

Transport

Aim

The aim of the Department of Transport is to promote efficient transport systems on a national level.

Policy developments

The Moving South Africa long-term transport strategy has been adopted by the Department as the key framework to guide its programmes in future. The strategy provides a framework for transforming the transport sector in both urban and rural areas.

Subsidised public transport in urban areas currently accounts for about 62 per cent of commuter transport. Government aims to retain current levels of public transport, while putting subsidy schemes on a more competitive basis. This will include shifting government subsidies towards infrastructure while increasing cost recovery from passenger fares.

As part of the restructuring of rail commuter transport, Government is considering taking over the current debt of the South African Rail Commuter Corporation of about R2,2 billion. The borrowing powers of the Corporation will be terminated and all future capital expenditure will be funded from the budget of the Department of Transport.

The national taxi task team's final recommendations to formalise, regulate and provide economic assistance to the taxi industry were accepted by Cabinet and form the basis for the Department's implementation programme. The Department is responsible for coordination, facilitation and support to the provinces in the implementation of this programme. This includes establishing provincial taxi registrars, taxi offices and provincial taxi cooperatives. The Department also aims to establish a legislative framework to regulate the industry and guide the implementation in line with the Moving South Africa strategy.

Following the promulgation of the Road Traffic Management Corporation Act of 1999 the Department is establishing the Road Traffic Management Corporation. Over the next three years, the Corporation will establish a new system for the governance of road traffic. National and provincial powers and resources will be pooled and capacity increased through agreements with the public and private sectors. The primary objective of the corporation is to improve road traffic management and reduce road deaths and injuries, road accident trauma and costs.

The Road Accident Fund Commission Act of 1998 provides for the establishment of a commission of inquiry into a reasonable, equitable, affordable and sustainable system for the payment of compensation for injury or death in road accidents.

A three-member commission was appointed to study the current compensation system and the financial position of the fund, and to consider representations from stakeholders.

An additional R618,7 million was allocated to the Department in the Adjustment Estimates. Overall baseline allocations increase by R225 million and R147 million, respectively, for 2000/01 and 2000/02, to provide for rail commuter subsidies. Furthermore, the allocations for the Roads Agency and the Rail Commuter subsidies have been reprioritised. Approximately R300 million

has been reallocated from roads to fund capital requirements – both fixed capital and rolling stock – in rail commuter transport.

Expenditure estimates

Table 33.1 Expenditure by programme

R million	Expenditure outcome			Revised estimate 1999/00	Medium-term expenditure estimate		
	1996/97	1997/98	1998/99		2000/01	2001/02	2002/03
Administration	31,1	39,3	26,0	31,6	30,5	31,3	32,6
Regulation and safety ¹	721,2	756,1	857,9	1 061,6	774,7	1 234,0	1 233,6
Civil Aviation Authority	22,2	27,2	44,2	13,0	10,1	7,0	5,4
Road traffic management	123,3	133,7	81,8	76,8	78,8	98,7	104,1
Maritime Safety Agency	58,3	62,8	68,5	57,5	63,1	62,9	66,4
Roads Agency	517,4	532,4	658,4	900,0	610,0	1 051,9	1 043,2
Cross Border Agency	–	–	5,0	2,0	–	–	–
Aviation and maritime regulation	–	–	–	12,2	12,8	13,5	14,5
Policy, strategy and implementation ¹	2 378,0	2 808,3	2 669,2	3 022,5	3 288,4	3 210,8	3 433,2
Policy and planning	124,5	508,1	110,9	83,5	82,2	83,8	87,2
Bus subsidies	871,8	1 088,5	1 153,5	1 344,0	1 429,2	1 522,0	1 628,6
Rail subsidies	1 381,7	1 211,7	1 404,8	1 595,2	1 777,0	1 605,0	1 717,4
Departmental vote	3 130,3	3 603,7	3 553,1	4 115,7	4 093,6	4 476,1	4 699,4
Public Works							
Total	3 130,3	3 603,7	3 553,1	4 115,7	4 093,6	4 476,1	4 699,4
Change to 1999 Budget estimate				618,7	225,2	147,2	

¹ Spending by programme has been reclassified where possible to correspond to the current programme structure.

