



transport

Department:  
Transport  
REPUBLIC OF SOUTH AFRICA



MINISTER'S SPEAKING NOTES ON THE OCCASION OF THE MEETING  
WITH THE CHAIRPERSONS AND CHIEF EXECUTIVES OF TRANSPORT  
PUBLIC ENTITIES HELD AT O.R. TAMBO INTERCONTINENTAL HOTEL IN  
JOHANNESBURG ON 22 JANUARY 2020 AT 10h00

Director-General of the Department, Mr Alec Moemi

Deputy Directors-General

Chairpersons of our entities

Chief Executive Officers

This meeting takes place at a time when we are in the process of finalizing our Strategic Plans for the next planning cycle that ends in 2024/2025. It is imperative that the national priorities we have defined must find practical expression in your Strategic Plans, Annual Performance Plans and your day to day activities.

Transport is a critical part of the Economic Sectors, Investment, Employment and Infrastructure Development Cluster, and its mandate is located firmly within the governing party's economic plan articulated in its 2019 Election Manifesto, thus the electoral mandate.

Our electoral mandate pays particular attention to strategies that are aimed at pro-poor growth, reversal of underdevelopment, promotion of sustainable livelihoods and providing a firm foundation for the economy in the era of the fourth industrial revolution.

These policy interventions must be complemented by catalytic actions through your individual programmes.

We must be under no illusion about our electoral mandate, which requires that economic outcomes must overwhelmingly create jobs, eradicate poverty and reduce inequality. A key component of this principle is the need to demonstrate responsible stewardship over the country's resources through growth, clean governance, innovation and empowerment.

This mandate further enjoins us to continue with the extensive capital expansion programme, to avoid problems of future shortages and excesses of rail capacity. Our investment plans will have to remain cognisant of developments and trends in market demand.

We must similarly seek to optimize the developmental impact of our capital investment programme, particularly through the maximization of local content, with the explicit aim of creating jobs and strengthening local industry. Industrial linkages, labour absorption and increased Black participation must remain key objectives to ensure that we impact positively on the lives of our people.

As state-owned entities, you constitute an important vehicle in economic transformation, with the purpose of operationalising the broad socio-economic development plans of government. Your respective mandates are important in solving the unproductive parts of the economy, whilst reflecting the broad policy framework of government.

This therefore means that none of you can afford to waste resources and be havens of corruption. We must address governance and financing challenges with single-minded determination and urgency.

We must equally take firm and decisive action to improve the performance of your respective entities through better governance, by ensuring the appointment of skilled staff and board members with the requisite skills, while guarding against improper interference, particularly in allocation of tenders and appointment of staff.

In townships, our people live in the periphery of cities and towns and spend hours travelling to and from work, have limited essential services and insufficient job opportunities close to where they live.

In our interventions, we must be cognisant of the necessity to create and advance SMMEs, co-operatives, village and township economies. The market for these businesses to flourish in the townships and villages are there and our people need to be supported to actualise the business opportunities and create better lives for themselves.

We spent our first 100 days in office focused on tackling pressing challenges that constrain service delivery. These efforts revealed the fault lines in the Transport Agenda and enabled us to re-imagine the role of transport in propelling economic activity while taking forward social emancipation.

As we formulate our Strategic Plans aligned to the 7 Apex Priorities of the 6th Administration, we have equally identified five strategic priorities that will overall define our work and the political agenda for the medium term.

In infusing the Khawuleza ethos in delivering services to our people, our work as a sector must be guided by the five strategic priorities we have defined for

ourselves.

## 1.SAFETY AS AN ENABLER OF SERVICE DELIVERY

Transport is not only an economic and a social function, but also carries massive security responsibilities. Successive Constitutional Court judgements have affirmed this obligation and have pronounced on the responsibilities of the various organs of state in this regard.

It must be noted that as a consequence of the 2004 Constitutional Court judgement, the Minister of Police re-established the Railway Police. However, due to internal pressures, SAPS altered the policing model for Railway Police and incorporated this unit into the Visible Policing unit.

Despite many interventions, security related incidents continue to escalate unabated. The RSR, in its 2018/19 State of Railway Safety report reflected that security-related incidents increased by 20% between 2017/18 and 2018/19. This is 97% higher than 2013/14. The overall harm to persons increased by 15 per cent since 2017/18.

