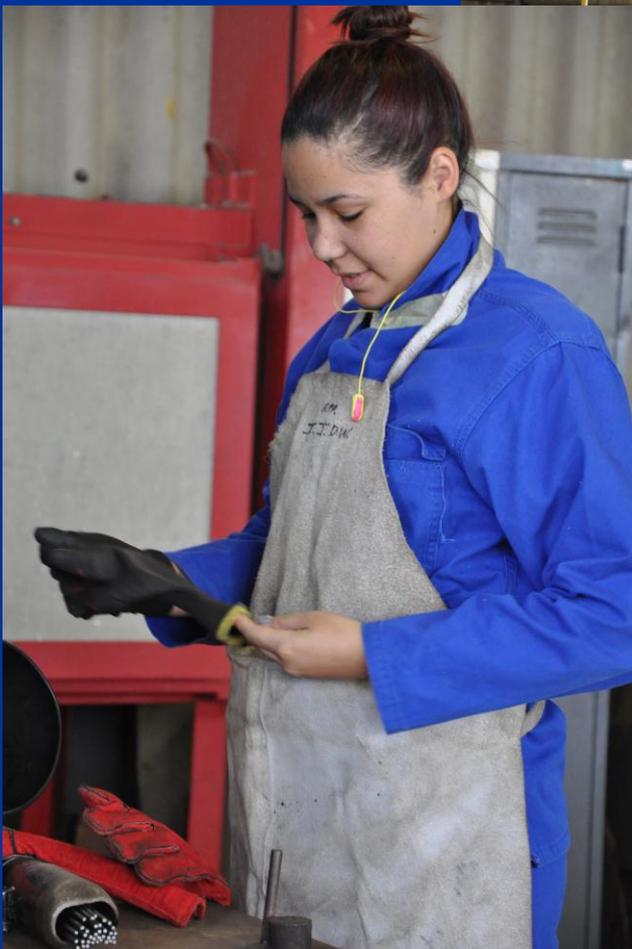




**Western Cape  
Government**

Transport and Public Works

# BUDGET SPEECH 2014



**Apprentice Welder**



**Diesel Mechanics**

**MINISTER ROBIN CARLISLE**

19<sup>TH</sup> MARCH 2014

# Budget Acceptance Speech

## Vote 10 – Transport and Public Works

### Minister Robin Carlisle

Mr Speaker, I rise today in support of the Department of Transport and Public Works budget 2014/15 in the amount of R5,630,479,000 rising to R6,787,611,000 and R6,933,475,000 in the outer years of the MTEF.

This is a most challenging budget, and it will draw the best out of my department. I would like to thank the Cabinet, and particularly the Head of Treasury, Dr Stegmann, for the confidence they have shown in us. We will not let them down.

The **vision** which informs this budget is that of creating an open opportunity society for all so that people can live lives they value.

The **departmental mission** is to make the budget an instrument to develop and maintain appropriate infrastructure which will grow people; grow jobs and grow the economy.

The provision and maintenance of infrastructure is the core responsibility of the department.

#### **THUS THE BUDGET:**

It is worth unpacking the numbers that tell the story – and it's a very good story.

The first budget under my watch totaled just under R4 billion. The budget we consider today is 42% higher than that, and will grow by a further 30% in the two outer years.

This does not include Educational and Health infrastructural spend, for which my Department is responsible, and amounts to a further R1, 7 billion this year, and R5, 3 billion over the MTEF.

Educational spend in particular has shown explosive growth. In the last 4 years of the ANC administration, spend amounted to R630 million. In the first 4 years of the DA administration, spending exceeded R2, 405 billion, a four-fold increase.

By the end of the MTEF, this administration would have invested R6 billion in new and replacement schools.

These phenomenal increases have been achieved with less than 1% growth in personnel, en niemand sal my kwalik neem nie as ek hulde aan Liam Thiel en Winton Gibbs en hul personeel bring vir hierdie uitstekende prestasies oor die laaste vier jaar.

