



BUDGET VOTE ADDRESS BY THE MINISTER OF TRANSPORT, DR BLADE NZIMANDE, MP, AT THE OLD ASSEMBLY CHAMBERS, CAPE TOWN

18 May 2018

Honourable Speaker

Honourable Members of Parliament

Cabinet Colleagues present

Deputy Minister of Transport, Honourable Sindisiwe Chikunga

Members of the Portfolio Committee on Transport, led by Honourable Chairperson, Ms. Dikeledi Magadzi

Acting Director-General of the Department, Mr. Mathabatha Mokonyama

Officials of the Department of Transport

Chairpersons and CEOs of the transport entities

Invited guests

Ladies and Gentlemen

I dedicate this budget vote to the life of one of the most remarkable leaders this country and this continent – and indeed, the world – has ever known, President Rolihlahla Nelson Mandela, who would have turned 100 years old this year.

This year we also honour our mother, Albertina Nontsikelelo Sisulu who also would have been 100 years this year.

In line with Madiba's vision of the realisation of a democratic, just and equitable society, our budget vote seeks to confront our challenges and accelerate progress in building a prosperous society.

We are also celebrating the bicentenary of the birth of that great intellectual and revolutionary, Karl Marx.

Today, we present this budget as the world is entering the Fourth Industrial Revolution and we are cognizant both of the opportunities, as well as the dangers posed by this era.

Therefore, this requires of us to define the kind of transport sector we want to see in our country in the next 50 years, including its role in local, national and regional economic development. This will be in line with the National Transport Master Plan.

Transport is also important in promoting township and village economies.

We therefore need to develop the capacity to conduct research, innovation, effective oversight and monitoring of our entities, through whom most of the work of the department is implemented. We shall also pay particular attention to effective, inclusive and continuous engagement with all stakeholders in the transport sector.

In line with government priorities to fight unemployment inequality and poverty, our entities must play a much stronger developmental role in strengthening our economy.

I therefore intend to restructure the department to improve capacity for planning, innovation, skills development as well as improved oversight, monitoring and support for our entities.

To give effect to this priority, we have started to amongst others review the shape, size, structure and location of our entities. Amongst others, this intervention will help us to solve the many challenges we face in transport, whether it be traffic congestion, road crashes and fatalities, the taxi industry and the role of transport as the heartbeat of our economy, amongst others.

We will also lead an initiative to mobilize both public and private sector funding to invest in innovation for the transport sector. We will work closely with government departments, including the Department of Science and Technology and the Department of Higher Education and Training, state research institutions like the CSIR, the private sector, institutions of higher learning, and transport stakeholders.

We will intensify consultations within SADC and the broader African continent, to work towards, and strongly position the transport sector, as one of the key mechanisms for regional and continental integration.

We also intend to establish a Republic of South Africa (RSA) / People's Republic of China (PRC) transport forum that will be led by two governments, involving SOEs,

research, policy and higher education institutions, as well as the private sector. This forum will amongst other things be a platform to promote investments in the our respective transport sectors.

Governance remains a big challenge for most of our entities and I am paying particular attention to this matter. We will continue to intervene decisively to restore good governance.

I have met with boards and management of entities, articulating to them my expectations of the kind of professional conduct expected.

Board members must be diligent, professional, understand their fiduciary roles, not interfere with day to day running of entities, and must fight against corruption and state capture.

We are in the final stages of appointing boards for ACSA, SANRAL and other entities whose terms have expired, and where there are vacancies.

Honourable Members, we have intensified our effort of stabilizing the Passenger Rail Agency of South Africa (PRASA), by dealing with their capacity challenges, appointing a new board that will lead the turnaround strategy, and to attend to the senior management vacancies in the organization.

Among the areas we have given our urgent attention, are challenges facing PRASA in the Western Cape, Cape Town in particular.

We have begun tackling the safety and reliability of Metrorail in this corridor. Our priority is to provide safe rail travel, especially for the working class.

I will convene a series of stakeholder meetings in the coming months, which will include PRASA, the City of Cape Town, trade unions and their shop stewards, municipal councillors, and political formations.

PRASA is currently implementing a signalling programme to replace the old signalling system, and the project is near completion.