During the 40th Assembly of the International Civil Aviation Organisation (ICAO), we presented a working paper on aviation security, which was well received by the member nations. The paper aptly captures the essence of the re-imagined transport security.

The premise of the paper was the escalation of crimes against international and domestic travellers, robbery of valuable cargo and facilitation of contraband and illegal immigrants. This spurred our aviation authorities to act in concert with other law enforcement authorities to arrest this situation.

The re-imagined safety strategy is built on the foundation of a seamlessly integrated value chain that incorporates all the law enforcement and prosecution authorities and takes a holistic view of safety across modes.

Carnage on our roads remains unacceptably high and interventions to arrest this trend must be based on collaborative efforts.

The building blocks of the re-imagined safety strategy constitute five priority actions.

1.Rolling out of the 365-Days Action Agenda which seeks to create a vertical alignment of traffic policing activity through syndicated themes and activities. This is the platform through which the 24 hour, 7 days a week visibility will be piloted and gradually phased in over time.

2.In-source security in rail and aviation. The annual investment of approximately R700 million on the part of PRASA and R437 million on the part of ACSA must be directed toward creating permanent jobs and sustainable livelihoods for those

entrusted with securing the railways and our airports.

3. Rolling out of a security model in aviation that is vertically and horizontally integrated with other law enforcement authorities, initially focusing on passenger security then broadened to include cargo and infrastructure. The US, Canada and Brazil are among the countries that have implemented similar models, which rely on internal capacity, rather than outsourced security arrangements.

4. Vertically integrate traffic policing to create a single chain of command and proclaim traffic policing as a 7-day, 24 hour job. Work in this regard is ongoing and the Shareholders' Committee is seized with the matter.

5. Create a new institutional arrangement that seamlessly integrates transport security and safety in a single entity. The debate in this regard must be honest, robust and must not have holy cows. Models to be considered may include the merger of entities or units in related entities, such as the Road Traffic Management Corporation (RTMC), Road Traffic Infringement Agency (RTIA), Drivers' Licence Card Account (DLCA), Cross-Border Road Transport Agency (C-BRTA) Inspectorate, National Public Transport Regulator (NPTR) Inspectorate and Provincial Road Transport Inspectorates, which would form the nucleus of a broader entity with a mandate that cuts across modes.

## 2. PUBLIC TRANSPORT THAT ENABLES SOCIAL EMANCIPATION AND AN ECONOMY THAT ACTUALLY WORKS

Public transport plays a critical role in enabling economic activity and social emancipation. Access to centres of economic activity and social amenities largely depends on public transport. The 6th Administration has identified the realisation of a 3-shift economy as a strategic goal aimed at propelling growth in the economy.

However, it can be argued that public transport remains one of the most critical constraints in achieving this objective. An economy that functions 24 hours requires a public transport system able to support industries by enabling workers to reach places of economic activity around the clock. Currently, our public transport system is not responsive to this need, resulting in transport being an additional input cost to the employer, which costs invariably gets passed on to the end-user.

An efficient, affordable, safe and reliable public transport system is a pre-requisite if transport has to play its role as a driver of economic activity and enabler of economic output. In order to achieve this, seamless integration must be realised across modes.

Transport is undoubtedly the golden thread that binds all the elements of the economic value chain together. Without transport, workers will not be able to report for duty to engage in economic activity. Without transport, finished products will not be able to leave the factory floor to reach markets. Without

transport, consumers will not be able to access retail outlets to buy the goods.

Public Transport is one area in our work that directly touches the lives of the vast majority of our people. Our interventions must therefore be implemented with renewed vigour, not only to unravel apartheid spatial planning but to also to stimulate the economy. Each one of you have a critical role to play towards the realisation of an efficient, safe, reliable, affordable and integrated public transport.

The building blocks of the public transport system we want, constitutes seven priority actions.

