Honourable Chairperson
Honourable Members

The impact of the COVID-19 pandemic has had a devastating effect on the economy, and the transport sector has not been left unscathed. We have seen the disruptor effect of this pandemic not only in our way of life, but also in the delivery of services to the populace. It is for this reason that the budget presented in February this year had to be adjusted in order to better prepare us not only in fighting the pandemic, but in ensuring that the economy stays afloat.

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.

This budget is not only about cuts to necessitate the allocation of resources to the country’s critical touchpoints in the fight against COVID-19, but also a re-arrangement of deck chairs to enable us to respond better to the impact on the sector and on our entities.

This pandemic has further amplified the challenges confronting us, particularly in public transport. The divide between the poor who rely on mass transit public transport and those who have access to private vehicles has been laid bare by the current circumstances. Equally so, our interventions to ease their burden had to be mindful of their circumstances. It is precisely for this reason that we made a strong case for a taxi relief support for an industry that is the major mover of our people.

The R1.135 billion allocation towards the taxi relief support is not compensation for loss of business, but an honest gesture on the part of government to meet the industry halfway. While we have yet to find each other on how this relief support should be disbursed, we remain hopeful that our ongoing discussions will yield outcomes that are beneficial to the industry within the limited resources.
Equally so, we are mindful that intensifying our investments in infrastructure will add momentum in returning our economy to a stable footing quicker. It is for that reason that we have to support our major entities such as the Airports Company of South Africa (ACSA), the South African National Roads Agency Limited (SANRAL), the Passenger Rail Agency of South Africa (PRASA) in forging ahead with their infrastructure projects.

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 remains central to the functioning of these hubs as they provide sustainable, affordable and functional transport solutions to urban commuters.

We are equally mindful of the urgent task to look at rationalizing some of our entities as part of streamlining our approach to service delivery. This is a matter that we have flagged in our priorities as part of re-imagining safety and security in the transport sector. We are hard at work aligning entities with similar mandates in order to realise better value and more efficient service delivery.

As part of this, we will begin the process to prepare the Ports Regulator for integration into the Transport Economic Regulator, which integration will be given legal effect once the Bill currently before Parliament has been passed into law.

While the budget shifts in themselves do not represent any fundamental departure from what we seek to deliver, they nevertheless shift our immediate focus and require us to place emphasis on stabilizing service delivery in the new normal.

This revised fiscal framework also accounts for substantial revenue losses emanating from the economic shock of the Covid-19 pandemic. The lockdown significantly delayed planned programmes, projects and expenditure in the sector. As a result, the Department, Provinces and Municipalities, in their revised budget allocations for 2020/21, will show deferred milestones and targets, the impact on their operational revenue and how they intend to mitigate the risk towards desired recovery and achievement of medium to long term outcomes.

The revision exercise thus focused, amongst others, on downscaling performance targets in the current financial year, particularly where programmes were impacted by budget cuts.

Honourable members, the Special Adjustment Budget, which in the main, amounted to a net decrease of R4.6 billion in the Department’s 2020/21 budget allocation, proposes adjustments to our budget towards the provision for the rapidly changing economic conditions and enable spending on the COVID-19 response.
These adjustments are therefore packaged along two categories.

The first category proposes reallocation of funds. The re-allocation is a consequence of the baseline reduction which resulted in downward adjustment to the baselines of the PRASA Rolling Stock Renewal Programme to the tune of R1.021 bn, the Provincial Road Maintenance Grant to the tune of R1.756 bn, SANRAL non-toll capital to the tune of R1.096 bn and the Public Transport Network Grant to the tune of R1.902 bn. The allocation for the Taxi Relief Support to the tune of R1.135bn is funded from this baseline adjustment.

The second category proposes reprioritisation of funds within the Transport Budget Vote. To this effect, an amount of R349 million will be shifted across programmes from goods and services and the Taxi Recapitalisation Programme (TRP) to fund the shortfalls of our distressed entities. The Cross-Border Road Transport Agency (CBRTA) will receive R104 million, The Road Traffic Infringement Agency (RTIA) will receive R200 million and the Railway Safety Regulator (RSR) will receive R15.8 million. A total of R25 million was also reprioritised for the procurement of personal protective equipment (PPE) for the Public Transport industry.

The reprioritisation of conditional grants will see the Public Transport Operations Grant (PTOG) allocated R6.749 billion for the financial year, of which R337 million is earmarked for procurement of PPEs for public transport facilities and operations.

The Public Transport Network Grant (PTNG) will see a total allocation of R6.446 billion, and up to 15% of this allocation to the tune of R681.5 million is earmarked for procurement of PPEs for buses and taxis.

Honourable Chairperson, a number of our entities that have been heavily impacted by the lockdown did not receive additional allocations in this adjusted budget. These include the Road Accident Fund (RAF) and the South African Civil Aviation Authority (SACAA). However, these will be dealt with through the medium-term budget policy adjustment process.

As stated, Covid-19 had a negative impact on the plans and operations of the Department and sector entities, particularly for the 2020/21 financial year. To mitigate the impact of the pandemic, the following revisions were effected on the DoT Annual Performance Plan of 2020/21:

**Programme 1: Administration**

An amount of R9.6 million has been shifted from savings on the programme’s goods and services to fund shortfalls in distressed entities and for the procurement of PPEs for the public transport industry. To that effect, the target to
develop the Department’s Evaluation Plan was removed from the APP. This is to allow the revision of the Plan and ensure that sector implementation programmes would have optimally progressed by mid-term of the current performance cycle before being exposed to an evaluation exercise.

