



**TRANSPORT MINISTRY
REPUBLIC OF SOUTH AFRICA**

**SPEECH DELIVERED BY THE MINISTER OF
TRANSPORT, MR FIKILE MBALULA, ON THE
OCCASION OF THE VIRTUAL TABLING OF THE
BUDGET VOTE 40 OF THE DEPARTMENT OF
TRANSPORT IN THE NATIONAL ASSEMBLY ON 18
MAY 2022 AT 14H00**

Honourable House Chairperson

Chairperson of the Portfolio Committee on Transport,

Honourable Mosebenzi Zwane

Deputy Minister, Ms Sindisiwe Chikunga

Chairpersons of Transport Entities

Honourable Members

Fellow South Africans

I must thank the Portfolio Committee on Transport for its robust and uncompromising oversight. Your leadership and guidance has kept us on a path that places the aspirations of the people at the centre of our service delivery agenda.

Allow me to also congratulate the newly elected President of the South African National Taxi Council (SANTACO), Mr Abner Tsebe and his leadership collective on the successful electoral conference that ushered in the new leadership.

The profound words of the renowned American poet, novelist and activist, Maya Angelou, set the tone for our budget vote this year, when she said, *“I’ve learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.”*

This is the essence of our approach to service delivery. Delivering services that people can see, can experience and more importantly, transform their lives in ways that make them feel the progress we are making.

At the beginning of the term of the 6th Administration, we identified 5 Ministerial Priorities which define the change agenda that are not only meant to change the way we approach service delivery by focusing on tangible

deliverables, but also to give practical expression to accelerated service delivery.

Over the medium term the Department's planned expenditure will increase at an average annual rate of 7.7%. This means an increase from R69.1 billion in 2022/23 to R81.6 billion in 2024/25.

We have, in the recent past agreed that the challenges experienced by our people cannot be adequately addressed unless we exponentially improve the capacity of the state to deliver services efficiently.

Ensuring that those entrusted with the responsibility to deliver on our service delivery mandate across all our entities and the Department have the requisite skills and are fit-for-purpose is non-negotiable.

The Road Transport programme facilitates activities related to the maintenance of the country's national and provincial road network. An allocation of R76.4 billion goes to the South African National Roads Agency

(SANRAL). Transfers to SANRAL account for 33.5% of the department's budget over the medium term and 65.5% of the budget of the Road Transport programme.

Over the medium term, R45.3 billion or 59.3% of the allocation to SANRAL is budgeted to upgrade, strengthen and refurbish the national non-toll roads network. An amount of R2.8 billion is allocated for the R573, better known as Moloto Road. A budget of R3.7 billion is allocated for the N2 Wild Coast project and R2.1 billion allocated to fund reduced tariffs for the Gauteng freeway improvement project.

We have been working closely with the Minister of Finance to finalise outstanding matters that will enable the final determination by Cabinet on the funding of the Gauteng Freeway Improvement Project, better known as e-tolls. We are alive to the adverse impact the delay in making the final decision on e-tolls has on the SANRAL balance sheet and its ability to raise capital for its catalytic projects.

This is a matter Cabinet has on its radar and a pronouncement will be made once the final decision has been taken.

The maintenance of Provincial and municipal roads remains one of our biggest challenges. Schedule 5 of the Constitution provides that provincial roads are an area of exclusive provincial legislative competence, while municipal roads, are exclusive municipal functions.

Despite these provisions, the national sphere of government has a responsibility to ensure that these roads are managed within a framework of national norms and standards to maximise their role in enabling economic activity and access to social amenities.

The maintenance of provincial roads is largely funded through the Provincial Roads Maintenance Grant, with an allocation of R37.4 billion over the medium-term.

Over the medium term, we have earmarked resources to finance the acquisition of a central roads data repository that will provide a comprehensive and uniform overview of the state of South Africa's provincial roads.

