SANRAL Infrastructure Programme
CESA Infrastructure Indaba

Theme: Infrastructure Projects Impact - poverty reduction, employment creation and closing the inequality gap
SANRAL: Custodian of National Road Network

- Mass mover of passengers and cargo
- Stimulant of economic activity – construction and mobility
- Pathfinder for economic and social development
- Facilitator of regional economic integration
- Key contributor to economic and construction industry revival
SANRAL Role Justified

- **22 253km** national road network
- **R413bn** notional value - considered one of South Africa’s largest infrastructural assets
- Roads account for **87.9% of Freight** and **93.7% of Person Trips**. National Roads account for **70% of all road Freight**
- Non-toll roads **87% of network** funded by fiscal allocations from Treasury
  - 2019/20 = R21.1 billion; 2020/21 = R21.7 billion; 2021/22 = R21.5 billion; 2022/23 = R21.2 billion; 2223/24 = R22.1 billion
- **13%** toll roads
  - **7% managed directly by SANRAL** financed through capital markets, funded from toll levies. Incl GFIP e-Tolls.
  - **6% managed by private companies** under 30yr concessions. **Some R10bn off balance sheet financing.**
  - Toll budget averages some R5b per annum over MTEF
- **Critical SADC Trunk Routes delivered** – N4 East; N4 West; N1; N3, N8, N11, N17
Starting Point: Clarity of Vision
<table>
<thead>
<tr>
<th>HORIZON 2030</th>
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<tbody>
<tr>
<td>Infrastructure investment and job creation</td>
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<tr>
<td>Mirror aims of National Development Plan</td>
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<tr>
<td>Manage and expand critical infrastructure of road network to create economic value</td>
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<td>Share expertise in SA and sub-Saharan Africa</td>
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<td>Maintain existing infrastructure and invest in capital projects in an inclusive manner to grow SA economy</td>
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<td>Funding Policy and Appropriate Models</td>
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STRATEGIC TRAJECTORY: HORIZON 2030

FOCUSED

HORIZON 2030
- Focus on long-term vision
- Review of network growth
- Review of funding model
- Long-term roads plan
- Review of SANRAL mandate
- Review of roads authority support model
- Emphasis on relevance
- Aggressive transformation agenda

BUSINESS OPERATIONS
- Operating Model Review
- New Institutional Structure and Regional Delivery Model
- Pursuit of ISO Standards (9001, 14000, 55000)
- SCM Reforms
- Governance and Combined Assurance Reforms
- Recruitment: Capability and Employment Equity
- ICT Led Agility
- Relevance: Community Development

REFORMS

ROAD INFRASTRUCTURE
- 2030 Roads Plan – Planned roads projects for the next decade
- Smart Roads – Intelligent, Technology and Data Driven Road Infrastructure and Services
- Maintenance Projects
- Strengthening Projects
- Improvement Projects
- Expansion Projects
- Community Development Programme
- Job creation and Supplier Development

DELIVERY
### STRATEGIC TRAJECTORY: HORIZON 2030

<table>
<thead>
<tr>
<th>Visioning</th>
<th>Strategic Objectives</th>
<th>Focus</th>
<th>Roads Development</th>
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<tbody>
<tr>
<td>Abandon pursuit of being “the best in the world”</td>
<td>Replaced previous 9 SOs with new 10 SOs</td>
<td>4 Pillars</td>
<td>2030 Roads Plan</td>
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<td>New focus on “Delivering value for South African Citizens”</td>
<td>Key Focus;</td>
<td>- Roads</td>
<td>Smart Roads</td>
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<td></td>
<td>- Reputation</td>
<td>- Road Safety</td>
<td>Flagship Projects</td>
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<td></td>
<td>- Road Network</td>
<td>- Mobility</td>
<td>Budget Programme</td>
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<td>- Transformation</td>
<td>- Stakeholders</td>
<td>E-Toll Scheme</td>
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<td></td>
<td>- Agility</td>
<td>3-Pronged Funding Strategy</td>
<td></td>
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<td></td>
<td>- Africa &amp; Beyond</td>
<td>- Public Funds</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- Private Finance</td>
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<td></td>
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<td>- Own Revenue</td>
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Next Step:
Delivery Focus
Project Focus

Strong project pipeline at SANRAL

Asset Management System (ITIS) generates data driven project priorities for medium - long term

