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Vote 37: Department of Transport

19 June 2014

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.[1]

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.

In terms of the Department's structure, it was suggested that it boded well for the creation of jobs, the development of the country's urban and rural communities, as well as the improvement of logistics.[2] It stands to reason that no economy can thrive without developed road, rail, maritime and aviation infrastructure networks. Indeed, no economy can develop unless its transport sector plays its part in facilitating the movement of people, goods and services throughout the economy.

Overview of the 2013/14 Financial Year

The adjusted budget allocation for the Department in the 2013/14 financial year was R42.4 billion. Of this amount, transfers and subsidies accounted for R41.4 billion.[3] At the end of the First Quarter for the 2013/14 financial year, the Department had transferred R8.6 billion or 20.8 per cent of the total available budget for transfers. Transfers to the Provinces and Municipalities at the end of the First Quarter for 2013/14 were R3.4 billion, the majority of which was for the Provincial Roads Maintenance Grant: Roads Maintenance and Public Transport Operations Grant transfers.

At the end of the Second Quarter for 2013/14, the Department had spent 43.4 per cent of the budget on Provincial and Local Governments, 28.6 per cent on departmental agencies and

[1] Department of Transport (2011).
[2] Ndebele (2011).
[3] National Treasury (2013).

accounts, 24.3 per cent on public corporations, 1.4 per cent on goods and services, 1.3 per cent on households, 0.9 per cent on the compensation of employees and 0.1 per cent on the other.[4] During this Quarter, the Department developed, *inter alia*, the National Transport Master Plan (NATMAP). Subsequently, NATMAP was presented to Cabinet which then resolved that there was a need for further review by the Inter-Ministerial Committee and consultations with the Presidential Infrastructure Coordinating Commission (PICC).[5]

Up to the Third Quarter for the 2013/14 financial year, 100 per cent of the budget allocation for the Provincial Road Maintenance Grant (PRMG) had been spent. Similarly, expenditure on the Public Transport Operations Grant (PTOG) and the Rural Road Asset Management Grant (RRAMG) was at 100 per cent respectively. However, there was under-expenditure of R200 million in the budget allocation for the Public Transport Infrastructure and Systems Grant (PTISG). Under-expenditure in the Public Transport Networks Operations Grant (PTNOG) stood at R50 million.[6]

In the Third Quarter, the Department had completed and launched the Bridge City Rail Project. Under the PRMG, 40.7 km of roads had been rehabilitated in Mpumalanga. The finalisation of the National Airports Development Plan (NADP) was in progress and consultations had been held with the South African Civil Aviation Authority (SACAA) and the Eastern Cape. In public transport, particularly pertaining to Integrated Public Transport Networks (IPTNs), the preliminary designs were in progress at Ekurhuleni, while in Msunduzi planning had been completed and awaiting the go-ahead to start construction. The National Scholar Transport Policy had been submitted and approved by the Social Cluster in October 2013.[7] Under the Taxi Recapitalisation Programme, the Department reported that 2 752 taxis had been scrapped during the Third Quarter.

Policy Priorities for 2014/15

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). In addition, the National Development Plan (NDP) accentuates the necessity of sound economic infrastructure as a necessary condition for economic growth. The country's transport infrastructure is thus a key priority. The major recommendations of the NDP are to improve public transport planning and integrate it with spatial planning.

Furthermore, the NDP underscores asset management and design institutional arrangements to ensure safe, reliable and affordable public transport. It also puts emphasis on the revitalisation of the commuter rail fleet.[8] The capital transfers to the Passenger Rail Agency

[4] Department of Transport (2014a).
[5] Department of Transport, *ibid*.
[6] Department of Transport (2014b).
[7] *Ibid*.
[8] Presidency (n.d.a)

of South Africa (PRASA) will ensure that the commuter fleet is renewed over a ten-year period from 2015/16 and that the necessary complementary investments are made.[9]

Moreover, the NDP highlights the need to focus on transport systems rather than modes. The Public Transport Infrastructure and Public Transport Network Operations Grants therefore seek to ensure that this objective is attained and that planning is achieved in cities. The investment into the maintenance and upgrade of the provincial and national road and rail infrastructure and IPTNs within 13 cities is in line with the objectives of the NDP.

