1. **Report of the Portfolio Committee on Transport on Budget Vote 35: Transport, Dated 04 July 2019**

The Portfolio Committee of Transport, having considered Budget Vote 35: Transport, reports as follows:

**1. INTRODUCTION**

The Portfolio Committee on Transport considered the 2019/20 budget of the Department of Transport (the Department) on 3 July 2019. 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 2019/20 Annual Performance Plan (APP) and Budget Allocations of the Department of Transport. However, at the time of the compilation of this report, the Committee had not yet received a briefing on the Strategic Plans and APPs of the Department entities or any changes that had been made to the current Strategic Plan of the Department. Accordingly, the Committee engaged on the APP and Budget Allocations for 2019/20 with the Department on 3 July 2019 and undertook to schedule presentations by the Department and its entities on a later date in order to receive briefings on their amended and/or new Strategic Plans, and (specifically for the entities) 2019/20 Corporate Plans and/or APPs.

The report details an overview of the performance of the Department in 2018/19, policy priorities for 2019/20 and and how they are aligned with national, regional, continental and global developmental agendas. It also analyses the 2019/20 budgets of the Department and its entities. It concludes by capturing the observations and recommendations made by the Portfolio Committee on Transport in this regard.

The report on the budget of the Department is based on information accessed through:

* The 2019 State of the Nation Address (SONA) (both delivered in February and June);
* The Department of Transport’s APP for 2018/19 and 2019/20 and its Budget Allocation outlined in the Budget Review for 2019/20; and
* The National Development Plan (NDP).

**2. 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 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 (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 tiers 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.

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.

**3. OVERVIEW OF THE 2018/19 FINANCIAL YEAR**[[1]](#footnote-1)

**3.1 First Quarter of 2018/19**

**Table 1: 2018/19 First Quarter Expenditure**

| Programme | 2018/19 First Quarter Expenditure |  |  |
| --- | --- | --- | --- |
| R ‘million | AvailableBudget | Actual Expenditure | Expenditure as % of Available Budget | Projected Expenditure | %Variance from Projected Expenditure |
| Programme 1: Administration | 430.1 | 71.6  | 16.6% | 101.5 | 29.5% |
| Programme 2: Integrated Transport Planning | 90.0 | 14.9 | 16.6% | 26.7 | 27.9% |
| Programme 3: Rail Transport | 18 887.3 | 2 359.3 | 12.5% | 1 602.7 | -47.2% |
| Programme 4: Road Transport | 27 098.8 | 6 328.7 | 23.4% | 6 149.8 | -2.9% |
| Programme 5: Civil Aviation Transport | 182.3 | 28.4 | 15.6% | 55.0 | 48.3% |
| Programme 6: Maritime Transport | 119.9 | 28.2 | 23.5% | 28.7 | 1.7% |
| Programme 7: Public Transport | 12 990.0 | 1 084.7 | 8.4% | 1 251.7 | 13.3% |
| TOTAL | **59 798.3** | **9 915.9** | **16.6%** | **9 210.1** | **-7.7%** |
| (Source: National Treasury (2018a), adapted.\* Percentage variance: Negative figures show actual expenditure exceeds what was projected for the period. |

For the 2018/19 financial year, the budget allocation for the Department stands at R59.8 billion. By the end of the First Quarter, the Department had spent R9.9 billion (16.6 percent) of its overall allocation – which resulted in 7.7 percent higher spending than anticipated for the period.[[2]](#footnote-2) The higher than anticipated spending was mainly in the Rail Transport programme for *Transfers and Subsidies*.

By the end of the First Quarter of 2018/19, the Department had spent R100.2 million on *Compensation of Employees*, indicating lower than projected spending of R22.1 million. The delay in spending on compensation was mainly owing to the slow filling of vacant posts since executive management approval was still pending. The Department had 652 filled posts, against a funded establishment of 739 posts. The vacancy rate stood at 11.8 percent or 87 vacant posts.[[3]](#footnote-3)

**3.2 Second Quarter of 2018/19**

**Table 2: 2018/19 Second Quarter Expenditure**

| Programme | 2018/19 Second Quarter Expenditure |  |  |
| --- | --- | --- | --- |
| R ‘ Million | AvailableBudget | Actual Expenditure | Expenditure as % of Available Budget | Projected Expenditure | %Variance from Projected Expenditure |
| Programme 1: Administration | 430.1 | 160.7  | 37.4% | 209.7 | 23.3% |
| Programme 2: Integrated Transport Planning | 90.0 | 35.1 | 39.0% | 44.7 | 21.6% |
| Programme 3: Rail Transport | 15. 887.3 | 3 805.9 | 24.0% | 9 487.4 | 59.8% |
| Programme 4: Road Transport | 30 102.4 | 14 328.8 | 47.6% | 14 200.8 | -0.9% |
| Programme 5: Civil Aviation Transport | 182.3 | 89.9 | 49.3% | 97.2 | 7.5% |
| Programme 6: Maritime Transport | 119.9 | 57.5 | 48.0% | 57.6 | 0.0% |
| Programme 7: Public Transport | 12 986.4 | 3 668.9 | 28.3% | 4 505.0 | 18.6% |
| TOTAL | **59 798.3** | **22 146.9** | **37.0%** | **28 582.4** | **22.5%** |
| (Source: National Treasury (2018a), adapted.\* Percentage variance: negative figures show actual expenditure exceeds what was projected for the period. |

By the end of the Second Quarter of 2018/19, the Department spent R22.1 billion (37 percent of its allocation) – indicating a slower spending than the R28.6 billion planned for this period. The delay in spending was again mainly in the Rail Transport programme. The Department spent R209.6 million on the *Compensation of Employees*, against the projected spending of R243.9 million. This translated into lower than projected spending of R34.3 million.[[4]](#footnote-4)

The Administration programme also experienced lower than what was planned spending mainly due to the slow filling of vacant posts, outstanding invoices for the office accommodation lease and procurement delays for information technology (IT) security, public-private partnership (PPP), fleet transaction advisory services and private automated business exchange (PABX) telephone services.

As at the end of the Second Quarter of 2018/19, the National Treasury had approved the following virements and shifts of funds:[[5]](#footnote-5)

* R333.3 million from PRASA. Other capital programmes transfer to PRASA: Metrorail transfer line;
* R124.6 million from PRASA. Other capital programmes transfer line to PRASA: Mainline Passenger Services transfer line; and
* R832.9 million from PRASA: Other capital programmes transfer line to PRASA: Rail maintenance operations and inventories transfer line.

**3.3 Third Quarter Expenditure of 2018/19**

**Table 3: 2018/19 Third Quarter Expenditure**

| Programme | 2018/19 Second Quarter Expenditure |  |  |
| --- | --- | --- | --- |
| R Thousand | AvailableBudget | Actual Expenditure | Expenditure as % of Available Budget | Projected Expenditure | %Variance from Projected Expenditure |
| Programme 1: Administration | 430.1 | 256.1 | 59.6% | 272.3 | 5.9% |
| Programme 2: Integrated Transport Planning | 90.0 | 55.5 | 61.7% | 58.8 | 5.6% |
| Programme 3: Rail Transport | 15. 887.3 | 6 543.6 | 41.2% | 6 545.2 | 0.0% |
| Programme 4: Road Transport | 30 098.8 | 20 177.4 | 67.0% | 20 183.6 | 0.0% |
| Programme 5: Civil Aviation Transport | 182.3 | 124.2 | 68.2% | 136.9 | 9.3% |
| Programme 6: Maritime Transport | 119.9 | 92.2 | 76.9% | 92.9 | 0.7% |
| Programme 7: Public Transport | 13 023.0 | 7 209.2 | 55.4% | 7 106.2 | -1.5% |
| TOTAL | **59 841.5** | **34 458.3** | **57.6%** | **34 406.0** | **-0.2%** |
| (Source: National Treasury (2018a), adapted.\* Percentage variance: Negative figures show actual expenditure exceeds what was projected for the period. |

By the end of Third Quarter, the Department spent R34.5 billion (or 57.6 percent of the total available budget), indicating higher than expected spending of 0.2 percent.[[6]](#footnote-6) By end December 2018, the Department had spent R329.7 million (or 66.4 percent) of available budget on *Compensation of Employees*. Spending on compensation was a lower than projected – i.e. 1.6 percent. This was mainly due to the filling of vacant posts. Of the 739 funded posts on its establishment, 652 were filled posts, translating into a vacancy rate of 11.8 percent.

By the end of the Third Quarter of 2018/19, the National Treasury and Parliament had approved the following virements and the shifting of funds:[[7]](#footnote-7)

* R333.3 million from the Passenger Rail Agency of South Africa (PRASA): Other capital programmes transfer line to PRASA: Metrorail: Operations transfer line;
* R124.6 million from PRASA: Other capital programmes lien to PRASA: Mainline Passenger Services: Operations transfer line;
* R832.9 million from PRASA: Other capital programmes transfer line to PRASA: Rail maintenance operations and inventories line;
* R3 billion from PRASA: Other capital programmes transfer line to the South African National Roads Agency Limited (SANRAL): Non-toll network transfer line; and
* R5.8 billion from SANRAL: Non-toll network transfer line to SANRAL: Gauteng Freeway Improvement Project (GFIP).