- *Regulation and safety* oversees the activities of the departmental agencies, road traffic management, and aviation and maritime regulation, administration and management.
- *Policy, strategy and implementation* is responsible for rail and bus subsidy transfers and land transport policy.

Table 33.2 Economic classification of expenditure

R million	Expenditure outcome			Revised estimate 1999/00	Medium-term expenditure estimate		
	1996/97	1997/98	1998/99		2000/01	2001/02	2002/03
Current							
Personnel	60,7	69,9	41,7	39,3	45,9	48,0	50,0
Transfer payments	2 262,0	2 784,9	2 630,5	2 980,4	3 203,1	3 144,8	3 362,5
Other	166,8	194,4	114,4	138,9	163,1	130,9	138,1
Capital expenditure							
Transfer payments	590,0	532,4	717,7	927,3	652,5	1 098,5	1 091,7
Acquisition of Capital assets	50,8	22,1	48,8	29,7	29,0	53,9	57,0
Total	3 130,3	3 603,7	3 553,1	4 115,7	4 093,6	4 476,1	4 699,4

Personnel expenditure decreased from a peak of R69,9 million in 1997/8 to R39,3 million in 1999/00. This follows the recent restructuring of the Department and the creation of agencies to assume some of its functions. Personnel spending rises again to R50,0 million in 2002/03.

Current transfers, mainly bus and rail commuter subsidies, increased from R2,26 billion in 1996/97 to about R3 billion in 1999/00. The transfers increase to R3 362,2 in 2002/03. Expenditure on bus subsidies has increased from R871,8 million in 1996/97 to R1 344,0 million in 1999/00, and will increase further to R1 628,6 million in 2002/03. Rail subsidy expenditure has risen from R1 381,7 million in 1996/97 to R1 595,2 million in 1999/00 and will average about R1 700 million in the medium-term.

Capital transfers also increased steadily from about R590 million in 1996/97 to R927,3 million in 1999/00. Allocations for the South African National Roads Agency constitute the largest portion of capital transfers, having increased from R517 million in 1996/97 to R900 million in 1999/00. These will decrease to R652,5 million in 2000/01 to accommodate increases in current transfers for rail subsidies. Thereafter capital transfers increase to R1 098,5 million in 2001/02 and R1 091,7 million in 2002/03 as more funds are reallocated to road construction and maintenance.

Programme 1: Administration

Table 33.3 Programme expenditure

R million	Budget estimate	Adjusted appropriation 1999/00	Revised estimate	Medium-term expenditure estimate		
				2000/01	2001/02	2002/03
1999 Budget	28,2	31,6	31,6	27,1	28,1	–
2000 Budget	–	–	–	30,5	31,3	32,6
Change to 1999 Budget estimate	–	3,4	3,4	3,4	3,2	–

Administration provides for policy formulation by the Minister, the overall departmental management, policy determination for Government's subsidised motor transport scheme and the monitoring thereof.

The medium-term estimates increase by R3,4 million in 2000/01 and R3,2 million in 2001/02 owing to a reallocation from other programmes to provide for the departmental transformation process. R3,5 million was allocated in the Adjustment Estimate in 1999/00 for the same purpose; the amounts were shifted mainly from the *Regulation and safety* programme.

Programme 2: Regulation and safety

Table 33.4 Programme expenditure

R million	Budget estimate	Adjusted appropriation 1999/00	Revised estimate	Medium-term expenditure estimate		
				2000/01	2001/02	2002/03
1999 Budget	939,4	1 061,6	1 061,6	1 115,7	1 488,0	–
2000 Budget	–	–	–	774,7	1 234,1	1 233,6
Change to 1999 Budget estimate	–	122,2	122,2	(341,0)	(253,9)	–

The *Regulation and safety* programme facilitates and regulates the effective development of road and air transport into a safe, efficient and internationally competitive industry. The main expenditure is funding for agencies, principally the South African National Roads Agency, as discussed below.

