**4. REPORT OF THE PORTFOLIO COMMITTEE ON TRANSPORT ON THE 2019/20 ANNUAL PERFORMANCE PLANS (APPs) OF THE ENTITIES OF THE DEPARTMENT OF TRANSPORT, DATED 19 NOVEMBER 2019**

1. **INTRODUCTION**

The Portfolio Committee of Transport (“the Committee”), having considered the 2019/20 Annual Performance Plans and Corporate Plans of the entities of the Department Transport, reports as follows:

**1.1 CONSIDERATION**

The Budget Vote debate of the Department of Transport (“the Department”) took place on 9 July 2019. Due to the fact that the Department and entities tabled their Annual Performance Plans (APPs) on 2 July 2019 and the limited timeframe within which to engage on these between tabling and the Vote, the Committee, therefore, was not able to receive briefings on the APPs of the Department’s entities prior to the Budget Vote Debate. 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’s 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 or APPs.

The Committee subsequently met with the entities of the Department, including the Driving Licence Card Account (DLCA) and the National Sea Rescue Institute (NSRI), from 27 August 2019 to 10 September 2019 on their 2019/20 Budgets, APPs and Corporate Plans.

**1.2 METHODOLOGY**

The Committee engaged with the entities of the Department on their APPs, Corporate Plans and Budgets during the meetings.

The Committee met with the following entities:

1. Airports Company South Africa (ACSA)

2. Air Traffic and Navigation Services (ATNS)

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

4. Railway Safety Regulator (RSR)

5. Passenger Rail Agency of South Africa (PRASA)

6. Ports Regulator of South Africa (PRSA)

7. Road Traffic Infringement Agency (RTIA)

8. Road Traffic Management Corporation (RTMC)

9. Road Accident Fund (RAF)

10. South African National Roads Agency Limited (SANRAL)

11. South African Maritime Safety Authority (SAMSA)

12. South African Civil Aviation Authority (SACAA).

The Driving Licence Card Account (DLCA) and the National Sea Rescue Institute (NSRI) further briefed the Committee on their 2019/20 APPs.

**2. 2019/20 ANNUAL PERFORMANCE PLANS AND CORPORATE PLANS PER ENTITY**

This report summarises the Key Performance Indicators presented by the entities in terms of their APPs and Corporate Plans.

**2.1 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

In line with the Airports Company Act, No. 44 of 1993, as amended, Airports Company South Africa is mandated to undertake the acquisition, establishment, development, provision, maintenance, management, operation and control of any airport, any part of any airport, or any facility or service at any airport normally related to an airport function.

In an endeavour to execute its mandate, ACSA has set out the following strategic objectives:

* Create value for their shareholders;
* Increase reputation through demonstrated business excellence;
* Improve passenger experience through demonstrated operational excellence;
* Increased stakeholder satisfaction through effective partnership;
* Diversify the business portfolio;
* Increase traffic through the airports that they operate;
* Maintain and improve contribution to broad-based black economic empowerment (B-BBEE);
* Support black business entrepreneurs;
* Promote regional integration and localisation of airports;
* Achieve a demographically representative workforce;
* Foster a positive employee workforce and environment;
* Leadership culture index;
* Improve connectivity to the regions serviced;
* Provide equitable access to safe airports in all SA regions to allow people to fly more; and
* Reduce environmental impact.

ACSA’s revenues comprises of aeronautical and non-aeronautical revenue. Aeronautical Revenue increases by 11.9% in 2019/20 compared to the 2018/19 forecast. Non-Aeronautical revenue increases by 6.8% in 2019/20 compared by the forecast for 2018/19. It is forecast that non-aeronautical revenues will contribute to around 50% of total revenue throughout the Corporate Plan period.

ACSA aims to improve its passenger experience by consistently innovating and creating differentiating customer facing programmes to deliver efficient and consistent passenger and customer experiences. ACSA aims to increase black and transformed business share of commercial revenue generated and of operational and development spend.

Over the Corporate Plan period, ACSA’s capital expenditure programme provides for investments of approximately R10 billion of which approximately R7.3 billion relate to major infrastructure investments such as the re-alignment of the runway and the new domestic arrivals terminal at Cape Town International Airport, and remote apron stands, cargo and commercial developments at OR Tambo International Airport.

