Budget Vote Policy Statement Delivered by Minister of Transport, Honourable Dikobe Ben Martins, MP, at the National Council of Provinces.

Parliament, 13 June 2013

Honourable Chairperson;

Deputy Minister of Transport, Ms Sindisiwe Chikunga;

Honourable Members of Parliament;

Esteemed ladies and gentlemen;

We wish the founding father of our democracy and nation, His Excellency Former President Mandela a speedy recovery.

When the ANC government ascended to power in 1994 it inherited a white minority biased, under-funded, and neglected transport system based on apartheid spatial patterns.

The ANC then repealed apartheid laws and adopted new-fangled policies aimed at bridging the infrastructure divide within and between various race groups and communities. Its 1996 National Transport Policy laid the basis for the transformation of the transport sector.

The Department has made significant progress to transform the transport sector across the aviation, rail, road and maritime modes.

Achievements amongst others include:

- Building new and maintaining existing national, provincial and municipal roads to facilitate economic growth, local economic development and job creation;
- Transforming the taxi industry, which had for many years been plagued by violence;
- Creating opportunities for black people (i.e. Africans, Indians and Coloureds) and especially women to enter the aviation industry;
- The refurbishment of rail passenger trains and train stations and the provision of reliable, secure and affordable rail services;

- The provision of an integrated transport system, as exemplified by the OR Tambo Airport, the Gautrain and the Rea Vaya Bus Rapid Transport system;
- The provision of world class infrastructure and services.

The work to ensure that all South Africans have access to quality, safe and affordable transport infrastructure and services continues and remains uppermost on the agenda of the ANC led government and the Department of Transport.

Provinces and municipalities remain the coalface of service delivery.

Honourable Chairperson and Members:

The Budget Allocation for the Department, for the financial year 2013/2014 is R42.3 billion and this includes allocations to provinces, municipalities, state owned companies and agencies.

Of the allocated amount, R18 billion will be transferred to provinces and municipalities towards the development of new roads and the maintenance of existing ones.

A significant amount, totalling R27.6 billion, of the provincial and municipal allocations will be disbursed to the S'hamba Sonke / Re Sepela Ka Moka project over the Medium term Expenditure Framework period.

This translates to the following allocations to provinces in the current financial year:
- R1.4 billion to the Eastern Cape
- R735 million to the Free State
- R 635 million to the Gauteng Province
- R 1.5 billion to Kwazulu-Natal
- R 1.2 billion to Limpopo
- R 1.5 billion to Mpumalanga
- R 512 million to the Northern Cape
- R 662 million to the North West
- R 501milion to the Western Cape

These allocations will continue to contribute towards job creation. In the previous financial year, 42 919 full time equivalent jobs were created through this project.

Effective co-ordination with provinces and municipalities will be a priority to ensure that the Department is not only a conduit of funds to the other spheres of government, but that, importantly, it leads in monitoring and evaluating the implementation of government programmes. Consequently, we will continue focussing on mobilising the required resources for roads and public transport, strengthening technical capacity in all transport authorities and putting in place monitoring and evaluation systems to ensure that standards are adhered to without compromise.

Furthermore, we are aware that provinces have been hard at work to ensure efficient service delivery in regard to roads, public transport and road safety. The majority of provinces have made major advances in these areas over the past few years. They continue to build and maintain road networks, improve public transport systems and implement sustained and targeted road safety campaigns.

We are, however, also aware that a number of authorities at a provincial and municipal level, continue to experience challenges as a result of insufficient funding, capacity and compromised technical standards in road construction. The Department will continue to intensify its efforts to develop and improve South Africa's transport system to serve as a catalyst for social and economic development.

Accordingly, the spending focus over the next year will be on:

- Maintaining road infrastructure;
- Upgrading rail infrastructure and services; and
- Constructing and operating public transportation infrastructure.

Other allocations for provincial and local government purposes are:

- The Rural Roads Management System Grant, has been allocated R52.2 million;
- The Public Transport Infrastructure, Operations and Networks has been allocated R5.55 billion.

Furthermore, in the spirit of co-operative governance, SANRAL will provide a critical supporting role in the implementation of the maintenance programme.

The following transfers to State Owned Companies and Agencies will be effected:

A total of R21.9 billion will be transferred to state owned companies and agencies which are the delivery agents of the Department;

- The **Passenger Rail Agency of SA** (PRASA) will receive: - R3.678 billion for current operations and R7.481 billion for capital infrastructure;

  Through the rolling stock acquisition programme PRASA aims to restore metrorail services to the highest level, in order to improve safety, efficiency and reliability. Within the period under review, the procurement process for the fleet renewal programme of the Passenger Rail Agency of South Africa (PRASA) was concluded in December 2012. The success of the programme will lead to:

  - A new coach building and locomotive assembly plant being established in the Gauteng province;
  - As a result of this, 8 300 direct jobs will be created; and
  - Another 22 000 jobs will be created through localization

  The accelerated rolling stock programme has been concluded and has resulted in:

  - 579 coaches being delivered in 2012/13 to Metro Rail;
  - 3 Coaches to Shosholoza Meyl and
  - 9 locomotives upgraded at a cost of more than R1.3 billion.

