

## SPEECH

### **Speech in Gauteng Provincial Legislature on the 2015/16 Annual Report**

**30 November 2016**

Madam Speaker

We welcome this debate on the (2015/16) Annual Report of the Department of Roads and Transport, gFleet and the Gautrain Management Agency as it presents us with an opportunity to reflect on the performance of the Department and its entities, as well as to take advice from Members. A debate that is engaging is precisely the one we should be having at a time when both the local and global economy is struggling to achieve growth.

As South Africans, we have a shared destiny. Let us draw inspiration from an African proverb, which states, "If you want to go quickly, go alone. If you want to go far, go together." And there is a Tanzanian proverb which says, "Two ants do not fail to pull one grasshopper." Whatever we do, we must work together to achieve our shared goals in the Gauteng city-region.

Transport has a critical mobility role in society. It helps to move our economy to a higher growth path. In the Medium Term Budget Policy Statements delivered by both Finance Minister Pravin Gordhan and MEC Creecy, the crucial role of our infrastructure expenditure to stimulate and grow the economy was highlighted. The Department, therefore, remains focussed on achieving "an integrated and efficient transport system in Gauteng that promotes sustainable economic growth, skills development and job creation, fosters quality of life, socially includes all communities and preserves the environment".

Urbanisation and urban densification help to provide a transport solution as it reduces the home to work trips over long distances. All sectors of our economy and our people at large benefit when there is an integrated approach to spatial and transport planning. Essentially, what we're talking about is creating smart cities in the Gauteng city-region that are supported by good public transport systems. Simultaneously, we have to keep our feet firmly on the ground to meet the commitments made in our Annual Performance Plan.

We are pleased to report that Gautrain received a clean audit, and both the Department and g-Fleet achieved unqualified audit opinions from the Auditor-General. We are encouraged by the progress made in getting the financial statements of gFleeT on the proper footing. Our challenge now is to sustain the progress made at the entity and to ensure that the Department gains a clean audit.

The Department in its pursuit to support vendors and suppliers reached a 99 percent payment level within 30 days. In saying so, gFleet still has to put in place systems to deliver on such a commitment. Also, we are assured by the public's growing confidence in the provincial government's open tender system. The Department reaffirms that all its projects above R50 million are being awarded on the open tender system.

## **RAIL SYSTEMS**

Let me get to the heart of our public transport. Rail is the core of our public transport system because it is a mass mover of commuters with a dedicated right of way. It lends itself to transit-oriented development in terms of residential, commercial and industrial densification and urbanisation. The efficiency of the rail transport system is pivotal for a functioning Gauteng city-region.

The initiative to procure 12 new train sets for the Gautrain system is aimed at meeting rising passenger demand. A competitive procurement process is being followed, where seven potential bidders drew the Request-for-Qualification documents to supply the new trains. From these bids, three pre-qualified bidders, namely, Bombardier Transport (Pty) Ltd; CRRC E-LoCo Supply (Pty) Ltd, and Egoli Rail Consortium, have been selected to participate in the next stage of the process. The Request-for-Proposal documents have been issued to these three bidders and their final bids should be submitted by May 2017. The GMA intends awarding the contract to the successful consortium in November 2017.

The GMA has developed a business case within the existing funding for Gautrain and has partnered with the DBSA to arrange the financing for the 48 new coaches. The capital expenditure of approximately R4.3 billion for additional rolling stock and supporting infrastructure is expected to sustain about 10 000 jobs in Gauteng. The total government revenue is expected to increase by an estimated R542 million in nominal terms between 2019 and 2023.

A few days ago, we announced that the Gautrain Management Agency and the Bombela Concession Company (Pty) Ltd have agreed to a comprehensive settlement of all disputes relating to the construction of the Gautrain system. Due to the time and extent of

the costs involved in legal proceedings, as well as the uncertain outcomes of these protracted processes, the parties have agreed to this comprehensive settlement of the disputes. In one way, this represents an amicable, all-inclusive out of court settlement of prolonged contractual disputes.

The settlement brings to an end protracted, costly and multiple legal and arbitration processes relating to the Sandton Station cavern; the John Vorster and Jean Avenues cantilever bridges in Centurion; the water ingress in the tunnel between Park and Rosebank Stations; and the Delay and Disruption claim. In terms of the agreement, the Gauteng Provincial Government will pay Bombela an amount of R980 million, and a further payment over two years of a capped amount of R274 million. This is in full and final settlement of all construction-related disputes between the GMA and BCC.

