

EMBARGOED



**MINISTRY
TRANSPORT
REPUBLIC OF SOUTH AFRICA**

**SPEECH BY THE MINISTER OF TRANSPORT MS. BARBARA
CREECY ON THE OCCASION OF THE DEPARTMENT OF
TRANSPORT BUDGET VOTE
2 JULY 2025
CAPE TOWN**

Honourable House Chair

Deputy Minister, Mr. Mkhuleko Hlengwa

Chairperson of the Portfolio Committee on Transport, Hon Donald
Selamolela

Members of the Committees

Chairpersons and CEOs of the Entities reporting to the Department of
Transport

Acting Director-General, Mr Mathabatha Mokonyama and Senior
Managers of the Department of Transport

Honourable Members,

As we gather today we are all alive to the fact that the economic outlook
faces several risks, including domestic constraints and global
uncertainties that could hinder growth.

Our SOEs and entities operate in an environment that is not of our choosing. Accordingly, this will require leadership and foresight that prioritise the interests of our country and its people.

Prompt execution of reforms in the logistics sector is essential to address and reduce the risks present in both our global and domestic environments.

These risks include domestic issues such as port and rail constraints, as well as increased spending pressures, along with global risks intensified by trade tensions and market volatility. Effective implementation of reforms is essential for boosting growth and employment; however, geopolitical tensions may alter foreign direct investment patterns.

To give guidance to this huge ecosystem and focus the work of all of our entities on a common programme to improve our passenger, freight and logistics systems over the next four years, we are guided by six clear targets.

The first is to ensure that by 2029, 250 million tons of freight are carried on the Transnet network. The second is to improve the speed by which we load and unload ships to the international benchmark of 30 gross crane moves per hour.

To ensure our passenger rail system provides safe, reliable and affordable transport to workers and their families we aim to ensure 600 million passenger journeys per annum by 2030.

To boost the contribution of aviation to tourism, economic development and job creation, we expect 42 million passengers and 1.2million tons of air-freight to move through the ACSA network of airports by the end of this political term.

To ensure greater safety on our roads, and reduce the devastating toll road accidents have on lives and livelihoods, we aim to reduce road fatalities by 45% by 2029 so we reach the UN target of halving road fatalities by 2030.

Fundamental to our rail reform program is our intention to re-establish rail as the backbone of transport for people and goods.

Since we embarked on the journey to restore passenger rail services nationwide, I am proud to share that PRASA had by the end of May 2025 successfully revived 35 out of 40 corridors and sections of service lines, and we continue deliver at pace with PRASA achieving an unaudited figure of 77 million passenger journeys for the last financial year and 116 million passenger journeys for the 2025/2026 financial year. Our competitive pricing model for commuter passengers will ensure that working-class communities take advantage of our offerings.

Total transfers to the agency amount to an estimated R66.1 billion over the medium term. This significant buget is for maintaining, recovering and renewing rail infrastructure, rebuilding the signaling system, rolling out new train sets to priority corridors and increasing rail passenger trips.

Our freight rail reform programme is informed by the White Paper on the National Rail Policy of 2022 and complemented by the National Freight Logistics Roadmap of 2023.

The Roadmap for The Freight Logistics System in South Africa clarifies that strategic infrastructure such as rail lines and ports will remain in public ownership, as assets belonging to the South African people. To this end we must assure the country that we will do all within our power to rebuild and modernise the capabilities, operational effectiveness and competitiveness of our state owned freight logistics operator.

We must also enhance the involvement of additional operators as a way of extending freight logistics capabilities of the country and region, beyond what the public sector alone would have been able to accomplish.

It is important to point out that as an economy we need freight logistics operators that can compete, but that can also complement each other when the need arises, for the benefit of our country and region.

The limited availability of state resources to fund infrastructure development makes private sector investment critical. To guide private sector investment in our five priority rail and port corridors, we have just concluded a Request for Information process.

Transnet will issue Requests for Proposals from the end of August 2025, and so begin the formal procurement process.

In line with the Private Sector Participation (PSP) envisioned in the White Paper on the National Rail Policy, Cabinet approved a PSP Framework in

2023 to guide private sector involvement across the logistics sector value chain.

