



transport

Department:
Transport
REPUBLIC OF SOUTH AFRICA



**SPEECH BY THE MINISTER OF TRANSPORT MS. BARBARA CREECY
ON THE OCCASION OF THE DEPARTMENT OF TRANSPORT BUDGET
VOTE 15 JULY 2024, CAPE TOWN**

Honourable House Chair

Our Deputy Minister Mr. Mkhuleko Hlengwa

Chairperson of the Portfolio Committee Hon Donald Selamolela

Members of the Committees

Chairpersons and CEOs of the Entities reporting to the DOT

Director-General, Adv. James Mlawu and Senior Managers of the DOT

Honourable Members,

The mission of the Department of Transport is to:

“Lead the development of efficient and integrated transport systems by creating a framework of sustainable policies and regulations; and implementable models to support government strategies for socio-economic development.”

Indeed, today we would all agree that an efficient and functioning transport sector that moves people and goods safely, speedily and affordably across the length and breadth of our country is the key to a successful economy.

In recent times there has been a disconnect between this vision and the realities of our transport system and our national Transport Department. Our sector is not operating as either an effective economic facilitator or as a much-needed social service.

The 2020 National Household Travel Survey found that declining availability of rail services and damage to infrastructure means many households rely on alternative and more expensive methods of transport.

In the aftermath of the Covid 19 Pandemic the freight system was characterised by long delays in the movement of key bulk minerals, containers and vehicles.

Dysfunctional port terminals resulted in long waiting times for ships wishing to berth, as well as congestion at strategic border crossings and key national highway corridors. Our freight rail system was characterised by maintenance backlogs, cable theft, and skills shortages.

Our road systems deteriorated throughout the country and many provinces failed to execute maintenance and new build programmes, resulting in unspent funds being returned to National Treasury.

Every year our country sees in excess of 10 000 fatal crashes, which the Road Traffic Management Corporation (RTMC) estimates amount to almost 3% of our annual Gross Domestic Product.

This is totally unacceptable from both an economic and a humanitarian perspective.

Given the current status of the transport sector, my first task in this 7th Administration is to stabilise the transport system in our country and make our Department fit to fulfil its policy-making and regulatory role.

Against the background of multiple challenges in the freight logistics system and the ports and rail network, bold and decisive action was taken to address the problem and prevent further damage to the economy.

Government in collaboration with business and unions formed the National Logistics Crisis Committee (NLCC) as a co-ordinated integrated response to meet the scale of the crisis.

The NLCC has three distinct objectives: improving operational performance of industry supply chains including freight rail and ports; implementing reforms to modernise the freight transport system for efficiency and competitiveness, and necessary regulatory change or exemptions to enable efficient procurement and adequate funding for network maintenance.

The NLCC oversees the implementation of the Freight Logistics Roadmap.

I would like to extend my gratitude to my predecessor, Minister Sindisiwe Chikunga, as well as Minister Pravin Gordhan, for their instrumental role in the establishment of the NLCC and in encouraging further engagement between the private and public sectors.

I also want to take this opportunity, as incoming Minister, to pledge my strong and unequivocal support for all the important work which lies ahead.

Honourable Members,

PRASA is continuing to reopen passenger rail lines severely affected by infrastructure damage and cable theft, with 28 of 40 priority lines being fully operational. As of March this year, 256 stations are fully functional in cities across the country.

Continuous work is being done to rehabilitate and open up more strategic commuter corridors. This will ensure that the public can rely on safe, secure, punctual, and affordable public rail services that will not hinder their participation in the economy.

A key priority for the next financial year will be the stabilisation and improved governance of the Department and its entities.

With regards to the Department, critical vacancies will be assessed, and appointments made to fill important posts.

The efficacy of the Department's entities in fulfilling their stated mandates will also be assessed, and reforms such as addressing adverse audit findings and the timeous payment of outstanding invoices will be implemented.

Immediate attention will be given to the critical issue of underspending by both Departmental entities and Provincial Departments on finances allocated for road maintenance and road construction.

In a country where citizens must daily navigate the hazards of potholes it is unconscionable that we are returning money to National Treasury!

I want to take this opportunity to congratulate Airports Company South Africa (ACSA) for Cape Town International Airport and OR Tambo International Airport being rated second and sixth respectively in the recent 2024 Airhelp Global Airports Ranking.

In 2023, our Cabinet approved the Rail Policy, which has various far-reaching recommendations on the future of freight rail and urban commuter rail.

