

ADDRESS BY THE HONOURABLE MINISTER OF TRANSPORT, MR FIKILE MBALULA, ON THE OCCASION OF THE BUDGET VOTE 35 DEBATE, IN PARLIAMENT, CAPE TOWN ON 9 JULY 2019

Honourable House Chairperson
Honourable Deputy Minister of Transport, Ms Dikeledi Magadzi
Honourable Chairperson of the Portfolio Committee on Transport, Mr Mosebenzi Zwane
Honourable Members of the Portfolio Committee on Transport
Honourable Ministers and Deputy Ministers
Honourable Members of Parliament
MECs present
Acting Director-General of Transport and DDGs present
Chairpersons and CEOs & Board Members of Transport SOEs and Entities
Our guests in the Gallery
Fellow South Africans

As children growing up in dormitory townships away from the glamour of city lights, we were in awe of the allure of the transport industry. Prospects of a young township child becoming a pilot, let alone a seafarer was a pipe dream that was a preserve of the privileged.

One of the most stubborn challenges confronting us is the transformation of the transport sector and our ability to position it in a way that makes it responsive to our national goals. The challenges are many, the barriers to entry are high and those who continue to benefit from the many opportunities it provides are few.

Breaking the back of the legacy of our painful past starts with decimating its roots and making deliberate interventions to open up the industry to all South Africans, with particular bias towards historically disadvantaged individuals, women and youth.

Aviation and Maritime sectors remain the exclusive preserve of the privileged few. While we are encouraged by individuals and corporate citizens who take steps to usher in transformation in their respective sub-sectors, these interventions remain a drop in the ocean. Through government programmes that include skills interventions, opening up of economic opportunities and direct participation, we will ensure that the winds of change touch every sector in transport.

Members may have followed the news reports about the first woman who has qualified as a boat builder, Ms Candra Shanice Pedro who hails from Bonteheuwel, here in Cape Town. I understand that this time next year they would have succeeded in making a significant contribution to the transformation of the maritime industry.

We are also making significant inroads in producing future industry leaders and I am told that Ms Thembeke Taboshe, who is the first Master Mariner of her age in South Africa is in the public gallery with Ms Pedro as special guests of the Minister. Through deliberate interventions to develop and grow our own shipping industry will undoubtedly produce many like them.

To address the slow pace of transformation in the civil aviation sector, the South African Civil Aviation Authority launched a bursary scheme to create opportunities for young, black and deserving learners to study towards becoming Pilots, Aeronautical Engineers, Aircraft Mechanics. The pilot cadet programme recently funded five students who are currently studying in France for a frozen Airline Transport Pilot Licence.

I have pleasure in introducing two of the students studying locally who are here with us in the gallery, Ms Limpho Moilwa from Mahikeng in the North-West studying towards a Frozen Airline Transport Licence and Mr Wisani Hlungwana from SaSelamani in Limpopo, who is studying towards an Aeronautical Engineering degree at Wits University, Ms Ditebogo Koenate and Mr Reba Maropefela, a Private Pilot Licence holder currently being trained towards a frozen ATPL.

This is our pledge to direct our energies and resources towards transforming the sector in a meaningful way, that benefits all our people.

Chairperson, unbecoming conduct on our roads continues to bring sorrow, it continues to create widows, widowers and orphans. It is robbing us of the benefit of the likes of astronaut Mandla Maseko who perished this past weekend from a collision.

This situation calls for drastic mission unusual – we have a road carnage crisis in our hands and it is time to call it what it is – a road carnage crisis – it requires a drastic mission unusual as a response.

Chairperson, our resolve to arrest the carnage on our roads has never been greater. The implementation of a 24 hour, 7-day shift structure within the traffic law enforcement fraternity has become more urgent than ever before.

We must all support the measure to change traffic policing from an 8 to 5 working day and a 5-day working week to a 24-hour working day and a 7 day working week. As we take the matter to the Bargaining Council, we call on organised labour to work with us in supporting this intervention.