The budget allocation of the Department seeks to respond to the cardinal issues raised in the NDP. This is evidenced by R21.6 billion (44.4 per cent) and R15.0 billion (30.9 per cent) of the budget allocation which go to the Road Transport and Rail Transport programmes respectively and R11.3 billion (23.2 per cent) that is allocated to the Public Transport programme. This augurs well for economic growth and job creation. In addition, it will stand the country in good stead for attracting investors and tourists.[10]

Budget Analysis

The 2013/14 budget figures stated below are based on the adjusted appropriation since the revised estimates are not published for the sub-programmes.

Table: Budget Allocations

Programme	Budget		Nominal Increase / Decrease in 2014/15	Real Increase / Decrease in 2014/15	Nominal Percent change in 2014/15	Real Percent change in 2014/15
R million	2013/14	2014/15				
Administration	362.4	382.9	20.5	- 1.9	5.66 per cent	-0.51 per cent
Integrated Transport Planning	79.1	81.2	2.1	- 2.6	2.65 per cent	-3.34 per cent
Rail Transport	11 239.8	15 034.6	3 794.8	2 917.1	33.76 per cent	25.95 per cent
Road Transport	19 580.5	21 645.3	2 064.8	801.1	10.55 per cent	4.09 per cent
Civil Aviation	243.3	148.3	- 95.0	- 103.7	-39.05 per cent	-42.60 per cent
Maritime Transport	104.4	110.6	6.2	- 0.3	5.94 per cent	-0.25 per cent
Public Transport	10 792.3	11 323.8	531.5	- 129.6	4.92 per cent	-1.20 per cent
TOTAL	42 401.8	48 726.7	6 324.9	3 480.2	14.9 per cent	8.21 per cent

(Source: National Treasury 2014 – Vote 37: Transport)

Of the R635.3 billion of the total appropriation by vote, the Department of Transport receives R48.7 billion in the 2014/15 financial year. This budget allocation constitutes 7.7 per cent of the national budget. Compared to R42.4 billion adjusted or main budget that the Department

[9] National Treasury (2014).
[10] Gordhan (2010).

received in 2013/14, the 2014/15 budget allocation increases by 14.9 per cent in nominal terms and 8.2 per cent in real terms.

R47.8 billion (or 98 per cent) of the Department total budget is in the form of transfers and subsidies to its entities such as the South African National Roads Agency Limited (SANRAL) and PRASA, as well as in the form of conditional grants to provinces and municipalities for public transport infrastructure.

The budget allocation for the compensation of employees increases from R344.2 million in 2013/14 to R383.4 million in the 2014/15 financial year. The average departmental expenditure on the use of consultants and professional services (business and advisory services) is set to decline from R451.6 million in 2013/14 to R312.9 million in 2014/15. This translates into a decrease of R138.7 million or 30.7 per cent. In this regard, the most noticeable decrease is in the Civil Aviation programme, of which the budget for the use of consultants and professional services was R169 million in 2013/14 and currently set at R12.8 million, a decrease by 92.4 per cent. However, communication-related expenditure is set to increase by 84.6 per cent, from R9.3 million in 2013/14 to R60.4 million in the current financial year.

Programme Analysis

Programme 1: Administration

The Administration programme provides leadership, strategic management and administrative support to the Department through continued refinement of organisational strategy and structure, in line with appropriate legislation and best practice. This programme has five sub-programmes:

- Ministry;
- Management;
- Corporate Services;
- Communications; and
- Office Accommodation.