ACSA considers matters to be material if they have the potential to substantially affect its ability to create and sustain value for its stakeholders in the short, medium and long term, and to support its strategic objectives. In creating value for its stakeholders, ACSA monitors and considers the matters that substantively impact its ability to deliver on desired outcomes. Executing this effectively supports its major, the government, in creating jobs and improving the socio-economic status of the country.

The material matters are assessed in the integrated context of:

1. The business environment – assessment of local and global business conditions, such as mega trends and high impact events;

Its external and operating business environmental scanning includes those aspects that could affect, whether adverse or positive, its ability to deliver on its strategy. The aspects were considered in terms of:

o The possible economic influence on its business

o The extent to which it could affect its stakeholders and ACSA itself

o The probability to which this is likely to grow in significance and impact on its business in the future

o Potential business development opportunities this presents

o Level of risk this presents.

ACSA cannot control the environment, however, understanding the role, impact and trends of the key external business environment aspects helps it to have a presence of mind to either address the business concerns and challenges and or to leverage the opportunities as it presents itself. Amongst others, the following business externalities were considered and incorporated into the strategy:

* Political - National development plan, integrated transport plan, leveraging the geopolitical – Brazil, Russia, India, China and South Africa (BRICS).
* Regulatory - Impact of economic regulatory uncertainty compliance.
* Economic - Gross Domestic Product (GDP) trends, real returns more than cost of capital, financial stability of key customers, emergence of competing airports, electricity supply uncertainty and water shortages hampering operations, shortage of fuel, aerotropolis engagements.
* Social – Job creation, transformation of the people whom ACSA transact with as relates to operational and developmental spend and commercial revenue generated, communicable diseases.
* Technology – Security of information, smart technology, digitisation for effective and efficient processes; integrated technology platforms.
* Environment – Carbon footprint, climate change, water management and re-use, waste management, air quality and noise management.
* Communities – Impactful enterprise development, corporate social responsibility, national development plan imperatives.

2. ACSA stakeholder engagement – after identifying its stakeholders, ACSA reviewed and analysed their relevant concerns and needs in its operating context; and

3. Enterprise risk management – a comprehensive strategic risk analysis further informs its strategic decisions while providing a third reference point for assessing materiality.

The result of its integrated, three phase materiality determination process is a set of clearly defined material matters that impact the execution of its strategic objectives.

ACSA currently has an Acting Chief Executive Officer and an Acting Financial Officer: The recruitment of the permanent Chief Executive Officer and Chief Financial Officer was reportedly underway.

**2.2 AIR TRAFFIC AND NAVIGATION SERVICES (ATNS)**

ATNS was established in 1993 in terms of the Air Traffic and Navigation Services Company Act (No. 45 of 1993). It is mandated to provide air traffic management solutions and associated services on behalf of the State, in accordance with the International Civil Aviation Organisation (ICAO) Standards and Recommended Practices, as well as the South African Civil Aviation Regulations and Technical Standards. ATNS is an Air Navigation Service Provider (ANSP) and is governed by South Africa’s legislative and administrative framework. ATNS is also a commercialised ANSP operating on the “user pay” principle that relies on current revenues and debt funding for its operational and capital expenditure requirements.

The South African Government, through the Department of Transport, is the sole Shareholder of ATNS and thus the company is regarded as a State-Owned Company (SOC) in terms of the Public Finance Management Act (PFMA) (No. 1 of 1999) and the Companies Act (No. 71 of 2008). ATNS is listed in Schedule 2 of the PFMA.

The Company’s annual performance targets are derived from the Shareholder’s compact that is the performance agreement between the Minister of Transport and the Board of ATNS.

In an endeavour to execute its mandate, the ATNS has set out the following Key Performance Indicators (KPIs) and Annual Targets for 2019/20:

