



GAUTENG PROVINCE

ROADS AND TRANSPORT
REPUBLIC OF SOUTH AFRICA

VOTE 9 - DEPARTMENT OF ROADS AND TRANSPORT

BUDGET SPEECH DELIVERED IN THE GAUTENG PROVINCIAL LEGISLATURE, 22 JULY 2014

Madam Speaker

Honourable Premier and Members of the House

Ladies and Gentlemen

I am humbled by my re-appointment as the MEC for Roads and Transport. I express my sincere appreciation to both the Premier and the ANC for the confidence placed in me and I pledge to discharge the responsibilities associated with my office with humility, diligence, efficiency and integrity.

It is my pleasure to table the 2014/2015 Budget of the Department of Roads and Transport to the House. The Department has been allocated slightly over R6.15 billion for its programmes. Broadly speaking, this can be broken down as follows: Administration (R289 million); Transport Infrastructure (R2 billion); Transport Operations (R2.1 billion); Transport Regulation (R318 million) and Gautrain (R1.3 billion).

Madam Speaker

I will provide an overview of the strategic approach adopted by the Department in response to the Premier's call for the "modernisation of public transport infrastructure".

Last week, the Statistician-General and the Minister of Transport released the 2013 National Household Travel Survey (NHTS). The aim of the survey is to gain insight into the travel patterns of our people and to equip transport authorities to plan more effectively for the future. It covers land transport travel such as public and private transport, including non-motorised transport.

The Survey findings are of importance, particularly for us in Gauteng. Allow me to cite a few of the findings:

- Of the 42 million people who took trips all across the country, more than one in four people lived in Gauteng. This means that more than 25 percent of all travel in the country on any single day takes place in our province.
- Of the 3.7 million taxi trips that were made on a daily basis to work, 1.4 million (almost 40 percent) of all these trips is taken in Gauteng.
- One in ten commuters believes that taxis are too expensive in Gauteng.
- 52 percent of households that used train services said that they were not satisfied with the distance between the train station and their home and the quality of services.

The Survey highlights our people's desire for a reliable, affordable, safe and accessible public transport system. This new administration cannot turn a blind eye to the feelings of our people. If we truly profess to be a responsive and caring government, then the ANC government must address these heartfelt needs of our people. Hence, the Premier is spot-on in identifying the modernisation of public transport as one of the ten core pillars of his administration.

For us to realize the goal set out by the Premier, we will have to do three things. Firstly, we have to draw the central linkages between transport infrastructure; re-industrialization of our economy; local beneficiation and procurement of South African manufactured goods, and the creation of jobs.

Secondly, as the Gauteng economy produces 34 percent of the country's Gross Domestic Product, this province will continue to be the place where more people would want to live

and make a living. That means that the patterns of in-migration to Gauteng and the consequent increase in population identified in the 25-Year Integrated Transport Master Plan will become a reality. This reality demands that we plan consciously for such a future and better utilize the limited land space that we possess.

Thirdly, from a transport perspective we will have to plan for a larger formal workforce, which would mean a greater number of home-to-work trips during peak hours. Certainly, this will put our road and public transport network under further pressure, which means that we must expand our public transport system and radically change the travel patterns of our people through a modal shift from private vehicle usage to public transport.

In order to better meet the projected challenges and to plan differently for our province, it is anticipated that over time, the Gauteng Transport Commission, operating on the principles of consultation, co-ordination and co-operative governance with municipal authorities, will play a critical role.

The ANC government has developed a set of concrete interventions aimed at transforming public transport into an integrated, reliable, accessible, safe and affordable system. In the next few years, the full development of an integrated bus rapid transit system across the three metropolitan municipalities in Gauteng will become evident. The progress made in respect of *Rea Vaya* in Johannesburg has already changed our people's perceptions of public transport. Phases 1 A and B now transport over 70 000 passengers on a daily basis and construction work on the next phase between Johannesburg and Sandton/Alexandra Township has already begun. The first phase of Tshwane's *A re Yeng* BRT system will be launched later this year. Work on a similar system in Ekurhuleni has begun and we are looking into the possibility of extending the bus rapid transit system to the West Rand.