**4. POLICY PRIORITIES FOR 2019/20 AND ALIGNMENT WITH NATIONAL, REGIONAL, CONTINENTAL AND GLOBAL DEVELOPMENTAL AGENDAS (NDP, NINE POINT PLAN, SOUTHERN AFRICAN DEVELOPMENT COMMUNITY REGIONAL INFRASTRUCTURE DEVELOPMENT MASTER PLAN (SADC-RIDMP), AGENDA 2063 AND SUSTAINABLE DEVELOPMENT GOALS (SDGS))**

**4.1 NDP, Medium-Term Strategic Framework (MTSF) and road infrastructure**

Chapter 4 of the NDP advocates 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 MTSF with which the work of the Department is directly aligned. It is against this backdrop that the Department has committed itself to intensifying efforts to contribute to Government’s drive against poverty, inequality and unemployment.[[8]](#footnote-8) It seeks to do so through maintaining national and provincial networks, providing passenger rail infrastructure and services, and facilitating integrated public transport networks.

Roads are a crucial component of South Africa’s transport system and economy. According to the 2018 land transport survey, 77.3 percent of land freight in South Africa is hauled on its roads.[[9]](#footnote-9) This accounts for 73.8 percent of total land freight income. The dependence on road infrastructure implies that road conditions have a direct bearing on the ease of movement of goods and people across South Africa. This ultimately impacts on overall economic growth. In this regard, SANRAL, carries out upgrades, maintenance and strengthening programmes of the non-toll and toll portfolios on national roads.

**4.2 Passenger rail infrastructure and services**

As far as the passenger rail infrastructure and services are concerned, the Department will continue modernising South Africa’s passenger rail services through PRASA. PRASA’s focus will be on executing its capital programme, intensifying its repairs and maintenance regime, as well as improving security on the rail network.

Its rail modernisation programme is intended to achieve, *inter alia*, the following:[[10]](#footnote-10)

* A high proportion of the number of trains originating from South Africa and in line with the government’s local content objectives to this end, a target of over 65 percent local content by the end of the ten-year programme has been set;
* The creation of a sustainable and competitive local rolling stock manufacturing sector;
* A strong focus on job creation and job retention;
* The transfer and development of rail related skills to the South African labour force;
* Meaningful black equity ownership at the contractor and sub-contractor level;
* The use and enhancement of existing entities/plants and workforce where possible; and
* A high priority on safety and reliability of the procured rolling stock.

**4.3 Nine Point Plan in the context of the NDP**

The NDP offers a long-term perspective. It defines a desired destination and identifies the role different spheres of society need to play in reaching that goal. The Department’s Nine Point Plan, therefore, seeks to give meaning to the objectives and aspirations of the NDP.

The objectives of the Nine Point Plan pertaining to transport infrastructure are to:[[11]](#footnote-11)

* Improve access to economic opportunities and social space;
* Advance economic development;
* Improve movement of goods;
* Ensure greater mobility of people and goods; and
* Promote regional integration.

In aligning its programmes to the NDP, the Department will oversee the manufacturing of a rolling stock factory that is based at Dunnottar, Ekurhuleni, in Gauteng. The factory will assist in addressing the triple challenges of poverty, unemployment and inequality. The rolling stock fleet renewal programme is estimated to create over 8 000 direct jobs throughout the Gibela Consortium’s supply chain, with the factory targeting the creation of 1 500 jobs.[[12]](#footnote-12) Nearly all the jobs in the factory will be occupied by South Africans with the aim to employ 85 percent historically disadvantaged persons, and at least 25 percent women. The expectation is that, over time, the factory will increase the proportion of women within its workforce to at least 50 percent.

South Africa’s urban areas are hubs of economic activity and it is, therefore, crucial that they maintain optimal functionality and remain engines of socio-economic growth. Integrated public transports are central to the functioning of these hubs as they provide sustainable, affordable and functional transport solutions to urban areas. To this end, the Department makes allocations in the Public Transport programme for the Public Transport Network Grant (PTNG) that funds the infrastructure and operations of Integrated Public Transport Networks (IPTNs) in 13 cities across South Africa.

**4.4 Agenda 2063**

The African Union (AU) envisions that by 2063 the necessary infrastructure will be in place to support Africa’s accelerated integration and growth, technological transformation, trade and development. This will include high-speed rail networks, roads, shipping lines, sea and air transport, as well as Information and Communications Technology (ICT) and digital economy. A Pan-African high-speed rail network will connect all the major cities of the continent with adjacent ways and pipelines for gas, oil, water, ICT broadband cables and other infrastructure. This will serve as a catalyst for manufacturing skills development, integration and intra-African trade, investment and tourism. The Department has committed itself to contributing to the aspirations of “an integrated continent, politically united and based on the ideals of Pan Africanism and the vision of Africa’s Renaissance”.[[13]](#footnote-13)

Investment in infrastructure is vital in addressing the challenges encountered in infrastructure maintenance and expansion that are crucial for the stabilisation of the country’s economy and creation of new opportunities for growth, equity and employment. The current socio-economic challenges, cannot be resolved utilising only the scope and resources of Government or any single role player. Enduring economic partnerships between Government and the private sector are needed to develop trusting relationships for integrated operations, investments and management of transportation infrastructure. The partnership between Government and the private sector was underscored by President Ramaphosa in the February 2019 SONA which committed Government to over a ten-year period, contributing R100 billion into the Infrastructure Fund.[[14]](#footnote-14)

A perusal of the Department’s budget allocation for 2019/20 indicates its commitment to national, regional, continental and global imperatives. This is evidenced by strong investments in Road, Rail and Public Transport programmes respectively.

It is a truism that an efficient transport infrastructure provides social and economic benefits to both advanced and emerging economies by improving market accessibility. In addition, it ensures balanced regional, continental and global economic development. Last, but by no means least, an efficient transport infrastructure creates employment, promotes labour mobility, and connects communities.

**5.** **BUDGET ANALYSIS**

During the presentations to the Committee, members noted that some of the figures presented below, as per the 2019 Estimates of National Expenditure for the Department under Vote 35: Transport, differed from those contained in the APP as tabled before the Committee for consideration. The Committee highlighted these discrepancies during the discussion on the Department’s presentation and were informed that the anomalies could be due to instances where the figures published by National Treasury in the Estimates of National Expenditure documents may not have been the final figures submitted after finalisation of the APP by the Department and submitted to National Treasury. The Committee further pointed out that some of the budget figures indicated in the APP of the Department did not correlate in the narrative of the document from page to page and the Department undertook to correct those.

**Table 4: Overall Budget – Transport**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase / Decrease in 2019/20** | **Real Increase / Decrease in 2019/20** | **Nominal Percent change in 2019/20** | **Real Percent change in 2019/20** |
| **R million** | **2018/19** | **2019/20** |
| 1. Administration |  430.1 |  463.0 |  32.9 |  10.0 | 7.7% | 2.3% |
| 2. Integrated Transport Planning |  90.0 |  169.2 |  79.2 |  70.8 | 88.0% | 78.7% |
| 3. Rail Transport |  15 887.3 | 16 573.8 |  686.5 | - 132.7 | 4.3% | -0.8% |
| 4. Road Transport |  30 098.8 | 33 018.1 |  2 919.3 |  1 287.2 | 9.7% | 4.3% |
| 5. Civil Aviation Transport |  182.3 |  245.1 |  62.8 |  50.7 | 34.5% | 27.8% |
| 6. Maritime Transport |  119.9 |  136.8 |  16.9 |  10.1 | 14.1% | 8.5% |
| 7. Public Transport |  13 023.0 | 13 588.1 |  565.1 | - 106.6 | 4.3% | -0.8% |
| **TOTAL** |  **59 831.3** | **64 194.2** |  **4 362.9** |  **1 189.8** | **7.3%** | **2.0%** |

**(Source: National Treasury (2019)**

For 2019/20, the Department of Transport receives R64.2 billion (excluding direct charges) – constituting 7.3 percent of the R882.6 billion national budget vote.[[15]](#footnote-15) Without inflation (nominally), the Department’s budget increases by 7.3 percent from the previous year. This allocation is still higher than inflation; i.e. 2 percent (real terms). The strongest growth is recorded for the Integrated Transport Planning (78.7 percent above inflation) and Civil Aviation Transport (27.8 percent above inflation) programmes.

In terms of economic classification, transfers and subsidies constitute R62.8 billion (or 97.8 percent) of the departmental budget, and the bulk is allocated to the following bodies:[[16]](#footnote-16)

* Provinces and municipalities (R24.3 billion);
* Departmental agencies and accounts (21.5 billion); and
* Public corporations and private enterprises (R16.5 billion).

The overall allocation to compensation of employees increases from R496.7 million previously to R534.7 million in 2019/20. This year, expenditure on consultants (business and advisory services) is set to increase from R266.2 million to R463.8 million, indicating an above-inflation increase of 65.6 percent. The exponential increase for consultants (business and advisory services) is linked to changes in the Integrated Transport Planning and Public Transport programmes. Conversely, funding for the use of consultants in the Maritime Transport programme declines from R17.0 million in 2018/19 to R9.7 million in 2019/20 (-45.8 percent in real terms).

**5.1 Programme Analysis**

As previously stated under the mandate of the Department’s section, the Department has seven programmes. What follows below is an analysis of the budget allocation for each programme, and where relevant or necessary, reference is made to the programmes’ sub-programmes.