We are committed to provide the necessary support to ensure that there is adequate capacity to deliver roads that enable citizens to access centres of economic activity and social infrastructure.

Through our collective efforts, with the private sector and civil society, we will embrace creative solutions to decisively tackle potholes that have become a defining character of our secondary and tertiary road networks.

This financial year, we will reprioritise our resources to establish a Project Management Unit that will serve as an engineering and project management knowledge repository to assist Provinces and Municipalities in giving traction to projects funded through the conditional grants.

This unit will also serve as a hub to monitor and track our portfolio of capital projects across all our entities. We will ensure requisite support on capital programmes of our entities. This unit will tap into engineering and project management collective capacity of all our entities reinforced by collaboration with other organs of state.

Our efforts to reduce carnage on our roads by 25% in 2024 remain firmly on track.

We have been making steady progress with the reduction of fatalities by 20.27% in 2019/20, 19.73% in 2020/21 and 20.02% in the first three quarters of the 2021/22 financial year. Although the reduction is largely attributed to reduced traffic volumes due to COVID-19 restrictions, the increased visibility of our officers on the roads played a significant part.

We are making progress towards classifying traffic policing as a 24-hour, 7-day job with several Provinces having secured resolutions by their Executive Councils to this effect.

The completion of this process will enable us to table the matter before the General Public Sector Bargaining Council during this year.

As a lead agency in traffic law enforcement, the allocation to the RTMC increases from R224 million in 2022/23 to R229 million in 2024/25.

The allocation for the Road Traffic Infringement Agency (RTIA) decreases from R174 million in 2022/23 to R159 million in 2024/25 with anticipated new revenue streams once the Administration Adjudication of Traffic Offences Act is fully implemented.

Over the last five years, the operating model of the Road Accident Fund, which was anchored around litigation, saw the actuarial liability of the RAF increase exponentially. To address this unsustainable model, the RAF adopted a new Strategic Plan in the 2020/21 financial year.

Through this plan, a new operating model was adopted, which was anchored on reducing legal costs, and therefore a move away from litigation to claims management, thus prioritising early investigation and settlement of claims within 120 days.

In addition, the RAF has put more efforts on the reduction of medical costs by, amongst others, developing RAF medical tariffs, implementing treatment protocols and introducing medical pre-authorisation.

The RAF is also looking for cost effective ways to reimburse medical service providers when road accident victims seek medical care in both the private and public sector. These will be finalised once consultations with the Department of Health have been concluded.

In the last year, we committed to a process to rationalise our Road Traffic entities in order to achieve maximum efficiency and alignment of related functions through institutional re-alignment.

This exercise will be premised on a sound business case which will look at the mandates and institutional arrangements in relation to the RTMC, RTIA, DLCA, C-BRTA and public transport law enforcement. The finalisation of this business case is a priority that will be finalised this year and canvassed with the National Treasury in order to expedite implementation.

Improving efficiencies at DLTC level will be driven by a new service delivery model that will not only improve the experience of the motorist but will drastically cut down turn-around times.

These will range from the time a motorist spends at a DLTC to the time it takes to receive a driving licence. We have already implemented the online payment system, eliminating another queue the motorist would have spent time on in the past.

The deployment of smart enrolment infrastructure this financial year will further improve the processing time as the units are linked to Home Affairs real time to validate the identity of the motorist. The RTMC is finalizing the agreement with the Health Professions Council of South Africa, which would enable motorists to do an eye test at an optometrist of their choice, and results are directly uploaded in the system.

We have made notable progress in tackling the backlog in the printing of the cards. We have already eliminated the backlog caused by the breakdown of the machine in November 2021.

Since January 2022, the Driving Licence Card Account (DLCA), has produced one million and twenty-six thousand six hundred and seventy-four (1,026,674) cards. As on 16 May 2022, we remain with a backlog of five hundred and twenty-six thousand eight hundred and forty-one (526,841) cards. With the additional capacity we have introduced at DLCA, we are confident that this backlog will be addressed by the end of June 2022.