The Department has concluded a Memorandum of Agreement with the Development Bank of Southern Africa (DBSA) and the National Treasury, appointing DBSA as the hosting institution for the Unit.

We have established the Interim Rail Economic Regulatory Capacity (IRERC) to create fairness and transparency for third-party operators, improve network utilisation, increase competition, and reduce costs.

In December last year the Department of Transport issued the Network Statement and Rail Access Tariffs for 2024/5. Open access to the rail network will allow train operating companies to increase the volume of goods transported by rail, while our network infrastructure remains state owned.

As part of the rail reform programme, we have also created the new Transnet Rail Infrastructure Manager (TRIM) to have a dedicated focus in the management of the rail infrastructure. The Transnet Freight Rail operating company would now focus on the transportation of rail commodities through its rolling stock.

To sustain our economy, we cannot afford to wait until the PSPs reach financial close before launching an ambitious programme to rehabilitate Transnet's rail network and rolling stock, as well as port infrastructure and equipment.

Funding sources for immediate rehabilitation of the five priority rail corridors include the current Transnet budget for rail and rolling stock maintenance and the purchase of port equipment; submissions to the National Treasury's Budget Facility for infrastructure; and private investment in refurbishing or expanding line capacity through existing customer agreements.

As a result of the hard work by the Transnet War Room, port volumes were 54.28% higher at the end of the 2024/5 financial year than the previous year; rail tonnage increased by 9 million tons; and containers handled in our ports increased by 48 000 Units (TEUs) .

In order to meet our target of moving 42 million passengers per year and increasing air freight handling through the ACSA network of airports, the entity has allocated R 21, 7 billion for infrastructure development. This will improve facilities for passenger safety and comfort, over the medium term and build a new freight terminal at OR Tambo International Airport.

In addition, we are fast tracking projects to ensure reliable availability of jet fuel to all airlines at all our airports, as well as the general upkeep and upgrading of the facilities and technologies at each of our airports to improve both security of passengers and cargo, as well as convenience of airport users.

This year has seen the appointment of new members of both the Air Services Licensing Council and International Air Services Council for a period of 3 years, to regulate access to the domestic market based on the operator's ability to operate safe, secure and reliable air services as well as to regulate and control international air services.

Their functions include issuing air service licences, and taking enforcement action for non-compliance with the conditions of the relevant legislation and the licences.

The aviation branch has been instructed to develop an audit of all outstanding applications for air service licences and Foreign Operator's Permits and review the license renewal workflow to cut red tape.

In December last year following widespread concerns regarding capacity and operations at the Air Traffic and Navigation Services (ATNS), I appointed a panel of experts to advise on the root causes of problems at the entity and necessary remedial measures.

In January the team indicated that the entity was facing acute shortages of critical staff that support safe navigation and operations; navigation and surveillance systems that have become unreliable due to poor maintenance and upkeep; flight procedures that had been allowed to lapse, despite the fact that they are critical for safe and efficient navigation; and systemic weaknesses in the safety management system.

Following the preliminary findings, four workstreams, led by ATNS Executives and members of the Committee of Aviation Experts, focused on immediate interventions .

Since February 2025, 37 successful recruitments have been made in key areas ranging from air traffic controllers, investigation and safety specialists, engineering instructors and simulator programmers.

Substantial progress is also in evidence with regards to building the ATNS internal training pipeline, with 25 candidates recruited internally and externally currently undergoing ATS validations.

Similarly, progress is being made with ensuring the urgent upgrades of communication, navigation and surveillance (CNS) systems and relevant procurement processes are in progress to stabilise and upgrade the national air traffic management system, the arrivals manager, as well as the air traffic flow management system.

Regarding the safety management system, we can report that safety findings from various audits by ATNS and the civil aviation regulator are being closed out. In addition, the resourcing of the Aviation Safety Office is well underway, with 10 of 18 positions provided for filled.

With respect to ensuring the availability of safe and compliant Flight Procedures across the country, more work still remains to be done. It is important to point out that a critical risk was averted with respect to the possible April 2025 suspension of procedures at OR Tambo International Airport, Cape Town International Airport, King Shaka International, Port Elizabeth, Lanseria and George airports.

