

**Address by Jeff Radebe,
MP,
Minister of Transport delivery the Transport Budget Vote 33,
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Whether I consider the reforms, investment and public participation that has made the New York City mass transit system one of the best in the world; or if I sit in the middle of striking matatus in Nairobi; or as I enjoy the pleasure of a Japanese bullet train that speeds across the distance from Durban to Johannesburg in less than two hours; or even sitting in an aircraft brought to a shuddering halt by a last minute aborted take-off in Addis Ababa, a common transport thread weaves through them all.

The central purpose of transport services, infrastructure planning and operations across all modes is to allow people and goods to interact in the most efficient way in the interests of economic development, recreation and to provide access to social services and activity, and so on.

Honourable Members, how we contribute best to the eradication of poverty in our country is the central element of our transport policy and strategy. We are not alone in Africa in seeking answers to the problem and we know that we have enormous resources to employ. But apartheid's determination to distort development created peculiar circumstances that frequently defy the solutions and experience of other social formations. Often, the search for solutions lends itself to grand theory and the development of plans that bear little relation to the real world.

Jeffrey Sachs defines transportation as a fundamental element for the success of the Millennium Development Goals of the United Nations (UN). (1) He suggests a range of questions to diagnose and help us to overcome poverty. For instance, "What are the transport conditions in the country, on average and by subregion? How much of the population is proximate to seaports and airports, navigable rivers, paved roads, and rail services? What are the costs of transporting freight (such as fertilisers, food crops, machinery, industrial products) within the country and internationally, and how do those costs compare with competitor countries? What is the distribution of population between coastal and interior areas, rural and urban settlements, and densely and sparsely populated areas? How does population density in various parts of the country affect the costs of infrastructure, for example bringing the population into road, rail, power and telecom grids?" (2)

This list is not exhaustive, but questions like these help us to interrogate our mandate as a transport community, how we determine priorities, how we target and define investment resources, and how, lastly, we monitor and assess the implementation of policies and programmes.

These are the issues I wish to concentrate on today. Incidentally, may I refer members to the additional material the department has prepared where you will find additional information on specific issues as they arise?

Honourable members will recall that last year I stressed the need for innovative thinking and bold planning that would invigorate a new approach to understanding transport's role in our country. My theme this year is entrenching innovation to secure cost-efficient, poverty-breaking integration across the transport system as a whole.

Over the past year we have met some of our targets; have seen delays in others; and quite frankly have not achieved a few of the targets we set ourselves.

Let me start with the Road Accident Fund (RAF). Cabinet will shortly consider a range of proposals regarding the RAF and an announcement will follow soon. In the interim, I have accepted a recommendation from the Board to terminate the CEO's contract with immediate effect. The conclusion of Parliament's lengthy deliberations on the amendments to the RAF Act will also create an improved system.

For its part, the Road Traffic Management Corporation (RTMC) has had some teething problems, but it is now moving in earnest, as I am sure the briefing to the portfolio committee earlier this week revealed.

Reprioritising budgets to meet new challenges and tasks is a tough process, given the long lead times in the budgetary process. Still, we have already made some important changes towards the new dynamic in transport. This year's budget sees significant boosts for the public transport sector and greater attention to aspects of the freight corridor programme such as rail issues. Roads' construction is establishing a stronger foothold in the budget, while road management and safety, economic regulation, entity and agency oversight, compliance with international conventions in the aviation and maritime environments, and so on, have all been confirmed in this year's budget.

Let me note in passing that Parliament has already examined the budgets and strategic plans of the 12 agencies and entities reporting to the Department of Transport (DoT) so I will not go into details. I should however remind all CEOs and Chairs of Boards that the Public Finance Management Act (PFMA) and their parliamentary responsibilities compel them to present Annual Reports and audited statements to Parliament by 30 September each year. I have no desire to report to Parliament again this year why some entities have not reported on time. I am displeased that three entities still have not submitted reports for 2003. I have, therefore, instructed the Department to incorporate appropriate sanctions in the new shareholder agreements currently under consideration.

Honourable members, we have begun to develop a master plan for transport that integrates policies and activities across sectors and between spheres of government, as well as addressing the country's role in the region and internationally as well. A *lekgotla* comprising the Ministry and department, MECs and provinces, representatives of metros and local authorities, agencies and regulatory authorities, and other officials, has developed a programme of action to achieve a range of objectives in key strategic transport areas.

These strategic areas do not stand in silos and neglect in one or other area can actually have a serious negative impact on our country as a whole. The areas in question are public transport, freight logistics, rural development and integration, the maritime sector, civil aviation, and African and international relations. An overarching strategic area is security and safety in the transport sector. I will deal with each *seriatim*.

