**Address by Honourable Lisa Mangcu MP (ANC) during the Debate on Transport Budget Vote No. 40**

Introduction

This budget vote occurs under very difficult circumstances as all modes of transport have been and continue to be negatively affected by the COVID 19 pandemic and the unintended consequences of the imposition of the Disaster Management Act.

With the gradual easing of restrictions the Transport Sector has begun to make a slow recovery despite certain destruction of infrastructure especially rail infrastructure. Of concern is that these acts occurred during broad daylight and we are not aware of any arrests or if there were arrests convictions.

House Chairperson

The Portfolio Committee on Transport considered the 2021/22 budget of the Department of Transport . The Committee was briefed on the 2021/22 Revised Strategic Plan, Annual Performance Plan (APP) and Budget Allocations of the Department of Transport.

The Committee further engaged with ten of the Department’s entities on their Strategic Plans and APPs for 2021/22. Although the Committee could not engage with all of the Department’s entities however the committee received the Strategic Plans and APPs from all of the entities.

We commend the Minister and team Transport for this achievement as this has been an area of concern for the committee

The report before this house details an overview of the performance of the Department during 2020/21, policy priorities for 2021/22 and and how they are aligned with national, regional, continental and global developmental agendas. It also analyses the 2021/22 budgets of the Department and its entities. The report further covers the tabled 2021/22 Strategic/Corporate Plans and APPs of the entities.

The Committee met with 10 of the 13 entities (following entities);

1. Airports Company South Africa (ACSA);
2. Cross-Border Road Transport Agency (C-BRTA);
3. Driving Licence Card Account (DLCA);
4. Passenger Rail Agency of South Africa (PRASA);
5. Road Accident Fund (RAF);
6. Road Traffic Infringement Agency (RTIA);
7. Road Traffic Management Corporation (RTMC);
8. Railway Safety Regulator (RSR);
9. South African Maritime Safety Authority (SAMSA); and
10. South African National Roads Agency Limited (SANRAL).

The entities the committee could not meet due to time constraints were:

1. Air Traffic and Navigation Services (ATNS);
2. Ports Regulator of South Africa (PRSA); and
3. South African Civil Aviation Authority (SACAA).

**organisational structure of the department**

The committee has noted that in an endeavour to discharge its mandate effectively and efficiently, the Department is structured as follows:

* Programme 1: Administration;
* Programme 2: Integrated Transport Planning;
* Programme 3: Rail Transport;
* Programme 4: Road Transport;
* Programme 5: Civil Aviation Transport;
* Programme 6: Maritime Transport; and
* Programme 7: Public Transport.

**Strategic Outcomes Oriented Goals Of The Department**

The committee also received report and noted that the Department has identified eight (8) areas that it has prioritised in 2021/22, in response to the MTSF (2019 – 2024):

1. Safety as an enabler of service delivery;
2. Public transport that enables social emancipation and an economy that works;
3. Infrastructure build that stimulates economic growth and job creation;
4. Building a maritime nation, elevating the oceans economy;
5. Accelerating transformation towards greater economic participation;
6. Innovation that advances efficiencies and supports a continuous improvement model;
7. Environmental protection – Recovering and maintaining a healthy natural environment; and
8. Governance – Greater efficiency, effectiveness and accountability.

One of the stubborn remnants of Apartheid was separate development policy which is still evident in the apartheid spatial planning which is still evident.

We are therefore encouraged by the Department giving impetus to **priority 4** (spatial integration, human settlements and local government) of Government’s 2019-2024 MTSF.

There is much work to be done and much still to be achieved to ensure that the transport sector positively contributes to the Economic Reconstruction and Recovery Plan. Over the recent past the infrastructure has in a number of sectors deteriorated in terms of road and rail. The current economic plan is also based on infrastructure development and this provides opportunities for the next level of development of the transport sector.

**Economic Contribution**

The transport sector contributes some 6.5 percent to GDP which is significant as it is an underperforming sector. With improved transport infrastructure the contribution of the transport sector can contribute significantly more to the GDP. The transport sector serves all major areas of the economy which makes its indirect contribution to GDP much higher than its direct contribution.

Transport infrastructure development must positively contribute to industrialisation and job creation as part of the Economic Reconstruction and Recovery Plan. The efficiency of our economy is dependent on the efficient functioning of the transport sector. Therefore transport infrastructure development is key and the departmental programmes and its entities need to deliver this result.

**The Department Budget and Programmes**

Expenditure is expected to increase at an average annual rate of 8.1 per cent, from R57.3 billion in 2020/21 to R72.5 billion in 2022/24. Although the substantial share of the department’s expenditure is directed towards rail infrastructure, maintenance, operations and inventories, the balance of the budget is reserved for the South African National Roads Agency for the upgrading and maintenance of the national road network; and provinces and municipalities for the construction, operations and maintenance of transport infrastructure and services.

Over the MTEF period, transfers account for an estimated 97per cent (R205.2 billion) of the department’s budget.

An amount of R2.55 billion for 2021/22, R1.97 billion for 2022/23 and R2.20 billion for 2023/24 has been reduced from the departmental vote. These amounts comprise budget baseline reductions mainly to be effected on capital transfers to the Passenger Rail Agency of South Africa, operational transfers to public entities, and public transport network grant to municipalities, compensation of employees as well as goods and services.

To remain within government’s ceiling for compensation of employees, spending on this item decreases at an average annual rate of 0.3 per cent, from R536.8 million in 2020/21 to R531.5 million in 2023/24.