The Feasibility Study Report into the expansion of the Gauteng rapid rail network is complete, and its release shortly will provide greater certainty about the future growth of the rail network in our province. Finally, the national Department of Transport's Green Paper on National Rail Policy states: *"Where appropriate and in line with the objectives of the National Rail Policy, National Government may assign current obligations in respect of future regional or interprovincial rail service delivery to Provincial Government."* The finalisation of the new national policy will undoubtedly open the way for an integrated rail system coming into existence in our province.

## **SUBSIDISED BUS CONTRACTS**

Gauteng commuters continue to benefit from the 34 subsidised bus contracts. What concerns us though is that there is an increase in the number of complaints from commuters of the quality of services being rendered by some bus operators. Breakdowns, busses arriving late or not at all and the poor mechanical conditions of busses is becoming more common, and is a matter of grave concern to the Department. Subsidised bus services are at the heart of commuters' livelihoods. If such services fail to turn up on a given working day, commuters suffer the risks of being dismissed from their jobs and face consequences from employers. Bus operators must be held accountable when poor services are rendered to our people. At the same time it must be noted that the Department has begun with the preparations for placing the contracts on tender in terms of applicable law.

## **TAXI INDUSTRY**

The minibus taxi summit has created an enabling environment for greater co-operation between government and the taxi industry. Since the Taxi Summit in July this year, two Taxi Licensing Outreach Programmes were initiated by the Department between July and September 2016, which saw 5028 minibus taxi operators being assisted with their Operating License applications, SARS registration and “concurrencies” with municipalities supporting specific applications. The Joint Taxi Working Group has met subsequently to review the draft resolutions. The Department has appointed the CSIR to map all taxi routes in the province. This exercise will produce a geo-coded, electronic database of all minibus taxi routes in Gauteng that will assist in resolving route disputes between taxi associations and operators. What still remains to be done is for us to conclude our discussions with the taxi industry on a well-considered economic development strategy.

## **TRANSPORT PLANNING**

I was encouraged by the multi-party support for the idea of a Gauteng Transport Authority when I made a presentation to the Portfolio Committee on Transport in parliament. Consensus on this matter is critical for successful and effective transport governance in our province, particularly in a multi-party political landscape where co-operation and collaboration is important for transport planning. The establishment of a Gauteng Transport Authority is a far sighted initiative that in the coming years will transform the way in which public transport is planned, co-ordinated and rendered to residents.

Moving from a cash payment system on our public transport modes to an electronic payment ticketing system is amongst the first steps which would ultimately lead to an Integrated Fare Management System for commuters. Planning for an e-ticket, which includes minibus taxis though a private sector initiative, is gaining steady momentum. What is significant about the Integrated Fare Management System, when it is ultimately in place, is that it would be an invaluable tool for data gathering on commuter travel patterns and transport planning.

## **AEROTROPOLIS**

Gauteng’s Eastern Development Corridor, whose nerve centre is OR Tambo International Airport as its focal transport hub, would remain a catalyst for future economic and transport growth. PRASA’s Metrorail manufacturing plant in Nigel will boost this corridor for growth and development. Its impact will have huge multipliers for the wider growth and development of the region.

Already the Aerotropolis precinct has seen a greater location of freight related businesses closer to the ORTIA transport hub, and there will be greater impact in the area as new housing and roads impact on its expansion and development. Our plan to build a new highway, the PWV15, would give further impetus to the development of the Aerotropolis and the Eastern Corridor. The PWV15 is a 35 km long North-South freeway, forming part of the Gauteng strategic road network. It is situated a short distance east of the ORTIA and will provide an eastern bypass to the airport precinct. The PWV15 will provide linkages to the Anderbolt, Dunswart, Wadeville and Boksburg East Industrial areas, leading up to the N3 at the Tambo Springs Freight Hub.

## **CONCLUSION**

Let me conclude with an African proverb: “Cross the river in a crowd and the crocodile won’t eat you.” We have a common destiny. The Gauteng Provincial Government and all the municipalities in the province must work together to build the transport system of the future. Let’s work together to carve a future for ourselves, our children and grandchildren that is prosperous, inclusive, and equitable.

I would like to extend my heartfelt thanks to the Head of Department, Mr Ronald Swartz, the CEO of the GMA, Mr Jack van der Merwe, the Acting CEO of g-FleeT, Ms Noxolo Maninjwa, and the rest of the management and staff of the Department and our Entities for their hard work and dedication. My special thanks and appreciation to Chairperson Jacob Khawe and members of the Portfolio Committee and to the various transport stakeholders who have worked with us in improving transport in our province.

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