



**TRANSPORT MINISTRY
REPUBLIC OF SOUTH AFRICA**

SPEECH DELIVERED BY THE MINISTER OF TRANSPORT, MS SINDISIWE CHIKUNGA, ON THE OCCASION OF THE TRANSPORT BUDGET VOTE IN THE NATIONAL ASSEMBLY ON 17 MAY 2023 AT 15H00

- **Honourable House Chairperson**
- **Deputy Minister, Mr Lisa Mangcu**
- **Acting Chairperson of the Portfolio Committee on Transport**
- **Honourable Members**
- **Fellow South Africans**

House Chairperson,

As I deliver my maiden Budget Vote speech as the Minister of Transport I am guided, by the wise words of the founding father of our democracy, Tata Nelson Mandela, when he said, ***“After climbing a great hill one only finds that there are many more hills to climb.”*** But regardless of the hills before us ***the time is always right to do what is right, that is, making the lives of our people and communities better, a kilometre at a time.***

These words resonate with the acknowledgement that economic growth and social development of any nation is a continuous feat which we must always be committed too at all material times.

Our singular focus remains in ensuring that we deliver tangible outcomes our people can see and experience.

House Chairperson;



TRANSPORT MINISTRY REPUBLIC OF SOUTH AFRICA

Our 2023/24 budget allocation of R79,565 billion will be channelled towards delivering on these tangible outcomes.

Of the R79, 565 billion, total transfers and subsidies account for approximately 98% of the department's expenditure to the tune of R77.9 billion, in the 2023/24 financial year. Of this, R47.2 billion are transfers to our public entities and agencies, and R30.2 billion is transfers to other spheres of government.

ROADS PROGRAMME

House Chairperson;

Our roads programme plays a pivotal role in facilitating activities related to maintaining the country's road networks. Investments in road networks are targeted at ensuring that passengers and freight carriers, which haul almost 80% of South Africa's freight load, have adequate access to safe roads. In this regard, we are working towards finalising South Africa's Roads Funding Policy by the end of this financial year.

For this financial year we have **budgeted R42.6 billion** to fund efforts to construct, upgrade and maintain the national and provincial road networks. Allocation to SANRAL is **R25.4 billion**. Of this budget **R15.8 billion** is to strengthen and upgrade the national non-toll network. Amongst the SANRAL Mega projects we are continuing with construction of the Moloto Road Corridor, the N2/N3/N7 road-network expansion and N2 Wild Coast projects which include the construction of the two iconic bridges, Msikaba being the highest and Mtentu being the longest bridges in the continent of Africa. We are also in the process to commence with construction work in the North Bound section of the 3.9km long Hugelot Tunnel, making it the longest road-based tunnel in Africa. These SANRAL Mega Projects confirm the diverse engineering excellence and profound expertise found right here in South Africa.



**TRANSPORT MINISTRY
REPUBLIC OF SOUTH AFRICA**

**REFURBISHMENT, REHABILITATION AND ERADICATION OF POTHOLES
PARTICULARLY IN PROVINCIAL AND MUNICIPAL ROADS**

Honourable Members;

Our work to improve the condition of our road network, which includes refurbishment, rehabilitation and eradication of potholes particularly in Provincial and Municipal roads continues to gain momentum. In the process of undertaking this work, job creation through labour intensive methods remains our priority. We are also working closely with TETA to develop requisite skills

For the Provincial Roads' Maintenance grant, we have allocated R15.9 billion, of which R4.6 billion is specifically earmarked for road refurbishment, disaster relief and the construction of 96 Welisizwe bridges in rural areas.

We also recognise the value of working with research institutions like the Centre for Scientific and Industrial Research for innovative solutions, like the nano technology solutions which we will be piloting this year in the gravel road upgrade program. It is our intent to employ the nano technology solutions to upgrade our gravel roads to well-engineered, and all-weather condition network. We are also committed to working with the private sector in a structured manner to address this challenge and create a multiplier effect, in the rehabilitation and maintenance of our provincial and municipal road network.