( The core focus for the department over the MTEF period with regard to roads is the R573 (Moloto Road) development corridor, which is allocated R2.7 billion Transfers to fund reduced tariffs for the Gauteng freeway improvement project amounting to R1.99 billion over the MTEF period, while R34.8 billion of the allocations to the agency are to maintain the national network of non-toll roads.)

Minister the committee despite numerous promises from the Department remains grossly concerned that a decision on the future of GFIP commonly known as e tolls remains as elusive as a year ago

Transfers to PRASA in the Rail Transport programme account for an estimated 27.2 per cent (R56.98 billion) of the department’s budget over the medium term. However, the agency has struggled for many years to deliver on its modernisation programme, which is meant to improve the reliability of services and increase passenger ridership through focused spending on repairs and maintenance as part of the agency’s rolling stock fleet renewal programme, as well as improved security.

The committee has noted and welcomes the recent appointment of a new board for PRASA and a GCEO. We look forward to improvements at that agency which we will monitor with hawks eyes.

Efficient public transport networks are important to keep economic hubs functioning optimally. Accordingly, through the Public Transport programme, the department makes allocations to the public transport network grant. These allocations are expected to increase at an average annual rate of 15.7 per cent, from R4.4 billion in 2020/21 to R6.8 billion in 2023/24.

The grant fund infrastructure and indirect costs of operating bus rapid transit services in Johannesburg, Tshwane, Cape Town, George, Nelson Mandela Bay and Ekurhuleni. In these cities, funding from the grant is expected to lead to a combined increase in the number of weekday passenger trips on bus rapid transit services from 154 799 in 2020/21 to 323 323 in 2023/24.

The department needs to ensure that it fills posts with competent people who have the skill, capacity and capability to deliver on the functions of the department and its programmes. The number of vacant posts is far too high which carries a risk for the department that it may underperform on its plans and programmes and not be able to deliver on its targets.

A large part of the underspending by the department occurred to the fact that the sector was not optimally functioning as a result of Disaster Management Regulations.

During the committees interaction with SAMSA and RTIA , we were appalled at the level of unpreparedness for the engagement. Acting officials in these entities seemed to have no clue to say the list. In the case of RTIA it is at a time when we were informed there is a newly appointed board. We are concerened if these people are the right people to steer the country towards implementation of AARTO.

We were informed that the RTIA APP is not the final one and an amended one is under way and it will affect the budget before this house.

We call on the Minister to put these two in particular under a magnifying glass as governance is suspect.

Coordination between the regulatory entities with service delivery entities is critical.

**COMMITTEE OBSERVATIONS**

Members made the following observations during discussions:

**6.1 Department of Transport**

6.1.1 The APP of the Department showed an improved alignment with safety and security as well as measurable goals. There was a good alignment in the sub-programmes with content and service delivery needs. The Department’s APP does still need to show how actual implementation can be improved on.

6.1.2 The Department should have expanded on how it would address incidents of corruption and eliminate irregular and wasteful expenditure.

6.1.3 The Department was moving in the right direction to improve internal control measures.

6.1.4 An increase in the budget for the maintenance of rural roads was needed to further enhance economic recovery.

6.1.5 The Committee welcomes the indicators introduced in the plans of the Department, as well as the entities to address:

6.1.5.1 Tracking and improved responses to Parliament and Committee resolutions, requests and additional reporting requests, as contained in the various Committee Reports, Member’s Questions as well as in-meeting requests;

6.1.5.2 The Gender Based Violence prevention targets, with specific reference to addressing this within the public transport sector.

6.1.6 The Committee noted the improved alignment between the Department and entity performance targets and also welcomed the filling of the majority of the vacancies in boards of entities. The appointment of the GCEO of PRASA is a step in the right direction. It was noted that some CEO appointments had not yet been finalised, but that the processes were underway. The Committee urges the Minister to closely monitor these processes and to finalise the appointments urgently (such as the SAMSA and RSR CEO appointments that have been long outstanding).

6.1.7 The Committee was of the view that there can still be improvements made on the transformation targets for the entities in order to deliver true transformation in the various industries.

6.1.8 The Committee noted the targets set by the Department and its entities to reduce fraud and corruption, fruitless and wasteful expenditure, as well as irregular expenditure. However, the Committee was of the view that the target should be a 100% reduction or eradication of these instances.

6.1.9 The Committee noted that the Department was working towards restructuring the RTIA, RTMC and the DLCA. This may assist in reducing duplication of road safety projects, as well as eliminate system failures of the eNaTIS that affect the work of these entities.

**Public Transport**

Public transport is important for the working class and poor communities both rail and road.

Passenger Rail is an important mode of transport for the working class and poor who due to apartheid spatial planning reside far from workplaces. It is cheaper, mass mover , safer and more efficient if properly run.

Currently, in many areas major railway lines are not functional due to rail track and or cable theft. There has even been infrastructure destruction even of railway stations.

It is imperative that the current plans and programme for transport infrastructure development are implemented as part of the Economic Reconstruction and Recovery Plan and that an efficient transport sector is created for both freight and people. Challenges present opportunities and it is to that arena that we seek to travel.

APPRECIATION

THE COMMITTEE WISHES TO EXPRESS IS HEARTFELT APPRECIATION TO THE EXCELLENT PCO SUPPORT, TO THE MINISTER AND DEPUTY MINISTER AND AGENCY BOARDS FOR THE COOPERATION AND SUPPORT, LASTLY TO THE COLLEAGUES IN THE COMMITTEE ACROSS POLITICAL LINES