Key question remains SA’s chosen funding policy for infrastructure projects

<table>
<thead>
<tr>
<th>Project</th>
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<tr>
<td>• GFIP Phase 2 (New Routes)</td>
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<td>• GFIP Phase 3 (Upgrades)</td>
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<tr>
<td>• N1/N2 Winelands</td>
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<td>• N2 Botrivier to Port Elizabeth</td>
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<tr>
<td>• N2 Wild Coast (Ndwalane to Mtamvuna River)</td>
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<tr>
<td>• N2 Durban South to North</td>
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<td>• N2 Richards Bay to Ermelo</td>
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<td>• N3 Pietermaritzburg to Durban</td>
</tr>
<tr>
<td>• N4/PWV3 extension Pampoen Nek</td>
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<tr>
<td>• N12 Johannesburg to Klerksdorp</td>
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<tr>
<td>• N12 Benoni to Witbank</td>
</tr>
<tr>
<td>• R72/N2 Port Elizabeth to East London</td>
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<tr>
<td>• R300 Cape Town Mobility Corridor</td>
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Flagship Projects

Located on key economic corridors, the implementation of these projects over a 5-10-year period will result in substantial road user time and cost savings due to reduction in congestion and accidents associated with improvements

- **N1 Huguenot Tunnel** improvements and second tunnel completion
- **R573 Moloto Road** improvements
  - Expansion of key mobility corridor; improvement of safety performance
- **N1 North Upgrade** Bella Bella to Beitbridge
  - Expansion of Capacity at north most section of SA portion of North – South Corridor
- **N2/N3 KZN** upgrades
  - Expansion of capacity of key Freight Corridor; Facilitation of DBN-PMB City Region; 13 Packages each >R1bn
- **N2 Strand**
  - Realignment of crucial bottleneck in N2 Corridor
- **N2 Wild Coast Toll Project** construction
  - 2 Mega Bridges; New N2 section with 7 Packages; Over 10 road improvement and community roads projects
Presidential Economic Stimulus

**Phase 1**
- 3 N2 Wild Coast Road Packages
- 6 N2/N3 Expansion Packages
- 11 Community Development Projects
- 5 Ministerial Priority Projects
- 20 000 Fulltime Job Equivalents

**Phase 2**
- 25 Capacity expansion and road improvement projects
- 11 Community Development and Road Safety projects
- 25 000 Fulltime Job Equivalents

**Phase 1** – R3.5bn allocation to SANRAL, unlocking further R12bn in SANRAL budget

**Phase 2** – R4.5bn budget request, to unlock further R17bn in SANRAL budget
Infrastructure South Africa

- SIDS
- National Infrastructure Plan (NIP)
- New SIP Project Gazetting

Infrastructure Fund

- New promising blended financing pot

SIDS

- SANRAL projects underwent project preparation process review
- 14 SANRAL projects got go-ahead
- Gazetted by Minister De Lille as new SIP Projects
- SANRAL part of NIP 2050 development team, contributing 2030 Roads Plan

Infrastructure fund

- Fund now operational, has committed funding for university accommodation, water, telecoms and OSBP
- Kickstart meeting held and focused engagements to follow
- SANRAL intends to tap into fund for qualifying projects
### Budget Programme – 2021/22 to 2023/24

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Non-Toll</th>
<th>Toll</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Design</td>
<td>Construction</td>
<td>Design</td>
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<tr>
<td>Routine Maintenance</td>
<td>136</td>
<td>128</td>
<td>69</td>
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<tr>
<td>Periodic Maintenance</td>
<td>197</td>
<td>11</td>
<td>33</td>
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<tr>
<td>Special Maintenance</td>
<td>78</td>
<td>21</td>
<td>13</td>
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<td>Community Projects</td>
<td>84</td>
<td>13</td>
<td>6</td>
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<tr>
<td>Strengthening</td>
<td>27</td>
<td>10</td>
<td>7</td>
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<tr>
<td>Improvements</td>
<td>111</td>
<td>38</td>
<td>7</td>
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<tr>
<td>New Facilities</td>
<td>123</td>
<td>34</td>
<td>38</td>
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<tr>
<td><strong>Totals</strong></td>
<td>756</td>
<td>255</td>
<td>173</td>
</tr>
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**Key MTEF Considerations:**

**Non Toll Budget:**
- Maintenance: Capex ratio about 45:55
- Key focus on erosion of underspent funds over MTEF
- Budget prudence – SANRAL not requesting large budget increases over MTEF

**Toll Budget:**
- Severely constrained Capex programme due to E-Tolls and Anti-Toll Sentiment in SA
- Lost R14bn funding opportunity from NDB (R7bn) and MIGA (R7bn)
- SANRAL has not issued bonds in bond market since 2016
- Successful private placements, albeit largely short-dated
Key Challenges

Implementing Regulatory Reforms

Bond Maturity Profile

Graph 1: Spending on roads

Graph 2: SANRAL Debt Maturity Profile (at carrying amount) by financial year

CPI linked bonds shown with an * above. Years are financial years. Carrying amount is at reporting date. PNs included in Unlisted Debt.
Looking Ahead

Opportunities

• e-Toll scheme decision
• Rapid Covid-19 ramp back
• Roads funding policy clarity
• Future of SANRAL
• Unlocking regulatory bureaucracy
Thank You