



**TRANSPORT MINISTRY
REPUBLIC OF SOUTH AFRICA**

**KETNOTE ADDRESS BY THE MINISTER OF TRANSPORT, MS SINDISIWE
CHIKUNGA (MP) AT THE OPENING OF THE ANNUAL SOUTHERN
AFRICAN TRANSPORT CONFERENCE, 10-13 JULY 2023**

Theme:

**“Rethinking transportation: planning and building resilient
systems to meet global externalities”.**

- **Programme Director**
- **Deputy Director General, Integrated Transport
Planning: Ms Rirhandzu Mashava**
- **All Government Officials present**
- **Captains of Various Transport Industries**
- **Speakers and Various Panel Members**
- **Representatives of Research and Academic
Institutions**
- **Distinguished Guests**
- **Members of the Media**
- **Ladies and Gentlemen**

INTRODUCTION

Let me begin by acknowledging the spirit of collaboration that has been nurtured among us over the years, deepening our cooperation across the region and across societal sectors to keep our collective finger on the pulse of the region's developmental needs especially those pertaining to transport.

I thus must also humbly thank the organisers of the Conference for continuously feeding the vision of a better Southern African region and a better Africa. They have ensured meaningful participation by all in the region's transport sector, attracting private players, public and the very vital elements in between.

Our appreciation also extends to all professionals of our region and institutions that have continued to ensure the longevity of this conference. They have availed personnel, enabling political, intellectual, and technical exchanges of best practices as we continue to search for what must make for better transport systems in individual member states and as a region.

We thank the International Transport Federation for their continuous support, finding wisdom in our actions and endorsing this auspiciously significant Conference in our annual regional interactions.

We are meeting at a very crucial month in the global calendar of nations, where we are pause to celebrate the gallant strides made by our former Stateman, Tata Rolihlahla Mandela. Whom

through his selfless servant leadership, united the global community and propelled them towards dedicating time for humanitarian endeavour to make the world a better place. On the 18th of July, we are all compelled to reflect on the most urgent challenges facing nations worldwide under the theme; **“Climate, Food & Solidarity”**.

This year on Mandela Day we are called upon to focus on dismantling poverty and inequality by acting against climate change and creating resilient food environments. We know that the transport sector is not left untouched by the climate change phenomena that we see unfolding, under the guise of prevailing global externalities which also affect food security and more so the poor of the poorest.

This conference theme titled **Rethinking transportation: planning and building resilient systems to meet global externalities**; is thus very fitting as we are counting on the professionals within the sector to come up with smart solutions, to amongst others thwart the challenges that besiege the Southern Africa and the world.

WHAT ARE THE GLOBAL EXTERNALITIES THAT AFFECTS THE TRANSPORT SECTOR?

Distinguished Delegates,

This year's Conference theme surely compels us to not only arrive at SMART solutions to the negative externalities produced by transport, but equally to think innovatively about the opportunities that abound in the re-navigation of transport systems towards greater resilience and becoming a true enabler of sustainable economies.

It remains important however, that the innovative thinking is by itself never the only direction we must take, but equally to figure out the most effectively integrated ways of working together to implement these solutions, most specifically the solutions we shall collectively arrive at this week.

The requirement to plan for and build resilient transport systems that must meet global externalities, can never be an easy feat and certainly never achievable through work in silos and lacking integrated thinking.

As we heed the clarion call to re-thinking transportation through planning and building resilient systems to meet global externalities; we must first identify and respond to the current existing modalities which makes building resilient transport systems difficult to achieve. Such include glaring extensive vulnerabilities which include lack of harmonization of policy, regulation and coordinated planning across the region. These are critical to address as they increase and/or exacerbates the costs of doing business, including doing business across

borders; a case in point, in sub-sectors, such as freight transport and logistics among others.

It is thus imperative that in re-thinking transportation we first infuse the important building blocks of integrated transport planning.

Ladies and gentlemen;

As a Department, we have committed to building transport infrastructure and transport systems that must enable safer, secure and cost-effective mobility of both people and cargo. And primary to our commitment is to reduce the carbon footprint of transport.

A major task to achieve the reduction of carbon emissions includes addressing global externalities such environmental, road infrastructure damage, congestion, accidents, and oil dependence.

In tackling these externalities, we are being asked to look at the role of the state versus markets in the evolution transport systems.

In our attempt to fathom the most effective means of managing negative global transport derived externalities we have looked at the extent of market actions, market failure and our role as government in correcting the challenges resulting from transport activities. The Constitution of the Republic of SA (Section 217)

stipulates that organs of state must contract for goods and services in a fair, equitable, transparent, competitive and cost-effective manner.

The National department of Transport is in the process of establishing a Transport Economic Regulator (TER) to avoid externalities occurring in this regard.

