

SANRAL
STRATEGY

HORIZON
2030

SUMMARY

Our purpose is to deliver a safe, efficient, reliable and resilient national road transport system for the benefit of all the people of South Africa.

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BUILDING A BETTER SOUTH AFRICA THROUGH BETTER ROADS

SANRAL is presenting a new vision, mission and strategy that will guide the organisation over the next stage in its growth to continue to plan, develop and manage South Africa's national road network.

Two decades after its establishment, the South African National Roads Agency SOC Ltd (SANRAL) has re-examined its core values and strategy to take stock of the environment and determine how it can further improve on the delivery of its mandate. This process is taking place within a rapidly changing global and regional economic environment, sweeping changes in technology and fundamental reassessments of South Africa's socio-economic priorities.

SANRAL's new long-term vision and perspective acknowledges the major success areas of the past 19 years and seeks to build on them. It also reviews areas where the performance was sub-optimal to ensure the necessary interventions are made to correct them and ensure success.

Since its establishment SANRAL has steadily grown the size of the national road network, primarily to improve connectivity between the cities of South Africa and across the region. This has contributed to mobility, supported economic growth objectives, provided access to opportunities for communities and supported the expansion of the commercial, agriculture and tourism sectors.

SANRAL intends to build on its legacy of delivering state-of-the-art, high quality road infrastructure while also ensuring that its vision and mandate align with other key government programmes for socio-economic development.

“VISION”

Ensuring our national road transport system delivers a better South Africa for all.

The National Development Plan aims to reduce inequality and eliminate poverty by 2030. These goals can be achieved by drawing on the energies of South Africa's people, growing an inclusive economy, building partnerships throughout society and enhancing the capacity of the state.

The **SANRAL 2030 Strategy** – also known as **Horizon 2030** – recognises the contribution a state-owned entity such as SANRAL can make to build a capable and developmental state, and drive economic development through the provision and maintenance of critical infrastructure.

The future challenge is to manage the road network. The primary road network is an important catalyst for economic growth but insufficient maintenance of existing infrastructure and inadequate investment in future capital projects can inhibit South Africa's future growth trajectory.

SANRAL's strategy is a pro-active response to deliver on SANRAL's vision of a national transport system that delivers a better South Africa for all. It sets out in great detail SANRAL's strategic objectives, the four pillars of **Roads, Road Safety, Stakeholders** and **Mobility**, and the critical enablers that will make it possible for SANRAL to remain a respected, dynamic and responsive organisation over the next 13 years.

MANDATE

To manage and control the national road network and take charge, among others, of the development, maintenance and rehabilitation of national roads within the framework of government policy.

1998-2010

HORIZON 2010

- Road network growth
- Introduction of private finance
- Accelerated infrastructure investment
- Construction of the regional trunk routes
- Technical excellence
- Support to other roads authorities

2010-2020

MTSF 2014 / MTSF 2019

- Road network growth
- E-toll project and uncertainty of toll funding model
- Reduction in public funding due to economic slowdown
- SANRAL reputation and public trust challenges
- Leadership transition

2020-2030

HORIZON 2030

- Focus on long-term visioning
- 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

OUR JOURNEY

From its establishment in 1998 SANRAL followed a clear journey based on the prevailing strategic objectives and priorities. SANRAL's growth and evolution in each of the respective ten-year periods required a focus on various strategic imperatives in response to the relevant challenges and opportunities.

It started off from humble beginnings with a focus on growth but the first decade also included initial exposures to private finance and engineering excellence. The second decade

was dominated by the reputational effects of the e-toll project – public resistance, public trust challenges and pressures for inclusivity by a society desperate to participate meaningfully in the economy.

The third and coming decade, will see a focus on long-term visioning, a review of network growth, a review of the SANRAL mandate, emphasis on relevance and concerted steps to deal with fair access to opportunities and redress of past imbalances.



SANRAL'S STRATEGIC RESPONSE

Horizon 2030 is presented against the background of important changes in both the local, regional and global environments and SANRAL's responses to these dynamic circumstances.

	The redefinition of South Africa's medium- and long-term objectives as set out in government strategies such as the National Development Plan 2030 , the Medium Term Strategic Framework and the National Infrastructure Plan
	The changing role and mandates of state-owned entities such as SANRAL in building a capable public sector
	Wide-ranging reflection and public debates on future funding models for road infrastructure and how to find a workable model that combines funding from the fiscus with the user-pay principle advocated in the National Development Plan
	Working within the constraints of competing socio-economic priorities and limited funding from the fiscus to develop models that balance the need for world-class road infrastructure with the public's ability to pay
	A growing realisation that transport planning is inextricably linked to spatial planning and that the management of the country's national road network must be aligned with broader strategies related to urbanisation, densification and the roll-out of public transport systems
	The elevation of road safety as a national priority and the identification of a clearly defined role for SANRAL to provide both safe roads and infrastructure and play a prominent role in road safety education and awareness
	Harnessing the power of emerging technologies in the fields of engineering, construction, information and communication to deliver more effective road solutions and higher levels of safety and efficiency
	The transformation of the South African construction and engineering sectors and SANRAL's contribution to broad-based black economic empowerment, skills development and the growth of small- and medium-sized enterprises
	The growing integration of the Southern African region – and the entire continent – and role of road infrastructure to facilitate the free movement of people, goods and services and increase trade and investment
	The balancing of strategic economic infrastructure such as roads with the need to protect the environment and conserve South Africa's natural and cultural heritage
	Remaining on the leading edge of global trends in environmental management, energy efficiency and the utilisation of renewable resources
	Strengthening SANRAL's role within communities through pro-active consultation, partnerships and inclusive decision-making
	Meeting high standards of corporate governance, ethics and adherence to sound procurement and supply chain management processes
	Maximising the return on SANRAL's assets to generate alternative funding sources and explore opportunities to commercialise its services as part of its integrated funding strategy
	Changing SANRAL's own organisation through a renewed focus on transformation, inclusivity, leadership and skills development and succession planning .