- 1.A public transport funding model that levels the playing field by including taxi participation and enabling effective regulated competition.
- 2.A taxi industry that is firmly integrated into the mainstream economy with every operator realising direct benefits from economic incentives, such as the Taxi Recapitalisation Programme and roll-out of Integrated Public Transport Networks (IPTN). Equally so, the taxi industry must make its fair contribution to the country's tax base.
- 3.Roll-out of the IPTN infrastructure that enables wall-to-wall integration of the system and seamless mobility for commuters across transport functional areas.
- 4.Integrated ticketing solution deployed across lad-based public transport modes.
- 5.Commuter and regional rail service that is fully responsive to customer needs in an efficient, safe and sustainable way.
- 6.Scholar transport that addresses the needs of learners.
- 7.Efficient, safe and affordable rail and road-based public transport operations.

### 3.INFRASTRUCTURE BUILD THAT GROWS THE ECONOMY

The National Development Plan calls for the development of economic infrastructure as the foundation of social and economic development. Over the medium term, the Department will focus on maintaining national and provincial road networks, providing passenger rail infrastructure and services, and facilitating integrated public transport networks.

Roads are a crucial component of South Africa's transport system and economy. According to the land transport survey, which was released by Statistics South Africa in 2018, 77.3% of freight categorised as land freight in South Africa is hauled on its roads, accounting for 73.8% of total land freight income. This dependence on road infrastructure implies that the condition of roads has a direct bearing on the ease of movement of goods and people across South Africa, which impacts overall economic growth.

The department continues with efforts to modernise South Africa's passenger rail services through the Passenger Rail Agency of South Africa (PRASA). Over the medium term, the agency will focus on executing its capital programme, intensifying its rolling stock maintenance regime, and improving security on the rail network. This is in order to improve the reliability of services and increase passenger ridership.

South Africa's urban areas are hubs of economic activity, therefore, it is crucial that they maintain optimal functionality and remain engines of socio-economic growth. An integrated public transport network is central to the functioning of these hubs as they provide sustainable, affordable and functional transport solutions to urban commuters.

Transport is one of the Departments with the largest infrastructure build programme across its entities. Massive infrastructure investments can be found in PRASA, SANRAL and ACSA. Over the last 4 years, PRASA has been unable to spend R18 billion of its Capital (CAPEX) budget. This is despite huge backlogs in the implementation of the Rolling Stock Fleet Renewal Programme.

Over the medium term, the Department is responsible for a total capital budget of R137 billion. This is a massive resource which should be directed such that it achieves maximum impact in growing the economy and creating jobs.

The building blocks of the infrastructure build programme constitute of five priority actions.

1. Wall-to-wall approach to Integrated Public Transport Networks infrastructure planning and delivery to enable seamless mobility and efficiencies in public transport. Planning Authorities with intersecting public transport flow must plan jointly to realise seamlessness in services. Relevant entities must play their part in enabling this integration.
2. Accelerated delivery of attendant infrastructure for Rolling Stock Fleet Renewal Programme and maintenance of current passenger rail infrastructure.
3. Focused co-ordination and delivery of transport infrastructure on the AU's North-South Corridor, with particular focus on the projects we have been delegated to champion in the rail, road and maritime sectors.
4. Expanding SANRAL footprint to support Provinces and Municipalities in delivering quality road infrastructure and tackling backlogs.
5. New institutional arrangement in the form of an Enterprise Project Management Office (EPMO) to support entities and establish a repository of project management expertise with a mandate to ensure capital projects contribute towards economic growth and job creation. This will also enable joint planning by road, rail, aviation and maritime entities to achieve seamless integration. Transnet will also be a strategic role player in the delivery value

chain to maximise impact of infrastructure build both on passenger and freight.

#### 4. BUILDING A MARITIME NATION, ELEVATING THE OCEANS ECONOMY

As a maritime nation with approximately 2 800 kilometres of coastline, which is strategically located on one of the busiest shipping routes, surrounded by three oceans on the eastern, western and southern seaboard, we are steadfast on our commitment to position the oceans economy as a strategic contributor to economic stimulation and growth. The bulk of South Africa's trade is seaborne and accounts for more than 80% of the country's trade.

The strategic geographic location South Africa occupies along the East-West Route is the primary reason the Dutch East India Company established a halfway refreshment station in 1652. The need for replenishment of provisions for ships remains to this day and South Africa has an opportunity to create a highway one stop shop for the 40,000 ships that transverse our coast annually.