As a Department, we have actively committed to invest resources to improve transport across modal sectors in ways that will meaningfully contribute to the broader efforts being made to grow the economy, create highly needed jobs, and drastically reduce the scourge of poverty.

Yet behind these efforts, we remain highly guarded against further environmental damage, further costs to society produced by inefficiencies in the governance of the transport sector. Creating externalities when consumption of goods or services, benefits or harms a third party.

Most often markets are assumed to be a perfect mechanism for optimal allocation of resources, goods and services, and that supply and demand results in the efficient distribution of resources. The truth is, this phenomenon is not always true hence we sometimes we experience market failures, consequently rendering inadequate resource allocation. We can thus conclude that production or consumption by some market

participants may thus render third party better-off through positive externalities or worse-off because of negative externalities.

The facts are market actors do not share the losses of the third parties as the true cost costs or benefit are not captured in the market price. Off course the benefit or losses experienced maybe un-intended, indirect results of some production or consumption activity within the market. **It remains that the benefit or cost by the private market participants do not equal that of society.**

For instance, a truck that is overloaded earns more profits for the truck owner, and delivers more cargo for the consigner. But the public's well-being is worsened, since overloading damages the road infrastructure.

An overloaded truck running on an internal combustion engine (ICE)- also emits more greenhouse gases (GHGs) and is also more susceptible to causing an accident, which in all likelihood would further effect on road use.

Staying with the example of an accident by an overloaded truck.

When looking at a simple accident by the truck, and looking at the traffic congestion that unfolds as a result, it is notable that we would always be forced to consume more fuel and thus emit more GHGs.

This off-course result in escalating costs related to damaged infrastructure, risks to life, additional fuel consumption, traffic congestion and pollution, and all the above are not covered in the transportation prices that emanate from transportation of cargo.

And neither are these externalities captured in the computation of the country's gross domestic product (GDP). Society thus suffers those indirect costs, but not necessarily the parties to the transportation transaction.

Programme Director;

Research has shown that externalities apply to all modes of transport. The road transport is said to be the highest polluter due to its overwhelming impacts. There are almost 13 million vehicle population (12 969 430) on South African roads, 32% (4 158 818) of which are goods vehicle.

In environmental terms, it is documented that in 2018, the road transport alone was responsible for 91.2% of South Africa's Green House Gas emissions. Other modes such as aviation, maritime and rail accounted for 5%, 2.2% and 1.6%, respectively.

To-date we are informed that the contribution of road transport to the Republic of South Africa's (RSA's) GHG emissions has increase to 95.7% in 2023.

Some of the environmental externalities associated with rail transport include: solid waste affecting abandoned lines and rolling stock; noise, and the impact of hazardous products transported. While in aviation these externalities include air pollution, noise, congestion of routes to airports as well as scrapped aircrafts in a form of solid waste.

In the maritime space, Ballast water is mentioned as another negative externality. The release of ballast water may introduce non-native bio invaders, which negatively affect indigenous marine species in a port of discharge. These negative externalities across transport modes are not captured in the transport costs, nor in the GDP of the country/port of discharge.

INTERVENTIONS TO ADDRESS NEGATIVE EXTERNALITIES

Distinguished delegates,

Internalisation of externalities may best be achieved after establishing the nature and manner by which externalities are produced.

There is thus, a need to accurately establish the magnitude of the different externalities, and accordingly identify the appropriate causes and solutions.

Effective policy responses rely on quantification of the different effects due to transport externalities. The vehicular costs to the

environment have to be assessed in terms of their local and global impact.

Programme Director,

The National Department of Transport's (DoT's) major role is to set up policy and legislation, which in turn must guide the planning and the building of resilient systems to tackle global transport externalities.

However, agreeing on policies that will enable internalisation of social costs from GHG emissions globally, is no easy task; with differences between the more developed and the less developed countries.

Some GHGs emitted by single firms or individuals have an impact that transcends a single country's borders. Locally, policies and legislations are not mutually exclusive from those set by any other regulating institution.

The Constitution of the Republic of SA (Section 217) stipulates that organs of state must contract for goods and services in a fair, equitable, transparent, competitive and cost-effective manner.

- The National department of Transport is in the process of establishing a Transport Economic Regulator (TER) to avoid externalities occurring in this regard.

Policy statements in the Green Transport Strategy (GTS) concerning measures to reduce air pollution by cars ought to simultaneously be implemented with *fiscal policy instruments* to address greenhouse gas emission (e.g., tail-end taxes), and reduction of congestion.

These include amongst others to internalise externality costs that society suffers, by regulating the market, taxing wrong doers, or instituting other forms of penalties. As government we may have to improve the design of incentives to reward those whose transport production or consumption activities results in positive externalities.