For the 2014/15 financial year, the Administration programme receives an allocation of R382.9 million, compared to R362.4 million in 2013/14. This translates into an increase by 5.7 per cent in nominal terms, but an actual decrease by 0.5 per cent when taking into account the effects of inflation (real terms). The most noticeable increase is in the Office Accommodation sub-programme which increases from R39.8 million in 2013/14 to R46.5 million in 2014/15, indicating an increase by 16.8 per cent in nominal terms and 10 per cent in real terms. This can be attributed to the fact the Administration will embark on the recruitment of additional personnel as it expands its portfolio of responsibilities and establishes a project management office.[11]

The largest share of the programme's overall allocation (i.e. 48.5 per cent) goes to the Corporate Services sub-programme, followed by 18 per cent allocated to the Management sub-programme. This allocation lends credence to the Department's stated spending focus on the two sub-programmes over the medium term, namely, the provision of operational and administrative support to the Department.[12]

Programme 2: Integrated Transport Planning

This programme manages and facilitates national sector planning. It also formulates policies and strategies. In addition, it coordinates regional and inter-sphere relations, including providing economic modelling and analysis of the sector. The programme comprises the following sub-programmes:

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

The budget allocation for the Integrated Transport Planning programme increases by 2.7 per cent in nominal terms, from R79.1 million in 2013/14 to R81.2 million in the current financial year. However, the overall expenditure decreases by 3.34 per cent in real terms, when taking inflation into account.

The exponential increase is in the Logistics sub-programme that increases from R11.9 million in 2013/14 to R20.8 million in 2014/15, indicating an increase by 74.8 per cent in nominal terms (64.6 per cent in real terms). This sub-programme is entrusted with developing and coordinating the implementation of freight logistics strategies. This is aimed at unblocking bottlenecks in the freight logistics system and related supply chains, with particular emphasis on integrating elements of the system across all modes. The proposed Durban-Free State-Gauteng Logistics and Industrial Corridor that was announced by President Zuma in his 2012 State of the Nation Address is part of this endeavour and it is equally mentioned in the NDP.[13]

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[11] National Treasury (2014).
[12] National Treasury (2014).
[13] Zuma (2012).

Issue for Consideration:

- The Department should brief Parliament on the progress made on the development of the Durban-Free State-Gauteng Logistics and Industrial Corridor.

Programme 3: Rail Transport

The Rail Transport programme facilitates and coordinates the development of sustainable rail transport policies, infrastructure development strategies and economic and safety regulations. Moreover, it supports and monitors the oversight of rail public entities and the implementation of integrated rail services. Five sub-programmes fall under this programme:

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

In 2013/14, the budget allocation for the Rail Transport programme was R11.2 billion and it increases to R15.0 billion in 2014/15, indicating an increase by 33.8 per cent in nominal terms and 26 per cent in real terms. The programme's overall allocation constitutes 30.9 per cent of the Department's budget.

The Rail Oversight sub-programme receives the biggest share (99.8 per cent) of the Programme's budget allocation, which is R14.9 billion and up from R11.2 billion allocated to it in 2013/14. This sub-programme is responsible for making transfers to the Passenger Rail Agency of South Africa (PRASA) and the Railway Safety Regulator (RSR). For the 2014/15 financial year, R14.9 billion is transferred to PRASA, while R51.5 million goes to the RSR. Transfers to PRASA are for replacing the signalling systems and ageing rolling stock, as well as upgrading the rail infrastructure.[14]

The budget allocation for the Rail Operations sub-programme declines from R7.9 million in 2013/14 to R7.1 million in the current financial year. This translates into a decrease of 10.1 per cent in nominal terms and 15.4 per cent when taking inflation into account.

Issue for Consideration:

- The Department should provide an explanation for the decrease in the budget allocation for the Rail Operations sub-programme.

[14] National Treasury (2014).

Programme 4: Road Transport

The Road Transport programme develops and manages an integrated road infrastructure network. It is also entrusted with regulating road transport and ensuring safer roads. In addition, it oversees the road entities. 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 Roads Transport programme increases from R19.6 billion in the 2013/14 financial year to R21.6 billion in 2014/15, translating into an increase by 10.6 per cent in nominal terms and 4.1 per cent in real terms. The programme receives the largest share of the Department's budget, that is, 44.4 per cent, but declines in overall share from 46.2 per cent the previous year.