ABOUT SANRAL

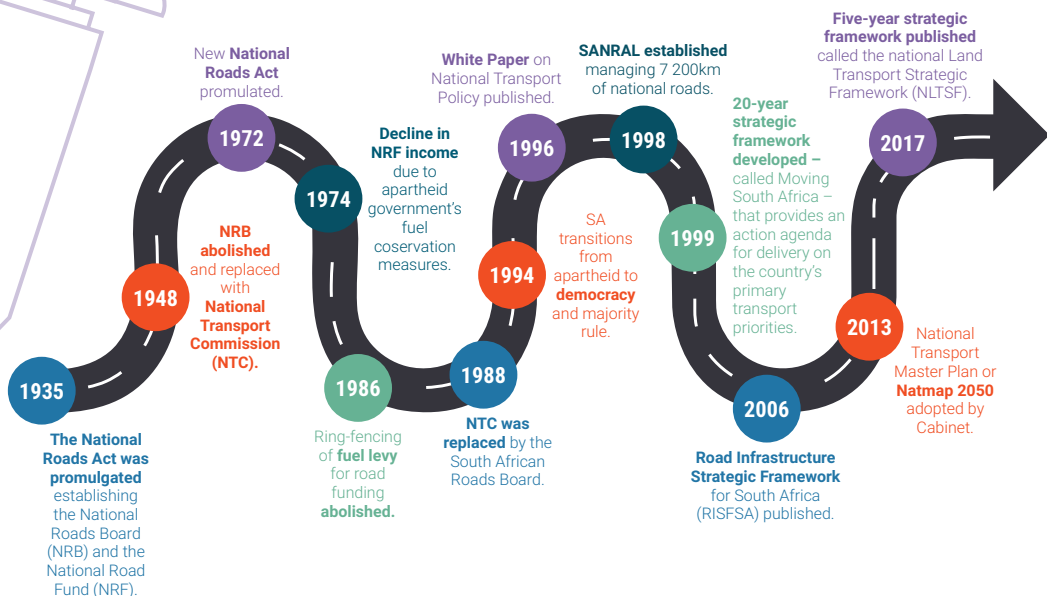
SANRAL is a state-owned entity with the Minister of Transport as its sole shareholder. It was established in 1998 under its own founding legislation (Act 7 of 1998) and is tasked with financing, developing, controlling, planning, maintaining and rehabilitating national roads within the framework of government policy.

SANRAL is repurposing itself because South Africa has embarked on a process of fundamental transformation that opens the path for inclusive, broad-based economic development.

This transformation will promote growth, mobilise investment, create jobs and empower citizens.

SANRAL recognises that it can help to build a capable and developmental state, and drive economic development through the provision and maintenance of critical infrastructure.

SANRAL'S DEVELOPMENT





TRAVEL TIME TO
N1/R21 I/C
16 MINUTES



STRATEGIC CONTEXT

NATIONAL DEVELOPMENT PLAN 2030

The NDP provides a broad framework for South Africa's future growth trajectory. With the theme **"Our future – make it work"** the aims of the NDP are to eliminate poverty and reduce inequality by 2030.

This can be achieved by uniting South Africans, unleashing the energies of its citizens, growing an inclusive economy and enhancing the capability of the state.

The National Development Plan refers to the country's road network as **"South Africa's largest single public asset ..."**

"National and provincial roads are the prime means of connecting people and moving cargo from small settlements and secondary towns to the centres of economic activity. At a replacement value of R1.7 trillion, preserving it is a top priority."



MEDIUM TERM STRATEGIC FRAMEWORK

The MTSF recognises the need for a capable and developmental state and highlights its contribution to address infrastructure constraints. State-owned entities, such as SANRAL, must play a critical role in driving economic development through building and maintaining economic infrastructure.

South Africa has "a relatively good core national network of economic infrastructure" but there is a challenge **"to maintain and expand it to address the demands of a growing economy"**. The economy has already been constrained by inadequate investment and ineffective operation and maintenance of existing infrastructure.

Economic infrastructure – such as the national road network – is a precondition for providing basic services such as electricity, water, sanitation, telecommunications and public transport, and it needs to be robust and extensive enough to meet industrial, commercial and household needs.