* Zero accidents, with no accidents attributed to ATNS;
* Reducing the risks associated with safety events. Less than 25% of safety events will have a high-risk bearing rating (Civil Aviation Technical Standard (Cat) A, B);
* Reduce the number of safety events per capita, with the actual number of safety incidents of 2 or less events per 100 000 air traffic movements;
* Civil Air Navigation Organisation (CANSO) SMS Maturity Standard of Excellence (SOE) survey by maintaining a safety maturity survey rating of C (at least 50% above C);
* Reducing Air Traffic Management (ATM) delays;
* Achievement of Communications, Navigations and Surveillance (CNS) by achieving an average CNS availability;
* Ensure financial sustainability by meeting financial target as per the budget, by meeting financial targets per the Budget in relation to the SADC Very Small Aperture Terminal (VSAT) 2 and the North East Africa Indian Ocean VSAT Network (NAFISAT);
* Airspace and Flight Procedures Enhancement by submitting 4 Design Reports for submission to the South African Civil Aviation Authority (SACAA) for Airspace and Flight Procedures Enhancements, as well as submitting 16 Design Reports to SACAA Standard Instrument Departures (SIDS)/Standard Terminal Arrival Routes (STARS);
* Approved capital expenditure (CAPEX) Cash Flow Plan by ensuring compliance with the CAPEX Cash Flow Plan milestones (R211 million) for the development of optimised and efficient aviation infrastructure;
* Ensure network availability by achieving the revenue and network availability for the operation of the satellite communication networks Southern African Development Community (SADC) VSAT 2 as well as the NAFISAT as per the Service Level Agreement (SLA) targets;
* Comply with relevant legislation, regulation and standards for the external audit outcome;
* Fighting corruption and promoting good governance by completing Preliminary investigations for all reported whistleblowing matters;
* Implement the Environmental Management System at four stations;
* Address societal challenges thereby building a meaningful legacy for ATNS and the Communities in which it operates by providing ten Air Traffic Services or Aircraft Tracking Systems (ATS Bursars) bursaries, six Engineering Learnerships, and ten Unemployed Graduates;
* Manage the training pipeline for ATS and technical staff by ensuring the achievement of the numbers as per budget adoption and approval of Training Plan compliance with the milestone of the plans;
* Review and implement the Human Capital Plan to recruit, develop, retain and reward employees across all disciplines by achieving training investment as percentage of a Cost to Company;
* Achievement of B-BBEE targets as per the Transport Charter; and
* ATNS Employment Equity (EE) targets, Aeronautical Information Management Officer (AIMO), Air Traffic Service Officer (ATSO) by achieving and increasing representation per the following targets:
* 5% increase: 2017/18 Aeronautical Information Circular (AIC) Target
* 1% increase: 2017/18 ATS female target
* 1% increase: 2017/18 representation of EE targets regarding black (AIC) racial grouping
* 1% increase: 2017/18 female target of EE targets
* Target = 1% higher than the national target of people with disabilities of EE targets.

The entity highlighted the following challenges:

* Not achieving safety standards due to safety issues faced by some airlines;
* A decline in Air traffic movements;
* Increased competitive environment due to loss of regional airport network;
* A threat to the regulated business model due to a gloomy macroeconomic outlook; and
* Products/services not responding to market requirements.

**2.3 CROSS-BORDER ROAD TRANSPORT AGENCY (C-BRTA)**

The C-BRTA was established in terms of the Cross-Border Road Transport Act (No. 4 of 1998). It is a Schedule 3A public entity in terms of the PFMA. The entity is entrusted with the following responsibilities:

* Improving the unimpeded transport flow by road of freight and passengers in the region;
* Liberalising market access progressively in respect cross-border freight road transport;
* Introducing regulated completion regarding cross-border passenger road transport;
* Reducing operational constraints for the cross-border road transport industry as a whole;
* Enhancing and strengthening the capacity of the public sector in support of its strategic planning, enabling and monitoring functions; and
* Empowering the cross-border road transport industry to maximise business opportunities and regulate themselves incrementally to improve safety, security, reliability, quality and efficiency of services.

In an endeavour to execute its mandate, the C-BRTA has presented the following strategic objectives:

* To proactively provide value added advisory services to the Minister of Transport and other relevant stakeholders on cross border;
* To establish and sustain strategic partnerships with stakeholders to enable the Agency to achieve its objectives;
* To improve compliance with road transport legislation;
* To improve efficiencies in business operations; and
* To establish and sustain strategic partnerships with stakeholders to enable the Agency to achieve its objectives.

The entity highlighted the following challenges in its presentation to the Committee:

* The C-BRTA Board was not properly constituted. The Board term of office ended 30 April 2019.
* Outdated legislation with limited powers to make regulations on matters connected to the mandate.
* There was a high prevalence of illegal cross border operations.
* The Agency was funded through the permit tariff (user charge) which was impacted by market forces.
* Compliance to regional instruments ((Southern African Customs Union) SACU MOU). Impasse between cross border and domestic transport operators on RSA/Lesotho route.