The largest share of the programme's allocation, that is 99.6 per cent, goes to the Road Oversight sub-programme. This sub-programme is tasked with, *inter alia*, transferring funds to the South African National Roads Agency Limited (SANRAL), the Road Traffic Management Corporation (RTMC) and the Road Traffic Infringement Agency (RTIA).

In the 2014/15 financial year, an amount of R11.9 billion is transferred to SANRAL, of which R7.5 billion is allocated to the non-toll network. The SANRAL transfer also includes R3.7 billion for current payments and R665.5 million is allocated to the coal haulage network.

The allocation to the Provincial Roads Maintenance Grant (PRMG) is to the tune of R9.4 billion. Of this amount, R7.9 billion is set aside for road maintenance and R602.3 million for disaster relief. In addition, R803 million goes to coal haulage road network maintenance. This budget allocation suggests that the Department's spending focus will be on the development of roads and road infrastructure, in line with the NDP. For their part, RTMC and RTIA are allocated R176 million and R15.3 million respectively to promote safety on the country's roads.

Programme 5: Civil Aviation

The Civil Aviation programme is responsible for facilitating – through regulation and investigation – the development of an economically viable air transport industry that is safe, secure, environmentally friendly and compliant with international standards. Moreover, it oversees the aviation public entities. The Civil Aviation programme comprises five sub-programmes:

- Aviation Policy and Regulations;

- Aviation Economic Analysis and Industry Development;
- Aviation Safety, Security Environment and Search and Rescue;
- Aviation Oversight; and
- Aviation Administration Support.

The programme budget decreases from R243.3 million in the 2013/14 financial year to R148.3 million in 2014/15, which is a decrease by 39.1 per cent in nominal terms (and 42.6 per cent in real terms). The decrease is largely attributable to the fact that an additional amount to the tune of R104.8 million had been allocated to the upgrade and refurbishment of the Mthatha Airport in 2013/14 and there is no budget allocation for this purpose in 2014/15.[15]

The allocation to the Aviation Policy and Regulations sub-programme decreases by 14.7 per cent in nominal terms and 19.7 per cent in real terms, down from R26.5 million in 2013/14 to 22.6 million in 2014/15. Despite the decrease in the programme's overall budget, the budget allocation for the Aviation Economic Analysis and Industry Development sub-programme increases noticeably by 31.4 per cent in nominal terms and 23.7 per cent in real terms. In 2013/14, the allocation for this sub-programme was 8.6 million and it increases to R11.3 million in 2014/15.

Issues for Consideration:

- The Department should provide an explanation for the decrease in the budget allocation for the Aviation Policy and Regulations sub-programme.
- Has the upgrade and refurbishment of the Mthatha Airport been completed?

Programme 6: Maritime Transport

The Maritime Transport programme coordinates the development of a safe, reliable and economically viable maritime transport sector through the development of policies and strategies and monitoring of the implementation plan. It also oversees the 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.

[15] National Treasury (2014).

For the 2014/15 financial year, the Maritime Transport programme is allocated R110.6 million, up from R104.4 million in 2013/14. This budget allocation increases by 5.9 per cent in nominal terms, but decreases by 0.2 per cent in real terms.

The exponential increase is in the Maritime Administration Support sub-programme which goes up by 179.8 per cent in nominal terms and 162.9 per cent in real terms. The allocation in this sub-programme increases from R2.4 million in 2013/14 to R6.7 million in 2014/15. However, the largest portion of the programme's allocation, that is 55.6 per cent, is in the Implementation, Monitoring and Evaluations sub-programme which increases from R54.1 million in 2013/14 to R61.5 million in 2014/15. This indicates an increase by 13.7 per cent in nominal terms and 7 per cent in real terms. This allocation is intended to, among other things, implement the National Ports Act (No 12 of 2005), as well as reduce the levels of pollution and the number of accidents and incidents at sea.[16]