FUNDING POLICY

As shown by **Graph 1**, since inception SANRAL has grown its annual non-toll allocation from the fiscus in tandem with the size of its network. Public funds are a critical source of funding and enable SANRAL to undertake a significant amount of work on the network.

However, the introduction of private finance in the form of state tolls and public-private-partnerships has proved valuable for SANRAL and allowed it to broaden the extent of the funding envelope and achieve more than it could were it only reliant on the non-toll fiscal allocations.



Without this key alternative source of funding, SANRAL would not have been able to carry out some of the major works that include expansion of the network, greenfield developments and brownfield upgrades. Private finance is currently government policy and it has affirmed its important role with regards to infrastructure development.

FISCAL CLIFF

SANRAL is now at a stage where opportunities for own revenue generation warrant serious consideration given the existing demands and constraints. Own revenue generation logically forms the final pillar of an integrated funding strategy that would seek to diversify funding sources and apply innovative funding solutions.

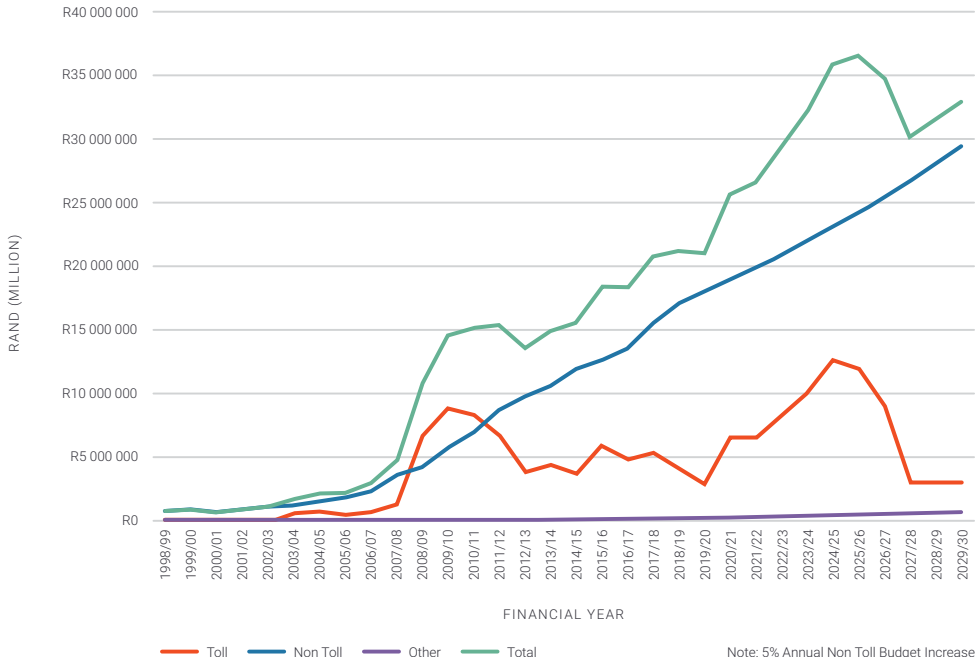
Graph 2 shows that the introduction of additional revenue generated from internal sources would never match the quantum from private finance and fiscal allocations. It would, however, mark the beginning of a shift towards the acknowledgement of a diversified revenue base and extraction of embedded value from SANRAL's enterprises.

SANRAL acknowledges that National Treasury is the custodian of funding policy.



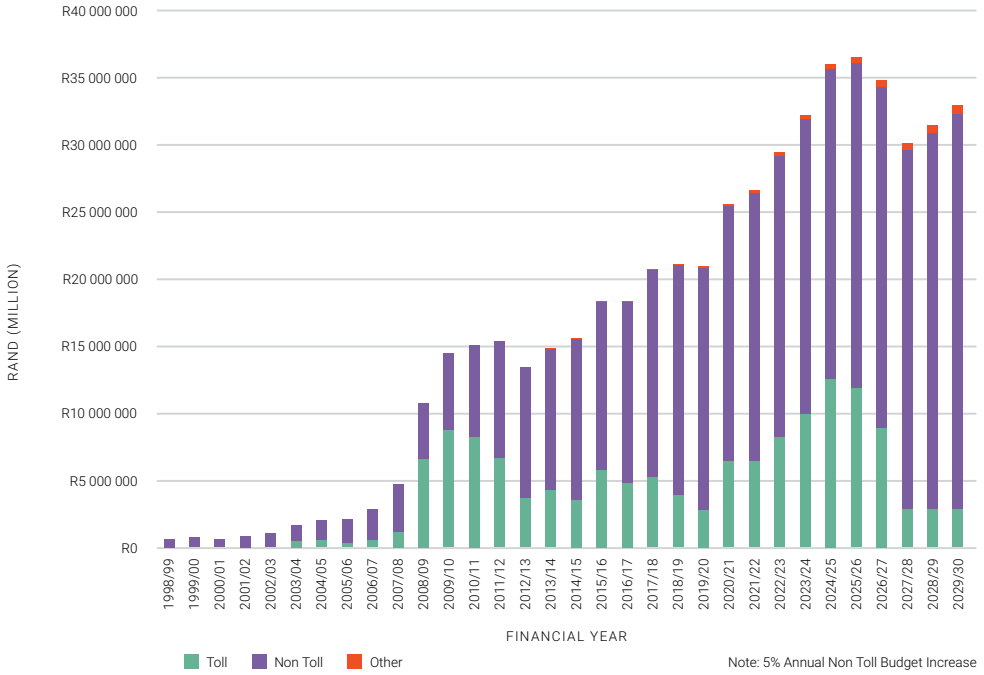
SANRAL EXPENDITURE TREND

Graph 1



SANRAL EXPENDITURE TREND

Graph 2



CHALLENGES

SANRAL operates within a rapidly changing social and technology environment. Its future success will be dependent on its ability to influence perceptions about road infrastructure and streamline its internal process to meet a number of challenges.

