

# **SELECT COMMITTEE ON APPROPRIATIONS**

## **PROVINCIAL ROADS MAINTENANCE GRANT 2012/13 EVALUATION**

**Presenter: Edgar Sishi | Chief Director, Provincial Budget Analysis | National Treasury | 20 August 2013**



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# BACKGROUND

- Costs of replacing a road can be up to 16 times higher than the cost of routine maintenance for the same road.
- It is thus vital that there be a strong focus on maintaining our already extensive strategic road network, rather than focusing mainly on new construction.
- The grant came into effect in 2011/12, previously part of the Infrastructure Grant to Provinces (portion earmarked for provincial roads).
- The purpose of the grant is to supplement provincial roads investments and support preventative, routine and emergency maintenance on provincial road networks.
- R6 457 million allocated to provinces in 2011/12, of which 88 per cent was spent. In 2012/13, 90.6 per cent was spent. Since the grant was established, North West province has been the most consistent under-performer, while KZN has strong spending performance
- A critical provision in the grant framework is the implementation of RAMS (road asset management systems) by provinces to ensure that data is maintained on condition, traffic volumes and climatic conditions

# BACKGROUND

South Africa has the 10<sup>th</sup>  
Longest Total Road  
Network, and 18<sup>th</sup>  
Longest Paved Road  
Network in the World

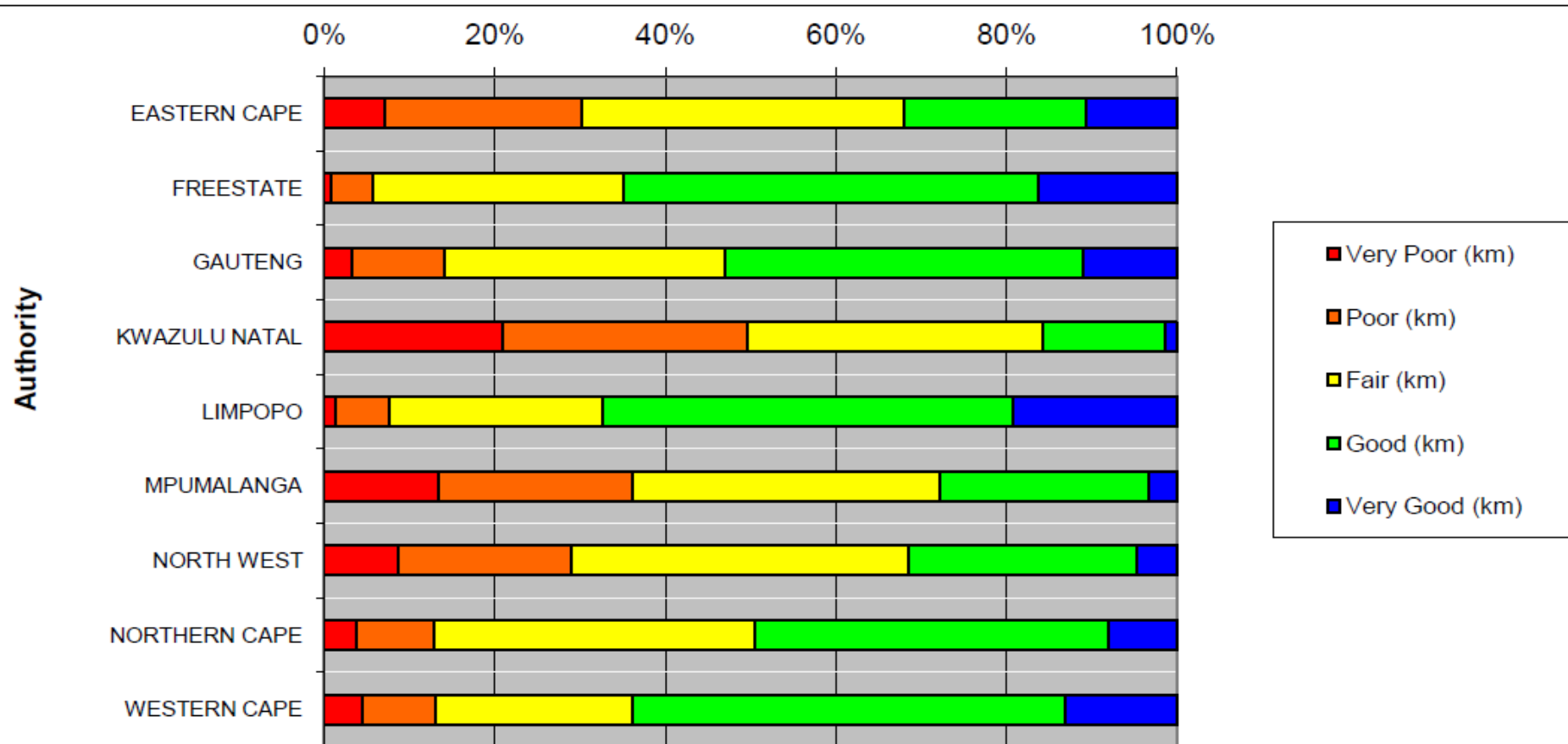
Roads Represents one of  
the largest public  
infrastructure  
investments in most  
countries