Corruption has no place in our society and we are implementing measures to deal harshly with those who conduct themselves in this manner.

We will be implementing a number of measures not only to deal harshly with traffic law enforcement officers who violate the law and undermine our efforts to enforce safety by soliciting or accepting bribes, but we will also go after those who offer or pay those bribes without mercy.

Among the interventions to deal a decisive blow to lawlessness on our roads, is the long-awaited implementation of the Administrative Adjudication of Road Traffic Offences Act (AARTO). Parliament has passed the AARTO Amendment Bill and this is awaiting assent of the President to make it law.

Our President, His Excellency, Comrade Cyril Ramaphosa, has also mapped out the roadmap for the 6th administration, which is anchored on the seven (7) apex priorities he announced, underpinned by accelerated service delivery.

Khawuleza is the ethos that will characterise our service delivery model. Much has been achieved with progressive policies in place to transform the transport system as an enabler of social emancipation and economic inclusion, unwinding the legacy of apartheid spatial planning that continues to haunt us to this day.

We are now called upon to focus our attention on accelerated implementation of these policies, and ensure that transport not only enables economic inclusion but also serves as a growth and transformation instrument.

This department has for a prolonged period not had a full-time Director General. This is an unacceptable state of affairs, and therefore an immediate task to resolve.

Similarly, the process of appointing Boards where their terms have expired or where there is an interim Board, is progressing with equal urgency. We are determined to ensure that corporate governance is strengthened in all our entities.

This will be made possible by appointing to our Boards men and women who are not only adequately skilled to enable sound decision-making, but also those whose commitment to improving the lives of ordinary South Africans is unflinching. Gone are the days when we recycle the same people and simply move them around different entities.

We will deliberately seek out young, educated, and talented people, especially women, to infuse new energy and fresh thinking at Board level.

As we revise our approach to Board appointments, we will similarly ensure that all Boards go through a mandatory training programme on corporate governance and ethics. We will strengthen the annual appraisal of the performance of our Boards and infuse strong consequences management protocols, which will then inform the decisions we take to either retire or re-deploy directors at their Annual General Meetings.

A number of our entities do not have CEOs and we have urged the Boards to act decisively in ensuring that the recruitment of suitable CEOs is given urgent priority. These entities are the Passenger Rail Agency of South Africa (PRASA), Railway Safety Regulator (RSR), Road Accident Fund (RAF), Airports Company South Africa (ACSA), Air Traffic Navigation Services (ATNS), South African Maritime Safety Authority (SAMSA) and the Ports Regulator of South Africa.

Over the next 100 days we will demonstrate how we will accelerate service delivery across all our functional areas. This ranges from restructuring the bus subsidy system; to taking advantage of our vast maritime resources and create empowerment opportunities for women and youth; to re-imagining traffic policing and arrest the carnage on our roads in a sustainable way.

Over the Medium Term, the Department's expenditure increases at an average annual rate of 8 per cent, from R64.2 billion in 2019/20 to R74.5 billion in 2021/22. This increase is largely driven by increases in transfers to PRASA for rail rehabilitation, maintenance operations and inventories.

The overall expenditure of the Department is driven by transfers to the South African National Roads Agency (SANRAL), the Passenger Rail Agency of South Africa (PRASA), Provinces and Municipalities for the construction, operations and maintenance of transport infrastructure and services. The total transfers accounts for 97.8% of the Department's total budget this financial year.

Honourable Members, Spending on goods and services increases at an average annual rate of 2 per cent, from R913.5 million in 2019/20 to R943.2 million in 2021/22.

This is mainly due to expected increases in spending in the Civil Aviation programme for costs related to watch-keeping services and investigations into aviation accidents and incidents.

Spending on compensation of employees amounts to R1.7 billion of the Department's total budget over the medium term, increasing at an average annual rate of 7 per cent, from R534.7 million in 2019/20 to R612.2 million in 2012/22.