Understanding and improving the nation's perceptions of SANRAL

The most important task for SANRAL is to deliver value to South African citizens and road users through the delivery of quality road infrastructure. It is imperative that SANRAL continues to maintain clean corporate governance and deliver an excellent service to stakeholders.

Engaging South Africans on the need for adequate road funding

There must be a greater awareness among the public that roads compete for funding from the national fiscus together with other socio-economic imperatives. To ensure roads receive its adequate share of funding will require measured engagement and the application of an integrated funding strategy.

Maximising job opportunities

South Africa's high unemployment rate exerts pressure on SANRAL to maximise the number of jobs created on SANRAL's projects, especially for targeted groups that include black women and youth. SANRAL needs to develop and employ more labour enhanced methods on the projects it manages, but at the same time ensure the cost effectiveness of such projects.

Sustaining the condition of the national road network

Uncertainties relating to adequate funding allocations from government and concerns relating to the use of private finance to develop roads, place an increasing risk on the sustainability of the high quality of the condition of the entire national road network.

Standardising processes and systems across all SANRAL regional offices

Systems, policies and specifications are changing continuously. There is a need to ensure uniform and consistent approaches and standardised systems and processes across all SANRAL offices.

Consulting with stakeholders in a timely manner

SANRAL's strategic planning processes must be aligned with that of its stakeholders and the agency must provide professional and technical support in the delivery of stakeholder projects, including skills transfers.

Influencing behaviour of road users

SANRAL can make an important contribution to road safety through the provision of both safe roads and encouraging safe behaviour among all road users, whether drivers, passengers and pedestrians.

Dealing with limiting and restrictive legislation

All legislation and regulations must be complied with. However, limiting and restrictive legislation can have a negative impact on service delivery if not properly planned for. There is a need to actively participate in processes to review and streamline such measures, including the SANRAL Act.



STRATEGIC OPPORTUNITIES

SANRAL has access to unique skills, resources and technology that can be harnessed and strengthened to influence the likelihood of future success.

Harness existing professional skills and support the growth of new skills

SANRAL can draw on highly developed skill sets that can be harnessed and utilised to the betterment of society. These sought-after skills should be made available within the organisation and to the broader industry and society to grow and develop new skills for future generations.

Grow and transform the industry

SANRAL has a significant role to play in the road construction industry transformation. It is well positioned to contribute to the growth and transformation of an industry which, in turn, will be a critical factor in the economic transformation of the country.

Use technology and innovation to improve capacity, mobility and road safety

SANRAL operates in sectors that are at the leading edge of developments in technology and innovation. A strategically developed technology and innovation initiative by SANRAL can add significant value to road users and the development and enhancement of the national road network.

Ensure sustainability of industry through a consistent pipeline of projects

SANRAL can be a major catalyst for the sustainable growth of the construction and engineering sectors. The strategic identification and roll out of SANRAL projects, together with an integrated approach with other road authorities, can ensure a constant supply of work in the road construction industry.

Maximise return on SANRAL's assets – business development

There are significant opportunities for SANRAL to generate alternative funding sources. This will be pursued through the formulation of a business development strategy to investigate potential opportunities in the areas of advisory services, training and development programmes, exploiting SANRAL's land portfolio, wayleaves, outdoor advertising, property development and management along with globalisation.

Pursue resource efficiency

SANRAL has a responsibility to contribute to a sustainable environment. The objective must be to deliver a national road network that is operated according to the highest standards of environmental management, energy efficiency and the utilisation of renewable resources.



TEN STRATEGIC OBJECTIVES

1 Improve SANRAL's reputation.

2 Provide and manage a safe national road network (primary avenues of mobility) to enable and contribute to economic growth and social development.

3 Utilise the primary road network system to spatially transform SA (integrated cities, accessible resources, services, facilities and locations).

4 Democratise the provision of the road network - broad-based black economic empowerment and transformation.

5 Ensure relevance and grow the footprint and impact of SANRAL by:

- Positively impacting on communities where it works
- Build co-operative relationships with other road authorities and departments for effective delivery
- Develop the capability and capacity of other road authorities
- Enhance job creation.

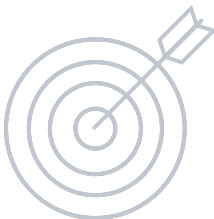
6 Utilise technology, research and innovation to advance the provision, operation and management of the national road system (meet road user needs).