The Department has also downscaled targets for the filling of vacant posts, and recruitment and placement of interns to accommodate delays occasioned by the lockdown.

Programme 2: Integrated Transport Planning

R10.7 million has been shifted from savings on goods and services to fund shortfalls in distressed entities and for the procurement of PPEs for the public transport industry. Only one target relating to the finalisation of the Regional Integration Strategy was deferred. The Strategy will not be submitted to Cabinet in the current financial year as per original target. For the remainder of the financial year, efforts will be made to conclude a benchmarking exercise on the development of the Strategy.

Programme 3: Rail Transport

In total, the programme is reduced to the tune of R1.012 billion. These reductions include baseline reduction of the PRASA Rolling Stock Renewal Programme, reprioritisation of funds from savings on the Taxi Recapitalisation Programme to fund revenue shortfall of the Railway Safety Regulator (RSR), and additional reprioritisation from savings on goods and services.

An amount of R1.260 billion has also been reprioritised from PRASA’s capital budget to operations budget to fund the revenue shortfall as well as Covid-19 related expenditure within the programme.

To that effect, due to the inherent delays in milestones for the current financial year, the target to develop the National Rail Bill this financial year has been deferred. The output is impacted by the anticipated non-approval of the Rail Policy in the current financial year, which remains a critical milestone towards the drafting of the National Rail Bill.

Programme 4: Road Transport

In total, the programme has been reduced by an amount of R2.551 billion. This reduction constitutes a baseline reduction from the SANRAL’s non-toll capital, reprioritisation of funds to fund the Gauteng Freeway Improvement Project and R309 million to cover for the Covid-19 revenue shortfall. The Provincial Road Maintenance Grant (PRMG) has also been reduced by R1.756 billion, and funds reprioritised from savings in goods and services and the Taxi Recapitalisation programme to fund the CBRTA and RTIA.
Infrastructure and job creation targets for the South African National Roads Agency Limited (SANRAL) and Provincial Roads Maintenance Programme consolidated indicators were downscaled in line with the adjustment budget.

Similarly, more indicators were added for the Deep Rural Roads Maintenance Programme, and Roads Engineering, in support of the Employment Creation Stimulus Programme, announced by the President.

**Programme 5: Civil Aviation**

Funds have been reprioritised from savings on the Watch-keeping Services and goods and services to fund the revenue shortfalls in distressed entities and for the procurement of PPEs for the public transport industry.

The target to submit the Air Services Bill to Cabinet this financial year has been deferred. Targets for the development of the South African Search and Rescue (SASAR) Amendment Bill and Aviation Safety Investigation Board (ASIB) have also been deferred.

Job creation targets for the Civil Aviation sector will be updated in line with the revision of Corporate Plans of the Airports Company South Africa Limited (ACSA) and Air Traffic and Navigation Services (ATNS), which is currently underway.

**Programme 6: Maritime Transport**

Funds have been shifted from savings on goods and services to fund shortfalls in distressed entities and for the procurement of PPEs for the public transport industry. No revisions were effected in the Maritime targets for the current financial year.

**Programme 7: Public Transport**

In total, the programme has been reduced to the tune of R1.008 billion. These constitute baseline reductions of the PTNG to the tune of R1.902 billion, the Taxi Recapitalisation Programme to the tune of R250 million, and R9.7 million from goods and services. An amount of R1.135 billion has been reallocated towards the taxi relief fund, and R25 million for the procurement of personal protective equipment for the taxi industry.

Targets for scrapping of old taxi vehicles and Shova Kalula Bicycle distribution programme were downscaled.
It is worth noting that the revision of the Annual Performance Plan for 2020/21 does not significantly impact on the Strategic Plan 2020 – 2025. The Strategic Plan, which has a 5-year outlook, will only be reviewed at the end of the financial.

Further revisions will be made by our State-Owned Entities, where most of the impact is felt.

As we traverse the path towards economic recovery, we are confident that our entities will recover sufficiently to continue undertaking the critical service delivery mandate necessary to support the resumption of economic activity.

In infusing the Khawuleza ethos in delivering services to our people, our work as a sector is guided by the five strategic priorities we have defined for ourselves. These priorities are the vehicles through which we deliver on the 7 Apex priorities of the 6th administration.

At the centre of these priorities is the re-imagined safety strategy, built on the foundation of a seamlessly integrated value chain that incorporates all the law enforcement and prosecution authorities. It equally 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. This work continues with the required urgency to realise the goal of a safe and secure transport environment.

Public Transport is one area in our work that directly touches the lives of the vast majority of our people. Our interventions will therefore be implemented with renewed vigour, not only to unravel apartheid spatial planning but to also to stimulate the economy. Each one of us has a critical role to play towards the realisation of an efficient, safe, reliable, affordable and integrated public transport. We must all play our part, bet it organs of civil society, arms of the state or spheres of government. This is a promise we must deliver on, working together to build a public transport system responsive to the needs of our people.

I thank you.