Under my watch, salary, as a percentage of total spend, has remained under 10%. This is unmatched anywhere, and every Rand of salary generates R10 of service delivery.

By the end of the MTEF, this DA administration would have spent R44 billion on goods, maintenance and infrastructural investment. There is no entity - public or private - in the built environment sector that can match these figures.

These are the hard numbers that speak to the exceptional success of this department

This success has been recognized by a series of awards, including:

- Department of Public Service and Administration's Batho Pele Bronze award for the Best Functioning Component – Provincial Regulatory Entity (PRE) – Vangate – under the leadership of Mark Skriker.
- Department of Transport and Public Works performance management (MPATs) rated in the top 6 nationally by the Department of Performance Monitoring and Evaluation.
- Most productive public entity awarded by Productivity SA to the PRE for backlog elimination.
- Second best Annual Report in SA in 2011/12 awarded by South African Institute of Government Auditor's.
- The Provincial Star Enterprise Content Management Trophy awarded to CFO Cedric Ismay for implementation of the Supplier Invoice Tracking System.
- The Construction World's Best Project for 2011 awarded to Len Fourie and the Roads team;
- Most outstanding Civil Engineering Project Achievements for 2011/2012 awarded by SAICE to Len Fourie and the Roads team.
- An unqualified audit with no findings for year 2012/13 presented to the MEC, the HOD and the CFO by The Auditor General of SA.

The management and staff have made this the premier department in the Western Cape administration, if not in the country as a whole.

In my first budget speech in 2010, after reviewing the calamitous state of affairs in Transport and Public Works, I advised this legislature that,

*“The department has therefore committed to accept great and difficult challenges which, if met, will transform the City and the Province.*

*I am satisfied that I have the staff who will not only take up these challenges, but will rejoice in them.”*

*For myself, I am in my last five years of service to my country and to Africa which has given me life; home and so much delight and wonder.*

*In my long stewardship I have always been impelled by the words of **Emerson**:*

*‘In the Will work, and thou shalt chain the wheel of Chance.*

*So has it always been. So it will be here.”*

So it has indeed been here. The staff of this department have triumphed over every obstacle and met every challenge. They have made right that which once seemed irreparable.

In this, my last budget speech, I need to tell my staff how very proud I am of them, and how proud they should be of themselves. They are indeed the **A-team** that I always wanted them to be, and I leave the Ministry in the knowledge that together we did all that was expected of us, and a great deal more.

We have saved more lives; built more schools and health facilities; trained more young people; created more jobs; provided more owned accommodation in five years than was done in the previous fifteen.

I now move to the highlights of the budget.

## **1. OFFICE OF THE MINISTRY:**

Head of Ministry Sanele Nyoka, Media Liaison Officer Siphesihle Dube and the inimitable Blesse Smit run a tight operation. During good times and bad they have been my companions, advisors and critics. Together with Zulfah Mohamed, Zubeida Sadan, Nosiselo Ndabangaye and Auntie Yvonne Swartz, we have run the most inexpensive and the most representative ministry in South Africa.

My protectors, ‘Captain’ Errol Jobs and Alfonso Ambrose, are very special friends and I will not forget their kindness and help during the difficulties and sadness of this last year.

## **2. DEPARTMENTAL ADMINISTRATION:**

## **2.1 Leadership**

The new Head of Department, Ms. Jacqueline Gooch, has moved easily and efficiently into the leadership of Transport and Public Works (TPW), and will take the Department to new and different heights.

Chief Financial Officer, Cedric Ismay, has undoubtedly provided the platform from which TPW was able to achieve such success. He continues to refine the administration, and will accelerate it to a level 4 as the micro structures are populated during this budget year.

Supply Chain management is now of a very high order and Advocate Chantal Smith has become the reference figure in her field.

## **2.2 Strategy**

A consistent strategic focus is essential for achieving optimum service delivery. The formulation and integration of strategic goals laid down in 2009 is now reaching the end of its planning period, and we are already underway with the next 5 year cycle.

