



## **Tanzania-Zambia Railway Authority**

### **REMARKS BY ENG. BRUNO CHING'ANDU, TAZARA MANAGING DIRECTOR, DURING THE SIGNING CEREMONY FOR THE TZR/ZRL OPEN ACCESS AGREEMENT, DAR ES SALAAM, 17 AUGUST 2017**

The Chief Executive Officer of Zambia Railways Ltd  
Distinguished Invited Guests and Customers  
Ladies and gentlemen

Let me, first of all, take this opportunity to warmly welcome you all to TAZARA head office.

I am particularly happy that you have found time to join us in witnessing this important occasion as we sign the Open Access Agreement between TAZARA and Zambia Railways Limited (ZRL).

If I may mention here, this Agreement you are witnessing today is a marriage between two very compatible railway companies, both operating on the 1067mm-wide gauge, which is commonly known as the Cape Gauge.

The implication of the Open Access Agreement is that from now onwards, TAZARA and Zambia Railways have practically extended their areas of operations.

In the past, TAZARA and ZRL have collaborated in different ways, through Business Agreements that have enabled the operators' respective wagons to cross into each other's territory, thereby providing seamless crossing of freight.

This time around, however, the collaboration has gone a step further, now permitting each operator to run locomotives and wagons alike onto each other's line, thereby smoothening the seamless services.

That means TAZARA can run all the way to Lusaka, Livingstone or Ndola in Zambia while ZRL can run all the way to Dar es Salaam in Tanzania.

In other words, we can now run our own full trains onto each other's line without hindrance, thereby practically extending our areas of operation.

Ladies and gentlemen

We have decided to enter this marriage because we do recognize the fact that it will be in our mutual interests to ensure that the corridor is operated efficiently in order to improve equipment turn-round and increase the volumes of traffic.

Allow me to just highlight the performance of TAZARA and some of the challenges that we are facing so that we can all understand why TAZARA is keen to enter into this marriage with ZRL.

The performance of TAZARA has been in decline for a long time.

Going by the Key Performance Indicators (KPIs), the 2014/2015 Financial Year when we transported a paltry 87,000mt was the worst in our history.

However, that has since been reversed in the last two years as in FY 2015/2016 we transported over 130,000mt and in FY 2016/2017 we increased the tonnage to 170,000mt.

Now we are targeting 350,000mt in the FY 2017/2018, which is an improvement of more than 100% compared to the FY 2016/2017.

Of course, we are still far short of the break-even level, or reaching satisfactory KPI levels, but we are delighted to have made a turn for the better.

It is important to appreciate that we are now on a profound recovery trajectory.

Our main operational challenge, however, is the declined capacity in terms of locomotives and wagons or all the equipment in general, which has resulted from deferred maintenance of the equipment as well as obsolescence.

As a result of this low availability and reliability of the equipment we simply cannot cope with the huge demand from the market.

By joining hands with ZRL, we shall increase our capacity and offer a seamless and predictable service.

This improved performance will result in increased freight offering from our customers.

By joining hands with Zambia Railways, we expect to immediately increase the volume of traffic by more than 19,000mt per month, which translates into more than 200,000mt per year.

This 19,000mt per month is over and above the 15,000mt of traffic per month that we already have and are already moving.

Ladies and Gentlemen,

While we greatly appreciate the support we have been getting from our shareholders, we are determined, as TAZARA, to ensure that we return this company to profitability and to stop depending on Government subventions.

We feel obliged that as we wait for long-term solutions to the challenges that we face today, we should do everything possible to find innovative ways of sustaining this company.

As things stand now, we have no choice but to start thinking creatively to find other non-traditional ways of generating revenue.

Innovativeness is now the cornerstone for our survival, in the immediate term.

In the next few weeks, we intend to announce a number of strategies that we have found suitable and appropriate to drive us towards sustainability.

The Open Access Agreement that we are signing today is one such path towards sustainability and it signals very exciting times ahead.

With a few other strategies we have adopted in this financial year, there is enough justification to promise and assure our customers of efficient and effective operations going forward.

Speaking on behalf of TAZARA, I can safely state that here is a reason for us to be optimistic.

The CEO of ZRL, Mr. Chris Musonda, is here, so I will now ask him to speak for ZRL.

I thank you.