

MEDIA RELEASE                      PRASA: PSA calls for caution and answers

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The Public Servants Association (PSA) is deeply concerned about the state of the Passenger Rail Agency of South Africa (Prasa) and the impact on the Agency's 2 382 employees.

The Transnet Retirement Fund (TRF) recently warned Prasa to immediately ensure payment of R23 million in unpaid contributions for its employees to the TRF as well as interest on the amount. The employees' death and disability benefits were, as a result, suspended and they will also not have the retirement savings they are entitled to. Prasa was warned that ongoing non-payment will have implications under the *Public Finance Management Act*. The TRF deductions reflect on employees' payslips but seem to have been unlawfully utilised to subsidise Prasa's cashflow problems. The PSA thus fully supports the United National Transport Union's formal complaints to the Ministers of Public Enterprises and Transport, the Pension Funds Adjudicator and the National Director of Public Prosecutions to take immediate action to ensure that the R23 million is transferred to the TRF.

Prasa's history of poor governance standards and cashflow problems is well documented. Its failure to settle and Eskom bill of R4 million resulted in a power cut. It also failed to renew a security company contract, leaving employees exposed to danger. These financial woes are ascribed to a culture of corrupt practices and lack of consequence management for perpetrators and benefactors.

Despite its position, Prasa is still considering negotiations to acquire Spanish locomotives (AFRO400) although these units are not suitable for South African railway lines. The PSA is furthermore shocked that Prasa is considering engaging the same company that was integral to a tender that was found to be corrupt and set aside by the Court. In 2015, the South African Institute of Electrical Engineers confirmed that it was aware of the problem and was working on finding "technical solutions". To date, no developments have been reported, raising questions on why Prasa would want to proceed with buying these trains. Prasa again in March 2020 indicated that negotiations would be concluded within two weeks.

The PSA is concerned about the lack of feedback as committed by the Director-General of the Department of Transport and demands that taxpayers be informed. The PSA also calls on National Treasury to play an active role in promoting corporate governance as state-owned enterprises are known as the weakest links as far as governance is concerned. The PSA furthermore warns Prasa that the country needs to get value for money when investing in its infrastructure. The country cannot afford another SOE's financial disaster that only funds corruption and mismanagement.

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