Taxes or subsidies are here imposed so that private costs absolve society's full costs and benefits accruing from a transaction. Imposing taxes and subsidies however require lots of data towards establishing the true outcomes.

- Subsidies may also be used to influence consumer choices, to opt for more environmentally friendly transport mode.

Policies may be put in place to subsidise capital expenditure, as well as operational expenditure related to public passenger transport. *Modal subsidies* for public transport buses, railway and taxes may be offered.

It should be noted that to these ends we have already embarked on a process of developing and implementing a public transport subsidy whose benefits must accrue most importantly to the consumer of public transport.

The aim of these actions is to stimulate increased use of less intrusive transport modes, when given subsidies.

On the other hand, *fuel subsidies* may be granted to those that use cleaner fuels (e.g., hydrogen, ethanol and biodiesel).

Vehicle subsidies may be offered e.g. towards buyers of compressed natural gas (CNG) buses, electric and hydrogen run vehicles. While fare subsidies are known to attract more numbers of commuters from use of private cars.

Other forms of regulations that may be instituted by related departments and entities, include the following:

- ***Fuel economy standards***; which could be set to capture the mileage travelled per unit of fuel consumed.
- ***Emission standards***; which may be set to impose a limit on the amount of exhaust that a vehicle happens to be giving off in its tailpipe.
- ***Fuel quality standards***; which may be instituted to limit polluting elements in a fuel type, e.g., lead in gasoline and sulphur in diesel.

BRT AND RAIL MODERNISATION

We have already as government undertaken planning and investment aimed at establishing a resilient system to tackle transport externalities. Investment in a system such as a bus rapid transit (BRT) or our current railway modernisation programme do result in a reduction of congestion, emissions and accidents.

Literature also shows that use of high-quality BRT is likely to attract private car users towards use of public transport. The BRT system is already in place in several metros. It is now time to evaluate how efficient such systems have proven in RSA, while we place additional effort for greater distribution of the systems across all metros.

Ladies and gentlemen,

The Road Transport Management System (RTMS) gives incentives to transporters that do not overload, while traffic officers punish those that do. The amendments made in January 2015, to the National Road Traffic Act (Act No 93 of 1996), disallow a consignor or a consignee from offering goods, or accepting goods on an overloaded truck.

On rail, as a Department together with Gibela a consortium charged with the manufacture of rail rolling stock, we have embarked on a major programme to modernise rail and to recover capacity lost to vandalism and theft.

In case of provision of public goods, government has to intervene; e.g., in the provision of urban roads and paths in the remote areas. Without government intervention such roads would not be constructed and maintained since their provision entails little private benefits, but huge private provision costs.

It is nevertheless true that in order to tackle some of the challenges witnessed with road or rail transport, such efforts are being applied with increasing participation by the private sector.

Programme Director,

As government, we have continued with efforts to reverse the nature, extent and impact of apartheid spatial planning, efforts which include continuous improvement to the provision of public transport. It is however true that this effort remains a major challenge given the costs of urban restructuring plans.

Also moving traffic from environmentally sensitive areas may result in longer vehicle journeys. Thus, policies, legislation and implementation instruments should be set up by complementing departments and entities, and their implementation should be synchronised. Operation Phakisa is a good example of how this collaborative effort could be achieved.

The private sector has also room to participate by constructing solutions to negative externalities, through bargaining amongst affected parties.

The bargaining processes must be facilitated through pro-robust bargaining institutional frameworks where the facilitation of such bargaining is carried out by government through institutional frameworks that enable robust bargaining.

The private sector may also participate as interested members of society. Government may also set out to clear uncertainties. Existence of clean air, clean water, and biodiversity, may also benefit them much as they do not have property rights over those environmental aspects.

We must have uniform methodologies in measuring emissions. We must create adequate capacity to carry out environmental impact assessments in order to protect surrounding areas, where transport infrastructure developments take place.

Today's commitment is thus to ensure adequate and sufficient rolling stock and infrastructure is produced to enable a shift from road to rail, substantially.

In the case of the ballast water, we have the relevant conventions which have are in the process of domestication, hers needs to be rationalized Are there resources to construct infrastructure to clean ballast water of non-indigenous bodies?

CONCLUSION

Distinguished Ladies and gentlemen;

We wish to appeal to all participating in this Conference; the experts, the private sector, labour organisations, research and academic institutions to rethink transport and suggest systems that would be resilient enough to dispel the current challenges we face due to global transport externalities.

We can all start by participating in policy discussions; new or revamping and contribute to the debate and actions that must inform externality specific policies.

To these ends, I wish you a successful Conference and hope truly that this week will see great progress based on the robustness of the discussion that will ensue as we genuinely attempt to find and share solutions.

Thank you.