**3. REPORT OF THE PORTFOLIO COMMITTEE ON TRANSPORT ON THE 2018/19 ANNUAL PERFORMANCE PLAN (APP) OF THE DEPARTMENT OF TRANSPORT, DATED 8 MAY 2018**

The Portfolio Committee of Transport, having considered the 2018/19 Annual Performance Plan (APP) of the Department of Transport, reports as follows:

**1. Introduction**

The Portfolio Committee on Transport considered the 2018/19 budget of the Department of Transport (the Department) on 17 April 2018. This report contains a summary of the Department’s budget allocation and the observations and recommendations of the Committee on the budget. In preparation for this report, the Committee was briefed on the 2018/19 Strategic Plans and Annual Performance Plans (APPs) of the Department of Transport and its entities. Accordingly, the Committee engaged with the Department and its entities on 17, 18 and 19 April 2018 on their 2018/19 Strategic Plans, Corporate and/or APPs and budgets.

The Committee met with the following entities:

1. Airports Company South Africa (ACSA);

2. Air Traffic and Navigation Services (ATNS);

3. Cross-Border Road Transport Agency (C-BRTA);

4. Railway Safety Regulator (RSR);

5. Passenger Rail Agency of South Africa (PRASA);

6. Ports Regulator of South Africa;

7. Road Traffic Infringement Agency (RTIA);

8. Road Traffic Management Corporation (RTMC);

9. Road Accident Fund (RAF);

10. South African National Roads Agency Limited (SANRAL);

11. South African Maritime Safety Authority (SAMSA); and

12. South African Civil Aviation Authority (SACAA).

**2. The mandate of the Department of Transport**

The Constitution of the Republic of South Africa, 1996, identifies the legislative responsibilities of different tiers of Government pertaining to airports, road traffic management and public transport. In addition, the 1996 White Paper on National Transport Policy defines the different sub-sectors in the transport sector. Broadly, these are the infrastructure and operations of rail, pipelines, roads, airports, harbours and intermodal operations of public transport and freight. The Department of Transport (hereafter referred to as “The Department”) is responsible for the legislation and policies for all these sub-sectors.

For the intermodal functions of public transport and freight, the guiding documents are the National Land Transport Act (No. 5 of 2009), the Public Transport Strategy, 2007, and the National Freight Logistics Strategy, 2005. The Department is mandated to conduct sector research and formulate legislation and policy to set the strategic direction of these sub-sectors. Furthermore, it is entrusted with assigning responsibilities to public entities and other spheres of Government. The Department also regulates the transport sector through the setting of norms and standards, as well as the monitoring of their implementation.

Transport is a function that is legislated and executed at the national, provincial and local tiers of Government. The implementation of transport functions at the national sphere takes place through public entities. For 2018/19, the budget allocation of the Department stands at R59.8 billion.[[1]](#footnote-1) While the Department’s budget is almost the same as the one it received in 2017/18, its 2018/19 budget allocation decreases by 5.2% in real terms (when taking cognisance of inflation). The report outlines the Department’s plans to execute its mandate in the 2018/19 financial year. It does so by analysing and summarising the Department’s APP, as well as highlighting the Committee’s observations and recommendations.

* 1. **Organisational Structure of the Department**

In an endeavour to discharge its mandate, the Department is structured as follows:

* Programme 1: Administration;
* Programme 2: Integrated Transport Planning;
* Programme 3: Rail Transport;
* Programme 4: Road Transport;
* Programme 5: Civil Aviation Transport;
* Programme 6: Maritime Transport; and
* Programme 7: Public Transport.

The structure of the Department places extensive emphasis on modes of transport. Complementing this modal emphasis are two programmes that seek to provide strategic support to key programmes of the Department, namely, Administration and Integrated Transport Planning. The Department is of the view that its structure “not only set the agenda for the DoT but for a collective, integrated and harmonised approach to addressing sector challenges”.[[2]](#footnote-2)

**3. Strategic Outcome-Oriented Goals of the Department**

As it strives to execute its mandate, the Department seeks to achieve the following strategic outcome-oriented goals:[[3]](#footnote-3)

* Efficient and integrated infrastructure network and operations that serve as a catalyst for social and economic development;
* A transport sector that is safe and secure;
* Improved rural access, infrastructure and mobility;
* Improved public transport services;
* Increased contribution to job creation; and
* Increase contribution of transport to environmental protection.

Chapter 4 of the National Development Plan (NDP) calls for the development of economic infrastructure as the foundation of social and economic development. This call finds expression in Outcome 6 (an efficient, competitive and responsive economic infrastructure network) of Government’s 2014-2019 Medium-Term Strategic Framework (MTSF) which is directly aligned with the work of the Department. In 2018/19, the Department plans to focus on improving mobility and access to social and economic activities by facilitating and creating an enabling environment for maintaining provincial and national road networks, modernising passenger rail infrastructure and improving services, as well as integrating public transport.

**4. Programme and Sub-Programme Plans (Quarterly Targets)**

**4.1 Programme 1: Administration**

The Administration programme is entrusted with providing leadership, strategic management and administrative support to the Department. It achieves this through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.

