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DRAFT **REPORT OF THE PORTFOLIO COMMITTEE ON TRANSPORT ON THE BUDGET VOTE 37 AND STRATEGIC PLAN OF THE DEPARTMENT OF TRANSPORT, DATED**

The Portfolio Committee of Transport, having considered Budget Vote 37: Transport and the Strategic Plan of the Department of Transport for 2011/12-2013/14 (revised), reports as follows:

1. INTRODUCTION

The report contains the strategic objectives of the Department (the Department) and its entities presented to the Portfolio Committee on Transport (the committee) on 16 and 17 April 2013. The Committee, in its oversight role over the ministry, the Department and its entities, has to consider the strategic plan of the Department and its entities to determine whether the funds requested are aligned to the stated objectives in the strategic plans.

The Department oversees the following public entities:

1.1 Airports Company of South Africa (ACSA);
1.2 Air Traffic and Navigation Services Company (ATNS);
1.3 Cross-Border Road Transport Agency (CBRTA);
1.4 Ports Regulator;
1.5 Passenger Rail Agency of South Africa (PRASA);
1.6 Railway Safety Regulator (RSR);
1.7 Road Traffic Infringement Agency (RTIA);
1.8 South African Civil Aviation Authority (SACAA);
1.9 South African National Roads Agency Limited (SANRAL);
1.10 South African Maritime Safety Authority (SAMSA);
1.11 Road Accident Fund (RAF); and
1.12 Road Traffic Management Corporation (RTMC).

2. MANDATE OF THE DEPARTMENT

The Department of Transport is tasked with providing safe, reliable, effective, efficient and fully integrated transport operations that best meet the needs of freight and passenger users. At the same time, the Department is entrusted with providing the infrastructure and services in a manner that is efficient and affordable to the individual and corporate users, as well as the whole economy.

In addition, it is mandated with ensuring safety and security across all modes of transport.

In an endeavour to discharge its mandate effectively and efficiently, the Department has organised itself into the following programmes:

- Administration;
- Integrated Transport Planning;
- Rail Transport;
- Road Transport;
- Civil Aviation;
- Maritime Transport; and
- Public Transport.

3. OVERVIEW OF THE 2011/12 FINANCIAL YEAR

The following outcomes have been identified to guide and enable the Department to deliver on its mandate:

- **Outcome 1:** An efficient and integrated transport infrastructure network for social and economic development.
- **Outcome 2:** A transport sector that is safe and secure.
- **Outcome 3:** Improved rural access, infrastructure and mobility.
- **Outcome 4:** Improved public transport.
- **Outcome 5:** Increased contribution to job creation.
- **Outcome 6:**Increased contribution of transport to environmental sustainability

In 2011/12, the Department made certain strides with a view to fulfilling its mandate. Some of the activities taken in line with outcome 1 included the institutionalisation of the management of the Durban-Free State-Gauteng Logistics and Industrial Corridor. This Corridor is part of the 17 Strategic Integrating Project approved by the Presidential Infrastructure Coordinating Commission as a flagship in the management of a coordinated approach to delivering key economic infrastructure.

The Department recorded several successes pertaining to outcome 2. 391 registered Driving Licences Testing Centres were inspected to ensure that they complied with the requirements of the legislation regarding their registration which enabled them to test persons for driving licences. Moreover, 107 dangerous goods operators were inspected to ensure that they complied with the legislative requirements pertaining to the transportation of dangerous goods on public roads.

The Department also launched a Decade of Action and the Southern African Development Community (SADC) Road Safety Campaign with the aim of improving the safety of all road users of the public roads in South Africa and within the SADC region.

As far as outcome 4 is concerned, 53 000 passengers were transported on the *Rea Vaya* and *My Citi* Bus Rapid Transit (BRT) systems, with *Rea Vaya* accounting for 42 000 passengers. Moreover, Rustenburg, eThekwini, Tshwane and Nelson Mandela Bay finalised their Operation Plans for the Integrated Rapid Public Transport Networks (IRPTNs).

Concerning outcome 5, the Department hosted a Maritime Black Economic Empowerment (BEE) conference in Durban, in partnership with the KwaZulu-Natal Department of Economic Development. This was intended to solicit inputs and industry resolutions or suggestions pertaining to the creation of more jobs in the maritime industry.

With regard to outcome 6, the Minister signed the African Union Maritime Charter (Oil Pollution Prevention) in Angola in November 2011.

4. Policy Priorities for 2013/14

In terms of the outcomes-based performance management framework adopted by Government, the Department contributes mainly to the development of an efficient, competitive and responsive economic infrastructure network (outcome 6).To achieve this outcome, the Department will focus on:

- Maintaining road infrastructure.
- Upgrading rail infrastructure and services.

- Constructing and operating public transportation infrastructure.