**5*.1.1 Programme 1: Administration***

The Administration programme is entrusted with providing strategic leadership, management and support services to the Department. It comprises five sub-programmes, as illustrated in the table below:

**Table 5: Programme 1: Administration**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase/ Decrease in 2019/20** | **Real Increase/ Decrease in 2019/20** | **Nominal Percent change in 2019/20** | **Real Percent change in 2019/20** |
| **R million** | **2018/19** | **2019/20** |
| Ministry |  35.2 |  37.5 |  2.3 |  0.4 | 6.5% | 1.3% |
| Management |  75.8 |  84.1 |  8.3 |  4.1 | 11.0% | 5.5% |
| Corporate Services |  227.6 |  244.6 |  17.0 |  4.9 | 7.5% | 2.2% |
| Communications |  35.6 |  37.9 |  2.3 |  0.4 | 6.5% | 1.2% |
| Office Accommodation |  55.9 |  59.0 |  3.1 |  0.2 | 5.6% | 0.3% |
| **TOTAL** |  **430.1** |  **463.0** |  **32.9** |  **10.0** | **7.6%** | **2.3%** |

**(Source: National Treasury (2019)**

The Administration programme receives R463.0 million, translating into a 2.3 percent above-inflation increase from the previous year. All sub-programmes have above-inflation increases from the previous year. The *Corporate Services* sub-programme receives the biggest share of the Administration allocation; i.e. 52 percent. The highest increase is to the *Management* sub-programme (i.e. 5.5 percent above inflation).

***5.1.2 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 information and provides sector economic modelling and analysis.

**Table 6: Programme 2: Integrated Transport Planning**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase/ Decrease in 2019/20** | **Real Increase/ Decrease in 2019/20** | **Nominal Percent change in 2019/20** | **Real Percent change in 2019/20** |
| **R million** | **2018/19** | **2019/20** |
| Macro Sector Planning |  15.9 |  17.0 |  1.1 |  0.3 | 6.9% | 1.6% |
| Freight Logistics |  19.0 |  20.2 |  1.2 |  0.2 | 6.3% | 1.1% |
| Modelling and Economic Analysis |  19.3 |  93.7 |  74.4 |  69.8 | 385.5% | 361.5% |
| Regional Integration |  12.7 |  13.5 |  0.8 |  0.1 | 6.3% | 1.0% |
| Research and Innovation |  15.3 |  16.4 |  1.1 |  0.3 | 7.2% | 1.9% |
| Integrated Transport Planning Administration Support |  7.7 |  8.3 |  0.6 |  0.2 | 7.8% | 2.5% |
| **TOTAL** |  **90.0** |  **169.2** |  **79.2** |  **70.8** | **88.0%** | **78.7%** |

**(Source: National Treasury (2019)**

The Integrated Transport Planning programme budget increases by 78.7 percent above inflation. The allocation totals R169.2 million for 2019/20. This exponential increase is due to the *Modelling and Economic Analysis* sub-programme – its budget surges from R19.3 million previously to R93.7 million in 2019/20. The sub-programme’s allocation increase with 361.5 percent above inflation (real terms).

The *Modelling and Economic Analysis* sub-programme is responsible for undertaking economic studies and providing “innovative and enabling transport infrastructure funding options that respond to the socioeconomic needs of the national agenda”.[[17]](#footnote-17) The strong growth in its allocation bodes well for the attainment of the Department’s policy priorities for 2019/20. Government has identified investment in transport infrastructure as one of the enablers of economic growth and job creation. However, the sub-programme’s budget is likely to decline over the next two years to R24.3 million (2020/21) and R22.7 million (2021/22).

***5.1.3 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. Five sub-programmes fall under this programme.

**Table 7: Programme 3: Rail Transport**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase/ Decrease in 2019/20** | **Real Increase/ Decrease in 2019/20** | **Nominal Percent change in 2019/20** | **Real Percent change in 2019/20** |
| **R million** | **2018/19** | **2019/20** |
| Rail Regulation |  19.8 |  21.1 |  1.3 |  0.3 | 6.6% | 1.3% |
| Rail Infrastructure and Industry Development |  9.5 |  10.1 |  0.6 |  0.1 | 6.3% | 1.1% |
| Rail Operations |  10.6 |  10.8 |  0.2 | - 0.3 | 1.9% | -3.2% |
| Rail Oversight | 15 842.0 | 16 525.7 |  683.7 | - 133.2 | 4.3% | -0.8% |
| Rail Administration Support |  5.4 |  6.0 |  0.6 |  0.3 | 11.1% | 5.6% |
| **TOTAL** | **15 887.3** | **16 573.8** |  **686.5** | **- 132.7** | **4.3%** | **-0.8%** |

**(Source: National Treasury (2019)**

Constituting 25.8 percent of the Department’s budget, the Rail Transport programme is the second largest departmental spending area. The programme’s budget increases from R15.9 billion previously, to R16.6 billion in 2019/20. While this constitutes a nominal increase, when taking into account the effects of inflation (real terms), its allocation in fact declines with 0.8 percent. The *Rail Oversight* sub-programme receives the biggest allocation of the programme’s budget, and increases from R15.8 billion previously to R16.5 billion in 2019/20. However, this increase is below inflation, and declines with -0.8 percent (real terms) from its allocation in 2018/19. Transfers to PRASA to the value of R16.5 billion and R63.5 million to the Railway Safety Regulator (RSR) are funded from this sub-programme.

Transfers to PRASA to the tune of R16.5 billion are divided up as per the tables below:

**Table 8: PRASA Transfers: Capital**

| **Entity/Programme****R million** |  **Budget**  |
| --- | --- |
| **2018/19** | **2019/20** |
| PRASA: Capital | R91.9 million | R600 million |
| PRASA: Rolling Stock Fleet Renewal | R4.7 billion | R5.8 billion |
| PRASA: Signalling | R2.0 billion | R2.1 billion |
| PRASA: Metrorail (Refurbishment of caches) | R1.4 billion | R1.5 billion |
| PRASA: Mainline Passenger Service (Refurbishment of coaches) | R160.2 million | R169.2 million |
| **TOTAL** | **R8.4 billion** | **R10.2 billion** |

**(Source: National Treasury (2019)**

**Table 9: PRASA Transfers: Current**

| **Entity/Programme****R million** |  **Budget**  |
| --- | --- |
| **2018/19** | **2019/20** |
| PRASA: Rail maintenance operations and inventories | R1.2 billion | R811 million |
| PRASA: Metrorail (Operations) | R4.6 billion | R4.4 billion |
| PRASA: Mainline Passenger Services (Operations) | R1.6 billion | R1.1 billion |
| **TOTAL** | **R7.4 billion** | **R6.3 billion** |

**(Source: National Treasury (2019)**

***5.1.4 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. The programme is divided into five sub-programmes.

**Table 10: Programme 4: Road Transport**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase/ Decrease in 2019/20** | **Real Increase/ Decrease in 2019/20** | **Nominal Percent change in 2019/20** | **Real Percent change in 2019/20** |
| **R million** | **2018/19** | **2019/20** |
| Road Regulation |  42.3 |  45.0 |  2.7 |  0.5 | 6.4% | 1.1% |
| Road Infrastructure and Industry Development |  33.9 |  36.1 |  2.2 |  0.4 | 6.5% | 1.2% |
| Road Oversight | 29 988.2 | 32 900.3 |  2 912.1 |  1 285.8 | 9.7% | 4.3% |
| Road Administration Support |  8.3 |  9,0 |  0.7 |  0.3 | 8.4% | 3.1% |
| Road Engineering Standards |  26.1 |  27.7 |  1.6 |  0.2 | 6.1% | 0.9% |
| **TOTAL** | **30 098.8** | **33 018.1** | **2 919.3** | **1 287.2** | **9.7%** | **4.3%** |

**(Source: National Treasury (2019)**

The total expenditure for the Road Transport programme grows from R30.1 billion in 2018/19 to R33.0 billion in 2019/20. Its above-inflation increase is 4.3 percent from the previous year.

For this programme, the highest increase is for the *Road Oversight* sub-programme - its allocation grows from R30 billion to R32.9 billion, resulting in 4.3 percent above-inflation. This is also the sub-programme that dominates the programme budget. The *Road Oversight* sub-programme reviews and analyses the performance of road transport public entities and monitors their compliance with regulations and legislation. It also transfers funds to SANRAL, the Road Traffic Management Corporation (RTMC), and the Road Traffic Infringement Agency (RTIA). Moreover, the sub-programme makes provision for the Provincial Roads Maintenance Grant (PRMG).

Major transfers from the Road Transport programme are as follows:[[18]](#footnote-18)

**Table 11: Major Transfers from the Road Transport Programme**

| **Entity/ Programme****R million** |  **Budget**  |
| --- | --- |
| **2018/19** | **2019/20** |
| RTMC | R200.2 million | R210. 2 million |
| SANRAL: Gauteng Freeway Improvement Project (GFIP) | R6.3 billion | R550.5 million |
| RTIA | R11.7 million | R7.8 million |
| SANRAL | R5.5 billion | R5.6 billion |
| SANRAL: Non-toll network | R5.1 billion | R12.3 billion |
| SANRAL: Moloto Road upgrade | R1.8 billion | R1.7 billion |
| SANRAL: N2 Wild Coast | - | R1 billion |
| Rural Roads Asset Management Systems (RRAMS) Grant | R107.5 million | R113.9 million |
| PRMG: Road maintenance component | R10.3 billion | R10.6 billion |
| PRMG: Disaster relief component | R210.0 million | R206.2 million |
| PRMG: Mpumalanga coal haulage roads maintenance | R501.1 million | R526.2 million |

**(Source: National Treasury (2019)**

Expenditure under Programme 4 lends credence to policy priorities for 2019/20. Poor road conditions are a significant contributor to the costs of moving people and goods within South Africa and across the Southern African region, increasing travel time and vehicle operating costs. There is, therefore, an imperative to improve national, provincial and municipal road networks.