We remain resolute in our commitment to deliver a public transport system that is responsive to the needs of our people. Our primary objective is to position public transport as an enabler to achieve a 3-shift economy that will accelerate our economic recovery interventions.

The implementation of Integrated Public Transport Networks (IPTNs) in various cities has not been without problems. Capacity challenges in some of the Cities have given rise to complications that have either delayed or stalled progress.

The suspension of the Cities of Msunduzi, Buffalo City and Mbombela had the effect of delaying delivery of a public transport that is responsive to the needs of the citizens in these Cities.

We have committed that we will work with these cities to assist them in complying with the National Treasury requirements to get back in the fold of the Public Transport Network Grant.

The rollout of the IPTNs will be equally strengthened by the establishment of an oversight mechanism under the leadership of the Minister and political principals of the relevant Cities implementing IPTNs. This will ensure that accountability for the implementation of the integrated public transport networks is pitched at political level.

Seven (7) cities are already operational and are working towards expanding current services. These are the City of Cape Town, George, Ekurhuleni, Johannesburg, Tshwane, Nelson Mandela Bay and Polokwane.

Three (3) additional cities are working towards the launch of new services. These are Rustenburg, Mangaung and eThekweni. eThekweni is currently experiencing challenges due to unsuccessful negotiations with taxi operators on the affected routes.

Over the medium term, all ten cities are expected to be fully operational with expansions to directly serve major townships.

Transfers to the Cities of the Public Transport Network Grant are set to increase at an average annual rate of 14.3%, from R6 billion in 2022/23 to R7.7 billion in 2024/25.

Over the medium term, R76 million has been allocated towards expanding the capacity for public transport grant monitoring. The Department has commenced with the process to procure expert and technical services to monitor, oversee and fast track implementation at a city level and improve spending efficiency and probity.

Cities and Provinces must deliver on their public transport executive obligations, as such we will not hesitate to invoke provisions of section 5(6) of the National Land Transport Act.

This section empowers the Minister to take appropriate steps, that include issuing directives to provincial executive and municipal councils, when a Province or Municipality cannot or does not fulfil an executive obligation relating to public transport.

We are on course in the implementation of the 2020 National Taxi Lekgotla resolutions. Key among these is the finalisation of a subsidy policy underpinned by a public transport funding model that recognises the role of the taxi industry in the public transport value chain. The draft Policy will be submitted to Cabinet in June 2022, to pave way for a broader consultation process towards its finalisation.

Our public transport infrastructure is in a major state of disrepair because of theft and vandalism that has crippled our rail recovery interventions. The criminals who continue to undermine our efforts to provide a reliable commuter rail service must face the full might of the law.

Their conduct not only negatively affects workers who rely on this mode to get to work, but also cripples economic activity that relies on the railways. It is for that reason we call this kind of criminality economic sabotage, which must attract the harshest penalty permissible in law.

We have equally called for the ban of scrap metal exports which provide a perverse incentive for this criminality. We remain ready to work with the Minister of Trade, Industry and Competition to ensure that such a ban becomes a reality.

The implementation of our multi-disciplinary security interventions has gained traction, with the employment of the full complement of 3,100 security personnel at PRASA and the construction of walls in certain sections of the rail network and fencing in others to contain what has historically been an open network vulnerable to theft, vandalism and encroachment of informal settlements on the rail reserve.

In recognising the centrality of providing affordable, safe and reliable public transport services, capital transfers to the Passenger Rail Agency of South Africa (PRASA) will increase from R12.6 billion in 2022/23 to R13.5 billion in 20224/25.

These funds will be channelled towards refurbishment of coaches, rolling stock fleet renewal programme, signalling and other capital projects which includes security of the rail infrastructure.

Operational transfers to PRASA are expected to increase from R7.2 billion in 2022/23 to R7.8 billion in 2024/25.