Furthermore, we are at an advanced stage with the construction of the Central Operation Centre for the control of rail operation in the entire Western Cape. Construction is expected to be completed by the end of June 2018.

Through the Centre we will be able to better manage our service, and improve our management and safety of our operations.

To address the inadequacy of the rolling stock, we will continue to refurbish our current rolling stock to meet the immediate demand of this corridor.

The Cape Town corridor requires about hundred and ten (110) train sets. In the next twenty four months, we will operate eighty-eight (88) fully configured train sets.

However, we are also working on our plans to roll-out the new rolling stock, including putting in place enabling infrastructure such as the depot programme, perway and electrical works, to support the deployment of the new rolling stock fleet, although I am concerned at the slow pace in these projects.

I have therefore directed the new board to pay urgent attention in dealing with these challenges and I expect a plan within the next two months.

Honourable Members, part of our focus is to ensure that we provide a predictable Metrorail service within current capacity constraints over the twelve (12) months period.

I am happy to report that the construction of our train manufacturing factory at Dunnotar in Ekurhuleni is now complete and it is anticipated that two (2) new locally produced trains will be delivered in December 2018.

As of December 2017, we have created a total of one thousand three hundred and ninety-six (1,396) jobs.

We are also contracted to up-skilling 19,527 individuals during the implementation of the Programme.

Through the Railway Safety Regulator Amendment Act and the Rail Safety Strategy, we will be able to mitigate the risks associated with Level Crossing occurrences, people struck by train, mainline derailments and platform-train interchange occurrence.

Honourable Members, we are revamping our roads policy, which will contain proposals on the funding model of our road network.

Through the South African National Road Agency Limited (SANRAL) Horizon 2030 Strategy, we have set-aside an obligatory 30% sub-contracting to SMEs and co-

operatives in all projects, in line with the Preferential Procurement Policy Framework Act (PPPFA) as released in May 2017.

In addition, SANRAL offers training and skills transfer programmes to small enterprises.

We have set aside about R3billion to upgrade the Limpopo and Mpumalanga sections of the Moloto Road.

An estimated twelve thousand five hundred (12500) jobs will be created over the five-year period of the project.

Within the next twelve months, government will take the final decision regarding the planned rail component of this corridor.

This financial year we will continue to develop our road network to unlock the Northern Mineral Belt in the Waterberg District of Limpopo province, the Durban-Free State-Gauteng Logistics and Industrial Corridor; the South Eastern node and corridor development, including the Mthatha Airport and the N2 Wild coast; and to unlock the economic opportunities in North-West Province.

Through the S'hamba Sonke Programme, we have maximised job creation in the road sector using our labour intensive methods and cooperatives model throughout South Africa.

As part of reviewing the Gauteng Freeway Improvement Scheme, we will heighten our consultation with all involved government spheres and non-governmental stakeholders.

These consultations will form a critical path toward the discussion of the SANRAL Operating Model, which includes the New Toll Roads Policy.

I decided to urgently set up a Panel of Transport Experts, to advise us on strengthening the role of all the modes of transport in social and economic development of our country.

Honourable Members, we have finalised our Integrated Public Transport Turnaround Plan which will ensure that we develop a comprehensive public transport development strategy and an investment plan across all modes of transport.

To reduce input costs and enhance the sustainability of the Mini and Midibus Taxi Industry (MMTI), we will implement a commercially viable Revised Taxi Recapitalisation Programme (RTRP).

The revised programme will enable the taxi Industry to leverage and exploit downstream opportunities in the entire taxi value chain.

We will engage with the taxi industry regarding all matters that are of concern to both government and the industry, including the issue of subsidies for the sector, vehicle financing, taxi violence, as well as building co-operatives supporting the industry.

Due to the rapid increases in vehicle prices, we are conducting a review of the scrapping allowance with a view of increasing it to enhance levels of affordability for new vehicles.

We are indeed delighted with the approval by this House of the National Land Transport Act Amendment Bill which will ensure that we regulate electronic hailing services and bring our public transport in congruence with the Fourth Industrial Revolution.