These policy priorities are in line with what the National Development Plan (NDP) proposes with regard to social and economic development. Indeed, the NDP maintains that sound economic infrastructure is a precondition for economic growth and that the country's transport infrastructure is *a sine qua non* of attaining this.

The major recommendations of the NDP are to improve public transport planning and integrate it with spatial planning. It also puts emphasis on asset management and institutional arrangements to ensure safe, reliable and affordable public transport and renewal of the commuter rail fleet. In this regard, the NDP accentuates the need to focus on the Gauteng-Durban Corridor for freight, incentivise public transport and focus on transport systems rather than modes. The need to invest massively in transport is recognised as is the need to carefully prioritise these investments.

In his 2013 State of the Nation Address, President Zuma identified transport as a catalyst for the country's socio-economic development. In this regard, the President provided the following as niches for achieving this objective:

- Shifting the transportation of coal from road to rail in Mpumalanga in order to protect the provincial roads.
- Improving the movement of goods and economic integration through a Durban-Free State-Gauteng Logistics and Industrial Corridor.
- Upgrading Mthatha Airport runway and terminal and the construction of the Nkosi Dalibhunga Mandela Legacy Road and Bridge.
- Fast-tracking of roads in the North West.
- Integrating different modes of transport (bus, taxi and train) in Cape Town, Nelson Mandela Bay, Rustenburg eThekwini and Tshwane.
- Improving commuter rail network.

The budget allocation of the Department responds to the Government strategic objectives raised in the State of the Nation Address. This is evidenced by massive investments in the road, rail and public modes of transport which receive R18.2 billion, R10.3 billion and R9.9 billion respectively. This augurs well for economic growth and job creation. In addition, it will stand the country in good stead for attracting investors and tourists.

5. BUDGET ANALYSIS

Table: Budget Allocations

Programme	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
R million	2012/13	2013/14	2014/15	2015/16	2012/13-2013/14		2012/13-2013/14	
Administration	333.8	353.1	0.0	0.0	19.3	0.6	5.78 %	0.17 %
Integrated Transport Planning	118.5	80.6	0.0	0.0	- 37.9	- 42.2	-31.98 %	-35.59 %
Rail Transport	10 301.4	11 240.8	0.0	0.0	939.4	343.3	9.12 %	3.33 %
Road Transport	18 230.7	19 541.5	0.0	0.0	1 310.8	274.5	7.19 %	1.51 %
Civil Aviation	520.3	140.0	0.0	0.0	- 380.3	- 387.7	-73.09 %	-74.52 %
Maritime Transport	149.0	105.3	0.0	0.0	- 43.7	- 49.3	-29.33 %	-33.08 %
Public Transport	9 993.5	10 814.1	0.0	0.0	820.6	247.1	8.21 %	2.47 %
TOTAL	**39 647.2**	**42 275.4**	**0.0**	**0.0**	**2 628.2**	**386.3**	**6.63 %**	**0.97 %**

(Source: National Treasury 2013 – Vote 37: Transport)

Of the R588.7 billion total appropriation by vote, the Department of Transport receives R42.2 billion in the 2013/14 financial year. This allocation constitutes 7.2 per cent of the national budget. Compared to R39.6 billion that the Department received in 2012/13, the 2013/14 budget allocation increases by 1.0 per cent in real terms and 6.6 per cent in nominal terms. The budget allocation for the use of consultants and professional services (business and advisory services) in all programmes decreases from R1.2 billion in 2012/13 to R326 million in 2013/14.

6. PROGRAMME ANALYSIS

Programme 1: Administration

The Administration programme coordinates and renders effective, efficient strategic support to the Minister, Director-General and the Department. It also develops transport skills for the sector. This programme has five sub-programmes:

- Ministry;
- Management;
- Corporate Services;
- Communications; and

- Office Accommodation.

In the 2013/14 financial year, the Administration programme receives R353.1 million, up from R333.8 million in 2012/13. This translates into an increase by 0.2 per cent in real terms and 5.8 per cent in nominal terms. The marked increase is in the Communications sub- programme which increases from R28.2 million in 2012/13 to R40.6 million in 2013/14, amounting to an increase by 36.3 per cent in real terms and 44 per cent in nominal terms.

Programme 2: Integrated Transport Planning

This programme manages and facilitates national strategic planning for new projects. It also conducts research and formulates national transport policy, including for the cross-modal area of logistics. In addition, the Integrated Transport Planning programme coordinates international and inter-sphere relations. The programme comprises the following sub-programmes:

- Macro Sector Planning;
- Modelling and Economic Analysis;
- Regional Integration;
- Regional Integration;
- Research and Innovation; and
- Integrated Transport Planning Administration Support.