***5.1.5 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, it oversees aviation transport public entities.

**Table 12: Programme 5: Civil Aviation Transport**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase/ Decrease in 2019/20** | **Real Increase/ Decrease in 2019/20** | **Nominal Percent change in 2019/20** | **Real Percent change in 2019/20** |
| **R million** | **2018/19** | **2019/20** |
| Aviation Policy and Regulations |  28.0 |  27.8 | - 0.2 | - 1.6 | -0.7% | -5.6% |
| Aviation Economic Analysis and Industry Development |  13.1 |  15.0 |  1.9 |  1.2 | 14.5% | 8.8% |
| Aviation Safety, Security, Environment and Search and Rescue |  75.9 |  123.5 |  47.6 |  41.5 | 62.7% | 54.7% |
| Aviation Oversight |  59.9 |  73.0 |  13.1 |  9.5 | 21.9% | 15.9% |
| Aviation Administration Support |  5.3 |  5.8 |  0.5 |  0.2 | 9.4% | 4.0% |
| **TOTAL** |  **182.3** |  **245.1** |  **62.8** |  **50.7** | **34.4%** | **27.8%** |

**(Source: National Treasury (2019)**

For 2019/20, the allocation to the Civil Aviation Transport programme equals R425.1 million, up from R182.3 million previously, translating into an increase of 27.8 percent above inflation. The strong increase in the *Aviation Safety, Security, Environment and Search and Rescue* sub-programme constitutes 54.7 percent above inflation. The sub-programme allocation grows from R75.9 million to R123.5 million in 2019/20. The next highest increase (15.9 percent above inflation) is for the *Aviation Oversight* sub-programme - growth is from R59.9 million in 2018/19 to R73.0 million in 2019/20.

***5.1.6 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. Five sub-programmes fall under the Maritime Transport programme.

**Table 13: Programme 6: Maritime Transport**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase/ Decrease in 2019/20** | **Real Increase/ Decrease in 2019/20** | **Nominal Percent change in 2019/20** | **Real Percent change in 2019/20** |
| **R million** | **2018/19** | **2019/20** |
| Maritime Policy Development |  11.6 |  12.3 |  0.7 |  0.1 | 6.0% | 0.8% |
| Maritime Infrastructure and Industry Development |  12.4 |  12.9 |  0.5 | - 0.1 | 4.0% | -1.1% |
| Implementation, Monitoring and Evaluation |  61.7 |  65.5 |  3.8 |  0.6 | 6.2% | 0.9% |
| Maritime Oversight |  30.0 |  41.5 |  11.5 |  9.4 | 38.3% | 31.0% |
| Maritime Administration Support |  4.2 |  4.6 |  0.4 |  0.2 | 9.5% | 4.1% |
| **TOTAL** |  **119.9** |  **136.8** |  **16.9** |  **10.1** | **14.1%** | **8.5%** |

**(Source: National Treasury (2019)**

The budget allocation for the Maritime Transport programme increase from R119.9 million to R136.8 million in 2019/10, translating into an increase of 8.5 percent above inflation. The biggest budget increase is the *Maritime Oversight* sub-programme that grows up from R30.0 million in 2018/19 to R41.5 million in 2019/20. This indicates an above inflation increase of 31.5 percent.

***5.1.7 Programme 7: Public Transport***

The 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. The Public Transport programme comprises six sub-programmes.

**Table 14: Programme 7: Public Transport**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Budget** | **Nominal Increase/ Decrease in 2019/20** | **Real Increase/ Decrease in 2019/20** | **Nominal Percent change in 2019/20** | **Real Percent change in 2019/20** |
| **R million** | **2018/19** | **2019/20** |
| Public Transport Regulation |  54.5 |  57.8 |  3.3 |  0.4 | 6.1% | 0.8% |
| Rural and Scholar Transport |  40.4 |  42.8 |  2.4 |  0.3 | 5.9% | 0.7% |
| Public Transport Industry Development |  187.1 |  203.2 |  16.1 |  6.1 | 8.6% | 3.2% |
| Public Transport Oversight | 12 711.1 | 13 252.4 |  541.3 | - 113.8 | 4.3% | -0.9% |
| Public Transport Administration Support |  11.1 |  11.8 |  0.7 |  0.1 | 6.3% | 1.1% |
| Public Transport Network Development |  18.9 |  20.1 |  1.2 |  0.2 | 6.4% | 1.1% |
| **TOTAL** | **13 023.0** | **13 588.1** |  **565.1** | **- 106.6** | **4.3%** | **-0.8%** |

**(Source: National Treasury (2019)**

In 2019/20, Programme 7 receives R13.6 billion, up from R13.0 billion in 2018/19. However, this increase did not keep track with the effects of inflation, and it therefore declines with -0.8 percent. The biggest increase in the allocation is in the *Public Transport Industry Development* sub-programme which receives R203.2 million in 2019/20, up from R187.1 million previously. Its budget allocation did not keep track with the effects of inflation and, therefore, declines with -0.9 percent from the previous year.

Selected transfers in the Public Transport programme are as follows:[[19]](#footnote-19)

**Table 15: Selected Transfers in the Public Transport programme**

| **Entity/Programme****R million** |  **Budget**  |
| --- | --- |
| **2018/19** | **2019/20** |
| Taxi Recapitalisation Programme (TRP) | R411.6 million | R434.7 million |
| South African National Taxi Council (SANTACO) | R22.5 million | R23.8 million |
| Public Transport Network Grant (PTNG) | R6.3 billion | R6.5 billion |
| Public Transport Operations Grant (PTOG) | Approximately R6 billion | R6.3 billion |
| **TOTAL** | **R12.7 billion** | **R13.3 billion** |

**(Source: National Treasury (2019)**

1. **EXPENDITURE BY ENTITIES OF THE DEPARTMENT OF TRANSPORT, INCLUDING THE DRIVING LICENCE CARD ACCOUNT**

The Committee was unable to meet and engage with entities on their budget allocations and tabled APPs or Corporate Plans for the 2019/20 Budget Vote prior to the compilation of this report and will not be able to do so prior to the Budget Vote scheduled for 9 July 2019.[[20]](#footnote-20) For purposes of this assessment, the Committee relied on the information contained in the Budget Allocations for 2019/20.[[21]](#footnote-21)

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

The Airports Company of South Africa, a schedule 2 public entity in terms of the Public Finance Management Act (1999), is regulated in terms of the Airports Company Act (1993) and the Companies Act (1973). 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), it is also one of the concessionaires operating Mumbai International Airport in India and Guarulhos International Airport in Sao Paulo, Brazil.

Over the medium term, ACSA will continue to focus on the development, management and maintenance of the country’s nine principal airports. These airports are expected to accommodate a total of 65.2 million departing passengers and 806 214 arriving aircraft over the Medium-Term Expenditure Framework (MTEF) period.

The company has two main income streams: aeronautical revenue, which is generated from passenger facilitation and airline services, and includes charges and tariffs such as aircraft parking and landing fees; and non-aeronautical revenue, which is derived from property rentals, advertising and parking fees.

Aeronautical revenue is expected to contribute to R14.1 billion of the company’s total revenue over the MTEF period, increasing at an average annual rate of 7.5 percent, from R4 billion in 2018/19 to R4.9 billion in 2021/22.

Non-aeronautical revenue accounts for R13.1 billion of the company’s total revenue over the same period, increasing at an average annual rate of 7.7 percent, from R3.7 billion in 2018/19 to R4.6 billion in 2021/22.

Expenditure is expected to increase at an average annual rate of 8.8 percent, from R6.8 billion in 2018/19 to R8.7 billion in 2021/22. Spending on goods and services is expected to increase at an average annual rate of 5.6 percent, from R2.7 billion in 2018/19 to R3.2 billion in 2021/22. Spending on compensation of employees is expected to increase at an average annual rate of 7.4 percent, from R1.6 billion in 2018/19 to R2 billion in 2021/22. The number of personnel in the company is expected to remain constant at 3 283 over the medium term.

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

PRASA is a schedule 3B public entity established in terms of the Legal Succession to the South African Transport Services Amendment Act (2008). The primary legislative mandate of the agency is to provide rail commuter services within, to and from South Africa in the public interest. Its secondary mandate is to generate income from the exploitation of assets. The agency also provides for long-haul passenger rail and bus services within, to and from South Africa.

In its ongoing effort to improve access to safe and reliable passenger rail services, over the MTEF period, PRASA will focus on executing its capital programme by acquiring new rolling stock, refurbishing train coaches and upgrading and improving depots, stations and signalling infrastructure. The agency will also intensify its repair and maintenance regime for its commuter rail services (Metrorail) and long-distance mainline passenger services. The agency’s capital programme over the medium term includes, among other things, the acquisition of 163 new train sets, eight new locomotives, the refurbishment of 1 140 train coaches, and the upgrading and improvement of 24 train stations. As such, the agency’s capital expenditure is expected to increase at an average annual rate of 70.8 percent, from R3.1 billion in 2018/19 to R15.6 billion in 2021/22.

The agency expects Metrorail passenger trips to increase from 289 million in 2018/19 to 438 million by 2021/22, and for passengers on mainline passenger services to increase from 504 000 to 644 000 over the same period.

This increase in passenger ridership is expected to be driven and supported by infrastructure acquisitions and improvements, intensified repairs and maintenance operations, and security improvements. As such, spending on activities related to Metrorail is expected to increase at an average annual rate of 8.4 percent, from R8.3 billion in 2018/19 to R10.5 billion in 2021/22, while spending on activities related to mainline passenger services is expected to increase at an average annual rate of 9.2 percent, from R1.1 billion in 2018/19 to R1.5 billion in 2021/22. Spending on Metrorail and mainline passenger services is expected to account for R33.6 billion of the agency’s total expenditure over the medium term.