7 Pursue adequate government funding to sustainably operate and maintain the national road network. In addition, explore, develop and implement a diversified funding strategy and exploit opportunities for the use of the user-pay principle.

8 Lead and/or contribute to SA's regional integration objectives and obligations through infrastructure development, human capital, technical know-how and skills development.

9 Pursue global interests and develop a strong commercial business case.

10 Ensure sustainability in the provision of roads inclusive of safety, the environment, resources efficiency, good corporate citizenship and governance.



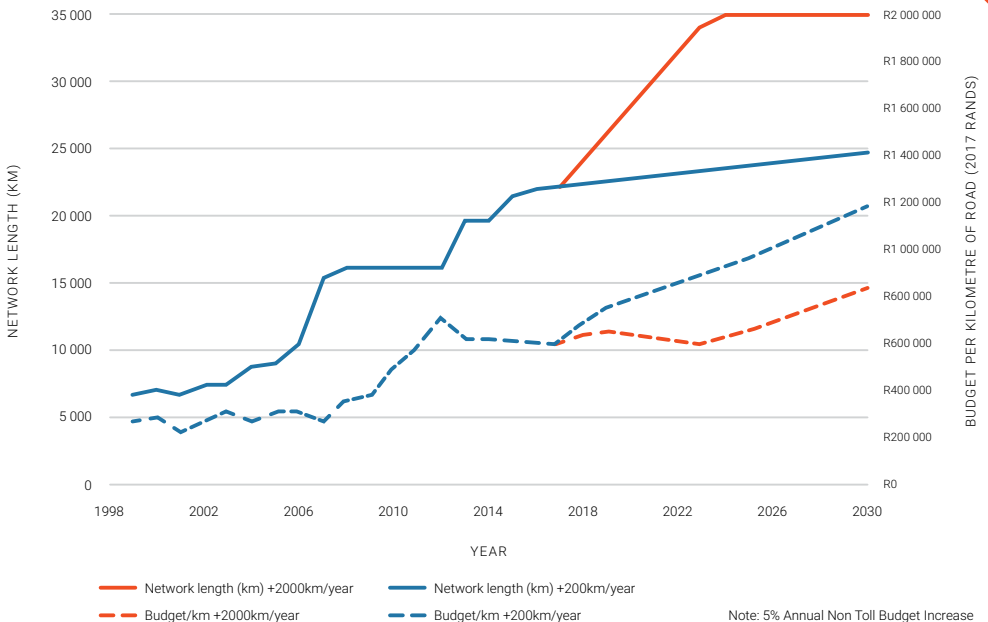
ROAD NETWORK MANAGEMENT

Horizon 2030 proposes a review of the proposed road transfers from provinces to SANRAL, from the original additional 15 000km to only 3 000km. The Agency does not have the financial and human capital capacity to take over the management of such a large network of roads. This new approach is of critical importance because previous road transfers were often done without the necessary budget transfers from the relevant road authorities. Subsequent additional

budget allocations from National Treasury have not adequately met the life cycle cost requirements of the transferred roads.

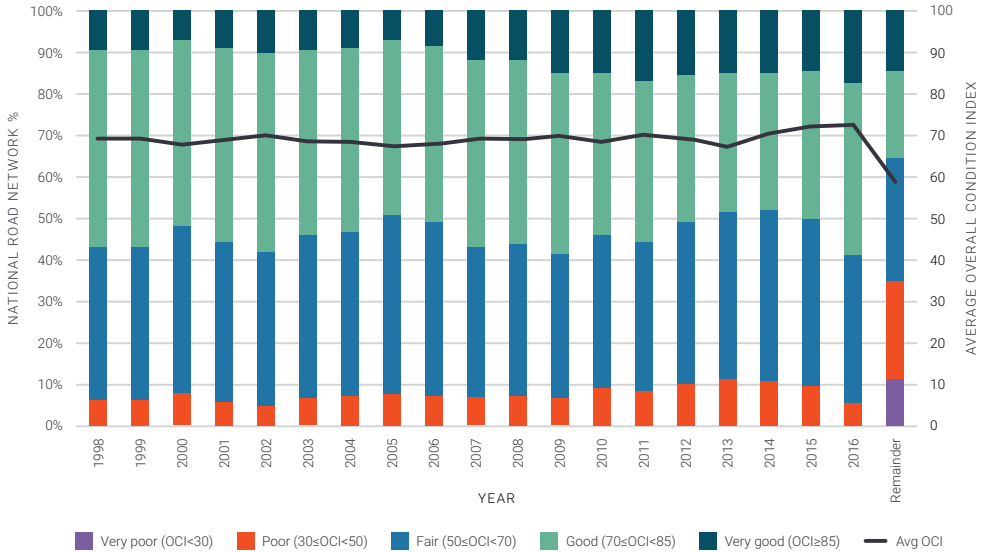
A reduction in the kilometres of roads earmarked for transfer will result in a more sustainable national road network of 25 000km with an increased budget per/km. The mechanism to identify and sign off the additional 3 000km will be coordinated by the Department of Transport and SANRAL through the MinMec structure.