The successful completion and full operation of Gautrain bears testimony to the capacity of the ANC government to deliver on large-scale, public transport projects. The Gauteng Management Agency is currently examining the feasibility of expanding the rail system in seven phases to other parts of the province. We will report progress on this matter in the course of 2015. In the short-term, we will be expanding the Gautrain platform at the OR Tambo International Airport and increasing parking capacity at the Pretoria and Centurion

Stations. The extended operational times for the Sandton-Airport link will be implemented in the next month. I wish to take this opportunity of applauding Member Phillip van Staden (FF+) for coming to this Legislature everyday using the Gautrain and its feeder bus system; he leads by example in promoting the use of public transport.

We are pleased that the Minister of Transport recently launched PRASA's Fleet Renewal Programme. PRASA is to acquire 3 600 new rail coaches over a ten year period costing R51 billion. A new factory and industrial park will be developed in Dunnottar (Nigel) where the trains would be built. It is planned that the first train will be tested in November 2015. This Metrorail revitalization programme will create over 8 000 direct jobs at the Dunottar plant and an additional 33 000 jobs will be created in the wider transport sector. This bold programme will help to revitalise our ailing rail engineering industry, transfer technology to South Africa and create economic opportunities for thousands of women, youth and other black-owned enterprises through firm localisation targets. On its part, the Department has entered into a partnership with PRASA to build intermodal transport facilities at key stations along the PRASA rail modernization corridor running from Mamelodi to Naledi in Soweto.

What these developments show is that the dream of making rail the backbone of our future transport system is gradually, but systematically becoming a reality. Rolling out public transport infrastructure is not an event; it is a process that takes time. What is important though is that the process has started and is on track. Cumulatively, these interventions support the re-industrialisation of the provincial economy through strategic infrastructure development. We are confident that the rollout of public transport infrastructure will revitalise and modernise old transport industries through the local manufacturing or assembling of busses and trains.

The Department has the responsibility to co-ordinate the development of the 25-Year Aerotropolis Master Plan and a 5-Year Implementation Plan. The aim of developing an airport city is to enable the Ekurhuleni Metropolitan Municipality to unlock the economic potential of the region and to transform the urban form towards greater efficiency and sustainability. An aerotropolis is a city built around an airport with a focus on industrial and

commercial land-use to offer its businesses speedy connectivity to their suppliers, customers and enterprise partners nationally and globally.

The 5-Year Implementation Plan has been completed and is in the process of approval by the Ekurhuleni Municipality. Within the next two months the plan will be discussed with all interested parties in the province. The success of this project depends largely on whether the private sector buys into its economic viability and potential for enterprise growth and development. On its part, the government has demonstrated its commitment to this project and has the political will to provide the enabling environment for its success.

Madam Speaker

The ANC government welcomes the positive reactions in this House and by organs of civil society to the Premier's establishment of a panel to assess the socio-economic impact of the e-tolls on the people and economy of Gauteng, and to propose solutions in this regard. However, I must respond to the unwarranted attacks on the Premier and the unconstructive responses from DA MPs Mmusi Maimane and Mannie de Freitas, who have likened the Panel as a charade and a political gimmick.

Their views are contrary to what the Leader of the Opposition, the Honourable Moodey said in this House, when he stated in the State of the Province Debate, "Sir.... I know you are honest about trying to address the issue because you are on record prior to taking public office ... (of) being a little bit sceptical about the process." In a media statement to the *Boksburg Advertiser*, the Honourable Gersbach stated, "Not one person in this House can dispute that there was a need to upgrade our existing road infrastructure and there still is a need for further upgrades. We will be making our submission when the Panel is established." Honourable Gersbach, may I ask: Why would you want to make a submission to an initiative likened by your party bosses as a charade and gimmick?