Expenditure is expected to increase at an average annual rate of 7.2 percent, from R15 billion in 2018/19 to R18.4 billion in 2021/22, mainly driven by repairs and maintenance, contracted security and depreciation.

Transfers from the department amounts to R28.5 billion of the agency’s total revenue over the MTEF period, with the remainder generated from sales of train and bus tickets, rental income from the leasing of properties, on-board sales, and interest earned. Total revenue is expected to increase at an average annual rate of 2.7 percent, from R13.8 billion in 2018/19 to R15 billion in 2021/22. This is mainly due to transfers from the department, which include an additional R1.5 billion over the medium term for repairs and maintenance. The agency’s number of personnel is expected to increase from 16 089 in 2018/19 to 16 446 in 2021/22. In line with the agency’s reviewed organisational structure, only critical vacant posts will be filled.

**6.3 Road Accident Fund (RAF)**

The Road Accident Fund Act (1996) provides for the establishment of RAF, the legal mandate of which is to compensate South African road users for loss or damage as a result of motor vehicle accidents within the borders of South Africa.

Over the medium term, RAF will continue to focus on compensating road accident victims for losses and damages, as required by the Road Fund Accident Act (1996). As such, the fund will endeavour to improve its claims processing and productivity. Productivity is expected to increase as the fund anticipates adding 20 posts in 2019/20. With the increase in the number of personnel in the fund from 3 083 in 2018/19 to 3 103 in 2021/22, spending on compensation of employees increases at an average annual rate of 12.3 percent, from R1.8 billion in 2018/19 to R2.6 billion in 2021/22.

The number of open claims received but not finalised is expected to increase marginally, from 215 439 in 2018/19 to 217 336 in 2021/22. The fund’s total expenditure is expected to increase at an average annual rate of 12.6 percent, from R77.7 billion in 2018/19 to R111 billion in 2021/22. Despite the growth in expenditure the accumulated deficit is expected to increase to R402 billion in 2021/22 from R241.8 billion in 2018/19. The fund derives its revenue from the Road Accident Fund fuel levy, which is expected to remain unchanged over the medium term. Total revenue is expected to increase at an average annual rate of 2.8 percent, from R42.3 billion in 2018/19 to R45.9 billion in 2021/22, in line with expected increases in fuel sales.

**6.4 South African National Roads Agency (SANRAL)**

SANRAL is a schedule 3A public entity established by the South African National Roads Agency Limited and National Roads Act (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 toll and non-toll roads.

Over the medium term, SANRAL will continue to focus on undertaking preventative maintenance to improve and preserve the national road network. As such, over the period ahead, the agency plans to resurface 3 300km and improve 1 500km of roads, upgrade intersections to interchanges, and build new interchanges and bridges. To carry out these activities, allocations to the strengthening programme increase at an average annual rate of 17.7 percent, from R1.5 billion in 2018/19 to R2.4 billion in 2021/22, while allocations to the improvement programme increase at an average annual rate of 25.6 percent, from R3.6 billion in 2018/19 to R7.2 billion in 2021/22, mainly due to upgrades to the N2 (Cape Town), N3 (Mariannhill) and N2 North and South coastal roads.

Total expenditure is expected to increase at an average annual rate of 5.1 percent, from R33.2 billion in 2018/19 to R38.6 billion in 2021/22. The bulk of the agency’s total expenditure comprises payments to service providers for routine road maintenance and/or construction over the medium term. As a result, goods and services expenditure accounts for 74.3 percent of total expenditure over the medium term. The agency’s number of personnel is expected to increase by 98, from 392 in 2018/19 to 490 over the MTEF period. Accordingly, spending on compensation of employees is expected to increase at an average annual rate of 17.5 percent, from R403.4 million in 2018/19 to R654.2 million in 2021/22.

The agency generates revenue from transfers from the department for the non-toll road network and income from fees on the toll road network. Revenue is expected to increase at an average annual rate of 4.6 percent, from R25.6 billion in 2018/19 to R29.3 billion in 2021/22. Departmental transfers for the non-toll road network are expected to amount to R64.5 billion over the medium term, while toll revenue is expected to increase at an average annual rate of 1.9 percent, from R5.3 billion in 2018/19 to R5.6 billion in 2021/22.

**6.5 Air Traffic and Navigation Services Company (ATNS)**

ATNS is a schedule 2 public entity established in terms of the Air Traffic and Navigation Services Act (1993). The company is mandated to provide safe, orderly and efficient air traffic navigational and associated services to the air traffic management community. It does this on behalf of the state and in accordance with International Civil Authority Organisation standards and recommended practices, and South African civil aviation regulations and technical standards.

The company’s total budget for 2019/20 is R1.8 billion.

Over the medium term, ATNS will continue to focus on providing safe, efficient and cost-effective air traffic management solutions and related services. This is done with the aim of ensuring safety and capacity improvements in communication, navigation, surveillance and simulation systems. Major projects over the medium term include the maintenance of radar and specialised radar equipment. Accordingly, the bulk of the company’s spending over the period ahead will be on electronic maintenance support contracts and costs related to maintaining radar and other equipment. Most of the support contracts are paid for in foreign currency and will thus be affected by fluctuating foreign exchange rates.

Over the medium term, total expenditure is expected to increase at an average annual rate of 1.7 percent, from R1.7 billion in 2018/19 to R1.8 billion in 2020/21. The company generates its own revenue from the provision of aeronautical services to the aviation industry, key among these being en-route and approach fees (aerodrome fees, area fees and terminal manoeuvring area fees). Total revenue is expected to increase at an average annual rate of 1.6 percent, from R1.8 billion in 2018/19 to 1.9 billion in 2021/22.

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

C-BRTA is a schedule 3A public entity established in terms of the Cross- Border Road Transport Act (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 the economic prosperity of the region.

The agency’s estimated expenditure for 2019/20 is R225.8 million.

Over the medium term, C-BRTA will focus on ensuring the smooth, safe and reliable flow of passengers and freight across South African borders, and improving competition and market access in the cross-border road transport industry through regulation and issuing permits. The agency’s total expenditure is expected to increase at an average annual rate of 6.7 percent, from R215.7 million in 2018/19 to R262.2 million in 2021/22, mainly driven by the addition of six employees and salary adjustments for profiling inspectors. Permit fees account for 84.9 percent (R633.7 million) of total revenue over the medium term. Revenue is expected to increase at an average annual rate of 4.6 percent, from R229.9 million in 2018/19 to R263.3 million in 2021/22.

**6.7 Ports Regulator of South Africa (PRSA)**

PRSA 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’s estimated expenditure for 2019/20 is R37.4 million.

Over the medium term, PRSA will continue to focus on strengthening the economic regulation of ports infrastructure, and strengthening compliance with the ports regulatory framework among industry stakeholders. In 2019/20, the regulator aims to finalise the asset valuation of the National Ports Authority to inform its work on the valuation of the regulated asset base in the port tariff assessment process. The regulator’s expenditure is expected to increase at an average annual rate of 10.2 percent, from R31.1 million in 2018/19 to R41.7 million in 2021/22, mainly driven by two additional personnel to its economic regulation programme. Transfers from the department amount to R116.6 million of total revenue over the medium term.

**6.8 Railway Safety Regulator (RSR)**

RSR oversees and promotes safe railway operations through appropriate support, monitoring and enforcement, guided by an enabling regulatory framework, including regulations for all rail operators in South Africa and those of neighbouring countries whose rail operations enter South Africa.

The regulator’s estimated expenditure for 2019/20 is R240.6 million.

Over the medium term, RSR will focus on improving railway safety and providing an independent regulatory function that focuses particularly on high-risk areas to ensure minimal rail incidents. As such, over the period ahead, the regulator plans to conduct 80 safety promotion initiatives, with a total of 75 targets set for high-risk operators.

Expenditure is expected to increase at an average annual rate of 1 percent, from R253.7 million in 2018/19 to R261.6 million in 2021/22. The regulator’s revenue is derived from safety permit fees, which amount to R529.8 million of total revenue over the period ahead. The bulk of the remaining revenue is derived from transfers from the department. Revenue is expected to increase at an average annual rate of 0.8 percent, from R253.7 million in 2018/19 to R259.7 million in 2021/22.

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

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 agency’s estimated expenditure for 2019/20 is R258.9 million.

Over the medium term, RTIA will focus on coordinating and facilitating readiness for the national rollout of the Administrative Adjudication of Road Traffic Offences Act (1998).

Expenditure is expected to increase at an average annual rate of 1.4 percent, from R290.4 million in 2018/19 to R302.8 million in 2021/22. Over the medium term, the agency is expected to generate 96.9 percent of its total revenue from the administrative adjudication of road traffic offences and the remainder from transfers from the department. Revenue is expected to increase at an average annual rate of 1.4 percent, from R290.4 million in 2018/19 to R302.8 million in 2021/22.

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

RTMC pools national and provincial government resources for the provision of road traffic management. This includes cooperative and coordinated road traffic strategic planning, regulation, facilitation and law enforcement.

The corporation’s estimated expenditure for 2019/20 is R1.5 billion.

Over the medium term, RTMC will continue to oversee the management and administration of the national traffic information system. As such, the corporation will focus on: improving road traffic data and information by compiling road traffic reports and research studies, overseeing the national traffic police, improving the size and visibility of road traffic law enforcement officers, and promoting compliance with road safety and road traffic law through educational programmes and awareness campaigns.