Nevertheless there are still too many instances, more than we are comfortable with, of operations that are dependent on alternative means of compliance or exemptions. Clearly this requires a degree of business unusual, and to this end the ATNS is putting in place a Project Office to drive the elimination of the backlog that has formed over the past few years.

Honourable members, the contribution of our State-Owned Airline, SAA, to the country's GDP was confirmed by a recent study by Oxford Economics Africa (2021). According to this study, SAA contributed R9.1 billion to South Africa's GDP in 2023/2024, a figure projected to more than triple to R32.6 billion by 2029/2030. Over the same period, the airline's operations are expected to support 86,700 jobs, up from the current 25,000, demonstrating its growing role as a national employer and economic catalyst.

SAA is pursuing a bold route expansion strategy to strengthen its regional and global footprint. New regional routes from Johannesburg and Cape Town aim to boost intra-African connectivity, supporting tourism and trade. The airline has begun a measured fleet expansion to meet growing demand, reinforcing its role as a connector of economies across the continent and beyond

The airline has concluded three out of four outstanding audits and reported a profit of R252 million for the 2022/2023 financial year for the first time since 2012. Now operating independently and no longer reliant on government guarantees, SAA is self-funding its operations and fleet growth, while remaining open to a strategic equity partner as part of its long-term restructuring.

With unencumbered assets and renewed profitability, SAA is well-positioned to drive economic value through expanded international services, job creation, and increased contributions to tourism and trade.

I want to take this opportunity to thank the outgoing interim Board and, in particular, the Chairperson Mr Derek Hannekom for the excellent work

they have done to stabilise and expand the airline since it emerged from business rescue.

Honourable members the condition of our national roads and the feeder routes that connect with them remain a cause for concern in the public domain. Accordingly over the past year national government through the agency of SANRAL has at the request of our provincial premiers taken over 3099 kilometers of provincial roads.

Over the period of the MTDP and beyond, SANRAL has reprioritised within the existing maintenance and capital allocated funding so that these roads are serviced through the Route Road Maintenance Programme

Honorable members last year the Auditor General found irregularities in the procurement process of the new drivers license card machine. It is a matter of public record that the department has taken a self-review application on this matter to the courts. The old card machine is currently fixed and we are hard at work to clear out the printing backlog of license cards. To ensure we have a back up solution we have signed an MOU with the Government Printing Works. We expect that within three months, this back up solution will be able to print drivers license cards.

The taxi industry remains the major source of transport for the majority of South African commuters. Accordingly, formalising the industry and rooting out criminality and irregular operations remains a key focus.

In this regard in line with other economic sectors, existing taxi associations have a fundamental and important role to play in self-regulation and governance.

I want to take this opportunity to thank the President of SANTACO Mr Abnar Tsebe, for the constructive role he has played in relation to conflict between CATA and CODETA, and emphasise that this is how we need to resolve route disputes going forward.

Our Department is committed to working with the industry to reduce the cost of repayment of new vehicles and ensuring a common process across all provinces for operator licenses, that is linked to the term of loan repayments.

Honourable members the transport sector contributes significantly to national Greenhouse gas (GHG) emissions and it is also vulnerable to negative climate impacts on infrastructure, which affect transport logistics and its value chain.

In the previous financial year, the Department initiated a process of revising the Green Transport Strategy as well as developing the Sector's Just Transition Plan, that will see the sector transitioning to a low-carbon and climate resilient economy and society.

The Department's Green Transport Strategy includes investing in green energy infrastructure, promoting the uptake of alternative fuels such as biofuels and green hydrogen and extending the rail network to provide alternative public transport.

Honourable members the Minister of Transport has been assigned shareholder responsibilities for sixteen public entities that operate within the transport sector to drive the priorities of the national strategic vision and the District Delivery Model.

The entities under the Department of Transport are vital to delivering public value to our citizens. In this regard, the department will focus on ensuring accountability, good governance, financial stability and operational capabilities. To this end, the Department is creating a standard accountability model for its sixteen state-owned entities.

Honourable members allow me to take this opportunity to thank team Transport for all the hard work that has gone into turning around this huge ecosystem including our Deputy Minister Hlengwa; the Acting Director General Mr Mokonyama; all DDGs and senior managers, all Chairs and CEOs of our entities; Chairperson Selamolela and all honourable members of the portfolio committee.

I thank you