This Policy must be implemented with speed so that the country's railway sector can be revitalised. Commuter rail must become the backbone of the transport system. We must harness the potential of our freight rail infrastructure to foster long term, sustainable economic growth.

A planning component will be established to consider the strategic value of branch lines and unlock both state and private investment in lines which have economic potential and logistics capacity.

The planning component will assist in furthering the expansion and regional integration of our rail network, and ensure gradual compliance with standards such as the African Union resolution on standard gauge.

In December 2023 under the auspices of the Freight Logistics Roadmap we approved the development of a framework for private sector participation (PSP). This framework will identify suitable areas for private sector participation in rail and ports, and outlines structural and contractual requirements to enable such participation.

The future PSP unit will be established with the necessary skills and expertise in the design, negotiation and contracting of projects so that innovative practices can assist us to solve current and future logistics challenges.

The Freight Road to Rail Migration Plan (FRRMP) has been developed in cooperation with the Freight Logistics Roadmap, the Transnet Recovery Plan, and the NLCC process. Its key purpose is to migrate rail-friendly cargo back to rail and alleviate the pressure on our roads.

A key piece of legislation that will be implemented during this administration is the Economic Regulation of Transport Act 2024 (Act No.6 of 2024).

Recently signed into law by President Ramaphosa, the Act will establish a single transport economic regulator to help ensure an efficient and cost-effective transport system, by increasing competitiveness and access to transport networks through effective regulation.

As part of ensuring optimisation of our transport system, the Department will prioritise road safety during this term of office, so that our roads are safe for those who use them and foster economic activity.

Our Deputy Minister will address this matter more fully in his speech today.

Honourable Members

Taxis are part of community life, and as per the National Household Travel Survey, now carry eighty three percent of those who use public transport.

During this term I pledge to work with the industry to ensure it takes its place in a safer, greener transport ecosystem. We will work together to decrease levels of conflict and violence which pose a significant risk to the sector and to commuters.

The Taxi Relief Fund, created by the Department to mitigate the negative financial effects of the Covid pandemic on the taxi industry, has been extended in the past year to provide further support to the industry.

The Taxi Recapitalisation strategy continues to deal with the scrapping of unroadworthy vehicles, but also aims to regularise and professionalise the

industry by improving safety and incorporating the industry in transport planning processes.

Honourable members as we stabilise and optimise our existing transport sector, we also look forward to new risks and opportunities.

Climate change, as we have seen over the last couple of years, poses a significant risk to our built infrastructure in general and our transport infrastructure in particular.

Building the climate resilience of our ports, road and rail networks is both a necessity and a new opportunity for investment, growth, economic inclusion and job creation.

Contributing to reducing greenhouse gas emissions in all modes of transport will become a necessity once the new Climate Bill is signed into law. Our transport sector is responsible for approximately one tenth of our country's CO₂ emissions, and we will have to do our bit to achieve the NDP target of net-zero by 2050.

Transport is in the midst of one of the greatest changes since the introduction of the automobile. The transition to new energy vehicles is also accelerating rapidly, with electric vehicles set to be the cars of our now and immediate future.

Sale of new petrol and diesel cars will be banned by 2035 in Europe. New York has also announced that sales of nearly all petrol and diesel-powered cars and trucks in the state will be banned by 2035.

The Department's Green Transport Strategy includes investing in green energy infrastructure; promoting the uptake of alternative fuels such as biogas and green hydrogen, extending the rail network to provide alternative public transport, and developing "green procurement guidelines" which will promote low-carbon technologies.

Implementation of the Green Transport Strategy will be a priority for our Department in this term of government.

In this next decade transport will also be revolutionised by an acceleration of digital technology. New technologies, and new global imperatives will fundamentally alter the skills requirements of those employed in the transport sector as well as open up new value chains for new forms of economic access, ownership and employment.

Such innovations include operational automation and real-time tracking of shipments to assist in port management, digital signalling to modernise the management of our railway systems, the use of artificial intelligence in traffic management, and the introduction of self-driven vehicles and drones for delivery.

I am proud to share with you today that over the last year our entities, as well as our provincial departments and the national department, provided

young people with 221,610 training and development opportunities across the country. We have every intention of continuing these important programmes in the current administration.

Honourable Members as I conclude, I want to thank our Portfolio Committee under the able leadership of Honourable Selamolela for the speedy processing of this budget vote.

I want to thank the Director General and all the officials of the Department of Transport for all the hard work they will be doing over the next five years. To the Chairpersons and CEOs of our entities: we look forward to your contribution to stabilising, optimising and growing an integrated and efficient transport sector. We have no time to lose!

I thank you.