BUDGET PER ROAD KILOMETRE TREND *Graph 3*



OVERALL CONDITION TREND

Graph 4



The alternative scenario of growing the network to the originally intended 35 000km would significantly reduce the available budget per/km, seriously jeopardise road maintenance from a life cycle cost perspective and result in a reduction in road quality.

The Overall Condition Index (OCI) figure would decline from the current level of 70, to 60, including an increase in the categories of “poor” to “very poor” roads from below 10% to 35%. Such a decline would result in a visible deterioration of the road network, more potholes and infrastructure failure.

The cascading impact of deteriorating road infrastructure would lead to a range of economic drawbacks, including increased vehicle operating costs for road users, longer journey times, higher road safety risks, reduced

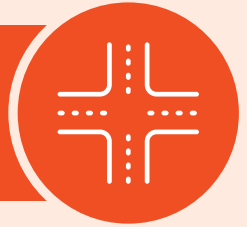
productivity, compromised mobility on major economic corridors, and decreases in investment opportunities.

SANRAL is further faced with uncertainties about the role of private finance in the development of road infrastructure. The absence of private finance will reduce the funding envelope for national roads in the medium- to long-term and result in project delays or cancellations. SANRAL currently has projects worth more than R120bn that were earmarked for tolling but cannot be implemented because of toll resistance. While SANRAL appreciates the importance of fully exploiting tax-based funding models for infrastructure development, South Africa’s competing demands for fiscal allocations mean that critical national roads projects may not be rolled out over the medium-term due to budget shortages.



PILLARS

SANRAL's primary mandate is to manage and control the national road network and take charge of its development, maintenance and rehabilitation. This 22 000km road network is described in the National Development Plan as the country's single biggest public asset and is critical to South Africa's future economic and social trajectory.



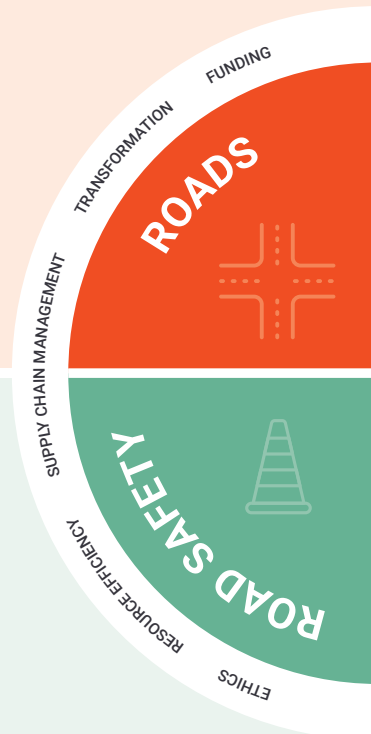
2030 ROADS PILLAR FOCUS AREAS

- develop and implement a 2030 Roads Plan
- deliver public transport enabling infrastructure
- roll out infrastructure to improve road safety for road users
- introduce sustainable road asset management solutions
- research and apply innovative road solutions (SMART Roads)
- ensure integrated land use and transport planning
- expand community development projects
- deliver high socio-economic flagship projects e.g. N2 Wild Coast, N1/N2/R300 Cape Town, Moloto R573, GFIP Phases 2 and 3, N3 Van Reenen, N2/N3 Durban
- evaluate internal toll division and possibly establish a separate toll subsidiary
- create a Technical Innovation Hub and expand the SANRAL Technical Excellence Academy.

2030 ROAD SAFETY PILLAR FOCUS AREAS

- implement programmes to improve attitudes and behaviour
- extend education and awareness campaigns
- strengthen partnerships for law enforcement and regulation
- implement technology and innovation solutions that influence road user attitudes and behaviour
- expand Road Incident Management systems
- develop partnerships in the management of crash data collection as well as for the provision of secure road environment for users
- develop and manage road safety engineering standards and construction work zone safety practices
- implement and continue road safety research and development programmes.

South Africa has among the highest road crash fatality rates in the world. The country is committed to the United Nations' Decade of Action to stabilise and reduce the level of road traffic fatalities. SANRAL supports the Safe Systems approach to road safety which involves the provision of safe road infrastructure that reduces the risk of a serious injury or death when a crash occurs, as well as the implementation of road safety educational and awareness programmes that will lead to changed attitudes and behaviour among all road users.





SANRAL's overarching objective is to meet the needs of South Africa in terms of its national road network. This is governed by the four pillars of Roads, Road Safety, Stakeholders and Mobility.

The four pillars can be defined as those business activities without which SANRAL would cease to exist, or, in the absence of which it cannot deliver on its core mandate efficiently.



SANRAL serves a wide spectrum of stakeholders ranging from road users who commute on the road network on a regular basis to communities who live in close proximity to the roads. As a state-owned entity SANRAL also reaches out to stakeholders in all three spheres of government – national, provincial and local. Communication with these stakeholders must be strengthened through the utilisation of both conventional media and the expanded utilisation of electronic and social media platforms.

2030 STAKEHOLDER PILLAR FOCUS AREAS

- implement stakeholder engagement strategy and plan
- strengthen media relations
- ensure effective marketing and advertising
- promote joint planning and project delivery co-ordination
- create effective internal communications platforms
- ensure improved interaction with social media users
- generate content and use own media
- extend research to understand and respond better to customer needs.