In recovering commuter rail services, we had to adjust the timelines for the resumption of services in a number of these corridors due to either protracted procurement processes for infrastructure such as substations and other factors beyond our control.

The Mabopane – Pretoria – Johannesburg – Naledi line is a core network of PRASA in Gauteng and a major priority for PRASA recovery. The same can be said of the Cape Town – Langa – Khayelitsha – Kapteinsklip corridor in respect of the Western Cape.

PRASA's Corridor Recovery Plan has identified 10 priority corridors for resumption of services, with the last coming on stream by December 2022. To date, services have already resumed on five of these corridors.

The Mabopane line has already resumed services, which is being undertaken in 2 Phases.

Phase one implementation is currently in full swing, with 5 stations operational in Pretoria, Hercules, Mountain View, Pretoria North and Mabopane. 6 new trains have undergone the 120km/h test and are ready for service.

Phase 2 will see an additional 15 train stations renovated and brought back into service. More train trips will also be introduced with shorter headways.

The return to service of the Central Line is also being undertaken in 2 Phases.

Phase 1 entails restoring services on the Cape Town to Bellville (via Sarepta); Langa to Pinelands and Langa to Nyanga segments. We anticipate the completion of the rehabilitation works and resumption of services by the end of July 2022 for this Phase. Services between Cape Town and Langa via Mutual are currently operational, while Cape Town to Langa via Pinelands is 90% ready for recovery.

We must also appreciate that the Langa to Bellville via Sarepta is currently affected by illegal occupation on the line and extensive infrastructure damage. Work is also underway to recover the services between Langa and Nyanga as well as Cape Town to Nyanga, as part of the Phase 1 of the recovery programme.

Phase 2 entails recovery of the Nyanga to Chris Hani segment as well as Nyanga to Kapteinsklip.

These segments will take longer to recover due to the extent of the damage on the infrastructure. We anticipate to complete this recovery and resume services by December 2022.

The manufacturing plant at Dunnottar in Ekurhuleni has produced 95 new train sets and delivered to PRASA. A total of 68 of these train sets have been deployed on the network. The balance is currently housed at the Wolmerton Depot, while infrastructure upgrades are being undertaken to enable their deployment.

On 23 March 2022, Cabinet approved the White Paper on National Rail Policy that takes a holistic view on the development of the rail system. This Policy introduces radical structural reforms in the sector and also intends to place rail on a sound footing to play a meaningful role as a backbone of a seamlessly integrated transport value chain.

One of the highlights of the Policy relates to enabling investments in the rail network with specific attention to the exploitation of rail's genetic technologies to achieve renaissance in the following market spaces: heavy haul, heavy intermodal, which includes double-stacked containers, contemporary urban and regional rapid

transit, as well as higher-speeds of 160 to 200km/h and high speeds up to 300 km/h.

In June 2021, President Ramaphosa announced the decision to corporatise the Transnet National Ports Authority as an independent subsidiary of Transnet.

Following this pronouncement, an interim board was appointed, and relevant processes given effect to enable the establishment of the TNPA as an independent subsidiary. The finalisation of this process with the appointment of a permanent Board will give full effect to the provisions of the National Ports Act of 2005.

This year we will be hosting the International Maritime Organisation's World Maritime Day Parallel Event in October. It is our expectation that delegates from the 173 member countries of the IMO will descend on our shores in Durban for this prestigious event. At the end of the event, we will hand over the flag to the next host, the Islamic Republic of Iran.

In conclusion, South Africa is recognised as one of the important contributors to the international civil aviation development.

This recognition is demonstrated by our continued re-election onto the Council of the International Civil Aviation Organisation since 2003. The Council is ICAO's governing body.

As we prepare for the ICAO's 41st triennial assembly later this year, we will, once again, declare our candidacy for membership of Part II of the Council.

I hereby table Budget Vote No. 40 of the Department of Transport.

I thank you.