In line with its strategic focus, the corporation’s expenditure on operations, law enforcement, and traffic intelligence and security is expected to amount to R2 billion of total expenditure over the medium term. Expenditure is expected to increase at an average annual rate of 13.8 percent, from R1.2 billion in 2018/19 to R1.8 billion in 2021/22. The corporation generates most of its revenue from transaction fees related to the national traffic information system and transfers from the department of transport. Total revenue is expected to increase at an average annual rate of 13.8 percent from R1.2 billion in 2018/19 to R1.8 billion in 2021/22.

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

SACAA promotes, regulates and enforces civil aviation safety and security standards across the aviation industry.

The entity’s estimated expenditure for 2019/20 is R792.5 million.

Over the medium term, SACAA will continue to focus on improving civil aviation safety and security through greater compliance with global standards and practices. In addition, the authority plans to improve its operational efficiencies by implementing a new enterprise business system and electronic documents management solution, and acquiring a new flight inspection aircraft. Accordingly, expenditure is expected to increase at an average annual rate of 9 percent, from R710.6 million in 2018/19 to R920.2 million in 2021/22.

The authority expects to continue to generate most of its revenue from passenger safety charges, user fees and the aviation fuel levy, accounting for 93.5 percent (R2.4 billion) of total revenue over the medium term. Revenue is expected to increase at an average annual rate of 9 percent, from R711.8 million in 2018/19 to R922.9 million in 2021/22, mainly driven by annual increments in the user charges and levies, and an additional R10 million in each year over the medium term for aviation accidents and incidents investigations.

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

SAMSA promotes South Africa’s maritime interests, ensures the safety of life and property at sea, and prevents and combats the pollution of the marine environment by ships. Functions of the entity are also defined as per international maritime conventions to which South Africa is a signatory.

The entity’s estimated expenditure for 2019/20 is R505.7 million.

Over the medium term, SAMSA will focus on safety, promoting a culture of preventing marine incidents and combating pollution caused by ships. In ensuring the safety of life and property at sea, the authority will conduct 1 040 port inspections over the period ahead.

Expenditure is expected to increase at an average annual rate of 10.2 percent, from R414.2 million in 2018/19 to R554 million in 2021/22. The authority mainly generates its revenue from levies and user charges. Revenue is expected to increase at an average annual rate of 10.6 percent, from R415.6 million in 2018/19 to R562 million in 2021/22.

**6.13 Driving Licence Card Account (DLCA)**

DLCA manufactures credit card format driving licences, based on orders received from driving licence testing centres, and generates its own revenue through the sale of the licence cards.

The entity’s estimated expenditure for 2019/20 is R235 million.

The driving licence card account will continue to manufacture highly secure driving licence cards and distribute them to driving licence testing centres. Following the completion of the replacement of the live capture units in driving licence testing centres in 2018/19, over the medium term, the entity will upgrade the live enrolment unit software to ensure optimal manufacturing productivity.

The entity is also in the process of introducing a newly designed driving licence card, which it intends to deliver by 2021/22. Accordingly, total expenditure is expected to increase at an average annual rate of 3.2 percent, from R223.1 million in 2018/19 to R245.3 million in 2021/22. The entity generates its revenue mainly from the sale of driving licence cards, amounting to R600 million of total revenue over the medium term.

1. **COMMITTEE OBSERVATIONS**

Members made the following observations during discussions:

**7.1 General**

The Committee noted that there were some errors in the tabled APP for 2019/20 which the Department undertook to correct. Furthermore, there was a concern that a number of targets contained in the APP had no target delivery dates or finalisation dates and that some dates indicated under new targets for the Maritime Transport Programme had been pointed out by the Department as being incorrect.

**7.2 Use of consultants**

The overall allocation to compensation of employees increases from R496.7 million in 2018/19 to R534.7 million in 2019/20. This year, expenditure on consultants (business and advisory services) is set to increase from R266.2 million to R463.8 million (which, shockingly, is almost equal to the overall allocation to compensation of employees for the previous budget cycle), indicating an above-inflation increase of 65.6 percent.

The exponential increase for consultants (business and advisory services) is linked to changes in the Integrated Transport Planning and Public Transport programmes. Conversely, funding for the use of consultants in the Maritime Transport programme declines from R17.0 million in 2018/19 to R9.7 million in 2019/20 (a decrease of 45.8 percent in real terms).

The Committee was adamant that the Department cannot continue spending this much of the budget on consultants, especially while government is required to work towards a reduction in the wage bill, a reduction in the use of consultants and a drive towards ensuring that internal capacity of the Department and its entities is strengthened.

**7.3** **Public Transport Network Grant (PTNG)**

The budget allocation for the PTNG increased from R6.3 billion in 2018/19 to R6.5 billion in 2019/20. The Committee noted that the implementation and/or rollout of these projects differ in each municipality despite past targets having been for operations to begin in nine cities by the end of 2018/19 whereas the actual progress indicated in the APP of 2019/20 was that only six had begun operations (one of which is a pilot of a small scale service). The Committee further raised concerns regarding the progress on the planned targets for roll-out of the IPTNs in the municipalities when such progress is compared to the billions of allocated funds already spent on the projects.

It was noted that the Department had issued an instruction to scale down plans and big ticket infrastructure in these projects, but to rather optimise modal technologies based on realistic demand volumes. Designed projects or earlier plans in smaller cities have been amended to focus mostly on supplying new vehicles, few stations and shelters/stops and other related infrastructure such as depots.

It was noted that the Department will be working on a Regional Integration Strategy as a new indicator in the APP for 2019/20 and that this is targeted to be submitted to Cabinet by March 2022.

 **7.4** **Provincial** **Road Maintenance Grant (PRMG)**

 The Committee observed that the budget allocation for the PRMG: roads maintenance component increased from R10.3 billion in 2018/19 to R10.6 billion in 2019/20. The PRMG: Disaster relief component decreased from R210.0 million in 2018/19 to R206.2 million in 2019/20. The PRMG: Mpumalanga coal haulage roads maintenance component increased significantly from R501.1 million in 2018/19 to R526.2 million in 2019/20.

During its presentation, the Department indicated that a trend had emerged over the past few years whereby some Provinces would decrease their allocation of provincial funds to road projects in years where the PRMG grant transferred from the Department had an increased allocation. The Committee noted its concern of such practices and indicated that this must come to an end as there should be guidelines by which the Department would support grant allocation increases based on reciprocated commitments in funding and spending capacity from the provinces for these road maintenance projects.

**7.5** **Moloto Road upgrade and Moloto Development Corridor**

For SANRAL, R3.3 billion is allocated over the medium term for the upgrade of the R573 (Moloto Road).

The Committee noted the decrease in the budget allocation from R1.8 billion in 2018/19 to R1.7 billion in 2019/20 for the Moloto Road upgrade. The Committee noted that there has been progress regarding the R573 Moloto Road that connects the three provinces of Gauteng, Mpumalanga and Limpopo. Mpumalanga and Limpopo provinces have transferred their sections of the road to SANRAL, while Gauteng province has not yet done so. The Committee was, however, concerned about the slow progress of this originally planned five year upgrade project and also noted that the rail portion of the Development Corridor project has slowed despite the PRASA Corporate Plan of 2018/19 indicating that for 2018/19 the entity will target to finalise funding with the Department and National Treasury by the Second Quarter. It was further noted with concern that neither the budget allocation nor the Department’s APP for 2019/20 makes any mention of the Moloto (Rail) Development Corridor.

The Department indicated to the Committee that fiscal constraints were affecting the rail portion of the Moloto Corridor project and that the focus had been shifted to prioritise the R573 Moloto Road project. Treasury had not allocated funds to the rail project due to affordability concerns and there had been discussions that this project may have to move to the Presidential Infrastructure Coordinating Commission (PICC). In this regard, the Department indicated that the Minister of Transport and the Minister of Finance will be meeting to discuss this issue.

During the 2018/19 budget briefing, the Department indicated that it has concluded a review and assessment of the Putco Moloto subsidised bus services contract, which included a detailed census to determine current demand. The outcome of this review and whether or not a new contract would be introduced to replace the current one based on the outcome of the passenger census and the current demand had not been presented to the Committee yet.

**7.6 Non-toll road network**

The budget allocation for the non-toll network increased (more than doubled) from R5.1 billion in 2018/19 to R12.3 billion in 2019/20. During the previous year, the Department had to ensure that SANRAL does not default on payments related to the GFIP and therefore had to shift/transfer funds in order to do so. This year, the funding allocation to the GFIP project has been significantly reduced and allowed for the increase in budget to the non-toll road network.

The Committee noted that the following non-toll road projects were planned for the MTEF 2019 – 2022:

* N12 Johannesburg to Klerksdorp
* N2 Richards Bay to Ermelo
* N2 Botrivier to Port Elizabeth
* N12 Benoni to Witbank
* R72/N2 Port Elizabeth to East London
* R300 Cape Town Ring Road

**7.7 Vacancies and Acting Positions**

The Committee noted that the end of term for members of boards at various entities are near, that some boards were not fully constituted which may affect their performance and reporting, that some advertisements were already published for filling these vacancies, and that PRASA still had an interim board.

The Committee highlighted a serious concern regarding the Ports Regulator’s expenditure that is expected to increase at an average annual rate of 10.2 percent, from R31.1 million in 2018/19 to R41.7 million in 2021/22, mainly driven by two additional personnel to its economic regulation programme. The Committee was of the view that it is concerning that such a massive increase is intended to only be used for two additional personnel.

It was further noted that numerous vacancies also still exist in the Department and in the executive of its entities, which led to an increase in the reliance on acting placements and could have contributed to further instability in the Department and entities. This remains a concern to the Committee as these issues have been highlighted over several years by the Committee, as well as the Auditor-General of South Africa (AGSA).