2030 MOBILITY PILLAR FOCUS AREAS

- develop public transport enabled road infrastructure
- extend integrated ticketing and public transport user information
- implement congestion management programmes
- optimise mobility and accessibility needs of strategic roads
- promote regional integration and seamless cross-border movement
- promote efficient and integrated urban mobility planning
- ensure route optimisation of capacity through cost effective measures
- enhance intermodal mobility planning and freight mobility optimisation mechanisms.



The efficient and safe movement of people and goods are key to the economic upliftment of all South Africans. Rapid developments in technology and innovative transport solutions, present significant opportunities to ensure inclusive and integrated economic growth. A seamless connection between the various road user types, road networks and transport modes, will promote such growth.



ENABLERS

The identified enablers make it possible for the SANRAL pillars to deliver the business of managing and operating the national road network within the framework of government policy.

HUMAN RESOURCES

At the heart of a successful organisation is how its human resources are recruited, remunerated, their careers developed and their skills constantly improved. These actions are implemented and supported by an on-going employment equity plan and succession strategy.

KEY FOCUS AREAS

- review HR strategy, policies and organisational structure
- strengthen leadership development
- effective recruiting through the employment equity plan and skills development
- drive high impact performance team culture
- ensure succession plan by using talent management.



INFORMATION AND COMMUNICATION TECHNOLOGY

To ensure high levels of user satisfaction, the ICT strategy must be aligned with the business strategy. In a constantly changing environment innovation is of the utmost importance as is the increasing need for information security.

KEY FOCUS AREAS

- define ICT maturity level and ensure user satisfaction
- drive innovation and smart solutions
- enhance information security
- increase bandwidth and capacity
- create a paperless environment.



LEGISLATION/REGULATION

As a state-owned entity, SANRAL functions within a defined legislative and regulatory environment. Changes to legislation and regulations have to be monitored on an on-going basis, streamlined with relevant authorities and input provided on possible reviews of, and amendments to, legislation.

KEY FOCUS AREAS

- amend SANRAL Act in line with Strategy 2030
- continuously monitor legislative and regulatory changes and impact on the Agency
- strengthen inter-departmental co-operation.





ENABLERS CONTINUED

ETHICS

This is a vital element of SANRAL's business and the Agency adheres to the highest standards of corporate governance. To maintain and improve these high standards of ethics, all SANRAL employees must be aware of principles and standards through continuous education and awareness campaigns.

KEY FOCUS AREAS

- drive an ethical culture
- strengthen governance
- eliminate conflicts of interest
- implement measures to curb corruption, wasteful and irregular expenditure.



RESOURCE EFFICIENCY

Managing all resources optimally is top of the list of SANRAL's priorities. Steps taken include sustainable road material use, conservation of non-renewables, the reduction of the carbon footprint, focusing on smart procurement and managing industry monopolies.

KEY FOCUS AREAS

- develop guidelines for sustainable use of non-renewable resources and introduce alternatives
- roll out Smart Roads and technology to promote efficient use of resources
- apply a resource efficiency barometer
- conduct strategic environmental assessment of road network expansion.



SUPPLY CHAIN MANAGEMENT

SANRAL's procurement model takes into account established and emerging sectors, ensures compliance to sound practices, constantly engages with suppliers and keeps track of the impact of supply chain management practices.

KEY FOCUS AREAS

- determine supply chain management (SCM) maturity level
- develop SCM operating model
- build sound SCM governance framework
- introduce procurement impact analysis methodology
- enhance contract management capability.





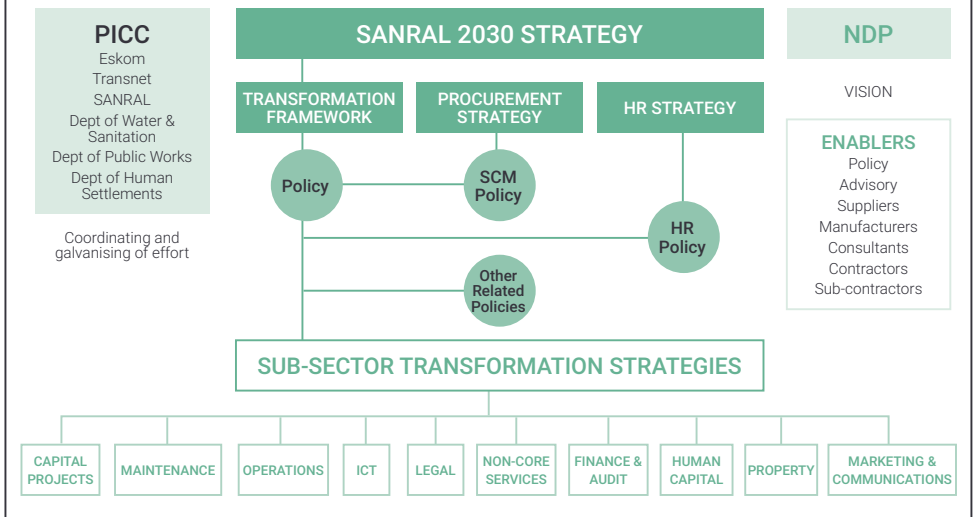
TRANSFORMATION

SANRAL's policies and practices must cover the whole range of the organisation's activities, from employment equity to skills development, community and enterprise development, procurement, legal, finance and audit.