**Strategic Objective 1.3: Enhance socio-economic transformation of the transport sector**

| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** | **Quarterly Targets** |
| --- | --- | --- | --- |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Status report on the transport sector socio-economic empowerment** **programmes Gender, Disability, Youth and Children (GDYC) developed** | Status report on the transport sector socio-economic empowerment programmes developed |  | Collect data on implementation of socio-economic empowerment programmes from sector stakeholders | Compile a draft status report | Submit and present the draft status report to the DoT EXCO for quality assurance | Consider and incorporate EXCO inputs and recommendations |

**Strategic Objective 1.3: Enhance socio-economic transformation of the transport sector**

| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** |  **Quarterly Targets**  |
| --- | --- | --- | --- |
| **1st Quarter** | **2nd Quarter** | **3rd Quarter** | **4th Quarter** |
| **Number of Community Outreach Campaigns conducted on GDYC** | Ten (10) Community Outreach Campaigns conducted |  | Conduct two (2) Community Outreach Campaigns with a focus on:* Children’s Month (May);
* Youth Month (June)
 | Conduct three (3) Community Outreach Campaigns with a focus on:* Men’s Month (July);
* Women’s Month (August);
* Casual Day(September)
 | Conduct three (3) Community Outreach Campaigns with a focus on:* Disability Rights Awareness Month (November)
* Sixteen (16) Days of Activism for No Violence against Women and Children (November/December)
* D
 | Conduct two (2) Community Outreach Campaigns  |

**Strategic Objective 7.1: Provide strategic support to corporate services**

|  |  |  |  |
| --- | --- | --- | --- |
| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** | **Quarterly Targets** |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **DoT** **Human Resources Development (HRD) Strategy Framework implemented annually** | HRD implemented | Operational Budget | Compile a Monitoring Report on the Implementation of the 2017/18 HRD Framework | - | - | - |
| Develop and ensure approval of the 2018/19 HRD Plan | Monitor and ensure 50% implementation of the 2018/19 HRD Plan | Monitor and ensure 80% implementation of the 2018/19 HRD Plan | Monitor and ensure 100% implementation of the 2018/19 HRD Plan |

**Strategic Objective 7.2: Ensure good governance and a sound internal control environment**

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| --- | --- | --- | --- |
| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** | **Quarterly Targets** |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Financial governance compliance and control improved** | Action plans to address audit findings developed and monitored | Operational Budget | - | Develop action plans to address audit findings and monitor progress | Monitor progress on the implementation of action plans | Develop the annual report on the implementation of action plans |
| **Implementation of the DoT Risk Management Strategy monitored** | Annual Monitoring Report on the implementation of the Risk Management Strategy developed | Operational Budget | Monitor implementation of the Risk Management Strategy | Monitor implementation of the Risk Management Strategy | Monitor implementation of the Risk Management Strategy | Develop the Annual Monitoring Report on the implementation of the Risk Management Strategy |

**4.2 Programme 2: Integrated Transport Planning**

The Integrated Transport planning programme integrates and harmonises macro-transport sector policies, strategies and legislation. In addition, it coordinates and develops sector-related policies, research activities, as well as regional and inter-sphere relations. The programme also facilitates sector transformation and provides sector economic modelling and analysis.

**Strategic Objective 1.1: Facilitate integrated macro-transport planning to guide investments in the sector**

|  |  |  |  |
| --- | --- | --- | --- |
| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** | **Quarterly Targets** |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Roll-out of 10 NATMAP 2050 interventions by March 2019** | Implementation of ten (10) NATMAP 2050 Priority Pilot Projects monitored | Operational Budget | Conduct Performance Monitoring on four (4) prioritised pilot projects | Conduct Performance Monitoring on four (4) prioritised pilot projects | Conduct Performance Monitoring on two (2) prioritised pilot projects | Consolidate a performance report for monitored projects |
| **White Paper on the National Transport Policy submitted to Cabinet by September 2018** | Revised White Paper on the National Transport Policy submitted to Cabinet | Operational Budget | Submit the White Paper on the National Transport Policy to DPME[[4]](#footnote-4) for SEIAS[[5]](#footnote-5) | Submit the White Paper on the National Transport Policy to Cabinet | - | - |

**Strategic Objective 1.3: Enhance socio-economic transformation of the transport sector**

|  |  |  |  |
| --- | --- | --- | --- |
| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** | **Quarterly Targets** |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **STER[[6]](#footnote-6) Bill submitted to Parliament by March 2019** | STER Bill submitted to Parliament | R0 | Submit the draft STER Bill to the ESEID[[7]](#footnote-7) Cluster | Submit the draft STER Bill to Cabinet | Consider Cabinet inputs and update the draft STER Bill | Submit the draft STER Bill to Parliament |

**Strategic Objective 6.1: Reduce GHG emissions**

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| --- | --- | --- | --- |
| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** | **Quarterly Targets** |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Green Transport Strategy Implemented** | Public awareness campaigns on the Green Transport Strategy held in nine (9) provinces | Operational Budget | Host public awareness campaigns in three (3) provinces | Host public awareness campaigns in three (3) provinces | Host public awareness campaigns in three (3) provinces | Compile a consolidated report on public awareness campaigns on the Green Transport Strategy |

* 1. **Programme 3: Rail Transport**

The Rail Transport programme facilitates and coordinates the development of sustainable rail transport policies, rail economic and safety regulation and infrastructure development strategies that reduce system costs and improve customer service. In addition, it oversees rail public entities and the implementation of integrated rail services.

