TRANSPORT MINISTRY
REPUBLIC OF SOUTH AFRICA

SPEECH DELIVERED BY THE MINISTER OF TRANSPORT, FIKILE MBALULA, ON THE OCCASION OF THE VIRTUAL DEBATE ON THE TRANSPORT BUDGET VOTE ON 21 MAY 2021 AT 10H00

Honourable House Chairperson

Honourable Deputy Minister, Mme Dikeledi Magadzi

Honourable Members of Parliament

Fellow South Africans

As we continue to grapple with the effects of the COVID-19 pandemic on the economy and its disruptive effect on life as we know it, we are determined to accelerate economic recovery interventions. The transport sector has not escaped the devastation of the pandemic and many of our people have been left unemployed or struggling to make ends meet, in its wake. Despite the odds, our people have remained resilient and hopeful that our collective efforts will sufficiently re-ignite the economy in order for them to put bread on the table to feed their families. Sustainable economic reconstruction and recovery interventions that support sustainable livelihoods and create new opportunities, is a singular commitment that gives impetus to all our interventions.

Mwalimu Julius Nyerere, one of the greatest icons of our continent, once said, *"Those who receive this privilege therefore, have a duty to repay the sacrifice which others have made. They are like the man who has been given all the food available in a starving village in order that he might have strength to bring supplies back from a distant place."*

Our collective obligation to each other means that we each have a role to play in uplifting each other. Our efforts to arrest the carnage on the road can only succeed if road users change their behaviour and appreciate that others have as much right to use the infrastructure freely, without a threat to their lives and livelihoods. It also means that those who receive benefits from the public purse, have a duty to make a positive contribution to the lives of others.

We are therefore committed that the economic recovery and expansion potential of investing in the transport sector has to be harnessed in a targeted and highly catalytic ways. In order to truly live up to its designation as a network industry, transport must activate multiple overlapping networks of economic activity. In this regard, transport in South Africa is central to trade, economic, social stability and unwinding apartheid spatial planning.

In our 2021/22 budget, expenditure is expected to increase at an average annual rate of 8.1%, from R57.3 billion in 2020/21 to R72.5 billion in 2023/24. Although the substantial share of the department's expenditure is directed towards rail infrastructure, maintenance, operations and inventories, the balance of the budget is reserved for the South African National Roads Agency (SANRAL) for the upgrading and maintenance of the national road network; as well as provinces and municipalities for the construction, operations and maintenance of transport infrastructure and services.

To remain within government's ceiling for compensation of employees, spending on this item decreases at an average annual rate of 0.3%, from R536.8 million in 2020/21 to R531.5 million in 2023/24. Spending on goods and services is expected to increase at an average annual rate of 2.3% from R849 million in 2020/21 to R909.7 million in 2023/24. The allocations to the Civil Aviation programme is expected to decrease at an average annual rate of 50.8%, from R2.7 billion in 2020/21 to R319.2 million in 2023/24 due to the capitalisation of Airports Company South Africa (ACSA), which needed support due to travel restrictions as a result of the COVID-19 pandemic in the 2020/21 financial year.

We continue to make strides in giving effect to our industrial policy by positioning South Africa as a continental manufacturing hub for rolling stock. The Gibela factory in Ekurhuleni continues to ramp up its production capacity as new trains roll off the assembly line every month.

Despite the COVID-19 disruptions, as at March 2021, 25 new trains had been provisionally accepted for delivery. This brings the total number of new trains delivered to date to 61. As at end of February 2021, a total of 878 jobs were created in the Rolling Stock Fleet Renewal Programme.

Chairperson, as we committed to returning to service our rail operations, we have identified the following corridors as priority corridors for service recovery this financial year.

In Gauteng, we have prioritised

1. Mabopane to Pretoria
2. Leralla to Johannesburg
3. Naledi to Johannesburg
4. Pienaarspoort to Pretoria
5. Saulsville to Pretoria
6. Pretoria to Kaalfontein
7. Daveyton to Johannesburg

In the Western Cape, we have prioritised

1. Cape Town to Cape Flats
2. Cape Town to Simonstown
3. Cape Town to Khayelitsha and Kaapteinsklip

In KwaZulu-Natal, we have prioritised

1. Crossmoor Line
2. Kelso Line
3. KwaMashu/Bridge City
4. Umlazi Line

In the Eastern Cape, we have prioritised

1. East London to Berlin

For the Mainline Passenger Services, we have prioritised

1. Johannesburg to Cape Town
2. Johannesburg to Gqeberha
3. Johannesburg to East London
4. Johannesburg to Komatipoort
5. Johannesburg to Musina
6. Cape Town to East London
7. Johannesburg to Durban

The impact of the COVID-19 restrictions exposed the vulnerability of our network, resulting in occupation of the rail reserve by people who built illegal settlements on the tracks and inside the reserve. This was further exacerbated by the wanton destruction, theft and vandalism of our infrastructure.