In this regard the Committee wanted to highlight that the recommendations made by the AGSA for the Budget Review of 2017/18 as expressed in the Annual Report(s) of 2017/18 indicated that the root causes for entities with negative outcomes were:

* Key management posts are vacant or filled with staff in acting positions, which contributes to lack of accountability;
* The governance structures in some of the entities are not fully constituted which results in ineffective oversight;
* Where an action plan had been put in place, it was not monitored at the appropriate level and the lack of progress was not escalated for further intervention by senior management;
* There is a slow response in addressing ongoing deficiencies with compliance to laws and regulations and lack of consequence management in respect of staff that do not perform their allocated responsibilities; and
* Some entities lack the discipline of ensuring that internal controls to ensure that accurate and complete financial reporting and compliance to laws and regulation are adhered to.

The Department reported on progress in filling board vacancies, as well as senior management vacancies in the Department. The Committee was concerned that the Department could not indicate a timeframe by when these vacancies will be filled.

**7.8 Scholar Transport**

The Committee noted the increase in budget allocation to the Rural and Scholar Transport sub-programme under Programme 7. However, the Committee also noted the emphasis in the Budget Review documents, under the headline of Portfolio Committee on Basic Education, that together with relevant authorities, the department should fast track the implementation of plans to allocate ring-fenced funds for learner transport. The National Treasury is part of the task team on this issue. The ring fencing can only happen once a policy decision is taken on whether the function lies with the Department of Basic Education or the Department of Transport.

Furthermore, under the heading of Scholar Transport, it was indicated that government conducted a study on the delivery of scholar transport services during 2018. A steering committee with members from the Department of Basic Education; the Department of Transport; the Department of Planning, Monitoring and Evaluation; and the National Treasury has been established to take this work forward. The report revealed several data gaps and inconsistencies in the way services are delivered and reported on in different provinces, making it difficult to establish a common national approach to improving the service. Two work streams were indicated to be established during 2019. The first will deal with the data gaps and attempt to determine whether the function should be led by the transport or basic education sector. The second work stream will deal with the costing of the service and will provide input during 2020.

The Committee raised concerns regarding the challenges faced by rural learners in obtaining access to scholar transport. Furthermore, concerns were raised regarding the modes or types of transport provided to learners which are not suitable or safe for the transportation of learners and often leads to overloading and contraventions of road traffic laws.

Concerns were also raised regarding the lack of uniformity in scholar transport provision in the various provinces and challenges faced in the management, financing, implementation and oversight over scholar transport.

**7.9 SANRAL funding concerns as well as impact of GFIP thereon**

The Committee continues to raise concerns regarding the going concern status of SANRAL due to poor collection on GFIP e-toll project. The Committee also noted the massive decrease in funding to the SANRAL: GFIP from R6.3 billion in 2018/19 to R550.5 million in 2019/20.

The Committee was hopeful that delays would be minimised in implementation of critical projects which were in the past delayed due to toll resistance. The Committee also noted delays in various SANRAL projects due to contractors withdrawing from some sites because of local community protest regarding these projects. The Committee indicated that the Department should ensure that projects rolled out in communities make use of the skills within that community and that SANRAL and provincial departments responsible for roads and transport matters implement an Inter-Governmental Relations Strategy to assist in resolving these issues. The Committee was optimistic about the possible progress in rolling out the possible R128 billion investment in road infrastructure projects which includes:

* N1-N2 Winelands Project
* N2 Wild Coast Highway Project
* N2 Durban South to North Project
* N3 Gauteng Durban Corridor Project/Van Reenen Development Project (formerly indicated as the De Beers Pass project)
* N3 Pietermaritzburg to Durban Project

The Committee was concerned that one of the key focus areas indicated by SANRAL for 2018/19 was the cooperation with the Department on developing a fresh Toll Roads Policy and that this has not yet been finalised.

**7.10 PRASA Modernisation project**

The Committee noted a significant increase in budget to PRASA Capital from R91.9 million in 2018/19 to R600 million in 2019/20, as well as the PRASA: Rolling Stock Fleet Renewal budget going from R4.7 billion in 2018/19 to R5.8 billion in 2019/20.

The Committee expressed the hope that the current interim board will not allow the allocated funds to PRASA Capital to lie idle again as in previous years but that this will be wisely spent where services are in most dire need.

The Committee was of the view that until and unless the current service and safety concerns are adequately addressed, the modernisation project will not be able to progress as more budget has to be spent on refurbishment of vandalised and outdated coaches and infrastructure to ensure services are able to run.

The Committee noted with concern that the performance in and expenditure of budget of R2.4 billion for the station modernisation programme runs the risk of being delayed due to the cancellation by National Treasury of all station modernisation contracts.

The Committee was adamant that the signalling system and telecommunication upgrades projects were of utmost importance to prevent a repeat of the rail collisions experience during the last two years.

**7.11 Taxi Recapitalisation Project (TRP)**

The Committee noted the targeted implementation of the recommendations of the TRP by March 2020. However, the revised policy has to date not been presented to the Committee. The revision and implementation of the policy therefore appears to be delayed and the targets set for implementation of the project have failed to be accurate in recent years due to a reduced uptake thereof by the industry. The current project has no termination date which creates no urgency for compliance or uptake of the project.

Furthermore, the Committee is concerned that the Department may not be utilising the data it has from the operating licence and permit databases to identify and contact owners of vehicles that may be qualifying for scrapping. The Committee indicated that the value allocated for pay out to the industry in terms of the project is perceived as insufficient by the industry to warrant an uptake in the project and hopes were expressed that the reviewed project will remedy this, as well as the need to ensure a taxi (maintenance) services value chain exists.

The Committee also noted the recent Public Protector Report 37 of 2018/19 on the Illegal Conversion of Toyota Quantum Panel Vans into Mini Bus Taxis and that the findings might impact this programme. (The Committee must still consider this report and table their own report in the House).

**7.12 Funding Models and Turn-around Strategies of Entities**

The Committee is concerned that the funding models and/or turn-around strategies of the entities are not being processed or implemented as a matter of urgency (or that there appears to be new strategies submitted every six months), which, if left to continue as is, will lead to financial ruin of these entities and a lack of service delivery to citizens.

**7.13 Legislative Programme impact on Entities**

The Committee noted that a review was planned of the founding legislation of road entities by March 2020. It further noted that the Civil Aviation Amendment Bill that was tabled in November 2018 may need to be revived by the 6th Parliament, as well as the Road Accident Benefit Scheme (RABS) Bill and National Land Transport Act (NLTA) Amendment Bill that were not finalised during the tenure of the 5th Parliament.

The Committee also indicated its anticipation for the tabling of the long-awaited Single Transport Economic Regulator (STER) Bill and noted the progress reported by the Department on this.

The Committee noted that there is a need to receive a full and comprehensive list of legislation that is proposed which would include the current status of progress on these matters.

From the Department’s amended Strategic Plan (presented in 2018/19), the Committee also noted that in the current 2019/20 financial year, the Department intended to bring the Merchant Shipping Bill to Parliament, as well as the Transport Appeal Tribunal (TAT) Amendment Bill. The Committee also noted that during the next financial year the Department intended to meet the following targets:

* Submitting the draft Maritime Transport Sector Development Council Bill to Cabinet by March 2020;
* Developing the Railway Safety Bill for submission to Cabinet by March 2020;
* Submitting the draft National Road Traffic Amendment Bill to Cabinet by March 2020;
* Submission of the Transport Appeal Tribunal Amendment Bill to Cabinet by March 2020;
* Submitting the Single Transport Economic Regulator (STER) Bill to Parliament by March 2020;
* Submitting the Air Services Licencing Amendment Bill and International Air Services Amendment Bill to Cabinet by March 2021;
* Implementation of the National Rail Act by 2020/21;
* Implementation of the Railway Safety Act by 2020/21;
* Draft Bill for Founding Legislations of Road Entities to Parliament by 2020/21; and
* Developing the South African Maritime and Aeronautical Search and Rescue Amendment Bill for submission to Cabinet by March 2021.

The Committee continues to urge the Department to plan for the tabling of legislation to Parliament early enough in the five-year planning cycle to prevent the lapsing of bills and the rush to process these in the outer years of the Parliament cycle.

**7.14 Optimal use of revenue generating streams of entities**

The Committee noted that some entities, such as ACSA and PRASA, that have access to property do not make optimal use of possible advertising revenue or retail revenue generating streams.

**7.15 Road Safety Programmes**

The Committee noted the reported decrease in the 2019 Easter Holiday Road Death statistics, even though this year the holiday fell outside of the school holiday time period and that may have affected the statistics. The Committee noted the implementation of road safety programmes by various road transport entities.

**7.16 Increased Promotion Required of Universal Access**

The Committee noted the Department’s commitment in the medium term, to continuing with the planning and construction of universally accessible IPTNs and Bus Rapid Transit (BRT) systems in identified local and metropolitan municipalities.

However, universal access is the goal of enabling all citizens to reach every destination served by their public street and pathway system and is not limited to access by persons using automobiles. Travel by bicycle, walking, or wheelchair to every destination is accommodated in order to achieve transportation equity, maximize independence, and improve community liveability. Wherever possible, the Committee continues to urge that the Department ensures the promotion of the need to have road and transport facilities designed to allow safe travel by young, old, and disabled persons who may have diminished perceptual or ambulatory abilities. By using design to maximize the percentage of the population who can travel independently, it becomes much more affordable for society to provide paratransit services to the remainder with special needs.

The Committee, therefore, was of the view that the Public Transport, Road and Rail Programmes do not make sufficient provision for the promotion of universal access as the 2018/19 APP appeared to only focus on the IPTN rollout with such service considerations and that this type of access may be further constrained with scaling down of IPTN infrastructure with regard to stations or stops as well as the suspension of some rail station modernisation contracts.