**Strategic Objective 1.5: Enhance performance, efficiency and reliability of the rail transport sector**

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| --- | --- | --- | --- |
| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** | **Quarterly Targets** |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **National Rail Bill submitted to Parliament by March 2020** | National Rail Bill submitted to Cabinet | R2 545 | Conduct stakeholder consultations on the draft National Rail Bill | Conduct stakeholder consultations on the draft National Rail Bill | Submit the National Rail Bill to the ESEID Cluster | Submit the National Rail Bill to Cabinet |
| **Research on proposed access arrangements and pricing approaches conducted by March 2019** | Research on proposed access arrangements and pricing approaches conducted | Operational | Develop inception report for the research on proposed access arrangements and pricing approaches | Conduct international benchmarking on proposed access arrangements and pricing approaches | Develop the first Draft Report on proposed access arrangements and pricing approaches | Finalise the draft Report on proposed access arrangements and pricing approaches |

**Strategic Objective 1.5: Enhance performance, efficiency and reliability of the rail transport sector**

|  |  |  |  |
| --- | --- | --- | --- |
| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** | **Quarterly Targets** |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Implementation of the Branchline Model for Private Sector Participation (PSP) monitored**  | Implementation Plan for the PSP Framework developed | Operational | - | Develop the draft Implementation Plan for PSP Framework | Conduct stakeholder consultations on the Draft Implementation Plan | Consider stakeholder inputs and update the Implementation Plan for the PSP Framework |

**Strategic Objective 2.1: Regulate and enhance transport safety and security**

|  |  |  |  |
| --- | --- | --- | --- |
| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** | **Quarterly Targets** |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Railway Safety Bill submitted to Parliament by March 2020** | Draft Railway Safety Bill submitted to Cabinet | R1,727,000 | Consider stakeholder inputs and update the draft Bill | Submit the Railway Safety Bill to NEDLAC | Submit the Railway Safety Bill to FOSAD Cluster  | Submit the Railway Safety Bill to Cabinet |

**4.4 Programme 4: Road Transport**

The Road Transport programme is entrusted with developing and managing an integrated road infrastructure network, as well as regulating transport and ensuring safer roads. Moreover, it oversees road transport public entities.

**Strategic Objective 1.4: Ensure a sustainable transport infrastructure network**

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| --- | --- | --- | --- |
| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** | **Quarterly Targets** |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Draft Roads Policy submitted to Cabinet by September 2018** | Draft Roads Policy submitted to Cabinet | R1 808 | Submit the Draft Roads Policy to ESEID Cluster | Submit the Draft Roads Policy to Cabinet | - | - |
| **Construction and maintenance of provincial roads monitored in line with the approved budget** | Overall implementation of the SSP[[8]](#footnote-8) monitored in line with the Provincial Road Maintenance Grant (PRMG) budget | R17 347 | Monitor implementation of the SSP through site inspections, bilateral consultations and compile progress report | Monitor implementation of the SSP through site inspections, bilateral consultations and compile progress report | Monitor implementation of the SSP through site inspections, bilateral consultations and compile progress report | Monitor implementation of the SSP through site inspections, bilateral consultations and compile progress report |
| **Access Road Development Plan (ARDP) submitted to Cabinet by December 2018** | ARDP submitted to Cabinet |  | Submit the ARDP to the DoT EXCO for quality assurance | Submit the ARDP to Cabinet | - | - |

**Strategic Objective 2.1: Regulate and enhance transport safety and security**

| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** | **Quarterly Targets** |
| --- | --- | --- | --- |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Draft Bill for Founding Legislations of Road Entities submitted to Cabinet by March 2020** | Draft Bill for Founding Legislations of Road Entities developed |  | Conduct stakeholder consultations on legislative inputs and proposals with road entities | Conduct stakeholder consultations on legislative inputs and proposals with road entities | Consider stakeholder inputs and develop draft review report | Develop the Draft Bill for Founding Legislations of Road Entities |
| **Implementation of the 2016-2030 National Road Safety Strategy monitored** | Implementation of the 2016-2030 National Road Safety Strategy monitored | Operational Budget | Produce monitoring report on the implementation of the National Road Safety Strategy* Easter Road Safety Programme
* UN Global Road Safety Week Awareness
* Youth Road Safety Summit
 | Produce monitoring report on the implementation of the National Road Safety Strategy* Pedestrian and Passenger Visibility Awareness Programmes
* Driver Safety and Education Programmes
 | Produce monitoring report on the implementation of the National Road Safety Strategy* Road Safety Education Flagship Programmes
* National Road Safety Summit
* Festive Season Awareness Programme
 | Produce monitoring report on the implementation of the National Road Safety Strategy* Back-to-School Safety and Scholar Safety Programmes
* Driver Safety Programme
 |