**2.4 DRIVING LICENCE CARD ACCOUNT (DLCA)**

The provision of driver licences started in 1998 as non-line function until 2007 when the Treasury approval was granted and the instruction was received to create a trading entity called the Driving Licence Credit Card Trading Entity Account (aka DLCA) with retrospective effect to produce credit card format driving license cards.

As part of the conditions of establishment of the DLCA, the National Treasury stated that the Accounting Officer of the Department is the Accounting Officer of the Trading Account.

The entity is a self-funding establishment. Prodiba was contracted during 1997/1998 to manage the production of the new credit card licences and was responsible for the production of the cards until 5 May 2015 when the Department as per a court order took over the card production facility. As part of the take-over, the DLCA also took over the day-to-day operations of the business. Since then the staff of the production unit have been appointed as contract workers.

In an endeavour to discharge its mandate, DLCA has set out the following strategic objectives for the 2019/20 financial year:

* To produce and deliver a highly secure and quality driving licence card;
* To provide and maintain enrolment units and related network infrastructure to DLTCs;
* To improve service delivery through the implementation of identified service delivery implementation initiatives; and
* Repositioning the organisation through improving processes and procedures in accordance with applicable laws and regulations on ongoing basis.

The DLCA’s 2019/20 Annual targets are to:

* Maintain a vacancy rate of not more than 10% of the approved structure;
* Approve the 2020/21 Annual Performance Plan;
* Conduct an annual audit of compliance to ISO 9001;
* Implement 70% of its training plans;
* Produce 2 400 000 driving licence cards;
* Deliver 90% of driving licence cards within 7 working days;
* Resolve 95% of all external calls within 7 working days;
* Maintain 90% of enrolment equipment;
* Attend to 95% of DLTC incidents within 7 working days;
* Sign Service Level Agreement (SLA) with four provinces in terms of the stakeholder management and monitoring initiatives;
* Implement three initiatives identified in the Service Delivery Improvement Plan (SDIP), namely Self-Service Channels, Live Enrolment Units (LEU) enhancement and SMS notification enhancement.

The DLCA indicated the following challenges during its presentation to the Committee. The licence card production machine has been in use since 1998 and it has become increasingly difficult to maintain it due to the unavailability of spare parts. The DLCA has a huge shortage of staff in both the production facility and Administration section. The current structure does not correspond with the mandate of the DLCA. The positions of Head of the entity and Chief Finance Officer were vacant.

**2.5 PORTS REGULATOR OF SOUTH AFRICA (PRSA)**

The Ports Regulator derives its mandate from the National Ports Act (No. 12 of 2005) and policy instruments such as the White Paper on Commercial Ports (2002) and the Comprehensive Maritime Transport Policy.

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.

In an endeavour to execute its mandate, the Ports Regulator has set out the following strategic goals:

* Ensure implementation of all elements of the regulatory framework within its mandate;
* Enhance the capacity to deal with all the output requirements of the organisation in alignment with the Government’s Medium Term Strategic Framework;
* Maintain its reputation as an organisation with integrity focussed on excellence and delivery;
* Ensure that all port sector participants comply with the National Ports Act; and
* Consider the proposed tariffs of the Authority and regulate the provision of adequate, affordable and efficient port services and facilities to ensure enhanced competition and investment.

All four core programmes of the Regulator have been expanded in the new strategic plan in terms of service delivery to the maritime stakeholders.

The annual targets for 2019/20 are:

* Annual review of organisational policies, and submit a report on these to the Regulator for approval.
* Achievement of all targets set in the Annual Performance Plan.
* Assessment of employee performance to improve organisational efficiency and performance.
* Monitoring employee performance in order to achieve alignment with strategic objectives.
* Full implementation of the PRSA HR and training plan for Members and staff.
* Tariff decision and Record of Decision (ROD) publication.
* Final Reviewed Tariff Strategy approved by the Regulator.
* Tariff Methodology, consulted, approved and published.
* Report submitted to RegCom on the implementation and impact of the regulatory outcomes strategy (ROS).
* Report with recommendations submitted to RegCom on the impact of the Weighted Efficiency Gains from Operations (WEGO) Interventions on compliance.
* Report with analysis and recommendations submitted to RegCom.
* Capital prudency assessment criteria applied in tariff determination.
* Compare SA Port Prices with global ports and produce Comparator study.
* Report on the implementation of the approved Valuation Methodology for the valuation of the Starting Regulatory Asset Base (SRAB) of the NPA included in the 2020/21 Tariff Assessment.
* One or more engagements with port stakeholders to disseminate information and measure perceptions about the work of the Regulator.
* Reviewed report on capital roll-out programme at existing efficiency levels.
* Report on SA port performance – operations.
* Monitor and report on implementation of equity of access strategy.
* Develop infrastructure operations and marine, service efficiency targets, as a report.
* CAPEX assessment report per quarter.
* Four quarterly reports on progress on liaison with DoT on the development of coastal shipping.
* Four quarterly reports to the Regulator on the compliance issues and progress, if any, per quarter, and one annual compliance report to the Executive Authority.
* Assess NPA’s compliance with B-BBEE Codes and report thereon to the Regulator and the NPA with specific regard to transformation in the port system.
* Four quarterly reports on progress on liaison of the framework for equity of access in the Maritime sector with the Department.
* Four quarterly reports on progress on liaison with government departments on the implementation on section 3(2) of the National Ports Act.
* Chairman supported by the secretariat to perform quarterly performance assessment regarding case management, oversight of pending and emerging litigation, adjudication and decision making of the Tribunal.
* Ensuring good governance and compliance of the organisation.

Some challenges indicated by the PRSA are that it currently relies solely on transfers from the fiscus to finance its operations, as per the provisions of the National Ports Act. The Regulator was facing budgetary constraints to expand its mandate and form the nucleus of the Single Transport Economic Regulator (STER) as required in the Transport Economic Regulation Bill. The Ports Regulator presented a new funding proposal to alleviate the funding constraints. The new funding proposal will require amendments to the National Ports Act to allow it to collect a regulatory fee from the regulated entity. The amendments when promulgated, will allow the Regulator to sustain itself; similar to other Regulators that charge regulatory fees. It is estimated that only 0.5% to 0.7% of the regulated entity’s revenue would be required as a regulatory fee in order for the regulator to be sustainable. This will allow the Regulator to expand capacity in preparation for STER.

The Regulator has maintained disciplined expenditure and has a balance sheet which is sound and stable but will require enhancement going forward.

Nineteen out of twenty-seven posts were filled in the organogram. The organogram was too small to implement the mandated of the Regulator. The strategic plan and the APP has identified areas where the Regulator aims to improve efficiency of regulation. This however, requires additional funding to appoint more employees. The Regulator relies on human capital to perform its function since our operations are analytical and administrative in nature. The previous board has recommended an establishment of 60 people to the Minister of Transport.

The extended term of office for Regulator members ended on 30 November 2018. The Regulator currently did not have a Board, which affected governance and may lead to negative audit finding for both the PRSA and Department of Transport. The absence of the Board had a negative impact as Tribunal functions has had to be suspended due to lack of Regulator Members.

The employment contract of the CEO will expire on 30 November 2019.

**2.6 PASSENGER RAIL AGENCY OF SOUTH AFRICA (PRASA)**

PRASA’s mandate is contained in the Legal Succession Act (No.9 of 1989), as amended. The main objective and business of PRASA is to:

* Ensure that, at the request of the Department, rail services are provided within, to and from the Republic in the public interest; and
* Provide, in consultation with the Department, for a long haul passenger rail and bus services, within, to and from the Republic in terms of the principles set out in section 4 of the National Land Transport Transition Act (NLTTA) (No. 22 of 2000).

The second objective and secondary business of PRASA is that:

* PRASA shall generate income from the exploitation of assets acquired by it, which include real estate and property portfolio.
* A further requirement is that, in carrying out its objectives and business, PRASA shall have due regard for key Government, social, economic and transport imperatives and policy objectives.