Medium-term estimates for the programme decline by R341,0 million in 2000/01 and R253,9 million in 2001/02, following reprioritisation of expenditure from the *Regulation and safety* programme to the *Policy, strategy and implementation* programme.

An additional amount of R122,8 million was allocated into the programme in the 1999 Adjustment Estimate, taking into account a shift of about R3 million into other programmes. R100 million was earmarked for roads projects in support of poverty relief. The South African Roads Agency has since identified projects to the value of R50 million in each of Northern Province and Eastern Cape. R25 million was earmarked for the completion and construction of the MR439 road from Hluhluwe to Mozambique as part of the Lubombo spatial development initiative.

Table 33.5 Regulation and safety: Key activities and outputs

Key activities	Outputs
Policy formulation and planning	Coordinate transport at all levels.
Regulation	Improve aviation, maritime and land transport safety
Infrastructure development	Better monitoring of the achievements in road infrastructure development
Information service	Improve transport information systems

With the cooperation of the provincial and local traffic authorities, the Department embarked on the Arrive Alive road safety campaign in October 1997. The goal of the campaign is to reduce road accidents and fatalities through intensified road traffic law-enforcement and safety communication programmes, targeting the major offences leading to accidents and fatalities.

The Road Accident Fund contributes an annual amount of approximately R50 million towards this campaign for purchasing law enforcement equipment, overtime remuneration and media programmes.

Table 33.6 Results of the "Arrive Alive" campaign¹

Accident Casualties	Fatalities	Serious injuries	Slight Injuries	Total
1996	9 848	38 473	86 728	135 049
1997	9 691	39 302	91 760	140 753
1998	9 068	36 246	84 358	129 672

¹ The 1999 statistics were unavailable at the time of printing.

The KwaZulu-Natal Provincial Cabinet formally requested the Department to bring the MR439 Hluhluwe to Mazambique Route into the national road network. The road was adopted for management by the South African National Roads Agency, and R25 million was allocated to the project in the Adjustment Estimate.

The Department is also finalising the establishment of the Road Traffic Infringement Agency and the Road Traffic Management Corporation, following the promulgation of the administrative adjudication of Road Traffic Offences Act of 1998 and the Road Traffic Management Corporation Act of 1999.

A private road concession for the upgrading and maintenance of the N3 route between Heidelberg and Cedara will provide for private sector investments in road construction and maintenance. The investments will be recouped from the proceeds of the toll road over a 20 year period.

Programme 3: Policy, strategy and implementation

Table 33.7 Programme expenditure

R million	Budget estimate	Adjusted appropriation 1999/00	Revised estimate	Medium-term expenditure estimate		
				2000/01	2001/02	2002/03
1999 Budget	2 529,3	3 022,5	3 022,5	2 725,7	2 812,7	–
2000 Budget	–	–	–	3 288,4	3 210,8	3 433,2
Change to 1999 Budget estimate	–	493,2	493,2	562,7	398,1	–

Policy, strategy and implementation provides for passengers and freight transport policy development, strategic support for the information and research services, promotion of planning for intermodal land transport infrastructure and operations, and subsidisation of the commuter transport service. Almost all spending of this programme is devoted to bus and rail transport subsidies.

The revision of the medium-term estimates reflect additional spending of R562,7 million in 2000/01 and R398,1 million in 2001/02 due to the reprioritisation of expenditure from the *Regulation and safety* programme.

The medium-term provision for bus subsidies is R1 429,2 million in 2000/01, R1 522,0 million in 2001/02 and R1 628,6 million in 2002/03. Rail subsidies are R1 777,0 million, R1 605,0 million and R1 717,4 million, respectively, for the same period.

R493 million was allocated in the 1999/00 Adjustment Estimate as an additional allocation to the programme. R432 million was to fund the operational shortfall in the South African Rail Commuter Corporation budget in view of the real constant reduction in the rail subsidies over the past four years. R48 million was a roll-over from 1998/99, which served as a government contribution towards an Interim Bus Industry Restructuring Fund. The fund is part of a trilateral agreement between Government, the bus industry and labour, which was reached as part of the restructuring of the bus subsidy allocation process. The funds could not be transferred in 1998/99 because the fund had not been registered in time.