The Provincial Land Transport Framework (PLTF), a high level transport policy and implementation plan, was further reviewed in 2012/3.

## **2.3 Training**

From the outset, training has been a major imperative. Today TPW is active at all the levels of graduate; technical and artisan training.

### **2.3.1 Graduate and Technical Training**

Masakh' Isizwe is now the finest Built environment bursary scheme in the country.

Our students outperform the university average in every way. They have fewer failures, graduate sooner and with better results than their peers.

Masakh' Isizwe is much more than a bursary scheme; It is a joint venture between the Department, the private sector and the three universities, which ensures that our bursars are prepared in every way for the leadership, skill and responsibilities that lie ahead of them. There were 63 graduates last year, and a total of 224 bursars awarded this year

I would like to express my warmest thanks to my colleagues on the Board of Masakh' Isizwe, and to our partners for their support in this most eminent of our undertakings.

### **2.3.2 Artisan training**

In 2009, I requested that apprentice training be revived at the Bellville Workshop. Since the first new intakes of 2010, the four year programme has trained 27 apprentices in the trades of Diesel Mechanics, Fitting and Turning, Plumbing and Welding. In the past 4 years, we have lost only one apprentice. Our first two diesel mechanics, Ashwald Joseph and Anrich Waterboer, have now qualified, and others will qualify this year.

Allow me to introduce some artisans and apprentices joining us this evening: They are; Aubrey Ruiters, Chad Schroeder, Frans van der Merwe, and our very first female apprentice, Ms Kay van Oord. They are accompanied today by their very capable training officer, Mr Ivan Louw, under whose leadership, the programme will continue to grow from strength to strength.

Thus there will be no crisis of technical leadership in this province.

As our road-makers fade away, there will be a new generation of representative South Africans to take their place.

### **3. PUBLIC WORKS AND PROPERTY:**

We come now to the first of our two giant departments, and it's very special leader, Gary Fisher.

Regrettably, Gary Fisher will leave us in April this year, after a distinguished and defining three years as Head of Public Works.

He has transformed this Branch in every sense, and brought great knowledge, wisdom, value and professionalism to all its undertakings.

I have talked earlier of the vast scale of educational and health construction.

Some other highlights from this programme during 2014/5 include:

- Spending will more than double between 2010 and 2016;
- Educational spend will also double to R820M, and in 2014/5 we will complete 23 schools; commence with 11 replacement schools and deliver 52 Grade R classrooms;
- The rehabilitation and modernization of the Provincial precinct headquarters will be completed ;
- Expressions of interest will be requested for the following significant sites: the Helen Bowden nurses home/Somerset precinct ; the former Tafelberg School/Main Road Sea Point; the soils laboratory site/Albert Street Prestwich Precinct; and the Top Yard/GMT Precinct off

Buitenkant Street. Members will understand that these requests commence the process of taking the sites to market;

- The construction of a new 22 000 square meter building for the Western Cape Department of Education in the Provincial precinct on Leeuwen and Loop Streets;
- Relocation of the Government Garage to new consolidated premises already acquired in Rusper Street, Maitland;
- Completion of the Khayelitsha Shared Services Centre;
- The rapid disposal of surplus land, including vacant and vandalized buildings, mainly for the purpose of human settlements.
- The modernization of provincial accommodation at a cost of R900 million which will double space productivity, reduce carbon footprint and cut energy and communication costs.
- The medium term development of Founders Garden; Artscape and the Cape Town International Convention Centre extension to bring about a sea facing precinct where people will gather for the arts and commerce;
- The long term development of the Two Rivers Urban Park, the biggest undertaking in Cape Town's history, characterized by sustainability; live, work & play; plus mixed income use;

Policy intentions are, *inter alia*, to reduce costs; create new funding streams; replace rented with owned accommodation; and to densify the inner city with populations more representative of our wider urban demographics.

Total public works spend over the MTEF will be R5, 358 billion, with a further R5, 407 billion in Educational and Health infrastructure.