The budget allocation for the Integrated Transport Planning programme decreases drastically from R118.5 million in the 2012/13 financial year to R80.6 million in 2013/14. This is a decrease by 35.6 per cent in real terms and 32.0 per cent in nominal terms. The marked decrease is in the Modelling and Economic Analysis sub-programme which decreases by 64.3 per cent in real terms and 62.3 per cent in nominal terms. In the 2013/14 financial year, the budget allocation for this sub-programme is R22.6 million, down from R60 million in 2012/13.

Programme 3: Rail Transport

The Rail Transport programme facilitates and coordinates the development of sustainable rail transport policies, strategies and systems. Moreover, it oversees rail public entities. Five sub-programmes fall under the Rail Transport programme:

- Rail Regulation;
- Rail Infrastructure and Industry Development;
- Rail Operations;
- Rail Oversight; and
- Rail Administration Support.

In 2012/13, the budget allocation for the Rail Transport programme was R10.3 billion and it increases to R11.2 billion in 2013/14, indicating an increase of 3.3 per cent in real terms and 9.1 per cent in nominal terms. The budget allocation constitutes 26.6 per cent of the Department's budget. The Rail Oversight sub-programme receives the biggest share of the Programme's budget allocation, which is R11.2 billion. This constitutes a real increase of 3.3 per cent and a nominal increase of 9.1 per cent, up from R10.3 billion that the sub-programme received in 2012/13. The Rail Regulation sub-programme receives R14.2 million, down from R16.2 million that was allocated to it in 2012/13. This indicates a decrease by 17.0 per cent in real terms and 12.3 per cent in nominal terms.

The Passenger Rail Agency of South Africa (PRASA) receives R6.1 billion in the form of transfers for capital payments. This is largely intended to enable the entity to carry out its rail recapitalisation programme, in line with the NDP and the State of the Nation Address. An additional R3.3 billion is allocated to PRASA for current payments. For its part, the Railway Safety Regulator receives R46.5 million for capital payments.

Programme 4: Road Transport

The Road Transport programme is tasked with regulating road traffic management. It is also responsible for ensuring the maintenance and development of an integrated road network through the development of standards and guidelines. In addition, it oversees road agencies, provincial and local expenditures. The programme is divided into five sub-programmes:

- Road Regulation;
- Road Infrastructure and Industry Development;
- Road Oversight;

- Road Administration Support; and
- Road Engineering Standards.

Expenditure on the Road Transport programme increases from R18.2 billion in 2012/13 to R19.5 billion in 2013/14, translating into an increase by 1.5 per cent in real terms and 7.2 per cent in nominal terms. It is worth noting that the programme receives the largest share of the Department's budget, that is, 46.2 per cent. However, the budget allocation for the Road Regulation sub-programme decreases markedly from R335.1 million in 2012/13 to R37.5 million in 2013/14. This is a decrease by 89.9 per cent in real terms and 89.4 per cent in nominal terms.

An amount of R10.5 billion is transferred to the South African National Roads Agency Limited (SANRAL). Of this amount, R3.5 billion is for current payments, R6.4 billion is for capital payments towards non-toll network and R648.9 million is allocated for coal haulage network. The Provincial Roads Maintenance Grant receives R8.7 billion. Of this amount, R7.5 billion is allocated for Road Maintenance Sani Pass Roads Grant and R367.8 million is set aside for the Provincial Roads Maintenance Grant: Disaster Relief. An additional R808.9 million is for the Provincial Roads Maintenance Grant: Coal Haulage Road Network Maintenance. The Rural Roads Asset Management Grant receives R52.2 million, up from R37.3 million in the 2012/13 financial year.

Programme 5: Civil Aviation

The Civil Aviation programme is responsible for regulating and investigating the development of an economically viable air transport industry that is safe, secure, efficient environmentally friendly and compliant with international standards. It also oversees the aviation public entities. The Civil Aviation programme has five sub-programmes:

- Aviation Regulation;
- Aviation Infrastructure and Industry Development;
- Aviation Safety and Security;
- Aviation Oversight; and
- Aviation Administration Support.

The programme budget decreases from R520.3 million in 2012/13 to R140 million in 2013/14, which is a decrease of 74.5 per cent in real terms and 73.1 per cent in nominal terms. The Aviation Safety and Security sub-programme increases significantly from R12.4 million in 2012/13 to R69.3 million in 2013/14. This represents an increase of 429.2 per cent in real terms and 458.9 per cent in nominal terms. The increase is due to the fact that the search and rescue and watch keeping budget for aviation and maritime are transferred from the Maritime Transport programme to this sub-programme.

Similarly, the budget allocation for Aviation Oversight sub-programme increases from R24.3 million in the 2012/13 financial year to R35.7 million in 2013/14, indicating an increase of 39.12 per cent in real terms and 46.9 per cent in nominal terms. The increase is attributed to increased transfers to the South African Civil Aviation Authority with a view to enabling the entity to improve aviation safety and discharging its accident and incident investigation function.