REBUILDING INFRASTRUCTURE DAMAGED BY FLOODS

Honourable Members;



TRANSPORT MINISTRY REPUBLIC OF SOUTH AFRICA

The work continues to restore and rebuild infrastructure that was damaged by floods during April 2022 that affected the Provinces of KwaZulu-Natal, Eastern Cape and North-West.

We are committed to ensuring that we build the capacity of our municipalities through support interventions to achieve efficiencies in road maintenance. In this regard we are also going to establish a Roads War Room to address all road-based challenges.

ROAD SAFETY

Honourable Members;

We are purposeful in our efforts to arrest the carnage on our roads. In this regard, the Road Traffic Management Corporation, has introduced a new era in traffic policing Training Curriculum. We now have the first cohort of graduates, qualified with a NQF Level 6 qualification and have joined the ranks of our traffic law enforcement officers.

This new generation brings to the table, fresh and innovative solutions to the intractable challenge of the carnage on our road. They are reinforced by technological innovations to reign-in the lawlessness on our roads and provide visibility 24/7 and 365 days.

We have previously committed to maximising visibility of our traffic law enforcement officers by declaring traffic policing a 24-hour, 7-day job. The number of Provinces that have completed the necessary processes has increased and our intention is to ensure that the remaining Provinces finalise outstanding work in this regard by the end of this financial year. For this task, we have allocated a budget of R220 million this financial year to the Road Traffic Management Corporation (RTMC).



**TRANSPORT MINISTRY
REPUBLIC OF SOUTH AFRICA**

THE CBRTA AND ROAD FREIGHT INDUSTRY

Honourable Members;

We remain resolute as government to deal with challenges confronting the freight industry. In June, last year, the Minister of Transport together with the Ministers of Labour, Police and Home Affairs, signed an 11 – Point Plan with the entire Freight Industry to find common ground, and thus find each other in stabilising the industry.

Ours is to continue to build the sector to grow a transformed and inclusive economy served by a modern and resilient transport system.

The Cross-Border Road Transport Agency is central in regulating the road freight industry and ensuring its ability to meaningfully contribute to the economy through the implementation of Linking Africa Plan and through the Africa’s Continental Free Trade Agreement. The C-BRTA is a self-funding entity, its expenditure is expected to increase from R274 million to R286 million in 2023/24.

PUBLIC TRANSPORT

House Chairperson,

Our work towards delivering a public transport system that meets the needs of our people continues to gain traction. The department plans to achieve seamless integration of all modal public transport operations that provide a public transport system for the delivery of efficient, affordable, safe and reliable transport.

In this regard, we will achieve this through the Public Transports Network Grant and the IPTNs, the details of which will be covered by the Deputy Minister.



TRANSPORT MINISTRY REPUBLIC OF SOUTH AFRICA

We are processing the **Public Transport Subsidy Policy, which will be published for comments soon after approval by Cabinet.** The **Public Transport Funding Model will also be approved this financial year.**

The Taxi Recapitalisation Programme (TRP) remains an important intervention in the transformation of the industry, underpinned by improvement of passenger safety.

The budget for the Taxi Recapitalisation Programme increases from R477 million to R479 million in 2023/24.

In this financial year we will implement the recommendations of the reviewed of the **Taxi Recapitalisation Programme** by implementing projects which amongst others include:

- ✓ The Finalisation of the approved **60% ownership of the Taxi Scrapping Agency** by the taxi industry.
- ✓ **Implementation of Taxi Broad-based Ownership Structures or Cooperatives** across the fifty-seven (57) regions, nine (9) provinces and a single national structure.
- ✓ We will Pilot and monitor the **single ticketing system** for all government-subsidised public transport operators.

The Taxi Relief Fund

The Taxi Relief Fund (TRF) secured by the Department to mitigate the negative financial impact of Covid19 on the mini bus taxi industry came to an end on the **31 March 2023. Approximately R440 million** has been disbursed accounting for over **80 000** operating licenses. Discussions are taking place with the National Treasury to ensure that the unspent funds if possible do reach the intended beneficiaries.