The increase is due to the implementation of job evaluation outcomes for upgrading salary levels 9 to 10 and 11 to 12 and the filling of critical posts.

Honourable members, achieving seamless integration in our public transport system is an important long-term goal of our national transport policy. However, the building blocks of such integration must be implemented today, not a day after tomorrow.

Equally important, our attention will focus on delivering a transport system that enables economic activity and stimulate growth, by giving practical effect to our commitment to lowering the cost of doing business. This starts with eliminating delays and cancellations in our commuter rail network so that those who rely on this mode to get to places of economic activity are able to maximise their productivity by being at work on time.

Economic regulation is an important lever through which we can achieve this objective, while simultaneously enabling equitable access to infrastructure and pricing that encourages healthy competition. Over the next year, we intend to introduce before this house a Bill to establish a single transport economic regulator. The regulator will level the playing fields in the rail, maritime and roads sectors.

Our capacity to plan for the future remains one of the pressing challenges confronting all spheres of government. Transport Planning enables Cities to determine transport solutions informed by their future growth prospects and escalating demand for public transport.

Such planning then informs the development of infrastructure, such as integrated public transport interchanges with a specific bias towards densifying corridors, such that people live closer to centres of economic activity.

Transport Plans are the instruments through which Cities determine public transport demand and accordingly inform the issue of operating licenses for public transport vehicles. This is important to stem oversupply which then gives rise to violence over contestation of routes.

As we said earlier, we are building on the foundation of the work done by those that came before us. We are determined to ensure that the finalisation and revisions of feasibility studies in relation to the 130km Moloto Rail Corridor between Siyabuswa in Mpumalanga and Tshwane in Gauteng on the one hand; and the high-speed rail between Johannesburg and Durban on the other hand, are prioritised.

Both these projects are part of a suite of projects identified in the National Transport Master Plan 2050 that was approved by Cabinet, and will be undertaken as Public Private Partnerships, with funding mobilised from the private sector through a number of instruments.

Chairperson, commuter rail plays a critical role as an enabler of mobility across the transport system. Achieving efficiencies in rail will go a long way towards addressing challenges brought about by congestion on our road network.

Honourable members, it is an open secret that PRASA has haemorrhaged critical engineering capacity and is unable to improve its operational performance without a decisive intervention.

Following a directive from the President in March this year, a decisive intervention to turn around PRASA and improve its operational performance while re-building its engineering capacity to drive the modernisation programme is in place.

This will be driven through a Ministerial War Room which will play an oversight and enabling role over the turnaround strategy. The Ministerial War Room will also guide interventions to realise three (3) key objectives. The first objective being Service Recovery to focus on rolling stock availability and reliability, infrastructure availability and reliability and train performance.

Specific targets that must be realised in the next 100 days include improving on-time performance of Metrorail from 73.3% to 85%.

In respect of Shosholozha Meyl improve on-time arrivals from 13% to above 50%; ensuring Metrorail train set availability from the current average of 200 to 291 train sets. In respect of Shosholozha Meyl, improve locomotive availability from 45% to 60%; achieve 100% correct configuration of train sets from the current 49.4%; reduce speed restriction from the current total of 149km to less than 100km of the network under speed restrictions;

The second objective is Safety Management, which entails putting in place effective measures to protect rolling stock, staging yards, perway, electrical and signal infrastructure, depots, stations and most importantly, passengers on board our trains. Integral to this is achieving full compliance with the Railway Safety Regulator permit conditions and directives.

I will be engaging with the Minister of Police to look at ways we can strengthen the capacity and visibility of the Railway Police in the Metrorail environment, so we can reverse the negative impact of rampant crime in our environment.

The third objective is accelerated implementation of the modernisation programme. This entails urgently creating capacity for PRASA to manage capital projects and spend its capital budget to achieve effective sequencing of critical infrastructure that will enable the deployment of the new trains in targeted corridors.