A sustainable public transport system, responsive to the demands of users, should be based on increased investment in public transport infrastructure, renewal of the fleet, efficient operations, improved access to affordable services by poor households, reduced travel times and costs, and better integration of the various transport modes as well as managing the use of private vehicles better.

Two major projects stand out, namely passenger rail consolidation and the taxi recap. These stand alongside an extensive review of the subsidy system, and of course route planning and development.

As far as passenger rail consolidation is concerned, we are at an advanced, critical stage of its two-phased implementation, having completed the due-diligence on Metrorail, Shosholaza Meyl and the South African Rail Commuter Corporation (SARCC). (3) Potential risks have been identified, but risk mitigation strategies are in place to carry the consolidation process forward.
(4)

We have appointed the current acting CEO of Metrorail, Ms Laurette Modipane, to act as CEO of a Transitional Executive Team to look after a new entity when Metrorail and the SARCC consolidate. The SARCC and Transnet Boards must formalise the transfer of Metrorail as a going concern from Transnet into the SARCC soon, so that Metrorail can merge with the SARCC by 1 June. The Transitional Executive Team has urgent and critical tasks to fulfil. These include halting the continuing deterioration of the commuter rail service and putting together a stabilisation strategy. They will also need to accelerate the implementation of the rolling stock refurbishment programme, improve service levels on priority corridors in the Western Cape, Wits and Tshwane; reduce fare evasion and improve the levels of safety and security on the commuter rail service within the next twelve months. (5)

Close consultation and co-operation between commuters, the rail entity and other public transport bodies including taxi and bus organisations will have to be the order of the day as we expect the refurbishment programme to place the current service under some strain. We expect the major improvements to occur during the course of the next three years, by which time there can be no excuse for poor services.

The next step will be to bring Shosholozza Meyl into the new entity, with a new Business Plan that addresses the investment requirements for passenger rail generally.

We hope that the consolidation will be accomplished by the end of March 2006, and legislation to provide the legal basis for the single entity should be introduced in the second half of this year.

But we must stress that although rail cannot solve all our public transport problems, it can go a long way to relieving high-pressure routes swiftly, safely and efficiently. Government's investment in rail should focus on areas of highest demand because all studies show that the strength of rail is most evident on high density corridors. (6) Thus, some areas will be better served by rail than others, and these will be determined on a case-by-case basis.

The taxi recapitalisation project is a reality of our public transport environment. Of course, the proof of the pudding is in the eating.

The Safety Requirements for the new taxi vehicles are complete and will be published as Regulations next month. The provinces are converting current permits into operating licences. Taxi permit holders must convert their permits by the end of August 2005, or risk forfeiting them.

Only legal operators will be allowed to benefit from the scrapping process. No mercy will be shown to anyone who tries to score a quick buck through fraudulent or corrupt means. The pace of the scrapping process also depends largely on the availability of all types of new vehicles.

Cabinet will finalise the rollout plan by the end of June 2005, and more specific details are best left till then. But let me confirm that the scrapping of the current ageing vehicles will commence this financial year. The taxi recapitalisation is primarily about the removal of the ageing and unreliable taxi fleet and their replacement with new taxi vehicles. One group are those vehicles whose owners intend to exit the taxi industry immediately. In exchange for the R50 000 scrapping allowance, we will require them to hand in their vehicles and permits and/or operating licences. The others we need to get off the roads quickly are the death-traps, the worst wrecks on the road. This will hopefully improve safety quite soon. We envisage a period of grace for voluntary surrender of these wrecks, but failure to do so within the time stipulated will lead to these vehicles being impounded. No scrapping allowance will be paid for vehicles impounded in this way.

We would encourage all manufacturers not to try to flood the market in the immediate future with vehicles that don't meet the basic safety standards, because we aim to limit the

period in which non-compliant vehicles regardless of their formal roadworthy status are on the road with public transport licences.

I must thank both the taxi industry and the banking sector for the co-operation and assistance they have given to develop a practical plan.

Honourable members, freight logistics (7) in South Africa reveals an unacceptable bias towards road over rail. We need a balance between road and rail defined in terms of appropriate cargo by type, distance, and location. This over-burden on the road system (8) has been exacerbated by systematic under-investment in the rail system over 30 years or more, and rail has lost significant cargo market share and has died as a viable means of transport in many areas. Airfreight is grossly under-utilised, and our seaports suffer from unique logistics challenges, including under-utilisation of facilities across different modes.