Programme 6: Maritime Transport

The Maritime Transport programme coordinates the development of a safe, reliable and viable maritime transport sector. It does so by developing, monitoring and exercising oversight over maritime public entities. Five sub-programmes fall under the Maritime Transport programme:

- Maritime Policy Development;
- Maritime Infrastructure and Industry Development;
- Implementation, Monitoring and Evaluations;
- Maritime Oversight; and
- Maritime Administration Support.

For the 2013/14 financial year, the Maritime Transport programme is allocated R105.3 million, down from R149 million in 2012/13. This budget allocation decreases by 33.1 per cent in real terms and 29.3 per cent in nominal terms. The decrease is as a result of the once-off allocation of R20 million for removing the Seli 1 shipwreck from Bloubergstrand in 2012/13. This is also due to the transfer of the search and rescue function from this programme to the Civil Aviation programme.

The noticeable decrease is in the Implementation, Monitoring and Evaluations sub-programme, decreasing by 53.1 per cent in real terms and 50.5 per cent in nominal terms. Conversely, the budget allocated for the Maritime Policy Development sub-programme increases from R16.3 million in 2012/13 to R21.7 million in 2013/14, which is an increase by 26.7 per cent in real terms and 33.1 per cent in nominal terms. The increase is due to the operational costs of the International Maritime Organisation office, International Maritime Organisation diplomatic conference and the development of the business model for regional shipping and transhipment.

Programme 7: Public Transport

The Public Transport programme develops norms, standards, regulations and legislation to guide the development of public transport for rural and urban passengers. It is also tasked with regulating interprovincial public transport and tourism transport services. Moreover, the programme monitors and evaluates the implementation of the public transport strategy and the National Land Transport Act (No. 5 of 2009). The Public Transport programme comprises six sub-programmes:

- Public Transport Regulation;
- Rural and Scholar Transport;
- Public Transport Industry Development;
- Public Transport Oversight;
- Public Transport Administration Support; and
- Public Transport Network Development.

The Public Transport programme received R9.9 billion in 2012/13, which increases to R10.8 billion in 2013/14, indicating an increase by 2.5 per cent in real terms and 8.2 per cent in nominal terms. The programme's budget allocation constitutes 25.6 per cent of the Department's budget. However, the allocation for the Public Transport Administration Support sub-programme decreases significantly from R47.8 million in 2012/13 to R9.5 million in 2013/14. This represents a decrease by 81.2 per cent in real terms and 80.1 per cent in nominal terms. This is due to the fact that in 2012/13 the Department used the money allocated to this sub-programme on consultants who were responsible for verifying subsidies. This was as a result of the Department's intervention in the administration of the Limpopo Provincial Department of Transport in terms of section 100 of the Constitution.

7. OUTCOME OF STRATEGIC PLANNING SESSION

The Committee held a two day strategic planning session with the Department of Transport and its entities on 16 and 17 April 2013 in preparation for the budget vote of the Department The Department and the following entities presented their budgets, strategic and annual performance plans: The South African National Roads Agency Limited (SANRAL), Road Accident Fund (RAF), Airports Company South Africa (ACSA), South African Civil Aviation Authority of South Africa (SACAA), Passenger Rail Agency of South Africa (PRASA) and the South African Maritime Safety Authority of South Africa (SAMSA).

The Committee outlined its strategic priorities for the 2013/14 financial year as follows:

1. Improved road access to public facilities, especially schools, hospitals and places of worship, with emphasis on the construction of pedestrian bridges where needed.
2. Alignment of strategies at the three spheres of government to develop guidelines and standards to address potholes;
3. The development of measures to change driver behaviour to reduce road accidents and fatalities;
4. Road accidents and fatalities remains a key challenge. The Committee will follow-up with the Department on its proposed plan of escalating driver training to ensure that learners obtain driving licences by the time they matriculate. The Committee will also explore the conditional licensing of newly acquired driving licensees;
5. The Committee noted that rural areas have comparably inferior infrastructure and transport services. In its oversight role the Committee will address transport infrastructure inequalities in rural and urban areas in order to increase mobility and basic services to rural communities.
6. Skills development for the transportation industry remains a concern for the Committee. The Committee regards skills development, with emphasis on the contribution of institutions of higher education, as a key strategic priority;

7. The Committee noted that the Department needed to improve its strategy to communicate its integrated transport plan initiatives to the broader public; and
8. In order to explore best practice in the maritime programme area, the Committee will explore the possibility of a joint study tour with the Department of Transport and the relevant entity.

8. RECOMMENDATIONS (to be formulated by the Committee)