**Strategic Objective 2.1: Regulate and enhance transport safety and security**

|  |  |  |  |
| --- | --- | --- | --- |
| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** |  **Quarterly Targets** |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Anti-Fraud and Corruption Strategy for Driving Licence Testing Centres (DLTCs), Vehicle Testing Centres (VTCs) and Registration Authorities submitted to Cabinet by March 2020** | Stakeholder consultations conducted on the Draft Anti-Fraud and Corruption Strategy | Operational Budget | Establish the National Anti-Fraud Corruption Forum | Conduct stakeholder consultations on the Draft Anti-Fraud Corruption Strategy with the South African Police Services (SAPS) and the National Prosecuting Authority (NPA) | Conduct stakeholder consultations on the Draft Anti-Fraud and Corruption Strategy with the South African Insurance Crime Bureau and the Business Against Crime South Africa | Consider stakeholder inputs and update the Draft Anti-Fraud and Corruption Strategy |

**4.5 Programme 5: Civil Aviation Transport**

The Civil Aviation Transport programme facilitates the development of an economically viable air transport industry that is safe, secure, efficient, environmentally friendly and compliant with international standards through regulations and investigations. Moreover, the programme oversees aviation public entities.

**Strategic Objective 1.5: Enhance performance, efficiency and reliability of the transport sector**

| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** |  **Quarterly Targets** |
| --- | --- | --- | --- |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Implementation of the Airports Company Amendment Act monitored** | Draft regulations for ACSA Act submitted to Minister for approval  | Operational Budget | Submit the draft regulations to the DoT EXCO for quality assurance | Gazette the draft regulations for public comments | Conduct stakeholder consultations on draft regulations | Submit regulations for the Airports Company Act to the Minister |
| **Implementation of the ATNS Amendment Act monitored** | Draft regulations for ATNS Act submitted to the Minister for approval | Operational Budget | Submit draft regulations to the DoT EXCO for quality assurance | Gazette the draft regulations for public comments | Conduct stakeholder consultations on the draft regulations | Submit regulations for the ATNS Act to the Minister |
| **Air Services Bill submitted to Cabinet by March 2019** | Air Services Bill submitted to Cabinet | Operational Budget | - | Submit the Air Services Bill to the ESEID Cluster | Submit the Air Services Bill to Cabinet Committee | Submit Air Services Bill to Cabinet |

**Strategic Objective 2.1: Regulate and enhance transport safety and security**

| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** |  **Quarterly Targets** |
| --- | --- | --- | --- |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Civil Aviation Amendment Bill submitted to Parliament by September 2018** | Civil Aviation Amendment Bill submitted to Parliament | Operational Budget | - | Submit the Civil Aviation Amendment Bill to Parliament | - | - |

**Strategic Objective 5.3: Contribute to job creation in the transport sector**

| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** |  **Quarterly Targets** |
| --- | --- | --- | --- |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **National Aviation Transformation Strategy (NATS) implemented** | Draft Curriculum on Civil Aviation developed | R200 | - | Develop the draft Curriculum on Civil Aviation | Conduct stakeholder consultations on the draft Curriculum on Civil Aviation | Consider stakeholder inputs and update the draft Curriculum on Civil Aviation |

**4.6 Programme 6: Maritime Transport**

The Maritime Transport programme promotes a safe, reliable and economically maritime transport sector through the development and implementation of policies and strategies. In addition, the programme oversees maritime public entities.

**Strategic Objective 1.5: Enhance performance, efficiency and reliability of the transport sector**

| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** |  **Quarterly Targets** |
| --- | --- | --- | --- |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Operation Phakisa Marine Transport and Manufacturing Delivery Unit monitored** | Audit of Operation Phakisa projects conducted at seven (7) commercial ports | Operational Budget | Conduct the audit of Operation Phakisa projects at three (3) commercial ports | Conduct the audit of Operation Phakisa projects at two (2) commercial ports | Conduct the audit of Operation Phakisa projects at two (2) commercial ports | Compile annual audit report on Operation Phakisa projects |

**Strategic Objective 2.1: Regulate and enhance transport safety and security**

| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** |  **Quarterly Targets** |
| --- | --- | --- | --- |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Merchant Shipping Bill submitted to Parliament by March 2020** | Submit the Merchant Shipping Bill to Cabinet  | R2 111 | Submit the draft Merchant Shipping Bill to ESEID Cluster | Submit the draft Shipping Bill to Cabinet | Gazette the draft Merchant Shipping Bill for public consultations | Consider inputs and submit the draft Merchant Shipping Bill to Cabinet |
| **Approved 2020 World Maritime Day (WMD) Project Implementation Plan approved** | Approved 2020 WMD Parallel Event Project Implementation Plan implemented  | R245 | Develop Action Plan for the Logistics Work Stream | Develop Action Plans for the Content and Communication Work Streams | Develop Action Plans for the Content and Communication Work Streams | Implement Action Plans for the Content and Communication Work Streams |

**4.7 Programme 7: Public Transport**

Public Transport programme is tasked with providing and regulating safe, secure, reliable, cost-effective and sustainable public transport services in South Africa through legislation, policies and strategies.