The PRASA Corporate Plan responds to the Minister’s directive that calls on PRASA to pursue the following three (3) key objectives:

* **Service Recovery,** to focus on rolling stock availability and reliability, infrastructure availability and reliability and train performance, focusing on: Improving on-time performance of Metrorail from 73.3% to 85%; improving Shosholoza Meyl on-time arrivals from 13% to above 50%; ensuring Metrorail train set availability from the current average of 200 to 291 train sets; improving Shosholoza Meyl, improve locomotive availability from 45% to 60%;achieve 100% correct configuration of train sets from the current 49.4%; and reduce speed restriction from the current total of 149km to less than 100km of the network under speed restrictions.
* **Safety Management,** which entails putting in place effective measures to protect infrastructure, assets and most importantly, passengers on board our trains and achieving full compliance with the Railway Safety Regulator permit conditions and directives.
* **Modernisation Programme,** entailing urgently creating capacity for PRASA to manage capital projects and spend its capital budgets, as well as sequencing of critical infrastructure that would enable the deployment of the new trains in targeted corridors.

PRASA’S Corporate Plan was informed by the realisation and acceptance by the entity that its turnaround strategies developed over the years have been consistent and comprehensive, but the failure to implement the actions identified in the various strategies has reached crisis levels.

Over the past seven years, PRASA achieved 33.2% on average on all its determined KPIs. The modernisation of the infrastructure (signalling, perway, stations, electrification, fencing and security) was behind by three years.

For the past three years the operational performance and service delivery has been at an all-time low as seen in the sharp decline in patronage from 634 million passenger trips recorded during 2010 to 269 million passenger trips recorded in 2017, and ultimately dropping to 208 million passenger trips in 2018/19 financial year.

The rate of capital spending and delays in the implementation of the modernisation programme, as well as the declining negative trends in performance of passenger rail services, needs urgent attention.

The RSR has in the past few years been raising serious concerns about PRASA’s poor performance and compliance with its own safety operating procedures.

The Corporate Plan has identified these five key focus areas to getting the business back on track:

* Improved operational safety focused on earning back the confidence of the multitudes of commuters who have lost confidence in the ability of the PRASA to ensure that their end-to-end journey guarantees their safety to and from their destination;
* Improved on-time performance by reducing train cancellations and delays through improving the infrastructure condition, reliability and availability of rolling stock;
* Improved customer and stakeholder communication through the rollout dedicated and focused communication and information dissemination using key touch points and platforms;
* The consolidation of PRASA Real Estate Solutions (CRES) and Intersite Asset Investment into a single entity to drive PRASA’s property development commercialisation strategy to support the Primary Mandate; and
* The consolidation of PRASA Rail Engineering and PRASA Technical into a single division in order to ensure the reliability and availability of rolling stock and rail infrastructure.

The entity has set out 14 strategic objectives (APEX Priorities) for 2019/20:

* Strengthening governance and stabilising the organisation;
* Improving the financial position;
* Improving commuter and passenger travel experience;
* Ensuring reliability and availability of the service and infrastructure;
* Managing and improving the property condition: railway stations and workplace facilities;
* Improving passenger rail travel experience through modernisation;
* Protecting people, assets and infrastructure;
* Asset management and maintenance;
* Exploiting the assets through property development and commercialisation;
* Procuring for the business;
* Effective management of capital programme;
* Built to last: Redefining the organisation;
* Building customer and stakeholder confidence; and
* Planning for growth and network expansions.

PRASA’s Key Performance Indicators and Annual Targets for 2019/20 are to:

* Increase the number of Metrorail paying customer trips to 246.35 million trips, with fare revenue to increase to R1075.96 million;
* Reduce delays and cancellations to 2896 incidents and to increase the Customer Satisfaction Rating to 55%;
* The Rail Safety Record target is 1541 occurrences cumulative;
* Improve the commuter and Mainline Passenger (MLPS) travel experience by running 1731 trains runs with a 60% locomotive availability. PRASA aims to transport 463 000 passengers through its Mainline services, with on-time arrivals at 50%. MLPS fare revenue is targeted at R140.77 million. The safety record target is 50 occurrences;
* Comply 100% with the RSR permit conditions and directives;
* Make 291 Metrorail sets available by end of the financial year and to overhaul 230 Metrorail and 45 Mainline Passenger Services coaches;
* Achieve 100% correct configuration of train sets from the current 49.4%;
* Reduce perway (1440), electrical (1120) and signal (23740) faults; and
* Reduce speed restriction from the current total of 149km to less than 100km of the network under speed restrictions.

The targeted capital spending for 2019/20 is R10.2 billion on projects such as the commencement of the construction of the rolling stock depot at Wolmerton, the completion of designs for the Harmony bus depot, commissioning of signalling at 33 train stations, commencement with the turnout and track placement in Gauteng and completion of the Philippi station modernisation.