  Furthermore 49 stations were upgraded and improved as part of the National Station Improvement Programme at a cost of R221 million. The total capital spend of R6.2 billion was reached at the end of March 2013.

  The conundrum we face is that, whilst the increase in capital subsidy is in line with the strategy to modernize public transport, the operational subsidy is, however, below the levels required to sustain the envisaged growth strategy. The operational subsidy decreased by 1% in real terms between 2010 and 2012.

  In the medium term, the focus in rail will continue to be on the upgrade and expansion of the priority commuter rail corridors.

- The **South African National Road Agency** (SANRAL) will receive: -, R3.454 billion for current operations and R7.043 for capital infrastructure.

During the 2012/13 financial year, SANRAL awarded 202 contracts for new works, rehabilitation and improvement, periodic and special maintenance, routine road maintenance, community development, supervision and other activities to the value of R11.6 billion with R9.5 billion being spent on non-toll roads.

- The **South African Maritime Authority** (SAMSA)

  The lode star of our campaign to promote the Maritime sector and to encourage its greater industrialization was to declare the year 2013 as Maritime Year. We are working closely with SAMSA and maritime stakeholders to unlock South Africa's maritime potential. This year's major projects will include:
- The finalization of enabling Maritime Transport Policy, the development of a Green Paper on maritime shipping and concluding consultations on the Ballast Water Management Bill;
- The finalization and launch of the Inland Waterways Strategy;
- The finalization and adoption of the Maritime Transport Broad Based Economic Empowerment (BBBEE) implementation plan, and the appointment of its Council;
- Together with the Departments of Higher Education and Training, and Basic Education, we will launch Maritime Education and Training initiatives at no less than ten (10) Further Education and Training (FETs) Colleges countrywide and at least one High School per coastal Province.

SAFETY PROGRAMMES

With regard to the safety progrmmes:

Road traffic interventions for the 2013/14 period will include the following three focus areas:

i. The International Road Assessment Programme, which will assess road safety solutions that relate to the road infrastructure. The aim has been set to pass 4000 km of road in the 2013/14 financial year;

ii. The establishment of a Crash Information Management System, which will provide the public with statistics; and

iii. The establishment of a new qualifications framework for traffic officers.

Other road safety agencies – the Road Traffic Infringement Agency, the Road Accident Fund and the Cross Border Road Transport Agency will implement road safety programmes as set out in their respective Annual Performance Plans.

The Department is working with its agencies, the nine provinces and municipalities to revise the current road safety strategy taking into account our international commitments in terms of the UN Decade of Action 2011-2020 and the National Development Plan.

Significant strides will also be made to ensure safety and security in the other modes of transport, namely: Aviation, Maritime and Rail.

- Furthermore, we signed the Djibouti Code of Conduct, which empowers South Africa to share resources and information with other countries, in the fight against piracy and other crimes at sea.

Other transfer payments will include:

- R167 million to The Road Traffic Management Corporation;
- R48.5 million to The Railway Safety Regulator;
- R25 million to The Road Traffic Infringement Agency ;
- R6.4 million to The South African Maritime Safety Authority ;
- R18.155million to The South African Civil Aviation Authority, and
- R522million to The taxi recapitalisation programme

STRATEGIC PRIORITIES

In line with the perspective of an integrated transport model, the spending focus over the medium term will be on developing and implementing strategies based on a multi-modal national system of transport. Major projects in this regard will include:

i. The establishment of a single transport economic regulator;

ii. Establishment of a macro planning framework;

iii. Implementation of a national corridor framework;

iv. Finalizing the update of the national freight database; and

v. The completion and analysis of the National Household Survey

The following over-arching development principles remain cardinal, in relation to the foregoing, namely:

1. Balancing the development of new infrastructure with the ongoing maintenance of the existing infrastructure;

2. Improving infrastructure links with rural and financial and human resource challenged provinces;

3. Addressing capacity constraints and improving co-ordination and integration; and

4. Scaling up investment in infrastructure

With regard to Strategic Infrastructure Projects the Department continues to play a central role in the following:

- The Durban – Free State-Gauteng logistics and industrial corridor;
- Unlocking the economic potential and opportunities in the North West Province.

  The Department further plays a supportive role in other strategic infrastructure projects.

Furthermore, we will continue to work closely with all Transport Members of Executive Councils (MEC's), Provincial Authorities and Municipalities to ensure that we collectively achieve the target we have set ourselves with regard to road infrastructure development, public transport and road safety.

Chairperson;

In conclusion, I implore Honourable Members to support the Department's budget for the 2013/2014 financial year.

I thank you!