**Strategic Objective 3.1: Provide integrated rural transport infrastructure and services**

| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** |  **Quarterly Targets** |
| --- | --- | --- | --- |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Integrated Public Transport Network (IPTN) plans developed in district municipalities annually** | Detailed IPTN plans developed in two (2) district municipalities ***Vhembe and Nkangala DMs***  | Operational Budget | Conduct stakeholder consultations on the development of IPTN Plans | Develop technical specifications for the detailed IPTN Plans | Develop inception reports for detailed IPTN plans | Develop draft detailed IPTN Plans for two (2) district municipalities |

**Strategic Objective 4.1: Promote sustainable public transport**

| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** |  **Quarterly Targets** |
| --- | --- | --- | --- |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Implementation of the revised Taxi Recapitalisation Programme (TRP) monitored** | Implementation Plan of the new TRP monitored | Operational Budget | Conduct cost calculations on the TRP scrapping allowance | Facilitate approval of the TRP scrapping allowance | Develop requirements for the inclusion of the Scholar Transport and Cross-Border Transport in the TRP Programme | Facilitate approval of the inclusion of the Scholar Transport and Cross-Border Transport in the TRP Programme |

**Strategic Objective 4.2: Improve public transport access and reliability**

| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** |  **Quarterly Targets** |
| --- | --- | --- | --- |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **IPTNs funded and monitored in selected cities** | IPTNs monitored in thirteen (13) cities (Ekurhuleni, Mbombela, Nelson Mandela Bay, Johannesburg, Cape Town, George, Durban, Polokwane, Msunduzi, Mangaung, Rustenburg, Buffalo City and Tshwane IPTNs) | Operational Budget | Conduct bilateral progress engagements with seven (7) municipalities | Conduct bilateral progress engagements with six (6) municipalities | Conduct bilateral progress engagements with seven (7) municipalities | Conduct bilateral progress engagements with six (6) municipalities |

**Strategic Objective 4.3: Regulate Public Transport**

| **Programme Performance Indicator** | **Annual Target 2018/19** | **Allocated Budget ‘000** |  **Quarterly Targets** |
| --- | --- | --- | --- |
| 1st Quarter | 2nd Quarter  | 3rd Quarter | 4th Quarter |
| **Transport Appeal Tribunal (TAT) Amendment Bill submitted to Cabinet by March 2019** | TAT Amendment Bill submitted to Cabinet | Operational Budget | Submit the TAT Amendment Bill to the State Law Adviser for pre-approval | Submit TAT Amendment Bill to DPME for SEIAS Certificate | Submit the TAT Amendment Bill to FOSAD Cluster | Submit the TAT Amendment Bill to Cabinet |
| Process TAT Amendment Bill through NEDLAC |

**5. Challenges in the Implementation of the APPs of Some Entities of the Department**

**5.1 Airports Company South Africa (ACSA)**

The Airports Company South Africa is regulated in terms of the Airports Company Act (No. 44 of 1993) and the Companies Act (No. 61 of 1973), and is listed as a schedule 2 public entity in terms of the Public Finance Management Act (No.1 of 1999). The company was formed to own and operate the nine principal South African airports, including the three main international gateways, OR Tambo International Airport in Johannesburg, Cape Town International Airport and King Shaka International Airport in Durban. Thecompany is one of the concessionaires operating Mumbai Chhatrapati Shivaji International Airport in India and Guarulhos International Airport in Sao Paulo, Brazil.

The entity faced economic regulatory framework uncertainty, as well as some Board membership vacancies. Certainty and transparency was required so that ACSA, with its key stakeholders, may forge ahead decisively on long-term planning and projects.

**5.2 Cross-Border Road Transport Agency (C-BRTA)**

The Cross-Border Road Transport Agency is a schedule 3A public entity established in terms of the PFMA and the Cross Border-Road Transport Act (No 4 of 1998). The Agency’s legislative mandate requires it to advise the Minister of Transport on cross-border road transport policy, regulate access to the market by the road transport freight and passenger industry in respect of cross-border road transport by issuing permits, undertake road transport law enforcement, and play a facilitative role in contributing to economic prosperity of the region.

Financial sustainability of the Agency was raised as a concern as the Agency’s only source of revenue is permit fees. The Agency and the Department were currently defending litigation related to the 2014 permit fee increases and face the prospects of a possible non-approval of the 2018 permit fee increase. The draft bilateral agreement between Lesotho and South Africa was submitted to the Department for further processing towards resolving the impasse on the Free State/ Lesotho corridor.

The Agency’s Board was not properly constituted as per the CBRT Act. The Board did not meet the requirements of the Act with regard to having two freight transport experts and two passenger transport experts. Regulatory Committee decisions on the issuing of permits may be challenged.

**5.3 Railway Safety Regulator (RSR)**

The RSR was established in terms of the National Railway Safety Regulator Act (No 16 of 2002), as amended, to establish a national regulatory framework for South Africa and to monitor and enforce compliance in the rail sector. The primary legislative mandate of the RSR is to oversee and enforce safety performance by all railway operators in South Africa, including those of neighbouring States whose rail operations enter South Africa. In terms of the Act, all operators are primarily responsible and accountable for ensuring the safety of their railway operations.