TRANSPORT MINISTRY REPUBLIC OF SOUTH AFRICA

We are supporting the parliamentary process of the **Transport Appeal Tribunal Amendment Bill** as well as the **National Land Transport Amendment Bill**, for approval by March 2024, which be ready by March 2024

RAIL PROGRAMME

Honourable Members;

In the 6th Administration, we have made significant milestones which include the historic White Paper on National Rail Policy, manufacturing of modern trains at the Gibela factory in Ekurhuleni, recovery of critical commuter rail corridors following devastating theft and vandalism of our rail infrastructure.

ON PRASA

Our work to rebuild commuter rail continues in earnest. In the last financial year, we committed to recover 10 priority corridors. ***I am pleased that we not only achieved the target, but we exceeded it by recovering 13 corridors. This financial year we plan to recover 16 priority corridors total, eight (8) in Gauteng, four (4) in KwaZulu-Natal and four (4) in the Western Cape and these priority corridors are:***

The full recovery of the Central line in Cape Town remains our top-most priority. The cooperation between the National and the Western Cape Provincial Departments of Human Settlement, the HDA and the City of Cape Town to relocate the illegal settlements on the rail reserve, will enable us to achieve full recovery of the line.

For the 2023/24 financial year, we will transfer R20.5 billion to the Passenger Rail Agency of South Africa. These funds will mainly focus towards implementing PRASA's



TRANSPORT MINISTRY REPUBLIC OF SOUTH AFRICA

strategic corridor recovery programme, signalling and continuing with its rolling stock renewal drive.

Capital expenditure is expected to increase from R12.5 billion to R12.9. The portion of the transfers to the agency for operational expenditure increases from R7.2 billion R7.5 billion in 2023/24

NATIONAL RAIL POLICY

In his State of the Nation Address, President Cyril Ramaphosa indicated that the National Rail Policy will guide the modernisation and reform of the rail sector, providing, among other things, for third-party access to our rail network.

The National Rail Policy pronounced that the Interim Rail Economic Regulatory Capacity (IRERC) will guide the strategic direction for implementing economic regulation in the rail sector.

In addition, the National Rail Policy mentions IRERC as a model that will be utilized as an interim arrangement for rail economic regulation within its mandate until the Transport Economic Regulator is established.

I must announce that the Department has commenced the process to develop the urgently required National Rail Master Plan; which will further assist in the identification of network constraints, opportunities, including infrastructure improvements and rail network expansions required to assist in creating a conducive environment for private and public sector participation.

TRANSPORT ECONOMIC REGULATION BILL



TRANSPORT MINISTRY REPUBLIC OF SOUTH AFRICA

Chairperson,

As we continue to transform the face of our economy, the transport sector cannot be left behind as we remain focused on transformation and greater participation to enable the development and growth of a truly inclusive transport sector.

It is for purposes of effective transformation of the sector that we have formulated the Transport Economic Regulation Bill. This Bill when passed will ensure a level playing field in the sector and ensure regulation of monopolies towards fair pricing and easier access to new entrants among other aims.

THE TRANSPORT SECTOR INTEGRATED B-BBEE COUNCIL

House Chairperson;

It gives me pleasure to announce that just last week we appointed and introduced the Integrated Transport Sector B-BBEE Council. The urgent task of the Council includes ensuring that as a sector we have Integrated Transport Sector B-BBEE Codes to address acute transformation challenges experienced in the main within the aviation, road freight and maritime sectors as well as to create a tool to bring awareness and address the skills shortage in ensuring development of Black professionals.

MARITIME PROGRAMME

Honourable Chairperson;

the maritime sector remains strategic in enabling economic growth and increased trade. Our efforts to support the maritime manufacturing capabilities, boat building, skills development and training will be strengthened and will be led by SAMSA. We are testing out different solutions to address the Tax Regime as an instrument to attract shipping companies to register their vessels in South Africa leading to the growth of our register.



**TRANSPORT MINISTRY
REPUBLIC OF SOUTH AFRICA**

AVIATION PROGRAMME

AIRPORTS COMPANY SOUTH AFRICA,

Honourable members

Our aviation infrastructure programme will provide support to the Airports Company South Africa's Recover and Sustain Strategy that includes playing an active role to support provincial airports and invest in specialised airports such as drone airports, taking advantage of emerging opportunities brought about by technology in moving freight.

At its airports, the company forecasts a passenger growth of 25.2% in 2023/24 and an increase in air transport movements of 17.3%, growing from 11.7% year-on-year.