**8.**  **COMMITTEE RECOMMENDATIONS**

The Committee recommends that the Minister of Transport ensure that:

**8.1 General**

The Department correct all errors and inconsistencies or contradictions pointed out in their tabled APP for 2019/20.

**8.2 Use of consultants**

The use of consultants is monitored by the Department, and that the Department ascertains whether the services rendered provided good value for money. In addition, the Department should indicate whether the consultants transfer relevant skills to the employees of the Department. The Department must furthermore brief the Committee on all consultants used with reference to their scope of work and the expenditure linked to these appointments within 30 days of the adoption of this report by the House.

**8.3 Public Transport Network Grant (PTNG)**

The Department monitors the spending of the funds by the 13 IPTN/BRT implementing cities and ensures that the funds are spent as per the Division of Revue Act to warrant that value for money is achieved and services are delivered to the citizens. Quarterly reports on progress should be delivered to the Committee, as well as indications on whether or not any of the cities stand a real chance of having their funding allocation stopped due to a lack of progress.

**8.4 Provincial Roads Maintenance Grant (PRMG): Road maintenance component**

The Department monitor the expenditure of the Roads maintenance component of the PRMG and briefs Parliament quarterly on progress, as well as the breakdown of the 2019/20 budget allocation per province.

**8.5 Moloto Road upgrade and Development Corridor**

The Department deliver quarterly updates to the Committee on the progress made regarding the Moloto Road upgrade and Moloto Development Corridor (Rail) programme.

**8.6 Non-toll road network**

The Department ensure that the budget allocation for the SANRAL road maintenance programme respond to the challenges of unemployment, poverty alleviation and inequality.

**8.7 Vacancies and Acting Positions**

That the appointments are made with due consideration of gender parity principals for all critical vacancies that need to be filled in Senior Management as well as throughout all levels of the Department, executive of the entities as well as board vacancies.

That Board members of entities 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 adoption of this report by the House. Furthermore, that the Minister ensure that all other vacancies in senior management in the Department and the executive in the entities are filled and reported on to the Committee within 60 days of the adoption of this report by the House.

**8.8 Scholar Transport**

Once the work-streams have determined the best suited Department for the project, that the Scholar Transport Policy and regulation thereof is rolled out uniformly and monitored by the relevant Department.

Until such determination is finalised, the Department must ensure that one set of regulations is set out and implemented nationally on scholar transport norms and standards, which must be done through regular meetings with and cooperation with the Department of Basic Education. The Department should also hold regular engagements with Provincial Departments with which the function resides to assist in improving scholar transport, as well as report back to the Committee on progress on a quarterly basis.

**8.9 SANRAL funding concerns, as well as impact of GFIP thereon**

That SANRAL is assisted with formulating a suitable funding model that could aid in resolving the impact on its finances from the rollout of the GFIP project, as well as manage current project stoppages related to the general objections on all toll projects by finalising the development of a fresh Toll Roads Policy. The Minister also needs to address the going concern issues raised for SANRAL by arranging meetings between the entity, the Department, as well as the National Treasury.

SANRAL should also be assisted with support towards the achievement of its Strategic Objective to foster cooperative working relationships with all spheres of Government and the Southern African Development Community (SADC) member countries through the possible expanding of its scope towards becoming a road agency for the SADC as this could help support the development of infrastructure in the region, as well as economic integration.

The Department is to report to the Committee on a quarterly basis regarding the above recommendations.

**8.10 PRASA Modernisation project**

That PRASA improves their current services and safety through the rollout of the turnaround strategy in a manner that would allow for the entity to focus further on the modernisation project. The entity should also indicate progress towards the devolution of authority to regions for effective management and rail operations through quarterly reports on the above to the Committee. PRASA should ensure that quarterly briefings are presented to the Committee regarding updates and progress on its rolling stock fleet renewal programme, the refurbishment of coaches, as well as the upgrading of signalling systems.

**8.11 Taxi Recapitalisation Project**

That the revision of the policy is finalised as soon as possible and ensure that value chain aspects are covered in the revised project model. That targets for the project are set more accurately in order to reduce the over-reliance on underspent funds from this project to cover over expenditure in others. The Department must present the reviewed policy to the Committee within 90 days of the adoption of this report by the House.

**8.12 Funding Models and Turn-around Strategies of Entities**

That all entities with turn-around strategies and new funding models are given the required assistance, guidance and oversight required in order to implement these strategies and models that would allow them to be self-funding and reduce the increasing reliance on the national fiscus in the pursuit of service delivery. The Minister also needs to address the going concern issues raised for entities by arranging meetings between the entities, the Department, as well as the National Treasury.

The Department is to report to the Committee on a quarterly basis regarding the above recommendations.

**8.13 Legislative Programme impact on Entities**

That the Department and its entities ensure that their planning for 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 rush submissions in the outer years of the MTSF.

The Department is requested to submit a full and comprehensive list of legislation that is proposed which would include the current status of progress on these matters within 60 days from the adoption of the report by the House.

**8.14 Optimal use of revenue generating streams of entities**

That entities with ownership of property which could serve as a source of additional revenue through advertising or retail rentals, ensure that all spaces are used optimally in order to increase revenue generated by the entities towards self-reliance.

**8.15 Road Safety Programmes**

That the Department ensure 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.

**8.16 Increased Promotion Required of Universal Access**

That the Department and its entities increase the implementation of projects and/or programmes aimed at increasing Universal Access to all modes of public transport and for all transport and road infrastructure.

**Report to be considered.**

**ANNEXURE A: LIST OF ABBREVIATIONS/ACRONYMS**

|  |  |
| --- | --- |
| **Abbreviation/Acronym** | **Meaning** |
| ACSA | Airports Company South Africa  |
| AGSA | Auditor-General of South Africa |
| APP | Annual Performance Plan |
| ATNS | Air Traffic Navigation Services |
| AU | African Union  |
| BRT | Bus Rapid Transport |
| C-BRTA | Cross-Border Road Transport Agency |
| GFIP | Gauteng Freeway Improvement Project |
| ICT | Information and Communications Technology |
| IPTNs | Integrated Public Transport Networks  |
| IT | Information Technology |
| MTEF | Medium-Term Expenditure Framework |
| MTSF | Medium-Term Strategic Framework (2014-19) |
| NDP | National Development Plan |
| NLTA | National Land Transport Act |
| PABX | Private Automated Business Exchange |
| PICC | Presidential Infrastructure Coordinating Commission |
| PPP | Public-Private Partnership |
| PRASA | Passenger Rail Agency of South Africa  |
| PRSA | Ports Regulator of South Africa |
| PRMG | Provincial Roads Maintenance Grant |
| PTNG | Public Transport Network Grant |
| PTOG | Public Transport Operations Grant |
| RABS | Road Accident Benefit Scheme |
| RAF | Road Accident Fund  |
| SADC-RIDMP | Southern African Development Community Regional Infrastructure Development Master Plan |
| RRAMS | Rural Roads Asset Management Systems |
| RSR | Railway Safety Regulator  |
| RTIA | Road Traffic Infringements Agency |
| RTMC | Road Traffic Management Corporation |
| SACAA | South Africa Civil Aviation Authority  |
| SADC | Southern African Development Community |
| SAMSA | South African Maritime Safety Authority  |
| SANRAL | South African National Roads Agency Limited  |
| SANTACO | South African National Taxi Council |
| SDGS | Sustainable Development Goals |
| SONA | State of the Nation Address |
| STER | Single Transport Economic Regulator |
| TAT | Transport Appeal Tribunal |
| TRP | Taxi Recapitalisation Programme |

1. It should be underscored that this section covers only the first Three Quarters of 2018/19 as the Fourth Quarter was not yet available at the time of analysis. [↑](#footnote-ref-1)
2. National Treasury (2018a). [↑](#footnote-ref-2)
3. *Ibid*. [↑](#footnote-ref-3)
4. National Treasury (2018b). [↑](#footnote-ref-4)
5. National Treasury (2018b). [↑](#footnote-ref-5)
6. National Treasury (2018c). [↑](#footnote-ref-6)
7. *Ibid*. [↑](#footnote-ref-7)
8. Department of Transport (2018). [↑](#footnote-ref-8)
9. National Treasury (2019). [↑](#footnote-ref-9)
10. Passenger Rail Agency of South Africa (2018). [↑](#footnote-ref-10)
11. Department of Transport (2016). It is important to note that at the time of considering the Budget Vote, there was reference by the President to 7 priorities as listed in the 20 June 2019 SONA:

- Economic transformation and job creation

- Education, skills and health

- Consolidating the social wage through reliable and quality basic services

- Spatial integration, human settlements and local government

- Social cohesion and safe communities

- A capable, ethical and developmental state

- A better Africa and World [↑](#footnote-ref-11)
12. President Ramaphosa (2018). [↑](#footnote-ref-12)
13. Department of Transport (2015). [↑](#footnote-ref-13)
14. President Ramaphosa (2019). [↑](#footnote-ref-14)
15. National Treasury (2019). [↑](#footnote-ref-15)
16. *Ibid*. [↑](#footnote-ref-16)
17. National Treasury (2019). [↑](#footnote-ref-17)
18. National Treasury (2019). [↑](#footnote-ref-18)
19. National Treasury (2019). [↑](#footnote-ref-19)
20. The APPs or Corporate Plans of the entities and Department were only tabled and referred to the Committee for consideration on 2 July 2019. [↑](#footnote-ref-20)
21. Estimates of National Expenditure (2019). [↑](#footnote-ref-21)