Outputs and service delivery trends

Table 33.8 Policy, strategy and implementation: Key activities and outputs

Key activities	Outputs
Regulation and Planning	Transport policy and legislation Restructuring of public transport modes

Policy developments

Government's operating agreement with the Rail Commuter Corporation has been changed from a deficit funding arrangement – where it makes up for the operating losses of the corporation – to a negotiated concession for the next four years. Thereafter, rail commuter services will be devolved and deregulated. A portion of the rail commuter network will be concessioned as a pilot project in the interim.

The Department of Transport, in partnership with the departments of Trade and Industry, Minerals and Energy, and Finance are responsible for the taxi recapitalisation programme. This is aimed at reforming the taxi industry through the introduction of purpose-built, diesel-powered and safer vehicles to replace the existing fleet. The Department of Transport is responsible for:

- Establishing a national transport register
- Implementing a legislation programme known as the “Be Legal” campaign
- Restructuring the permit system
- Integrating the various information systems to support the strategy
- Developing capacity to enforce the permit system.

The Department has published the National Land Transport Transition Bill for submission to Parliament. The Bill establishes the relationship between transport and development planning, as well as the types of plans and their sequence. Transport planning should lead to significant efficiency gains in the transport system and ensure that transport services address the needs of perspective users. The proposed establishment of local transport authorities will consolidate responsibility for transport and accelerate delivery. The improved transport planning system will also result in the rationalisation and streamlining of government subsidies for commuter transport.

Public entities reporting to the Minister responsible of Transport

South African National Roads Agency Limited

The Roads Agency develops and manages the national road network. In 1998/99 its allocation is equivalent to 5 cents per litre, in 1999/00 and 3 cents per litre in 2000/0 share of the general fuel levy. The rest of the network is funded from toll fees. The Agency also takes up loans from the capital market. Its total capitalisation on 1 April 1998 was R4,3 billion, of which R1,166 billion was equity and R3,188 billion debt. Table 33.9 shows the budget for both the toll and non-toll roads. The annual operating deficits and annual capital expenditures are financed through private sector loans. Total private sector loans are projected to increase to about R8 billion at the end of 2002/03.

Table 33.9 Toll and non-toll roads income and expenditure

R million	1998/99	1999/00	2000/01	2001/02	2002/03
Non-toll	658,4	900,0	610,0	1 051,9	1 043,2
Toll					
Income	499,4	449,5	393,3	451,7	726,7
Expenditure	808,7	959,9	886,8	1 235,7	1 421,4
Deficit (before depreciation and discount costs)	309,3	510,4	493,5	784,0	694,7

South African Civil Aviation Authority

The Civil Aviation Authority controls and regulates civil aviation, oversees the functioning and development of the civil aviation industry and promotes civil aviation safety and security. The Authority was started in October 1998 with an initial capitalisation of R20 million, of which R19,4 million was a government subsidy. The subsidy declined from R8,6 million in 1999/00 to R2 million in 2001/02. The difference between the total budget allocation and the subsidy is made up from state user charges. The targeted ratio is 60 per cent of revenue through both state and industry user fees and 40 per cent levies. Government will continue to fund the budgeted cost of accident investigation, as well as any major accident investigation over and above the normal budget amount. Table 33.10 shows total income and expenditure for the Authority.

Table 33.10 Civil Aviation Authority

R million	1998/99	1999/00	2000/01	2001/02	2002/03
Income	22,4	64,9	70,6	79,4	85,2
Expenditure	22,6	58,9	68,2	50,2	85,7

Nominal annual deficits in the last three years are made up for in retained income from earlier years.

South African Maritime Safety Authority

Samsa advises Government on appropriate measures for the effective maintenance and development of South African maritime legislation. It aims to complete a revision of shipping legislation by 2004, in particular the three Marine Pollution Acts and Chapter V of the Merchant Shipping Act.