RSR experienced a R40 million budget deficit in the fourth quarter of 2017/18. There was an under-collection of Technology Audits revenue as a result of disputes with major Operators and unrealised revenue of R10 million from Business Development/ Africa Business. The entity faced Human Resource instability due to the impact of decentralization of RSR operations from 2013/14. The total staff complement increased by 79% (89 positions) with a corresponding Cost of Employment (COE) increase of 144% (R103 million) between 2013/14 and 2016/17.

Operational expenditure between 2014/15 and 2015/16 increased by approximately 50%, from R40 million to R80 million (including Office Leases). Accruals had been carried over from 2016/17 of R16 million (including R10 million advance on the grant received in March 2016). Operational Expenses increased at a faster rate than the Operational Grant and Permit Fee revenue.

**5.4 South African Maritime Safety Authority (SAMSA)**

The South African Maritime Safety Authority (SAMSA) is a Schedule 3A public entity in terms of the PFMA. SAMSA was established on the 1st of October 1998, following the enactment of the South African Maritime Safety Authority Act (No.5 of 1998). The Act provided for the establishment of an authority charged with the responsibility for regulating and enforcing maritime safety, marine pollution from ships and promoting South Africa’s maritime interests. Functions of the entity are also defined as per international maritime conventions to which South Africa is a signatory**.**

The capacity to respond to incidents lies outside the control of SAMSA, which includes the emergency tug, pollution control vessels and helicopter capabilities. This remains a huge constraint on the effectiveness of the maritime safety and pollution capacity of SAMSA. The Sea Watch and Response operations (MRCC) have been underfunded since 2009. There is a lack of technical skills capacity which impacts on both the industry and SAMSA due to reliance on the seafarer pipeline for technical skills.

Legislation is outdated and there has been very slow progress in processing some of the conventions, protocols, bills and subsidiary instruments.

There has also been a delayed implementation of tariff adjustments which contribute to the view that SAMSA cannot meet its funding obligation.

**5.5 Passenger Rail Agency of South Africa (PRASA)**

The Passenger Rail Agency of South Africa is a schedule 3B public entity in terms of the PFMA. Its mandate is contained in the Legal Succession to the South African Transport Services Amendment Act (No. 38 of 2008), which requires the agency to provide rail commuter services within, to and from South Africa in the public interest. In consultation with the Department, the agency also provides for long-haul passenger rail and bus services within, to and from South Africa.

The PRASA group faces cost challenges. Operating costs increased at a rate higher than revenue generation and subsidies received. Revenue declined due to the decline in paying passengers owing to lack of maintenance, vandalism and theft of assets and closing of rail corridors for various reasons (floods, safety status due to theft of assets and staff safety). PRASA is by nature a cash business and costs are largely fixed.

The estimated operating cash shortfall for the entity is at R6.7 billion over the MTEF.

**5.6 Ports Regulator**

The Ports Regulator of South Africa (the Regulator) is the South African national economic regulator for the ports industry. The organisation came into being on 04 August 2005 with the promulgation of the National Ports Act (No. 12 of 2005) (the Act). The establishment of the Regulator was a key component of the “White Paper on National Commercial Ports Policy, 2002. The Act and policy establish the institutional framework for the ports industry, as well as articulate a range of mechanisms crucial to the stable governance thereof from an economic perspective, and became operationally effective January 2007.

The Regulator is required to hear complaints and appeals as set out in Section (30)(2)(a) of the Act. In addition, the Regulator carries out a monitoring function in that it monitors the activities of the Authority to ensure that it performs its functions in accordance with the Act.

The Ports Regulator of South Africa performs functions that relate mainly to the regulation of pricing and other aspects of economic regulation, the promotion of equal access to ports facilities and services, the monitoring of the industry’s compliance with the regulatory framework, and the hearing of any complaints and appeals lodged with it.

The Regulator faced budgetary constraints to expand its mandate. A new funding model, as per legislative amendments, was required to capacitate the Regulator and implement programmes successfully and sustainably.

The capacity of the Regular was too small for the magnitude of the task, as compared to other South African Regulators. There was a need to strengthen the Regulator’s powers within the Ports Act, as well as enable a new self-funding model that reduces fiscal reliance, which requires the Ports Act amendments to be passed. The Ports Regulator presented a new funding proposal to alleviate the funding constraints. The new funding proposal will require amendments to the National Ports Act to allow it to collect a regulatory fee from the regulated entity. The entity had vacancies for three Regulator Members.

**5.7 Road Accident Fund (RAF)**

The Road Accident Fund Act (No. 56 of 1996) provides for the establishment of the Road Accident Fund, whose legal mandate is to compensate South African road users for loss or damage as a result of motor vehicle accidents caused by the negligent driving of motor vehicles within the borders of South Africa.

The 2015-2020 Strategic Plan and the 2018/2019 APP are focused on medium-term performance and delivery, while preparing for the future with a keen emphasis on processing claims, prudently managing available cash, ensuring good governance and management of the business and motivating for additional funding to meet real, current demand. A great effort was placed on fulfilling the Strategic Plan and APP deliverables.

The entity’s financial sustainability remains a challenge. The funding derived from the fuel levy is not associated with claim frequencies and costs. Cash claim payments exceed the fuel levy income as a result of operational efficiencies and productivity improvements.

