

SANRAL Infrastructure Programme CESA Infrastructure Indaba

Theme: Infrastructure Projects Impact - poverty reduction,
employment creation and closing the inequality gap



INFRASTRUCTURE
Indaba
Engineering the Future

2021 VIRTUAL

28 - 29 SEPTEMBER 2021

SANRAL



BUILDING SOUTH AFRICA
THROUGH BETTER ROADS



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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**

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Starting Point:
Clarity of Vision

STRATEGIC TRAJECTORY: HORIZON 2030

HORIZON 2030

Infrastructure investment and job creation

Mirror aims of National Development Plan

Manage and expand critical infrastructure of road network to create economic value

Share expertise in SA and sub-Saharan Africa

Maintain existing infrastructure and invest in capital projects in an inclusive manner to grow SA economy

Funding Policy and Appropriate Models



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

REFORMS

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

DELIVERY

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

STRATEGIC TRAJECTORY: HORIZON 2030

Visioning

- Abandon pursuit of being “the best in the world”
- New focus on “Delivering value for South African Citizens”

Strategic Objectives

- Replaced previous 9 SOs with new 10 SOs
- Key Focus;
 - Reputation
 - Road Network
 - Transformation
 - Agility
 - Africa & Beyond

Focus

- 4 Pillars
 - Roads
 - Road Safety
 - Mobility
 - Stakeholders
- 3-Pronged Funding Strategy
 - Public Funds
 - Private Finance
 - Own Revenue

Roads Development

- 2030 Roads Plan
- Smart Roads
- Flagship Projects
- Budget Programme
- E-Toll Scheme



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Next Step:
Delivery Focus

SANRA

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

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



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

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

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



INFRASTRUCTURE INVESTMENT

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

Project Type	Non-Toll		Toll		Total	
	Design	Construction	Design	Construction	Design	Construction
Routine Maintenance	136	128	69	65	205	193
Periodic Maintenance	197	11	33	2	230	13
Special Maintenance	78	21	13	0	91	21
Community Projects	84	13	6	0	90	13
Strengthening	27	10	7	0	34	10
Improvements	111	38	7	7	118	45
New Facilities	123	34	38	10	161	44
Totals	756	255	173	84	929	339
	1011		257		1268	

Key MTEF Considerations:

•Non Toll Budget:

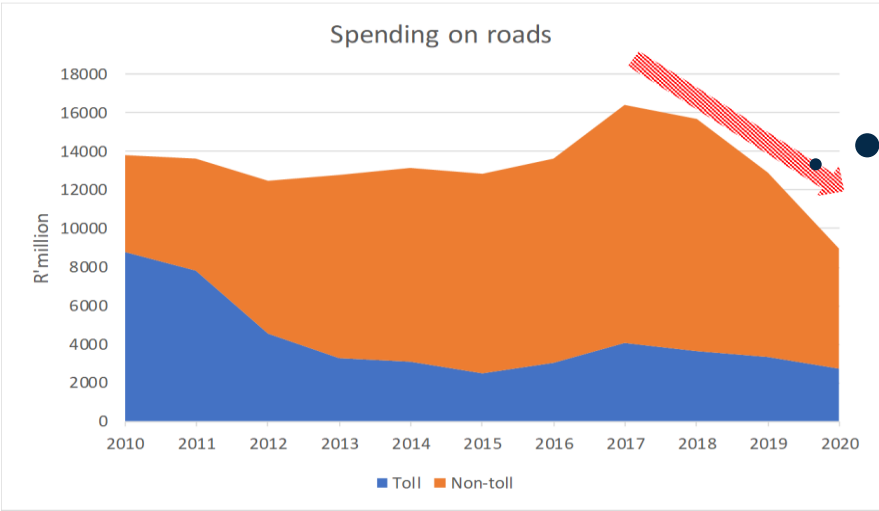
- Maintenance: Capex ratio about 45:55
- Key focus on erosion of underspent funds over MTEF
- Budget prudence – SANRAL not requesting large budget increases over MTEF

•Toll Budget:

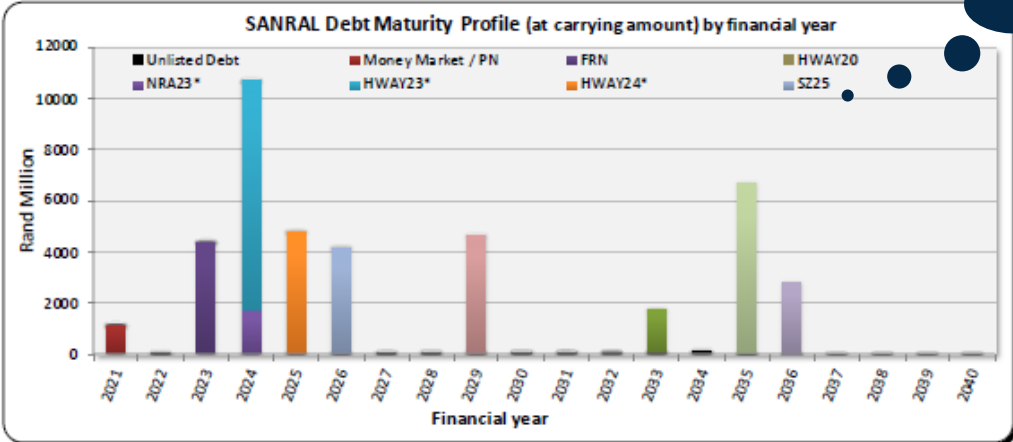
- Severely constrained Capex programme due to E-Tolls and Anti-Toll Sentiment in SA
- Lost R14bn funding opportunity from NDB (R7bn) and MIGA (R7bn)
- SANRAL has not issued bonds in bond market since 2016
- Successful private placements, albeit largely short-dated

Key Challenges

Implementing Regulatory Reforms



Bond Maturity Profile



CPI linked bonds shown with a * 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