RSA Road Replacement  
Cost  
R2 Trillion

Rank	Country		Road length (km)
		<i>World</i>	68,937,575
1		United States	6,506,204
2		China	4,008,200
3		India	3,320,410
4		Brazil	1,751,868
5		Japan	1,203,777
6		Canada	1,042,300
7		France	1,027,183
8		Russia	982,000
9		Australia	812,972
10		South Africa	746,978
11		Spain	681,298
12		Germany	644,480
13		Italy	487,700
14		Turkey	352,046
15		Sweden	425,300
...		...	...
34		Dem Rep of Congo	153,497
46		Zimbabwe	97,267
55		Zambia	91,440
61		Tanzania	78,891
70		Madagascar	65,663
79		Angola	51,429
87		Namibia	42,237
96		Mozambique	30,400
102		Botswana	25,798
121		Malawi	15,451
146		Lesotho	7,091
157		Swaziland	3,594
168		Mauritius	2,028
181		Seychelles	458
SADC Total			1,412,222

# BACKGROUND – Historical data (2010)

## Provincial Paved Road Condition



# ANNUAL EVALUATION - PRMG

- Requirement as per section 9 and 11 of the 2012 Division of Revenue Act, pertaining to schedule 4 grants
- Evaluations should focus on the service delivery outcomes as stipulated in the business plans and conditional grant framework
- Evaluations should include data from quarterly performance report
- Evaluations to be conducted at both the provincial and national level
  - Provinces to complete within 2 months after the end of the financial year end
  - National to complete within 4 months after the end of the financial year end

# EVALUATION APPROACH

- National Treasury circular issued on 20 March 2013 – guidelines for the evaluation
- Evaluation Approach
  - Composition of the evaluation team
  - Data collection and analysis
- Evaluation reporting
  - Outcome statement
  - Outputs contained within the grant framework
  - Executive summary
  - Detailed evaluation report
- Evaluation Timelines

# EXPENDITURE OUTCOMES

## PROVINCIAL ROADS MAINTENANCE GRANT

Province	Division of Revenue Act, 2012 (Act No. 5 of 2012)	Government Gazette : Other	Provincial roll-overs	Total available	Provincial actual payments	% Actual payments of total	Preliminary (over)/under
R thousand							
Eastern Cape	1 369 985	-	-	1 369 985	1 369 985	100.0%	-
Free State	564 930	-	53 577	618 507	565 702	91.5%	52 805
Gauteng	579 081	-	424 038	1 003 119	995 835	99.3%	7 284
KwaZulu-Natal	1 501 171	-	-	1 501 171	1 501 171	100.0%	-
Limpopo	1 168 594	-	140 955	1 309 549	962 294	73.5%	347 255
Mpumalanga	1 240 694	-	-	1 240 694	1 240 694	100.0%	-
Northern Cape	483 706	-	-	483 706	483 706	100.0%	-
North West	594 789	-	162 929	757 718	343 949	45.4%	413 769
Western Cape	478 895	-	-	478 895	476 258	99.4%	2 637
<b>Total</b>	<b>7 981 845</b>	<b>-</b>	<b>781 499</b>	<b>8 763 344</b>	<b>7 939 594</b>	<b>90.6%</b>	<b>823 750</b>



# COMPLIANCE OBSERVATIONS (1)

- Limited information on provincial evaluations and how it was conducted
- Not clear on the setting up of evaluation teams and the data collection methodology
- No executive summary
- Risk, impact and mitigations instead of a SWOT analysis.
- Adequate performance information, however narrative explaining variances is lacking
  - Blacktop patching (M<sup>2</sup>)
    - EC - 160 per cent of target
    - NW – 78 per cent of target
  - Maintenance of coal haulage network
    - GT – 35 per cent of target
    - MP – 6 per cent of target



# COMPLIANCE OBSERVATIONS (2)

- Data and analysis on certain outputs in the framework not reported on:
  - Pavement and bridge condition data and traffic data
  - Rehabilitation and repair of roads and bridges damaged by floods (R488 million allocated)
- Issues raised by provinces does not reflect what challenges the department has in terms of implementing the programme
- Recommendations in the report are too broad e.g. R10 million for skills capacity and the procurement processes
- Overall, the recommendations are noted but details in terms of the challenges and specific interventions are needed.

# ISSUES AFFECTING EXPENDITURE AND REMEDIAL ACTIONS

- In recent years, the poor technical capacity of certain roads departments for planning and project management, as well as leadership instability:
  - EC (inadequate project management and construction supervision)
  - LIM (technical activities outsourced to agency)
  - NC (inadequate technical capacity)
  - NW (leadership instability and poor technical capacity)
- Poor contract management and supply chain management:
  - FS
  - MP
- To address these challenges, the National Treasury is looking at ways of implementing IDIP principles in the roads sector;
- In addition, funds have been made available (beginning with the 2012 DORA) for the capacity requirements of provincial roads departments.
- Shortage of bitumen countrywide

# Conclusions and Recommendations

- Since the 2013/14 budget, allocations are based on actual data submitted by provinces under the guidance of the national Department of Transport.
- An allocation model has been developed to take into account the most critical elements that determine maintenance requirements:
  - Visual condition;
  - Traffic volumes;
  - Climatic conditions
- Much improvement is needed in the quality of the non-financial reporting by the sector. In-year data from 2012/13 for the sub-national roads sector is still unreliable.
- National Treasury's objective is to have reliable data that can be published for public scrutiny for each province.

# Thank You