Our 8 commercial ports play a very critical and strategic role in our socio-economic development as well the economies of the land-locked neighbouring States. These dynamics place our ports and shipping lanes as integral to the maritime value chain.

In recognising our contribution to the country's efforts towards realising inclusive growth, we have prioritised the acceleration of interventions that will unlock the potential of the oceans economy and drive transformation in an aggressive way. Among these is the establishment of a national shipping carrier and increase ships registered under the South African Ship Register as a means of building the strategic national shipping capacity and capability.

Enhancing our ship registration framework remains at the centre of our efforts not only to grow our shipping industry, but to transform the sector such that it makes a meaningful contribution to broadening economic participation. Exploiting the potential of our maritime sector must ensure that we realise value to advance both social and economic activity.

We must be resolute in our efforts to grow a seafaring nation where young men and women are able to take advantage of our vast maritime resources for their livelihoods and careers. Seafaring is an international occupation and seafarers produced by South Africa are able to work on international shipping and they are highly sought after. Producing seafarers for international employment will no doubt contribute in the reduction of youth unemployment in our country.

Coastal shipping occupies centre stage as an intervention not only to aggressively enhance the oceans economy, but also to create jobs. This will be realised by creating a captive market for South Africans where regulation will determine what categories of cargo should only be moved by sea. Similarly, South African vessels would be given preference to move cargo from one domestic port to the next, a move that could trigger growth of merchants and

create new industries.

Our national policy recognises that South Africa's economy is intrinsically linked with other regional and continental economies. Thus, South Africa should leverage on this to implement progressive initiatives, particularly coastal shipping as an important enabler in unlocking the potential of the oceans to the region.

The building blocks of the Maritime Programme is anchored on five priority actions.

1. Enhancing South Africa's Ship Registration Regime

2. Mainstreaming maritime through empowering historically disadvantaged persons to access opportunities, support development of young people to take up opportunities in maritime fraternity.

3. Rolling out coastal shipping and create partnerships to ensure sustainable support systems to enable effective implementation. The end-goal is to have a SADC region-wide coastal shipping market. This is to include all offshore shipping activities in the Oil and Gas sector (work on oil rigs, offshore supply vessels, offshore bunkering activities)

4. Create programmes to elevate maritime transport and open up new economic opportunities by maximising the use of inland waterways.

5. Unlocking maritime for economic stimulation and recreation.

## 5. ACCELERATING TRANSFORMATION TOWARDS GREATER ECONOMIC PARTICIPATION

The transformation agenda of the sector must focus on the following objectives:

- Transformation of the South African construction, engineering, aviation, maritime sectors in line with national transformation imperatives, in a manner that broadens economic participation, economic growth and job creation.
- Strengthening our collective contribution to broad-based black economic empowerment, skills development and the growth of small, medium, macro enterprises and co-operatives, with a particular bias towards township, dorpie and rural economies.
- Innovation that enhances the role of transport in the economy and effective participation in international and multilateral bodies.

SANRAL's Horizon 2030 captures the core tenets of its transformation agenda, and these should be replicated across all our entities as a best practice model. Taking cue from SANRAL, policies and practices of all our entities must cover the whole range of the organisation's activities, from employment equity to skills

development, community and enterprise development, procurement, legal, finance and audit.

The building blocks of our Empowerment Programme constitutes eight priority actions.

1. Achieve 60% ownership by taxi industry in all publicly-funded Integrated Public Transport Network projects and Taxi Recapitalisation Scrapping entity.
2. Roll out restructured subsidy model that includes participation of minibus-taxi industry.
3. Establish Aviation Academy that services the SADC Region.
4. Deliver high-impact socio-economic flagship projects.
5. Create a Technical Innovation Hub, underpinned by strong Research & Development and expand the SANRAL Technical Excellence Academy.
6. Achieve 60% spend on goods and services with procurement from black-owned, township, dorpie and rural enterprises.
7. Leverage private sector expertise and provide skills fastrack programme through collaboration and secondment arrangements.

The priority actions I have outlined constitute the line of march over the medium term we must build on. The implementation of these priority actions with the requisite urgency must result in the realisation of a transport sector that positively impacts on the economy.

I thank you.