Revenue is expected to increase to **R5.7 billion in 2023/24**, driven by the expected increase in passenger numbers as the air travel industry continues to recover from the COVID-19 pandemic.

We will support ACSA to grow its footprint and play a bigger role in building and managing airports in the country and elsewhere in the continent. We equally intend supporting the growth of the domestic aviation industry.

For the year 2022/2023, OR Tambo International won Best Cargo Airport in Africa. Cape Town International Airport won the Best Airport, and the Best Airport Staff in Africa award, while King Shaka International Airport won the Best Regional Airport in Africa award.

THE AIR TRAFFIC AND NAVIGATION SERVICES COMPANY



TRANSPORT MINISTRY REPUBLIC OF SOUTH AFRICA

The Air Traffic and Navigation Services Company maintains its focus on providing safe, efficient and cost-effect air traffic management solutions and related service, with the bulk of its budget expected to be used on communication, surveillance and simulator systems. **Its total revenue is expected to increase from R1.3 billion in 2022/23 to R1.9 billion in 2023/24.**

The non-regulated business has become increasingly critical for ATNS's growth and long-term positioning on the African continent. Through its commercial services division, and as part of its service excellence and innovation strategic pillars, ATNS is seeking to further leverage strategic joint venture opportunities on the African continent, thereby extending its services, product offering and geographic reach.

SOUTH AFRICAN CIVIL AVIATION AUTHORITY

Expenditure for the South African Civil Aviation Authority (SACAA) is expected to increase to R894 million in 2023/24.

SACAA will focus on strengthening their effort in the implementation of General Aviation Safety Strategy through the use of innovation and technological solutions.

I am pleased to announce that the SACAA led a coordinated process of audits conducted by the following international bodies.

1. The United States Federal Aviation Administration (FAA) following an audit conducted in November 2021. The final outcome audit assessment confirmed that South Africa has retained its category 1 status with the United States. The benefit of this outcome is that South African airlines, can operate directly into the United States with no hindrance.



**TRANSPORT MINISTRY
REPUBLIC OF SOUTH AFRICA**

2. August 2022, South Africa was also subjected to a Universal Security Audit Programme by ICAO. I am pleased to confirm that South Africa has now received the final report from ICAO and the State received an unqualified audit opinion with no significant security concerns raised by ICAO.
3. In November 2022, South Africa's aviation security cargo system was assessed by the United States Transport Security Administration. The outcome of this assessment confirmed yet again that the cargo security system of South Africa is on par with that of the US. As a result, the TSA granted South Africa permanent recognition. This means that South African cargo operators wishing to operate in the USA can do so unhindered, without a need to undergo individuals' assessment by the USA.
4. In November 2022, South Africa also received the final report from the United States Federal Aviation Administration (FAA) following an audit conducted in November 2021. The final outcome of this assessment confirmed that South Africa has retained its category 1 status with the United States. The benefit of this outcome is that South African airlines, can operate directly into the United States with no hindrance.
5. In March 2023 we were again audited by ICAO under its Universal Safety Oversight Audit Programme. From this audit, South Africa did not attract any significant safety concern and received an overwhelming Effective Implementation (EI) score of around 92%. This is a significant improvement from the 87.39% that ICAO gave the country in the 2017 audit. The recognition of South Africa's aviation systems by leading aviation States and Bodies has huge economic benefits for the State and the operators in our country.



**TRANSPORT MINISTRY
REPUBLIC OF SOUTH AFRICA**

IN CONCLUSION,

We pride ourselves as Team Transport for the progress and achievements recorded, which sometimes seemed as insurmountable hills to climb. But with the support of the Deputy Minister, the Director-General, the Boards, the CEOs, The Executive Management of both DOT and our SOEs and Public Entities, as well as the Ministry led by the Chief of Staff and the Departmental Staff and the entire sector industry stakeholders, the diligent team work, commitment have made the Hills to become enablers to economic growth and development opportunities.

As I conclude, regardless of the Hills, the Time is Always Right to do what is Right.

House Chairperson; I present the budget allocation for the Department of Transport, Vote number 40 for the Financial Year 2023.

I thank you.