South Rail (CSR).

The 1064 locomotive transaction has been found to be irregular and unlawful contributing to Transnet's R41,5 billion irregular expenditure in the 2018/19 financial statements.

In January 2018, Transnet entered into negotiations with the 1 064 locomotive suppliers, seeking to remedy these contraventions in a just and equitable manner. To date Transnet has reached an agreement with GE and negotiations are continuing with Bombardier Transportation.

The company has also issued a letter of demand for R1, 5 billion to China North payable within 10 days of receipt of the letter. CNR has also been asked to reimburse Transnet the unjustified amount of R323 590 747 for "relocations costs" and to cease manufacturing activities at Durban Bayhead and remove staff by the end of November 2019. Of the 232 locomotives ordered with CNR, only 22 locomotives have been delivered to date.

As part of the just and equitable remedy, Transnet seeks to retain locomotives delivered by CSR and for the OEM to pay the difference between the total payment made and value of the locomotives delivered. Transnet also demands that CSR should cease to associate the company with an entity referred to as CRRC Transnet Transit Rail Equipment Ltd. The establishment of this entity was found to be illegal.

"The decision to declare unlawful and set-aside these contracts comes after a number of negotiations with the OEMs. Transnet will now approach the courts in order to recover monies paid to these companies for work not done," Richard Vallihu, Transnet's Acting Group Chief Operating Officer (COO) said.

Below is the delivery schedule:

OEM	Name of the locomotives	Number of locomotives ordered	Number of locomotives accepted
General Electric Class	44D Locomotives	233	233
China North Rail	45D Locomotives	232	22
Bombardier Transportation	23E Locomotives	240	53
China South Rail	22E Locomotives	359	251

Ends

**Issued on Behalf of Transnet SOC
By: Molatwane Likhetha**

**For Media Enquiries please contact;
Nompumelelo Kunene
Nompumelelo.kunene2@transnet.net**