The Ministerial War Room interventions are aimed at stabilising PRASA's operations and achieving tangible results within 100 days, while the Board of Control and management continue to roll out interventions to ensure sustainable outcomes.

Billions of rands have been invested in the implementation of Integrated Public Transport Networks (IPTNs) and the Taxi Recapitalisation Programme. During the course of this year, new phases of the IPTN will be coming on-stream with buses operating in areas where there were none before. This is particularly important for our townships, which continue to bear the brunt of apartheid spatial planning.

Over the next 9 months, these Integrated Public Transport Networks will be operational in 5 additional Cities of Mbombela, eThekweni, Rustenburg, Polokwane and Mangaung.

Fellow South Africans, the renewal of the taxi industry through the taxi recapitalisation programme is also critical in ensuring an efficient and safe public transport system. Since its inception, in 2006, the Taxi Recapitalisation Programme has been a great success.

After 14 years of implementation, with 72 600 old taxis having been scrapped, government undertook a review of this programme. Based on this review, Cabinet approved the continuation of the Revised Taxi Recapitalisation Programme.

Funds earmarked for the taxi recapitalisation programme amount to R1.3 billion over the medium term, increasing from R434 million in 2019/20 to R483 million in 2021/22.

The South African National Rail Agency (SANRAL) will spend R25 billion this financial year to expand and maintain the national road network. An amount of R13 billion has been earmarked for maintenance across the country, with R12 billion for capital projects, with a focus on 4 flagship project programmes and large projects in Eastern Cape, KwaZulu-Natal and Limpopo Provinces. Through these projects, our target is to create 15 000 full time jobs this year alone.

An amount of R3.5 billion will be used to kickstart flagship projects that will have a total investment of R13 billion. These include the N3 between Msunduzi and eThekweni and the N2 in Durban, the N2 Wild Coast in the Eastern Cape Province and the Moloto Road in Limpopo, together with social infrastructure in Eastern Cape, KwaZulu-Natal, Mpumalanga, Limpopo and North-West. Our target through these projects is to create 20 000 full time jobs over the next 3 to 5 years.

Through SANRAL, we will be rolling out a new model of routine road maintenance contracts in line with its new transformation policy comprising a total of 130 projects targeted. This will create 8 000 jobs per annum or over the duration of the contracts. Similarly, 66 community projects will be rolled out totalling R3.4 billion as part of the community development programme.

Fellow South Africans, we are seized with the process to find a lasting solution to the demand to scrap e-tolls in Gauteng. A task team was established, made up of the Department of Transport, SANRAL, the Gauteng Province and National Treasury, to look incisively at all relevant issues and make firm recommendations. The process of engagement is still ongoing and various options towards the resolution of this challenge are being processed by the team.

The options being considered also include feasibility of mechanisms through which the debt incurred in the construction of the Gauteng Freeway Improvement Project (GFIP) can be paid. The team is working tirelessly to ensure that a final report on this matter is tabled before the President by the end of August 2019. We are mindful of the demand to scrap e-tolls and are therefore looking at solutions that will balance this demand with the need for the country to honour its obligations insofar as the e-tolls debt is concerned. This is the reality we must all be alive to.

South Africa as a coastal state has the responsibility of managing a vast coastline extending up to the Antarctic.

There are a number of vessels that traverse our coastline daily, creating potential for economic activity. We will focus on developing coastal shipping as an important area of growth and employment.

Chairperson, the Road Accident Fund registered 328 173 new claims and finalised 229 534 for the period ending 31 March 2019, with claims expenditure increasing to R42 billion in 2018/19 from R34.1 billion in 2017/18.

However, it is clear that the current dispensation of the Road Accident Fund is not sustainable. We are determined to move with speed in changing the Road Accident Fund from a fault-based policy approach to a no-fault policy based approach.

Chairperson, it is our singular honour and pleasure to table the Budget Vote No 35 of the Department of Transport for your consideration and adoption by this House.

I thank you