Honourable Members, the integrated public transport network system across Rea Vaya, A Re Yeng, MyCiTi, and Go George, carry a combined hundred and twenty-five thousand (125 000) passenger trips on an average weekday. In addition, the cities of Ekurhuleni, eThekweni, Rustenburg, Polokwane, Mbombela and Nelson Mandela Bay are expected to commence with their operations in this financial year.

We will continue to monitor this programme to ensure that we cut on unnecessary infrastructure and focus more on operations.

The issue of public transport subsidy regime remains a challenge. To this end, we have reached an agreement with the MECs that we need to review the entire regime, including the amounts for the bus industry, commuter rail, Gautrain and the BRT systems. We also need to determine whether this money is being allocated equitably, especially in support of the workers and the poor, and whether adjustments are required.

Through the Shova Kalula bicycle programme, we procured 6 000 bicycles and distributed them to needy learners, in rural district municipalities and schools.

Honourable Members, the National Road Safety Strategy remains our anchor strategy to further improve our road safety record.

We look forward to the Administrative Adjudication of Road Traffic Offences Amendment Bill which includes the demerit point system, which will bring tougher consequences for traffic offenders.

The envisaged reclassification of traffic violations to Schedule 5 offences will ensure that we introduce minimum sentences for extremely serious traffic violations such as excessive speeding, reckless and negligent driving and driving under the influence of alcohol.

Our intention to harmonise our road traffic law enforcement and the establishment of a Single Traffic Police Unit has gained traction.

We are also working tirelessly to ensure that we declare law enforcement an essential service to guarantee the availability of traffic officers on a 24/7 on our roads.

We have intensified our Anti Fraud and Corruption operations at the public and private Driver Learning Testing Centres and driving schools, and have arrested hundred and seventy-two (172) law enforcement officers, examiners and members of the public in the previous financial year.

Implementing these measures and the transformation of the Road Accident Fund to the Road Accident Benefit Scheme will ensure that we put to good use the already constrained financial resources allocated to the Road Accident Fund.

In line with its ambition to unlock Africa regional trade, the Cross Border Roads Transport Agency is working tirelessly to harmonise standards in the Southern African Development Community region (SADC) for cross border transport governance.

Honourable Members, I am happy that in the House today we are joined by five (5) beneficiaries from our strategic partnership with the False Bay Technical and Vocational Education and Training (TVET) College, where we provide skills to people living in the Blikkiesdorp community next to the Cape Town International Airport. We are also joined by young people who have also benefitted from ACSA's partnership in a project called Goodbye Malaria.

These interventions will ensure that our country has adequate and highly skilled aviation professionals who are available to operate, manage and maintain our air transport system with distinction.

As members are aware, there has been some negative media reporting about the Airline Licensing Councils, with allegations of corruption and other malfeasance. I am also reviewing a report on irregularities already compiled for the department.

I wish to assure the public that this matter is receiving my urgent attention. I am reviewing the process of appointment of the two airline licencing councils, as well as looking into all other allegations, and an announcement will be made in due course. Our Comprehensive Maritime Transport Policy continues to create a policy environment that facilitates the growth and development of our maritime sector, and the implementation of the Oceans Economy initiatives through Operation Phakisa.

The Deputy Minister will elaborate more on this mode of transport.

Honourable Members, the Budget Allocation for the Department, in the financial year 2018/2019 is R68.6 billion, and includes allocations to provinces, municipalities, state owned companies and agencies.

The Breakdown is as follows:

- Roads Transport: R27 Billion
- Rail Transport: R18 Billion
- Public Transport: R13 Billion
- Civil Aviation: R182 Million
- Maritime Transport: R120 Million
- Integrated Transport Planning: R90 Million
- Administration: R430 Million

With all hands on deck, and committed to conduct our business in an unusual and more effective way, we shall sustain the process of our fourth administration and take it to even higher levels.

I thank the Honourable President, Deputy President, Cabinet Colleagues, Deputy Minister Chikunga, MECs, the Chairperson and members of the Portfolio Committee on Transport for the support and guidance.

Gratitude also goes to my staff in the Ministry and to the Acting Director General, Mr. Mathabatha Mokonyama and the entire Executive Management Committee of the Department, the Boards and Executives of our Entities, and everybody who contributed toward the achievement of our mandate as the department.

Ngiyabonga.