I am also pleased to report that all land claims affecting provincial property have now been settled. These include; the Flandorp family's Milnerton claim, the Solomons family's Sillery claim, and most recently, the Kherekar family's Constantia claim that was officially transferred to the National Department of Rural Development and Land Reform. I am very pleased to welcome Mr Rashaad Solomons and Mr Gammat Kherekar who are joining us today; both representing their respective families. It is our privilege to restore to them what was so wrongly taken by unjust laws. Settling these claims is a testament to this government's commitment to fulfill our redress and reconciliation mandates, together with that of service delivery, to the people of this Province.

In recognizing the excellence and energy that Gary and his team have brought to Public Works and Property Management, I shall not forget those early days when Joey Pillay; Francois Joubert and Shane Hindley ushered me into this complex and controversial field. I express my gratitude to Professor Mark Swilling; Charles Arton; William Dachs, David Jack and many others who give of their experience to assist us.

#### **4. TRANSPORT INFRASTRUCTURE (ROADS)**

Total Budget R2.440.686.000:

Over 87% of surfaced roads are now in a “fair” to “very good” condition and the goal of reducing the maintenance backlog by 16% has been achieved.

90% of all kilometers travelled are on such roads.

The same is not true of gravel roads where only 35% are rated fair to very good. As the backlog on surfaced roads is reeled in, so will the maintenance of gravel roads be increased, and the more important ones surfaced.

The current budget will see the commencement of the rehabilitation of the last of the problematic surfaced roads, including the R399 Piketberg to Veldrif, to be followed in the outer years by Piketberg to Porterville.

Some highlights of the budget include:

- Construction of the Gouda weighbridge at a cost of R94 million to prevent trucks using the R44 and the R46 to escape being weighed;
- Completion of the Hemel-en-Aarde surfacing at a cost of R190 million;
- Completion of Gansbaai to Elim surfacing at a cost of R295 million
- Rehabilitation of Nuwekloof to Wolsely and Worcester to Bainskloof at a total cost of R501 million.
- R311 million will be spent on improving roads in the Stellenbosch catchment areas, including Baden Powell, Annandale and Winery Roads. These improvements will include the elimination of 11 level crossings.

#### **4.1 Road development generating economic growth**

Roads department will spend some R710 million on roads with the specific intention of generating significant economic growth. The Saldanha, Vredenburg and Langebaan area will see continued spending on roads infrastructure in support of the evolving Saldanha Industrial Development Zone (IDZ), including a direct road to the back of port.

The Borchards Quarry intersection on the N2 will be aligned with Eisleben Road to give access to the important economic potential of the Phillippi/Samora Machel area, and link with projects already underway there.

It is estimated that 23 000 decent jobs could be generated in this area of high current unemployment.

An additional lane in each direction will be added to the N1 at the Durban Road intersection to offset very high levels of congestion.

R8, 197 billion is allocated to road construction and maintenance over the MTEF.

The Western Cape is fortunate to have, in Len Fourie and his “padmakers”, a highly professional roads team, and the best provincial roads in South Africa.

#### **4.2 Chapman’s Peak PPP.**

Finally, members will be aware that the control tower building on the Chapman’s Peak toll road has been completed and is in fully operational. I am pleased to say that no one has died of starvation or any other cause as a result thereof.

### **5. TRANSPORT OPERATIONS:**

#### **5.1 NLTA Migration**

The largest component of this budget is in respect of the Public Transport Operations Grant which subsidises the contract bus service.

In terms of the National Land Transport Act (NLTA), transport operations in the Metro region are the responsibility of the City of Cape Town. Accordingly, it is envisaged that the subsidization of public transport operators (PTOG) and the management of public transport contracts within the Metro region (MRE – Municipal Regulating Entity) will migrate to the city during 2014/15.

As required by the PLTF, this migration will be subject to various memoranda of understanding between the City, Golden Arrow Bus Services; the Province and the representative body of the taxi associations.

The first of these is quite far advanced, but the complexity of the migration cannot be underestimated.