What is more interesting is that the Honourable Gersbach went on to spell out the DA's position on tolling saying: "Tolling on commuter routes and urban roads should be avoided except in exceptional cases where roads are essentially scenic routes where the geology makes it very costly to operate." He then says, "The privatization of roads capacity and infrastructure should be avoided unless it is for new or additional roads...When tolling is

considered for new roads, it should only be implemented following appropriate consultation with the affected stakeholders and careful analysis of its economic impact.”

Honourable Members, what this means is that in principle, the DA is not opposed to tolling. It should be for new roads, additional roads and scenic routes without electronic tolling. There you have it: The DA supports tolling! And this policy position is being advocated without a referendum and with no Private Member’s Bill.

Finally, on this matter it must be understood that, unlike the DA, there is agreement between the Premier and the Minister of Transport on the terms of reference of the Panel. There is also coherence between the national and provincial governments on the Minister’s recent announcements during her Budget Speech. For the benefit of the House, I wish to quote what was stated by the Minister in the National Assembly:

We continue to conduct reviews of the progress being made and the challenges experienced since the introduction of GFIP and electronic tolling in Gauteng. Through these regular reviews, we have been able to introduce certain relief measures to lessen the burden on users. These would include exemptions for public transport, medical services and people living with disabilities.

She further said that in response to the call by the President earlier this year to address electronic payment billing challenges in Gauteng and (to) make it easier for people to comply, the Minister announced a further “reprieve for affected motorists” in the following categories:

- The further extension of the payment to avoid the VPC process that would negatively affect vehicle owners.
- Users will have an extended payment period of 51 days from the day they pass through the gantry. They will also receive the time-of-day discount.
- A non-registered user will receive a 60% off the alternative tariff if they pay within 51 days.

For registered users, we will introduce the following reprieves:

- 48% e-tag holder discount;
- Time of day discounts;
- Frequent user discounts; and
- the R450 calendar month cap for class A2/light vehicles.

The Minister also clarified the government's policy on the "user pays principle" as follows:

As outlined in the NDP, the user pay principle remains the policy of this government, and no review of neither the policy nor the legislation governing urban tolling or any other tolling has been undertaken by this government. We urge the users of the tolled Gauteng Road Network to continue contributing towards the building of a better South Africa with the necessary world-class infrastructure to move our country forward. To them we say: we are grateful for your cooperation and we encourage those who are still not registered for electronic payment to do so.

Finally, the Panel will shortly announce its work programme and consultative processes which will allow the public and interested stakeholders to make an input on the e-toll system.

Madam Speaker

The Department will continue with its road maintenance and construction programmes along major arterial routes such as the P249, R55 and R82. Road rehabilitation will also take place along the P88/1; the P3/6 between the Gauteng/North West border; the D1726 (Tarlton Road) and Cedar Road. I am pleased to inform the House that the Phase 1 of the upgrading of William Nicol Drive is scheduled to be completed by November this year. This will be a triple carriageway with fully developed pedestrian and cycle lanes and enhanced road safety measures.

The Department, in partnership with the CSIR, has successfully tested the use of Roller Compacted Concrete (RCC), a South African-based alternative to bitumen for the

construction of roads and pedestrian pathways. The positive testing was done with a Heavy Vehicle Simulator (HVS), which is a high-tech field lab for the simulation of damage caused by heavy vehicles. The RCC stands out as a durable, economical, low maintenance alternative to bitumen and is likely to be used on an on-going basis on our road construction projects in future. I also wish to point out that the Department owns a Heavy Vehicle Simulator and others developed in South Africa were exported in the past to the United States, Sweden, China, India, Costa Rica, Indonesia, Saudi Arabia and Mexico.