KEY FOCUS AREAS

- develop transformation framework and policy
- develop sub-sector transformation strategies
- develop structured contractor development programmes
- ensure implementation by amending relevant policies.

TRANSFORMATION FRAMEWORK



FUNDING

SANRAL will promote an integrated funding model that includes public tax-based funding, toll revenue, own revenue and private capital for public roads, while constantly seeking new funding streams.

KEY FOCUS AREAS

- promote an integrated funding policy
- enhance revenue generation
- pursue own revenue – develop a Business Development Strategy
- develop business growth strategy
- pursue further toll/user-pay projects and increased public tax funding
- develop road infrastructure funding partnerships.

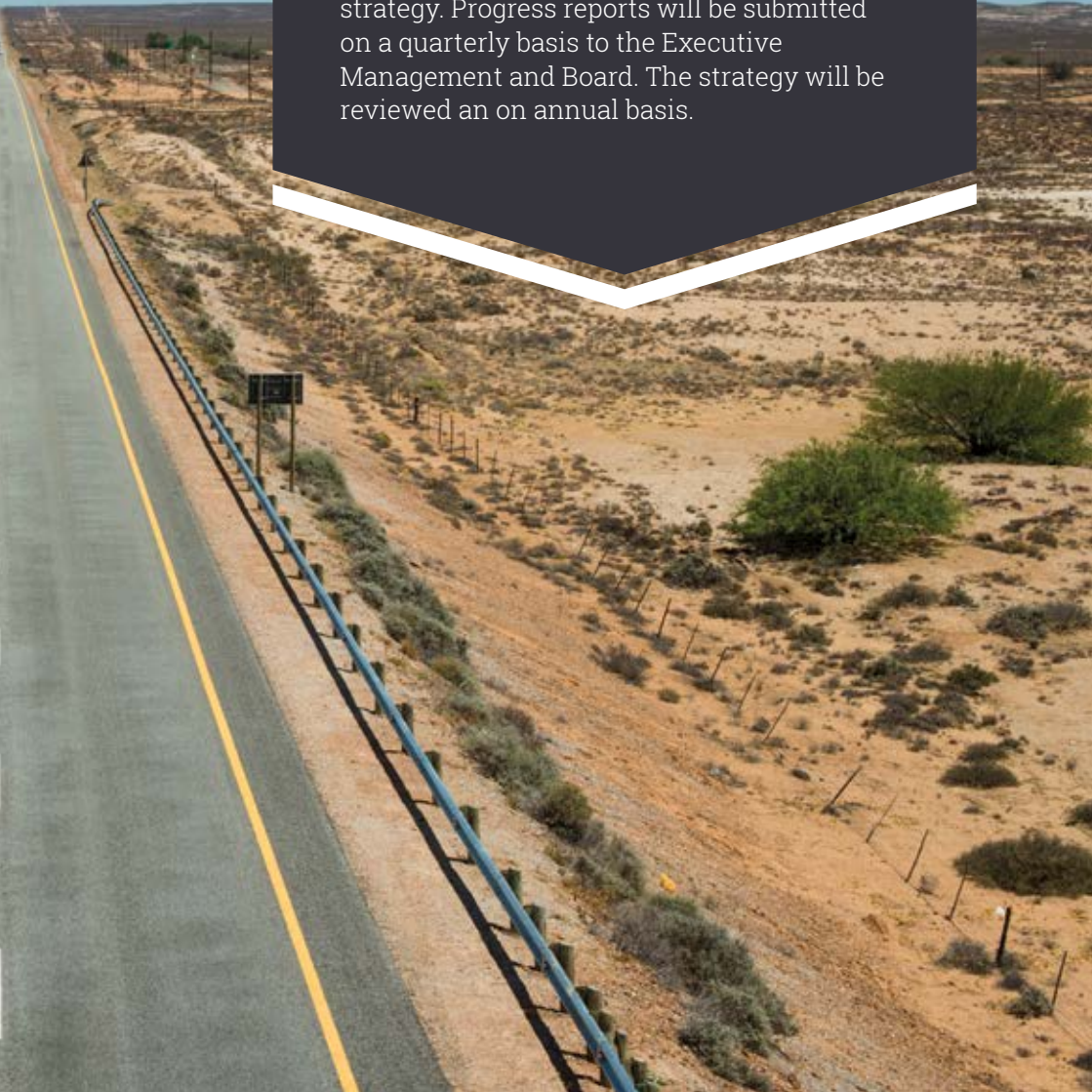






IMPLEMENTATION

Once this strategy has been finalised following an extensive process of consultation with stakeholders, SANRAL will establish a Strategic Implementation and Monitoring committee to ensure implementation of the strategy. Progress reports will be submitted on a quarterly basis to the Executive Management and Board. The strategy will be reviewed on an annual basis.





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