Samsa's funding sources are as follows:

- *Government service fees:* the Department remunerates Samsa for services provided on its behalf. The nature of the services, as well as the methods of calculation, are specified in the memorandum of agreement between the Department and Samsa. Service fees constitute approximately 14 per cent of Samsa's revenue. Provision for service fees in the Department's budget are R3,6 million, R6,0 million and R6,3 million respectively, over the medium term.
- *Direct user charges:* these account for approximately 11 per cent of Samsa's net operating income. This is mainly generated from services provided to the maritime industry in South Africa and, in special cases, beyond South Africa's borders. Samsa aims to set fees at market-related levels.
- *Levies on shipping:* Samsa raises a levy on ships calling at South African ports. This levy constitutes approximately 75 per cent of its revenue. Levies are determined in the Government Gazette and are based either on the length or the gross tonnage of a vessel. A 5 per cent increase in both the levy charges per unit tonnage and per unit metre is budgeted for 2000/01.
- *Interest income:* surplus funds not immediately required are invested as efficiently as possible within the parameters of the applicable legislation. Surplus funds are being built up to replace the government appropriations, as well as to cover Samsa and the shipping industry against fluctuations in the levels of shipping. Government subsidies of R9,6 million and R4,8 million were provided in 1998/99 and 1999/00. No further subsidies are provided for in the medium-term.
- *Maritime fund:* deposits from admissions of contraventions are paid into the Maritime Fund, which is administered by Samsa on behalf of the Minister of Transport. The use of the funds may only be approved by the Minister to further the objectives of the Authority.

Table 33.11 shows income and expenditure for 1999 to 2001.

Table 33.11 Samsa's operating income and expenditure, 1999/00 - 2001/02¹

R million	1999/00	2000/01	2001/02
Income	25,6	26,7	30,9
Expenditure	18,1	26,4	30,1

¹ Estimates of income and expenditure for 2002/03 were not available at the time of printing.

Cross-Border Road Transport Agency

The Cross-Border Road Transport Agency manages the issuing of cross-border permits for freight and passengers. It also derives its income from permit fees. The Agency was allocated start-up funding of R5 million and R2 million in 1998/99 and 1999/00 respectively, and no further allocations are made. Table 33.12 shows the income and expenditure of the Agency.

Table 33.12 Income and expenditure, 1998 - 2002

R million	1998/99	1999/00	2000/01	2001/02	2002/03
Income	18,4	21,4	24,6	28,2	32,5
Expenditure	18,0	20,1	21,9	23,6	25,4

Road accident fund

The Road Accident Fund, is the instrument that Government uses to compensate victims of motor vehicle accidents, on terms and conditions provided for in the various Acts governing such compensation.

The Fund receives levies from the general fuel fund, currently calculated at 14,5 c/l and 10,3 c/l for petrol and diesel respectively. Revenue from this levy amounted to about R1,8 billion and R2,2 billion in 1997/98 and 1998/99 respectively.

The total assets of the Fund for 1999 were R1 635 million. Its current liabilities rose to over R1 734 million in 1999 and its long-term liabilities to R8 011 million. The turnover of the fund increased from R1 897 million in 1998 to R2 285 million in 1999.

The Urban Transport Fund

The Urban Transport Fund was established in terms of section 8 of the Urban Transport Act of 1977.

The Fund is administered by the South African Roads Board, and the Director-General of the Department of Transport is responsible for approving the funds of the Roads Board. On a yearly basis a budget is submitted to the Minister of Transport for approval after funds have been allocated through Parliament to the budget of the Department of Transport. The funds are allocated from programme 3 of the Department (before 1999/00 the allocation was on programme 5). The approved budget for 1999/00 was R30,1 million and the balance on the Fund on 31 March 1999 was R76,6 million. The amount available for 1999/00 on the Urban Transport Funds was therefore R117,4 million of which R22 million was spent by January 2000.

The fund is used to finance certain committees such as the minister's committee, committee of land transport officials and land transport coordinating committee, for demonstration projects and for the implementation of transport infrastructure in the Metropolitan Transport areas. The Fund can also be used to finance educational institutions.