MINISTER OF TRANSPORT, MS DIPUO PETERS ADDRESS AT THE INAUGURAL TRANSPORT SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT INDABA AT ORLANDO STADIUM

10 NOVEMBER 2016

Programme Director;
Honourable Members of the Portfolio Committee on Transport;
Honourable Ministers;
Honourable Deputy Minister;
Honourable MECs;
Chairperson and Members of the Transport Sector B-BBEE Charter Council;
Heads of Departments;
Acting Director-General of Transport and EXCO members;
Councillors;
Captains of Industry;
Board Chairpersons of State-Owned Companies and Agencies;
CEOs of State-Owned Companies and Agencies;
Members of the Media;
Distinguished Guests; and
Ladies and Gentlemen.

On 16 June 1976, thousands of students marched to this Stadium in protest against having to use Afrikaans as a medium of instruction at schools. The
marchers, led by the Soweto Students’ Representative Council’s (SSRC), Action Committee got as far as their last meeting point when the police confronted them. The day ended in calamity and this was the beginning of the Soweto Uprising.

For us in the transport sector, not far from here, we celebrated one of our major milestones in the B-BBEE by launching the Integrated Transport Sector B-BBEE Charter at the Walter Sisulu Square, Kliptown, where the Freedom Charter. Ladies and Gentlemen, today we host our Inaugural Transport Sector Broad Based Black Economic Empowerment Indaba under the theme “Sekujalo/Ke Nako/Now is the Time: Accelerating Transformation for Black Economic Empowerment”.

This theme is befitting for us in the transport sector because transport plays a central role in the South African economy, and thus our contribution to the broad based black economic empowerment cannot be over-emphasized. Ours is a cross-cutting sector which has a major influence on other sectors and the well-being of the national economy.

The transport sector is key in helping to eradicate poverty, reduce unemployment and inequality which are the triple challenges identified by the National Development Plan.

One fundamental significance of the sector is the role in mobilizing members of the second economy, the majority of which cannot afford their own means of transport. This calls for a means of transport that is both safe, efficient and reliable.

According to Transport Education and Training Authority Sector Skills Plan Update of January 2014, the sector employs approximately 831 701 people which represents 6% of the national workforce.

Whilst, 75.3% of people in the transport sector are in formal sector, and the remaining 24.7% are in informal sector; Between 2001 and the second quarter of 2013 employment in the transport sector grew by 17.9%, whilst total labour force
employment increased by 9%. This means the transport sector is an important generator of employment in the SA economy.

In 2013, the racial composition of the sector was as follows: Africans (71.9%), Coloureds (11.2%), Indians (4.3%) and Whites (12.6%). These percentages are broadly reflective of national demographics. About 79.6% of employed in the sector are male compared to 20.4% females.

The Stellenbosch University’s Department of Logistics launched the Logistics Barometer South Africa 2015 report on logistics costs calculated up until 2013, and forecasted up to 2015. At R393 billion, logistics costs in 2013 equaled 11.1% of South Africa’s GDP. This relationship does not compare well with the figures for North America which is estimated at 8.8%, and Europe at 9.2%, but is better than those of South America at 12.3% and Asia Pacific at 12.8%. Changes in input costs are expected to increase this percentage for 2014 and 2015.

Programme Director, the BEE journey travelled by the transport sector is as old as our democratic government. In the year 2002, the Minister of Transport, the late Dr Dullah Omar, May His Soul Rest in Peace!!!, established a multi-stakeholder forum comprised of Government, Organized Business, Organized Labour, Small Business and Civil Society to develop the transport sector B-BBEE charter.

In 2014, the B-BBEE Charter Council was established and has been in operation for two years now. In the past two years, the one of the major activities of the B-BBEE Charter Council has been to engage the industry players through Provincial road shows to understand the challenges of BEE and solicit ideas as to how to resolve them. This work resulted in the hosting of this Inaugural Transport Sector B-BBEE Indaba.
At high level the main purpose of this Indaba is to among others:

- To advance the radical economic transformation and empowerment of black people including women, youth and people with disabilities;
- To create opportunities for black business in the transport sector;
- To engage stakeholders on the issues related to challenges, interventions and opportunities; and
- To develop an implementation plan that will be used as a monitoring tool.

Ladies and Gentlemen, the President Jacob Zuma, announced at the Black Business Council Gala Dinner on the 27th of September 2016, that the Preferential Procurement Policy Framework Act will be reviewed to respond to Government objectives of BBBEE.

In His words, President Zuma said I quote “The Preferential Procurement Policy Framework Act (PPPFA) has not yielded the transformation results it set out to achieve, and given the shortcomings of the Act, it will be repealed” close quote. This intervention by the President comes after numerous complains about the PPPFA by black people in particular.

Other Government interventions recently initiated include the establishment of the B-BBEE Commission to deal with unfair BEE practices including fronting among others; the Black Industrialists Programme; promotion of local content; acceleration of paying SMMEs within 30 days period; provision of access to finance through Development Financial Institutions such as Industrial Development Corporation (IDC) and National Empowerment Fund (NEF) as well as small business development support mechanisms through Small Business Development Agency (SEDA), to name but a few.

The Department conducted the broad-based BEE survey for the period 2013 and 2014 to determine the level of the sector’s compliance with the Integrated Transport Sector Broad Based B-BBEE Codes. The data and compliance
information was gathered from 334 entities in the following six sub-sectors: Aviation; Bus commuter and coaches; Forwarding and Clearing; Maritime; Rail; and Road freight. The participating entities, spread in all Provinces.

Almost 60% of measured entities that participated in the survey are large enterprises (LEs) with turnovers in excess of R35 million per annum. Qualifying small enterprises (QSEs), with revenue of between R5 million to R35 million, made up 38% of participating entities, while 2% were exempted micro enterprises (EMEs).

However, the picture painted by the survey does not look pleasing particularly with the Aviation, Forwarding and Clearing as well as Road Freight sub-sectors. Ladies and Gentlemen, another key finding was that entities used the Department of Trade and Industry Codes of Good Practice on B-BBEE generic Scorecard instead of the related Transport Sub-Sector B-BBEE Scorecards. I challenge you all to turn the tide and fruitfully use these three days to fully engage each other and come up with a practical output which will accelerate black economic empowerment and transformation in the transport sector.

As I conclude let me borrow words of our former leader and President, Mr Rolihlahla Nelson Mandela, I quote: “A bright future beckons. The onus is on us, through hard work, honesty and integrity, to reach for the stars,” close quote.

Therefore the theme adopted for this BEE Indaba “Sekujalo/Ke Nako/Now is the Time: Accelerating Transformation for Black Economic Empowerment” is relevant and should make us transcend in advancing radical economic transformation in the transport sector.

Finally, let me thank the Charter Council members under the leadership of Mr Randall Howard and the Department of Transport Officials for organizing this Indaba.
Thank you very much!!!!