Public transport in the Metro region is generally in poor shape, with demand far outstripping supply, and high levels of dissatisfaction expressed by the commuting public.

Metrorail is central to the problem, and the entire system requires urgent overhaul and recapitalization. Existing investment intentions are inadequate and the planned improvements will come too late to meet the expanding needs. Metrorail has less than half the train sets it needs, and the railroad itself is completely run down, with potentially disastrous consequences.

There is no possibility that road based operations could replace commuter rail, and they, in any event, are themselves failing to cope, including MyCiti.

The City is thus faced with stern challenges.

Freight rail has shown some marginal improvement but remains a major barrier to economic growth in the Province.

## 5.2 Go George

The George Integrated Public Transport Network (GIPTN) is a precedent setting model for the provision of public transport services in South Africa, in that it is:

- An affordable emerging city model that fully supports NLTA aims
- A replicable approach for non-metros and rural areas

The GIPTN is the first city outside of “big 12” to be allocated National grant funding for the implementation of an IPTN system, and has been adopted as a pilot for IPTNs outside the large cities.

As a result of the large number of commuters who walk, George has one of highest pedestrian fatality rates in South Africa.

Significant milestones have been achieved ‘en route’ to implementing the GIPTN. These include:

- A compensation agreement which paved the way for industry players to be compensated for relinquishing their operating licenses, signed on 26 June 2013;
- The Operator Contract, as a negotiated contract between Government and industry, was signed on 31 October 2013;
- The vehicle tender process was undertaken by the George municipality, which saw a preferred bidder emerge,
- The inaugural AGM of the vehicle operating company took place in January 2014, with an 80% turnout of shareholders. Five Board members representing the industry were elected. This was the ultimate confirmation of the successful transformation of public transport services in George.

While final details in relation to the contract are still being negotiated, the roll out of the service is still expected within the first half of 2014, subject to the approval by the National Department of Transport of the vehicle procurement process.

Over the last three years the Department has allocated R47 million as a direct transfer to the George municipality to support the GIPTN, and is earmarking an additional R105 million over the MTEF as a transfer to cover any operational and capital shortfalls.

As indicated above, national funding was first received in 2013/14 as a direct transfer to the George Municipality in the form of the Public Transport Infrastructure Grant of R303 million and a further R204 million as the Public Transport Network Operating Grant. This is expected to continue beyond the MTEF.

Congratulations to Darryl Jacobs and Deidre Ribbonaar who have led this project in the face of considerable challenges.

## 6. SAFELY HOME:

Whilst the target of halving the death rate by December 2014 will not be met, the reduction of 28% in provincial road fatalities within 5 years is a remarkable achievement, and one not equaled elsewhere in the world.

Close to 2000 lives have been saved, and road safety enjoys a high profile.

The campaign has five legs:

- Anti-drunk driving : via frequent road block and other testing;
- Safe public transport :via constant checking and fatigue management;
- Safe speeds mainly: via “Average Speed over Distance” monitoring system, now covering most of the NI, the R61 and the R27. This system will be extended to the N2 and the N7 during the budget period at a cost of R7, 227 million
- Safe passengers: mainly via “buckle up – it takes a second to save a life” advertising campaign backed by law enforcement;
- Safe pedestrians via the “hazloc” ( Hazardous locations) campaigns targeting pedestrian “black spots’.

There are, however, three major challenges to be met if more lives are to be saved;

Firstly, the criminal justice system fails to apprehend most offenders; does not bring to trial many of those who it does apprehend; and sentences very lightly when the residue are convicted. Under my watch, only one person has been jailed for culpable homicide, and the perpetrators of most of the major crashes have not yet even been tried.

Secondly, the effective withdrawal of the Breathalyzer and the “Name and Shame” campaign by the national government has effectively given drunken drivers a green light to continue the carnage on the roads.

Finally, most powers of provincial transport ministers were removed and given to the Road Traffic Management Corporation (RTMC), which has been severely dysfunctional for many years.

