



**TRANSPORT MINISTRY
REPUBLIC OF SOUTH AFRICA**

**ADDRESS BY MINISTER BARBARA CREECY ON THE DEPARTMENT OF
TRANSPORT'S ROLE IN THE TRANSFORMATION OF THE SECTOR AND
SUPPORT FOR THE INTEGRATED TRANSPORT SECTOR CHARTER COUNCIL.**

16 MAY 2025

MIDRAND

Minister of Trade, Industry and Competition, Mr Parks Tau

CEO of the South African Roads Agency Limited, Mr Reginald Demana

CEO of Airports Company South Africa, Ms Nompumelelo Mpofo

Group CEO of Transnet, Ms Michelle Phillips

Acting Direct-General of the Department of Transport, Mr Mokonyama Mathabatha

Ladies and Gentlemen,

The Seventh Administration has identified the logistics and transport sector as one of the key enablers of achieving sustainable and inclusive economic growth in our country. Since the formation of the Government of National Unity the Department of Transport has undertaken a reform process that seeks to rejuvenate the sector whilst also contributing to the social imperative of the transformation of our society.

The transport sector is instrumental in the functioning of our society, yet as with the rest of our economy it has excluded those from previously disadvantaged backgrounds, women and youth. As per the Reports of the BBBEE Commission, in 2022 only 38.8% of

transport and logistics businesses were black-owned, which was a decrease from the 48.6% recorded in 2019.

in May 2023, the Integrated Transport Sector B-BBEE Charter Council was appointed to spearhead the transformation within the industry. Since then, the Council has worked tirelessly to conclude Transport Sector Codes, building on past efforts to modernise the sector's empowerment framework.

The current Charter Council has now delivered a comprehensive draft that will soon be gazetted for 60 days of public comment. This achievement not only closes a long chapter of uncertainty but also contributes directly to the development of the Transformation Fund.

Notably, these revised Transport Sector Codes introduce the formation of a sector-specific Enterprise and Supplier Development (ESD) Fund, mandating that a significant portion of enterprise and supplier development spend be directed toward this mechanism. In alignment with national imperatives, the Transport ESD Fund formally pledges its support—and financial contribution—to the broader Transformation Fund, anchoring the sector's commitment to inclusive growth and meaningful economic participation—marking a pivotal point in our sector's empowerment journey.

The Department of Transport and its entities consider transformation to be one of the key pillars that informs the achievement of their respective mandates.

This commitment to transformation is reflected in the leadership of the department's entities, as well as in considerations of strategic procurement from SMMEs.

SANRAL institutionalises Contract Participation Goals (CPGs) in all major infrastructure projects: CPGs require a minimum of 30% of the total contract value to be subcontracted to Targeted Enterprises, which include black-owned SMMEs, youth, women, military veterans, and persons with disabilities.

In 2024/25, SANRAL achieved :(pre-audit performance):

- 99.7% of Routine Road Maintenance (RRM) spend on Black-owned SMMEs.
- 77% of non-RRM spend on Black-owned SMMEs.
- Engaged over 2,200 SMMEs on various contracts nationwide.

Signaling this commitment to transformation in the transport sector, SANRAL will launch the Contractors Development Programme (CDP) later this year. This flagship programme will address the exclusion of “missing middle contractors”. Apart from aiming to increase the participation of the previously disadvantaged, the CDP will also focus on building technical, financial, and managerial capacity of emerging black contractors. This will further equip black-owned contractors with the necessary skills to participate in a sector as competitive and capital-intensive as transport.

The re-establishment of rail as the backbone of our logistics system is one of the key objectives of this administration. The significant reforms in the rail space, such as the issuing of the Request for Information (RFI) and the release of the Transnet Network statement also have the imperative of transformation embedded in their objectives

The RFI raises transformation issues with participants and requests responses related to possible commercial business structures accommodating employee participation and opportunities in each rail and port corridor regarding community development and enabling black economic participation (e.g. local procurement, security matters).

Participants are also requested to indicate what opportunities are foreseen for small scale and emerging industry players and what opportunities are available for black owned

entities, as well as entities owned by women and people with disabilities., black. Questions are also raised concerning opportunities for sectoral development and localisation in the engineering, procurement, construction and other professional services.

In terms of the Network Statement, the allocation of capacity should also fulfil, amongst others, the objectives of maximising utilisation of the Rail Network, enabling growth objectives of critical strategic economic sectors, migration of traffic mode from road to rail, injecting infrastructure investment, and most importantly, to accelerating transformation in the rail sector.

To ensure compliance with section 10(1) of the B-BBEE Act of 2003, applications for access to the rail corridors should include equity principles for emerging and majority-owned black operators. The process should include alignment and implementation of the principles as stated in the Rail Sub-Sector Code for BBBEE. Consultation with representative associations will be critical to inform the development of a fit for purpose framework. Such a programme must include a comprehensive monitoring mechanism to enforce implementation.

In the passenger rail space PRASA's station modernisation and upgrade programme has utilised the services of SMMES. One of the key benefits of PRASA's recovery programme is job creation. For every R1 million invested in infrastructure, it is anticipated that at least 2 direct jobs, 2 indirect jobs, and 3.5 induced jobs will be created. Overall, the program is expected to create between 350,000 and 400,000 jobs over the MTEF period, providing a much-needed boost in employment opportunities.

Airports Company South Africa is also focused on transformation of the aviation services industry through development support to black-owned businesses through structured development programmes and partnerships with industry players to ensure meaningful, rapid development and growth of black entities in the sector. ACSA's group transformation strategy aims to ensure that service providers present a clear transformation plan outlining the participation of black South Africans in the contracts, capitalising on the provisions within the prevailing legislative and regulatory frameworks.

ACSA's overall procurement spend for 2024/25 was R4 042 billion. The B-BBEE spend achieved was R4,435B (75.67%). During this period R334 million was spent on emerging micro enterprises and R 1.2 billion on business owned by black women.

As we aim to restructure our transport and logistics sectors so that they are properly integrated and intermodal, we need to include actors that are already transformed. The taxi industry is a significant black-owned industry which currently transports the majority of commuters.

Current initiatives to support the formalization of the industry include pilot projects to promote cashless payments systems; a review of the permitting environment with the aim of introducing a common user friendly permitting system; and research into de-risking capital loans for new vehicles to ensure operators are able to make a decent living.

The transformation of the transport sector remains an important priority for our department. We look forward to the publication of the Transport Sector Codes and believe this will usher in a new era for the logistics sector.

I thank you