**5.8 Road Traffic Infringement Agency (RTIA)**

The Road Traffic Infringement Agency (RTIA) is established in terms of section 3 of the Administrative Adjudication of Road Traffic Offences Act (No. 46 of 1998) and derives its mandate from this founding legislation and its powers and duties are informed by various legislative sources and policies. RTIA promotes road traffic quality by providing for a scheme to discourage road traffic infringements, to support the prosecution of offences in terms of national and provincial laws relating to road traffic, and implements a points demerit system.

The financial projections have declined by approximately 50% due to a sharp decline in law enforcement activity. There was an over 80% decline in notices issued. Alternative revenue and the sustainability of the entity was dependent on the national implementation of AARTO and the AARTO Amendment Bill.

**5.9 Road Traffic Management Corporation (RTMC)**

The Road Traffic Management Corporation Act (No. 20 of 1999) was approved by Parliament in 1999. The Act is aimed at establishing the corporation to pool powers and resources and to eliminate the fragmentation of responsibilities for all aspects of road traffic management across the various levels of government. More so to oversee coordination of traffic law enforcement and the implementation of road safety interventions. This includes cooperative and coordinated road traffic strategic planning, regulation, facilitation and law enforcement.

The challenges faced by the entity was on its sustainability due to the non-payment of the R176 million debt paid on behalf of the Department in relation to the Tasima court case. The RTMC took over the Boekenhoutkloof Traffic College, as well as the C-BRTA Inspectorate without their concomitant budgets. It is confronted with harmonising the functions of Vehicle and Roadworthiness Testing, Licencing of Drivers and the Vehicle Registrations and Licencing.

**5.10 South African National Roads Agency Limited (SANRAL)**

The South African National Roads Agency is a schedule 3A public entity established by the South African National Roads Agency Limited and National Roads Act (No. 7 of 1998). The agency is responsible for the planning, design, construction, operation, management, control, maintenance and rehabilitation of the South African national road network, including the financing of these functions. This includes both toll and non-toll roads.

The main challenge faced by the entity is its going-concern status due to poor collection on the GFIP e-toll project. The delays in the implementation of critical projects due to toll resistance lead to a loss of opportunity of R128 billion investment in road infrastructure projects that include the following projects: N1-N2 Winelands Project, N2 Wild Coast Project, N3 Van Reenen Development Project and the N3 Cedara to Durban Project. The entity also experienced delays in project related approvals from authorising departments and provinces.

**5.11 South African Civil Aviation Authority (SACAA)**

The South African Civil Aviation Authority (SACAA) was established on 01 October 1998, following the enactment of the now repealed South African Civil Aviation Authority Act (No. 40 of 1998). This Act was replaced by the Civil Aviation Act (No. 13 of 2009), which came into effect on 31 March 2010. As outlined in the PFMA, the SACAA is a Schedule 3A public entity. The Civil Aviation Act provides for the establishment of a stand-alone authority, mandated with controlling, promoting, regulating, supporting, developing, enforcing and continuously improving levels of safety and security throughout the civil aviation industry. The above is achieved by complying with the Standards and Recommended Practices (SARPs) of the International Civil Aviation Organization (ICAO), whilst considering the local context.

The entity listed the lack of transformation in the aviation industry as a challenge which may mainly be due to the high cost of training fees as a barrier to entry into the industry.

**5.12 Air Traffic and Navigation Services (ATNS)**

The Air Traffic and Navigation Service Company Limited was established in 1993 in terms of the ATNS Company Act (No. 45 of 1993), to provide Air Traffic Management solutions and associated services on behalf of the State, in accordance with International Civil Aviation Organization (ICAO) Standards and Recommended Practices and the South African Civil Aviation Regulations and Technical Standards. ATNS is an Air Navigation Service Provider (ANSP) and is governed by the nation’s legislative and administrative framework. ATNS is also a commercialised ANSP operating on the “User Pays” principle that relies on current revenues and debt funding for its operational and capital expenditure requirements.

Some Board member vacancies are of a concern to the entity, even though it is currently still quorating, it has no quorum for the Audit and Risk Sub-committee and no members for the Social and Ethics Sub-Committee.

**6. Committee observations**

Members raised the following observations during discussions:

**6.1 Alignment between APP/Corporate Plan targets and SMART principles**

The Committee observed the non-adherence of the APP targets to SMART principles as per the National Treasury Regulations, of certain entities, in particular PRASA, RAF and SAMSA. The Committee indicated that PRASA targets were especially of concern and that the Corporate Plan of the entity is rejected until such time as the targets have been revised and resubmitted to the Committee by 7 May 2018. The Committee also takes note that the Standing Committee on Appropriations received a briefing from the Office of the Chief Procurement Officer in National Treasury where it was reported that PRASA had failed to submit its 2018/19 procurement plan by 31 March 2018. These plans must be aligned with the Corporate Plan and PRASA was requested to provide reasons for the non-submission to the Standing Committee on Appropriations, as well as how this would impact on the attainment of the 2018/19 Corporate Plan targets. PRASA must also indicate to the Standing Committee on Appropriations why it should approve the 2018/19 budget allocation given the fact that it has failed to submit its procurement plan.