Issues for Consideration:

- The Department should give an explanation on the exponential increase in the budget allocation for the Maritime Administration sub-programme.
- The Department has set aside R62.0 million for the use on consultants in the Maritime Transport programme, indicating an increase by R55.3 million from R6.7 million allocated for this purpose in 2013/14. It is contended that these consultants are mainly used in the Implementation, Monitoring and Evaluation and Maritime Infrastructure and Industry Development sub-programmes for oil pollution services, salvage operations and policy document. The reason provided for this is that the Department "does not have the resources to do this internally".[17] The Department should explain what measures it has or are being put in place to ensure that it has the in-house capacity to perform these duties and avoid, if not minimise, the reliance on consultants.

Programme 7: Public Transport

The Public Transport programme is tasked with transforming land transport systems by developing norms and standards, regulations and legislation. It also develops empowerment systems within the public transport sector. Furthermore, the programme facilitates institutional planning and capacitation to guide the provision of sustainable integrated public transport networks in both urban and rural areas. Finally, it regulates national transport services and seeks to improve the management of scholar transport. The Public Transport programme comprises six sub-programmes:

- Public Transport Regulation;
- Rural and Scholar Transport;

[16] National Treasury (2014).
[17] National Treasury (2014), p. 905.

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

The budget allocation for the programme increases from R10.8 billion in 2013/14 to R11.3 billion in 2014/15, translating into an increase by 4.9 per cent in nominal terms (but a decrease by 1.2 per cent in real terms in 2014/15). The noticeable increase is in the Public Transport Network Development sub-programme which increases by 41.2 per cent in nominal terms and 32.9 per cent in real terms. This is in line with the Department's endeavour to promote and improve public transport's accessibility and reliability, as recommended in the NDP.

The programme's budget allocation constitutes 23.2 per cent of the Department's budget, down from 25.4 per cent in the 2013/14 financial year. There is marked decrease in the budget allocation for the Public Transport Administration Support sub-programme which decreases from R16 million in 2013/14 to R7.8 million in 2014/15. This indicates a decrease by 51.2 per cent in nominal terms and 54.1 per cent in real terms. This is attributable to the number of vacancies owing to the "organisational structure changes".[18]

Issues for consideration:

- While it is reported under the Rural and Scholar Transport sub-programme that some progress has been made pertaining to the development of the Scholar Transport Policy, it is a cause for concern that it has taken the Department over than five years to have the said policy completed and implemented.

- The Department should give the relevant details pertaining to the "organisational structure changes" that have resulted in the significant decline in the budget allocation for the Public Transport Administration Support sub-programme.

Key Issues for Consideration by Parliament

- PRASA should brief Parliament on its programme aimed at replacing the signalling systems and ageing rolling stock, as well as upgrading the rail infrastructure. The briefing should include, but not limited to, the budget allocation for this purpose for 2014/15, the time frames and the progress made to date.
- Parliament should monitor the expenditure of the PRMG. In this regard, the Department should brief Parliament on the breakdown of the budget allocation for 2014/15. Moreover, Parliament should conduct oversight visits to some of the areas where the PRMG is implemented in order to ascertain whether the Grant is used for its intended purpose and whether there is value for money.

[18] National Treasury (2014).

- Given the stubborn carnage on the country's roads, Parliament should continuously monitor whether the programmes or strategies implemented by the RTMC and RTIA are yielding positive results.
- The Department should brief Parliament on a quarterly basis on how it spends its budget allocation.
- Parliament should monitor the use of consultants by the Department and where consultants have been used, Parliament should ascertain whether there has been value for money and whether there has been a transfer of skills from the consultants to the employees of the Department.
- The Department should brief Parliament on how its budget allocation gives effect to the NDP.
- The Department should brief Parliament on the finalisation of the development, as well as the implementation of the National Scholar Transport Policy given that it has been in the making for some time. Indeed, in 2009, the Department tabled what it referred to as the "Final Draft National Scholar Transport Policy".[19]

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