The strategic challenges facing us in the freight area are the protection of the road system, environment concerns, improvement of the whole rail system in terms of infrastructure and operations, and the optimisation of each mode (air, rail, road and sea) through integration. Critically, we need to target our investment resources much more appropriately than we do at present. (9)

As we address these freight system challenges we must not restrict our attention only to the major, export oriented routes between Gauteng and the coast, but must include some branch line networks as these form major corridors in provinces and regions in their own right. (10) We must avoid planning expensive new facilities to the exclusion of operational investment, or relying on new assets that would take traffic away from existing facilities and leave stranded assets, while we are not even utilising the existing facilities to their full potential. Our freight logistics plans and investment, as a country, must not drive revenue and economic development potential away from already economically depressed areas of the country.

Partly to meet these challenges, the Department has developed a rail and port optimisation strategy and action plan that would take advantage of current infrastructure and rolling stock potential, would be cross-cutting in its benefits, and have an almost immediate impact, and also be sustainable in the long term.

A team drawn from the automotive Industry logistics managers, Spoornet and others has identified the East London – Gauteng corridor. (11) The Business Plan should be complete by September 2005, and then we will roll out a pilot project that if successful, could develop into a permanent service. The objective is to increase profitability, reduce unit costs at East London's port facilities, markedly reduce the logistics costs and time between East London and Pretoria, and remove some of the congestion on the Durban – Gauteng Corridor. On top of that, the increased traffic and cost reductions could boost the manufacturing sector and promote economic growth in East London as a whole.

We are also looking to extend this type of thinking to other sectors and areas of the country as well.

All of these "big bang" and the smaller, more nuanced projects, are in the National Freight Logistics Strategy that is about to go to Cabinet, so watch this space.

The DoT and Spoornet are the main facilitators behind the rejuvenation of the branch line network, with the possibility of transferring responsibility for branch lines to the DoT. The Kei Rail project is the flagship project here, and the lessons of that project are rubbing off with proposals for Nkwaleni in KwaZulu-Natal and the Douglas-Belmont line in Northern Cape (12). An innovative element of these two projects is the interest of the Department of Environment Affairs and Tourism, through an appreciation that rail can reduce pollution and emissions in significant ways. (13)

Which brings us to the critical area of rural integration and development from a transport perspective, because as the African Development Bank has highlighted, there is a "strong link between poverty and remoteness". (14)

Anyone with knowledge of the remote corners of our country knows very well that the cost of living is significantly higher than closer to towns and cities. The returns on any products sent from the rural areas in an attempt to mitigate the high cost of living are likewise gobbled up by the vexatious conspiracy of distance and non-distance related costs. A glance at the map shows that those remote areas singled out as Presidential development nodes because of their abject poverty are for the most part lacking in any formal roads, bridges, rail and certainly air transport. (15) The immense human cost of little or no access to social services, of exposure to violence and crime, including violence against children and women is increased. Economic opportunities are equally remote, and basic utilities such as lights and water are rare indeed. Transport costs into these areas are prohibitive, and it is the rural people who take the pain. This cannot be allowed to continue unchallenged, or dealt with in an uncoordinated way.

We hope to present the Rural Transport Strategy Framework for comment and implementation next month. Inter alia, it emphasises a multi-faceted transport development programme that integrates appropriate infrastructure projects such as the Kei Rail, the rural access roads projects carried out by South African National Roads Agency Limited (SANRAL) and the Extended Public Works Programme (EPWP), (16) as well as the non-motorised transport initiatives like the donkey carts of the Northern Cape, or the Shova Kalula bicycle programme. These programmes aim to make rural areas more accessible, and to promote interaction, mobility and access within these areas. (17)

Honourable members, South Africa needs to re-establish itself as seafaring nation. Only one Safety of Life at Sea (SOLAS) Convention vessel remains on our register compared to 52 in the 1970s, but even this single vessel is no longer beneficially-owned by a South African company. The South African Ships Registration Advisory Group will identify, assess and address the host of technical and financial shortcomings of the existing Ships Register. Initiatives include the introduction of a tonnage tax, which aims to create an attractive fiscal environment by taxing shipping companies at fixed rates according to the size of their ships rather than according to the company's financial results. Other areas in need of urgent attention are the Ship Registration Act, the Merchant Shipping Act, mortgage-ranking claims and, of great importance, labour issues. These changes need to be considered as a package rather than as elements that can stand on their own. (18)

The International Ship and Ports Security Code has been operative for nearly one year. We are developing a Maritime Security Act to simplify the current system and address some shortcomings that have emerged over the year. Our search and rescue capabilities need to be enhanced too, given our vast responsibilities. (19)

Let us pause briefly to convey our heartfelt condolences to the families of the crew of the ill-fated vessel Lindsay. We shall do what we can to help bring closure to the families of those lost. Our thoughts, too, with the two survivors for their ordeal, and the loss they too must feel at this time. Our appreciation to everyone involved in the search and rescue operation that followed. In the meantime let us put speculation aside until the thorough investigation that is taking place is complete.