**6.2 Board vacancies in entities**

The Committee observed the end of term for Boards at ACSA, ATNS and RTIA. The Committee further noted that the Board of SAMSA did not quorate.

**6.3 Road Safety Programmes**

The Committee noted that various transport entities were implementing road safety programmes.

**6.4 Setting the submission of Legislation to Parliament in the outer years of the MTSF**

The Committee noted that many challenges of entities could have been resolved if the Department planning was such as to ensure that legislation is processed earlier in the MTSF cycle. It was noted with concern that a substantial amount of proposed bills are yet to be submitted to Parliament for processing in the latter years of the MTSF cycle which may lead to the lapsing of the legislation and the need to resubmit after the elections in the new Parliament cycle.

**6.5 Overdue Annual Report of PRASA**

At the time of receiving the 2018/19 Corporate Plan presentation for PRASA, the Committee had still not received the entity’s Annual Report for the 2016/17 Financial Year. The absence of the report continues to limit the Committee in its oversight over PRASA, as well as doing a thorough assessment how the entity has dealt with past Auditor-General findings or how it intends to deal with such findings in its proposed APP in order to allow it to receive improved audit outcomes. In order to facilitate Parliament’s oversight over the national executive organs of state, section 92(3)(b) of the Constitution requires that “Members of Cabinet must provide Parliament with full and regular reports concerning matters under their control.” The oversight powers of the National Assembly are particularly important for the process of considering annual reports, as they are the ‘regular reports’ referred to above. The challenge facing portfolio committees is that they need to ensure that departments provide good quality service delivery information in their strategic plans with tight performance targets and then to ensure that departments report against those targets in their annual reports.

The deadline of 30 September 2018 for submissions of 2017/18 Annual Reports is fast approaching and yet the Committee must now consider the plans in the APP and budget for an entity that failed to report on its operations for the financial term that ended two years ago.

**6.6 Inconsistencies between the APP figures and the figures tabled per the Budget Vote Documents**

The Committee noted that in some instances there were inconsistencies in the figures presented by the entities and the Department in their APP documents when compared to the 2018 Estimates of National Expenditure for Vote 35: Transport, as tabled by Treasury.

**7. Committee recommendations**

The Committee recommends that the Minister of Transport ensures the following:

**7.1 Alignment between APP/ Corporate Plan targets and SMART principles**

That APP/Corporate Plan targets of entities, such as PRASA, RAF and SAMSA, when formulated, should be aligned to the SMART principles as per the National Treasury Regulations. The Minister should take note that the Committee requested that PRASA officials meet with the new Board as soon as possible to relook at the targets and resubmit their Corporate Plan to the Committee by 7 May 2018 prior to the finalisation of the Committee Budget Report. This target was not met and the Committee is forced to report to the House on the matter despite being given the revised documents as requested from PRASA and the RAF. The Committee therefore recommends further that the Minister ensure that PRASA and the RAF submit the requested amendments to their respective Corporate Plans/APPs to the Committee and present same to the Committee within 30 days of the publication of this report in order to allow the Committee to table and supplementary report hereto.

**7.2 Board vacancies in entities**

That Board members of entities such as ACSA, ATNS, SAMSA and RTIA are appointed without delay so that the entities are able to discharge their legislative mandates optimally. The Minister is also requested to report to the Committee on this matter, as well as the Department’s plan for ensuring future Board member vacancies are filled timeously within 30 days of the publication of this report.

**7.3 Road Safety Programmes**

That the Department ensures that there is synergy pertaining to the implementation of the road safety programmes by the various entities so that the programmes can complement each other in achieving a reduction in the carnage on the roads, as well as ensuring that budgets for these programs are optimally allocated and not duplicated.

**7.4 Setting the submission of Legislation to Parliament in the outer years of the MTSF**

That the Department and its entities ensure that their planning for proposed legislation to be submitted to Parliament for processing is done in such a manner that would allow for the thorough processing thereof during the Parliament cycle and not to plan for submissions to be made in the outer years of the MTSF.

**7.5 Overdue Annual Report of PRASA**

That the Board of PRASA ensures the finalisation and submission of the 2016/17 Annual Report is done within 60 days of the publication of this report and to ensure that this failure to submit on time is not repeated again in future.

**7.6 Inconsistencies between the APP figures and the figures tabled per the Budget Vote Documents**

That the Department and its entities ensure that the figures presented in their APP documents correlate with those tabled by Treasury to Parliament for purposes of the Budget Vote or at the very least to indicate any possible discrepancies due to a change in figures post Estimates of National Expenditure having been published.

**Report to be considered.**

1. National Treasury (2018). [↑](#footnote-ref-1)
2. Department of Transport (2018), p. 43. [↑](#footnote-ref-2)
3. Department of Transport (2018), p. 5. [↑](#footnote-ref-3)
4. Department of Planning, Monitoring and Evaluation. [↑](#footnote-ref-4)
5. Socio-Economic Impact Assessment System [↑](#footnote-ref-5)
6. Single Transport Economic Regulator [↑](#footnote-ref-6)
7. Economic Sector Employment and Infrastructure Development [↑](#footnote-ref-7)
8. S’hamba Sonke Programme [↑](#footnote-ref-8)