All hands are now on deck, working tirelessly to return to service passenger rail operations. Our security interventions, which are a product of collaboration with our law enforcement and intelligence authorities are bearing fruit.

On the Central Line in Cape Town, work is underway to upgrade infrastructure to enable the deployment of the new trains. Earlier this year we resumed a limited service, but remain hamstrung by the settlements on the rail line and reserve. We have been working tirelessly with the Ministers of Human Settlements as well as Public Works and Infrastructure, the Western Cape Provincial Government and the City of Cape Town to resettle the people on the reserve. We are confident that we will achieve the resettlement soon in order to complete the infrastructure upgrades and restore the rail service.

Notwithstanding the challenges in this corridor, we are working round the clock to ensure that all infrastructure projects are completed on time for the full resumption of service with the deployment of the new trains at the end of January 2022.

On the Mabopane corridor, infrastructure upgrades are also underway. The completion of Phase 1 of the upgrades will enable the resumption of a limited service at the end of November 2021. The resumption of the full service is planned for early December 2021.

Transfers to the Passenger Rail Agency of South Africa (PRASA) amount to R57 billion, accounting for an estimated 27.2% of the department's budget over the medium term.

Delays in the rolling stock fleet renewal programme, along with poor spending on rail infrastructure and the effects of the COVID-19 pandemic, specifically lockdown restrictions, necessitated the reprioritisation of funds to support other transport sector entities. As such, PRASA received no transfers from the department in 2020/21 for the signalling and rolling stock renewal programme. The reprioritisation included a R2.3 billion capitalisation of ACSA and the R1.1 billion once-off gratuity to the taxi industry in 2020/21.

Over the medium term, capital transfers to PRASA are expected to increase at an average annual rate 164.3%, from R700 million in 2020/21 to R12.9 billion in 2023/24. To offset revenue loss during the COVID-19 lockdown, operational transfers were temporarily increased in 2020/21, accommodated by reductions to capital budgets. However, as they normalise over the medium term, operational transfers to PRASA are expected to decrease at an average annual rate of 5%, from R8.8 billion in 2020/21 to R7.5 billion in 2023/24.

Chairperson, in our Performance Agreement with the President, we committed to reducing the carnage on our roads by 25% by March 2024. We have been emphatic that we cannot continue to attempt to solve old problems by employing the same tactics that have not worked in the past. It is on that basis that we have sought innovative ways to tackle the intractable challenge of wayward conduct of motorists.

We have previously reflected on our plans to change traffic policing from a regular job to one that is undertaken 24 hours a day and 7 days a week. We have made significant progress in this regard and have finalised all consultations with Provinces, Law Enforcement authorities, as well as organised labour.

The outstanding step is for each Provincial Executive Council to approve this determination, which will pave the way for the Minister of Public Service and Administration to place the matter before the General Public Service Bargaining Council.

We recently pronounced our intention to introduce body cameras as a new standard to reinforce traffic policing. The use of this technology will go a long way in gathering evidence on the interaction between the officers and motorists. This will undoubtedly improve the conviction rate of motorists who break the law, and deal a death knell to corruption.

Our collective commitment to arrest the carnage on our roads and save life and limb must be supported by all of us. We call on organised labour to rally behind this initiative and not allow themselves to be used by those with nefarious intents when in the line of duty.

As part of strengthening the traffic management value chain, guided by the Constitution, we have started a process of looking into the possibility of streamlining and rationalising our road traffic entities.

This includes reviewing founding laws of some of these entities to ascertain areas of duplication, drivers of inefficiency and areas that require streamlining. To that effect, we are looking at the mandates of the Road Traffic Management Corporation (RTMC), the Road Traffic Infringement Agency (RTIA) and the Driving Licence Card Account (DLCA) trading entity.

Closely aligned to this is the review of the service delivery model of driver and vehicle licencing. We have been paying particular attention to the challenges confronting Driving Licence Testing Centres (DLTCs) across the country, and the impact these have on the livelihoods of those who require these services to put bread on the table.

We have taken heed of the plethora of complaints by members of the public, civil society and political parties and we are taking decisive action to address the issues raised. The end-game of our interventions is improved service delivery and enhanced efficiency in the functioning of DLTCs, free of corruption.

We have engaged as the three spheres of government and have agreed on a range of measures that will address the most pressing challenges relating to driver and vehicle licensing.

These include longer operating hours, use of technology to eliminate queues and the introduction of an online interface for optometrist and medical practitioners to upload on the eNatis the eye test results. This is part of a process to allow motorists to employ the services of an optometrist of their own choice for eye tests.