Reducing our carbon footprint, particularly emanating from the transport sector, is a commitment that we need to make. Based on this premise, the Department is in the process of finalising a “Sustainable (Green) Transport Policy”, which would be completed by the end of the financial year. Along with municipalities, the Department will strongly promote a non-motorised transport programme and actively support cycling for sporting, recreational and short-distance transport purposes. I am particularly pleased that during the Jozi Freedom Ride held over the weekend, the City of Johannesburg launched its green-coloured cycle lanes in Braamfontein as well as the construction of a dedicated pedestrian and cycle lane from the University of Johannesburg, Auckland Park right through to Wits University. I can assure the House we will see more of this non-motorised infrastructure development in the coming period.

The Department, together with the National Department of Transport, has initiated preliminary processes to review the existing bus contracts, particularly along the Moloto route. I have written to the Mayors of the metropolitan and district municipalities asking them whether or not they would like to take over the function of administering the bus subsidies in terms of the National Land Transport Act. The Mayors of metropolitan municipalities have indicated that they would like to take over the function with the proviso that a due diligence report be provided to determine the financial and other implications of such a transition. There is a need to finalise this matter as soon as possible as the existing model is not sustainable and the quality of services rendered to commuters is generally less than desirable. In the short term, greater attention will be given to monitoring the implementation of existing contracts.

Madam Speaker

Although the recent killings and violence within the taxi industry are of concern to the government, such homicides as serious as they are, should not lead us to generalization that the entire industry is ridden with a culture of violence. The industry has made huge strides over the years to move away from this culture of violence, which is based on the thinking to kill the competition rather than to compete for one's market share. As much as we would like to see one unified organization and leadership for the minibus taxi industry, the reality is that we have two formations in the form of SANTACO and the National Taxi Alliance. The Department would like to see the gap between the two structures narrow for the greater good of their membership and industry as a whole.

Going forward we would like to support initiatives aimed at organizing taxi operators into business entities with which the government can contract. The ITMP25 sketches the way forward for the industry as follows:

Where currently the deployment of the Integrated Rapid Public Transport Networks of BRT systems offer taxi operators or operator grouping the only opportunity to get involved on a larger scale with the provision of subsidized public transport services, the participation in other layers of contracted services within an integrated network may offer new opportunities. This implies that taxi operators will have to organize themselves into business operating entities or companies, with which the transport authority can contract subsidized services... The advantages that this will offer are as follows:

- Taxi operators gaining access to operational subsidies;
- Improvement of the feasibility and sustainability of operators and their operations;
- Further incentives for the taxi industry to commercialize; and
- Assistance to the industry to advance to 'bigger businesses'.

Last, but not least, the short-term bottlenecks in the administrative and other procedures regulating the industry needs to be addressed through demonstrable commitment at all levels of government. Further consideration should be given to providing access to minibus taxis to exclusive right-of-way during the peak periods. We want to develop a stronger working partnership with the taxi leadership and industry. Failure in this regard is not an option. We will have to succeed if the goals of a modernized public transport system are to be realized and achieved.

Madam Speaker

As I conclude, may I briefly discuss g-Fleet. Its budget is based on cash accounting principles, which is in line with its objective of remaining self-sustainable. The entity has budgeted conservatively at R840 million to ensure it remains financially healthy. I am pleased that the senior management posts in the entity have been filled and that there is a degree of continuity and stability in its top management. One of its insistent challenges, however, is to ensure that government departments and entities pay within 30 days of invoice. The Department will be taking a tougher stance on this matter.

Lastly, the Department will be hosting the 3rd Congress and Exhibition of the African Association of Public Transport (UATP), which will take place from the 13-16 October 2014 at the Birchwood Conference Centre in Boksburg. The event will stimulate ideas and networking among transport experts and planners on the continent and promote stronger linkages across transport systems in African cities.

I would like to thank the Head of the Department, Mr Ronald Swartz; the CEO of g-FleeT, Mr Chikane Chikane; the CEO of GMA, Mr Jack Van der Merwe; the senior management and the rest of the Departmental team for their support to deliver on our commitments and mandate. The Department and my office look forward to working closely on a non-partisan basis with Committee members and with all stakeholders in the transport sector. We will have an open door policy as we strive to be responsive to the needs of all our people in this province.

Ismail Vadi