Safely Home will be comprehensively re-strategised during the year under review.

The Province has passed a law to give greater protection to cyclists and will shortly table draft legislation to give law enforcers greater powers to impound, to appoint traffic marshals and to deal more effectively with moving offenses.

Safely Home has many heroes, notably Hector Elliott, and has been enthusiastically led by Yasir Ahmed and Kevin October.

## **7. TRANSPORT REGULATION:**

### **7.1 Migration of Provincial Traffic**

In two weeks' time, the Provincial Traffic Management Chief Directorate will transfer from the Department of Community Safety to the Department of Transport and Public Works, thus bringing together Transport Regulation and Enforcement in their proper relationship.

I extend a very warm welcome to the fine men and women who are the protectors of our provincial roads, I have seen them at work in the worst of conditions and in the most harrowing situations. They will meet the challenge.

The highly efficient regulation services of the department will now be complemented by a law enforcement component. This will greatly enhance the integration of all those operations which seek to achieve an ordered road environment.

### **7.2 Motor Vehicle Licences**

Motor Vehicle Licence Fees (MVLFF) will be increased by an average 3.4% this year. This is well below inflation, and will position the province competitively against other provinces. Licence revenue will contribute R1, 036 billion to departmental receipts.

Michael Gallant sets extremely high standards, and his department has coped well in all regards, not least with a huge increase in abnormal road traffic.

## **8. PROVINCIAL REGULATORY ENTITY:**

This has not been an easy time for the taxi industry, particularly given a violent power struggle in one of the mother bodies. Never-the-less, the Provincial Regulation Entity has kept operating licenses in the city constant at about 7200, thus greatly increasing average taxi revenue. Taxi industry compliance continues to improve. Regulating the taxi and public transport environment requires skilled, steady and strong leadership, which is well provided at the PRE by Mark Skriker, who was there for me when I most needed him.

## **9. PROVINCIAL MOTOR TRANSPORT TRADING ENTITY:**

This significant and complex operation keeps the provincial administration seamlessly on the move. Whilst it has a budget of R737 million, the entity is not a cost centre in that it recovers all expenditure. The average age of the 4500 vehicles is 6 years, and R217 million will be spent on new vehicles during the budget period.

Johan Koegelenberg has served this administration for 40 years, and runs a very tight ship.

## **10. COMMUNITY BASED PROGRAMMES:**

During the budget period, this branch will ensure that Province will create 94425 EPWP job opportunities.

This does not include some 30,000 decent jobs created through, or sustained by our infrastructure investment.

In all cases we ensure that these jobs are fairly allocated and that they have a meaningful training component. This branch regularly meets its targets in respect of EPWP, as well as the empowerment of women and youth in construction.

Thanks to Richard Petersen and his team, we are the only Province where all municipalities are co-ordinated on EPWP and related matters.

## **11. BETTER TOGETHER:**

We are currently completing and will, over the MTEF, commence projects to the total value of R15, 807 billion, which does not include work undertaken on behalf of Education and Health.

This could not have happened without partnership at every level.

I would like to thank the Premier and my colleagues for 5 years of true collegiality. It has been a privilege to serve with you.

To our private sector partners, and those in Masakh' Isizwe; the Cape Town Partnership, CTICC, the universities, the road safety NGO's, the City of Cape Town and other municipalities; together, we have created something of value.

In Member Von Brandis, I have been blessed with a hardworking, knowledgeable, no-nonsense Chair and Standing Committee.

To Margaret, to Erin, and to Frith in London, thank you for your enduring support over five very difficult years. You cannot know what it means to me to be finally coming home.

Finally to my staff, the hard work and the hard hours, at night, over weekends, through crises and disasters - it has all paid off.

You have chained the wheel of chance and you have fixed the unfixable.

That is why you are the **A-Team**.

In the saga of "Star Wars", which my son loved, a small band of brave and skillful Jedi Knights save their Empire from the forces of the dark side.

That is how I think of my staff, and all that they have achieved.

***May the force be with you!***