We have previously made a commitment to the rollout of the Administrative Adjudication of Road Traffic Offences (AARTO) Act of 1998, bolstered by the AARTO Amendment Act which was signed into law by the President on 13 August 2019. Over the medium term, we have allocated to the Road Traffic Infringement Agency (RTIA) R545 million to fund the rollout. R215 million has been allocated for the current financial year. We are on track with our target to proclaim 1 July 2021 as the effective date for the nationwide rollout of AARTO.

Chairperson, there is a symbiotic relationship between the carnage on our roads and the state of health of the Road Accident Fund (RAF). Despite this, there has not been a nexus between the fuel levy and the number of accidents that occur on public roads. However, to exacerbate this challenge is the ever-increasing administrative costs of the RAF scheme.

The RAF has operated on a financially unsustainable model for a number of decades. The long-term liabilities of the fund are now government's largest contingent liability. In recent years, the fund has also experienced liquidity challenges as claims against the fund has outpaced the growth in the RAF levy.

Claims against the fund have increased at an average annual rate of 8.4%, from R61.3 billion in 2017/18 to R78.2 billion in 2020/21, and are expected to increase to R102.9 billion by 2023/24. As a result, the accumulated deficit is expected to increase to R518.7 billion in 2023/24.

The other biggest cost drivers for RAF are legal fees that the entity has to settle, both in terms of its own legal cost and those of the claimants.

The current COVID-19 disruptions are expected worsen the liquidity of the RAF. It is expected that this impact will extend to the 2021/22 and 2022/23 financial years. Although the lockdown levels resulted in revenue loss, this has narrowed to an expected R5 billion for the year ending on 31 March 2021.

The most significant change going into the 2021/22 financial year is the new RAF Operating Model. The Operating Model represents a new approach to the investigation, settlement and litigation of claims.

Efficient public transport networks are important to keep economic hubs functioning optimally. The funding mechanism to enable the rollout of these networks are allocations made to Cities through the public transport network grant. These allocations are expected to increase at an average annual rate of 15.7% over the medium term, from R4.4 billion in 2020/21 to R6.8 billion in 2023/24. The sizeable increase is due to once-off reductions in 2020/21 to fund priorities related the COVID-19 pandemic within the transport industry.

The grant provides funding for infrastructure and indirect costs of operating bus rapid transit systems in Johannesburg, Tshwane, Cape Town, George, Nelson Mandela Bay and Ekurhuleni.

In these cities, funding from the grant is expected to lead to a combined increase in the number of BRT weekday passenger trips from 154 799 in 2020/21 to 323 323 in 2023/24.

If we are to achieve a 3-shift economy that accelerates our economic recovery, public transport must be responsive to the needs of the workers. In our Performance Agreement we signed with the President, we have committed to increasing operating hours for BRT to 20 hours a day by 2024.

This year we will gazette final amendments to the Integrated Fare System Regulations, which will enable the introduction of an integrated single ticketing system for public transport. The system will operate on the Transaction Clearing House of the South African National Roads Agency (SANRAL), which will be the back-end platform for all transactions.

The first rollout of the integrated single ticket will unfold during the course of this year in several cities. We are also engaging the taxi, bus and rail operators as part of this process.

In the last year we hosted a successful National Taxi Lekgotla, which emerged with progressive and ground-breaking resolutions. The integral part of implementing these resolutions is decisively addressing challenges relating to unity and leadership in the industry. This is a prerequisite in achieving sustainable empowerment of the taxi industry.

In taking forward unity and leadership of the industry, we made a commitment to appoint an independent Panel of Eminent Persons, to facilitate dialogue with all parties in the industry in order to find lasting solutions and an industry able to speak in one voice. I have therefore appointed a 6-member Panel whose task will be to work with all parties in the industry in order to tackle the challenge of unity and leadership.

We made a commitment to usher in a new subsidy regime that recognises the role of the taxi industry as the preferred mode of choice for the majority of public transport users in the country, this financial year. Our public transport subsidy policy will place the commuter at the centre, and its implementation underpinned by a core principle that those who benefit from public funds, must play their part and pay their dues as responsible citizens. At its core, the subsidy policy aims to contribute to the creation of a sustainable public transport system, by giving impetus to the formalisation of the taxi industry. This means critical trade-offs will have to be made by all of us if we are to leapfrog the legacy of the current subsidy regime to one that benefits the commuter.