African Union Ministers responsible for air transport have just met in Sun City and reached agreement to accelerate the implementation of the Yamassoukro Declaration. We have also agreed a common position on a range of matters relating to security, safety and environment. This is a major step forward in making African skies safer, aviation more secure and opening up great opportunities for the expansion and extension of air services generally. South Africa stands 100% behind all these initiatives.20

The National Aviation Security Committee is looking at a range of proposals to enhance security and safety at our airports in particular and I will take these to Cabinet shortly. While I

am satisfied that in general the situation at our airports is in good shape according to international standards, a number of incidental shortcomings, management problems and infrastructure issues have been identified and will be addressed to further strengthen the system. We are also looking to update and improve our airspace management system countrywide.

I am concerned however with the complaints from the general aviation community about tariffs, regulations and quality of service provision from the Airport Company of South Africa (ACSA), the Civil Aviation Authority (CAA) and Air Traffic and Navigation Services Company (ATNS). I have instructed the Department to examine these problems carefully and to report back to me because general aviation is a major source of revenue for the tourist trade, for business activity and charters, and as a training pool for future pilots, engineers, navigators and ground support staff that we cannot afford to lose.

The Department, agencies and regulatory authorities need extraordinary skills and energy to fulfil their joint mandate, tasks and responsibilities. (21) An urgent task is the need to develop our own internal capacity in the department so that we earn the respect and appreciation of those we monitor, regulate and exercise oversight. Officials of the department also serve as our ambassadors to the International Maritime Organisation (IMO) in London and International Civil Aviation Organisation (ICAO) in Montreal where they work extremely hard protecting our interests and supporting African initiatives in the global maritime and civil aviation communities. But we also need to deepen our representation in the African Union, ICAO and the IMO as well.

Allow me a very brief comment on the preparations for the FIFA 2010 World Cup from the transport side. We have identified a number of generic issues related to transport in general, issues related to potential host cities as well as candidate projects and opportunities for each of the potential host cities and towns. I would prefer not to go into specifics until such time as the host cities have been announced. But let me indicate that there are at least three elements to the planning. The first relates to inter-government cooperation; and the second devolves upon the national department because of the peculiar roles of the CAA, ACSA, ATNS, the (consolidated) SARCC, the Cross-Border Road Transport Agency (CBRTA), SAMSA, the Rail Safety Regulator and the Search and Rescue structures, RAF. The third relates to how we ensure that 2010 acts as a catalyst for our general transport strategy, integrating public transport initiatives such as the taxi recap, the subsidy reform, routing and schedules on road, rail and even the air; the rail revitalisation programmes in metro areas in particular; non-motorised initiatives in urban areas; urban settlement planning; road traffic management and control; and so on. We are definitely on track and will be able to swing into action as soon as the host cities are identified. LADUMA!

Honourable members, the officials, staff, management and Boards provide a sterling service to the people of South Africa and beyond. They deserve our gratitude and appreciation and my personal thanks for their dedication and hard work. In particular, I wish to thank Wrenelle Stander for her sturdy contribution to the transport community as Director-General during a very difficult time of instability and transition. ATNS can only grow stronger under her leadership.

This is Mpumi Mpofo's first budget vote as Director-General of Transport, and I wish to welcome her on board. Her depth of experience as an activist and senior government official is a major asset to the Department and the transport sector generally!

Honourable members, we have just celebrated ten years of democracy. As we look ahead, we have just ten years to reach the Millennium Development Goals. Now, if we think that the last ten years have flown by, or have been extremely challenging, let us not even think of being complacent as we begin the journey towards 2015!

I thank you for your patience and look forward to the rest of the debate.

- 1 Sachs, JD The End of Poverty: economic possibilities for our time [New York: Penguin, 2005]
- 2 ibid., p 86
- 3 Slides 3 - 4
- 4 Slides 5 - 6
- 5 Slide 7
- 6 for the example of Khayalithsa, see Slides 8 - 14
- 7 slide 15
- 8 Slide 16
- 9 Slides 17 - 29
- 10 Slides 17 -18
- 11 refer Slide 24
- 12 Slides 30 - 35
- 13 Slide 35
- 14 Guest, R The Shackled Continent: Africa's past, present and future [London: MacMillan, 2004], pp 172-180.
- 15 Slide 36 - 37
- 16 for example of Nquthu [KZN] see Slides 38 - 48
- 17 slides 49 - 51
- 18 Slides 52 - 53
- 19 Slide 54
- 20 Slides 55 - 56
- 21 Info on BEE Charter requirements, for example, see Slides 57 - 63

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