The Revised Taxi Recapitalisation Programme, is key to our efforts to transform the face of our public transport and ensure that the taxi industry occupies its rightful place in the system. Its two pillars of improving the safety of passengers and empowerment of the industry, will be given impetus. Key to the this is the empowerment structure embedded into the programme, which designates the taxi industry as the designated holder of 60% equity in the current taxi scrapping company, established to administer and manage the programme. This empowerment model will enable the taxi industry to play a meaningful role in the economic value chain, which must benefit every single operator across association lines.

We have committed to scrapping 63 000 taxis by 2024. However, the pace with which the process has been unfolding has been painstakingly slow, due to the demand-driven nature of the programme. We intend to work with the industry to find creative solutions to unblock the bottlenecks that hinder progress.

With an allocation of R104.1 billion over the period ahead, the department facilitates activities related to the maintenance of South Africa's national and provincial road network. SANRAL plays a crucial role in the upgrading, maintaining and rehabilitation of our national road network. Transfers to the agency account for 31% of the department's budget and 62.2 % of the department's budget for road transport specifically.

A core focus over the medium term is the upgrade of the R573, popularly known as the Moloto Road, with an allocation of R2.7 billion. Transfers to fund reduced tariffs for the Gauteng Freeway Improvement Project (GFIP) amount to R2 billion over the medium term, while 53.6% or R34.8 billion of allocations to the agency are to maintain the national network of non-toll roads.

The maintenance of provincial roads is largely funded through the provincial roads maintenance grant, with an allocation of R37.5 billion over the medium term. Funds from the grant are expected to be used for resealing 17 842 lane kilometres, rehabilitating 6 806 lane kilometres, and blacktop-patching 4.5 million square kilometres.

Following gazetting in July 2020 of various strategic Infrastructure projects intended to stimulate the economy and job creation, a special allocation of R630 million within the PRMG for the maintenance of rural roads was made. Through this programme, Provinces have already reported the creation of estimated 13 691 job opportunities to date, with a target of 37 000 jobs over medium term.

Chairperson, we are pleased to announce that we have made considerable progress on the appointment of Boards of Directors and Chief Executive Officers in our Entities.

We have since appointed new Board for the Ports Regulator (PR), Railway Safety Regulator (RSR), Passenger Rail Agency of South Africa (PRASA) and the South African Maritime Safety Authority (SAMSA). We are at the final stages in the appointment of a new Board for the Cross-Border Road Transport Agency (C-BRTA).

We have appointed Chief Executive Officers for the Road Accident Fund (RAF), Ports Regulator and PRASA. We are in the final stages of appointing CEOs for the RSR and the Air Traffic Navigation Services (ATNS).

Chairperson, to date more than R7 billion has been invested in Marine Transport and Manufacturing. This is the work that is taking place in the port system from both the public and private sector and more than 4000 jobs have been created.

Amongst other interventions, is the corporatisation of the Transnet National Ports Authority (TNPA). We are working closely with the Department of Public Enterprises to achieve this and ensure full compliance with the National Ports Act of 2005.

In the coming months, we will be hosting a round table discussion on how to create a conducive tax regime to grow South Africa's ship registry with critical stakeholders such as the National Treasury, Department of Minerals and Energy, Department of Trade, Industry and Competition, Department of Public Enterprises, Academia and the private sector.

The Department is intensifying its efforts towards the implementation of the movement from road to rail with regard to both passengers and freight. Two passenger corridors have been identified for concessioning, namely the Thabanchu-Botshabelo to Bloemfontein in the Free State and Pienaarsriver-Hammanskraal to Pretoria line in the Gauteng Province.

Transport is one of the high greenhouse gas emitting sectors. Work is underway to develop guidelines for testing, licencing and legislation of autonomous vehicle technology. Similar work is in progress in relation to putting in place requisite regulations for electric vehicles. We must create a conducive environment for investment in these new technologies. We will work closely with the automotive industry and the Department of Trade, Industry and Competition to align our plans with theirs and provide support to enable localisation.

The aviation sector has been severely affected by the COVID-19 pandemic. For the local aviation industry to expand and fulfil its potential, we must work together to ensure that the aviation industry is well positioned to recover and capitalise on the opportunities presented by the pandemic. Technology and innovation will certainly play a pivotal role in simplifying processes and making air travel more attractive to the public.

In recent months, Singapore has announced that it will accept visitors who use a mobile travel passes containing digital certificates for COVID-19 tests and vaccines. This makes Singapore one of the first countries to adopt this initiative. Singapore will accept the IATA mobile travel pass for pre-departure checks, where travellers can get clearance to fly to and enter Singapore by showing a smartphone application containing their data from accredited laboratories.

This particular initiative was successfully tested by Singapore Airlines, and more than 20 carriers. We need to work with the industry to ensure that we place South Africa on a new growth path by making use of opportunities presented by technology and ensure that South African joins the growing number of countries that accepts the IATA mobile travel pass.

I thank you.