The PRASA War Room has been establishment as a directive by the Minister of Transport, to address the current organisational and operational crisis experienced by PRASA in the provision of a reliable, predictable and safe passenger rail and bus service. The War Room, run by a Technical Task Team, with in-depth knowledge and experience in rail operations, would assess the day-to-day service performance, identify issues that hamper performance and make quick recommendations and/or decisions on how to resolve them.

**2.7 RAILWAY SAFETY REGULATOR (RSR)**

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

In discharging its legislative mandate, the RSR performs the following duties and functions:

* Issues and manages permits;
* Conducts inspections and audits;
* Conducts safety assessments;
* Investigates railway occurrences;
* Develops regulations, safety standards and regulatory prescripts;
* Issues notices of non-conformance and non-compliance;
* Supports and promotes occupational health, safety and security;
* Cooperates with relevant organs of state to improve safety performance and oversight
* Plays a leading role in the alignment of the railway safety regime in South Africa with those of the Southern African Development Community (SADC);
* Conducts research; and
* Manages data and conducts analysis.

In an endeavour to execute its mandate, the RSR has set out the following strategic outcomes:

* Railways are safer;
* Sustainable institutional growth and development;
* Improved stakeholder service.

The RSR Key Performance Indicators and targets for 2019/20 are:

* Monitoring compliance of railway operators to meet or exceed their safety objectives. Safety Performance Agreements will be concluded with all four high risk operators by 31 March 2020;
* Developing the scope for the safety risk model and ensure occurrence reporting is published by 31 March 2020;
* Developing and pilot the Common Safety Methods with three Class A operators by March 2020;
* Implementing the Railway Management Maturity Assessment for Transnet by 31 March 2020;
* Developing the Safety critical grades assessment report by 31 March 2020as well as establishing Competency guidelines and agreed workload planning by 31 March 2020;
* Publishing the determination on the Verbal Safety Critical Communication by 31 March 2020;
* Aligning Interface agreements with operational risks and submit Interface agreement audit report by 31 March 2020;
* Submitting the annual permit fee model to the Department of Transport by 31 March 2020;
* Addressing 100% of all audit findings relating to the 2017/18 financial year and achieving an unqualified audit with less findings by 31 March 2020;
* Developing the Business requirements for the New National Integrated Information Management System (NIIMS) by March 2020;
* Conducting 22 Railway Safety promotion initiatives by 31 March 2020 and the survey on safe railway behaviour would be initiated with the baseline resulted determined by 31 March 2020;
* Conducting the Annual Railway Safety Conference by 31 March 2020; and
* Conducting four Industry-organised labour forum discussions by 31 March 2020.

The challenges in the rail environment are significant. Aged infrastructure, poorly maintained rolling stock and outdated signalling and communication technologies coexist with the new. Digital, automated and predictive technologies dominate modern transport solutions. All these changes have substantial implications on operational capabilities and competencies, especially for those responsible for safety critical and relevant tasks. These new technologies, coupled with existing challenges, test the core role of ensuring that the railway is safe for passengers, workers and the public.

**2.8 ROAD ACCIDENT FUND (RAF)**

The RAF is a juristic person established in terms of the Road Accident Fund Act (No. 56 of 1996). The RAF provides compulsory social insurance cover to all users of South African roads, rehabilitates and compensates people injured as a result of the negligent driving of motor vehicles in a timely and active manner. In addition, the RAF actively promotes the safe use of the nation’s roads. According to the Act, the object of the RAF is the payment of compensation in accordance with the Act for loss or damage wrongfully caused by the driving of a motor vehicle.:

In an endeavour to execute its mandate, the RAF has set out the following strategic outcomes:

* Efficient claims processing;
* Providing Accessible services;
* Effective Financial Management;
* Optimal ICT Services;
* Improved People Management;
* RAF Transformation; and
* Assured Control Environment.

The RAF 2015-2020 Strategic Plan and the 2019/2020 APP are focused on processing claims more in less time and enhancing the quality of claim processing. Prudently managing available cash. It further aims to ensure good governance and management of the business and motivating for additional funding to meet real and current demand.

The 2019/20 KPIs are listed as follows:

* Manage the number of outstanding claims;
* Increase efficiency of claims processing by improving personal claims processing turnaround time and improving supplier claims processing turnaround time;
* Claims fraud detection improvements before undue payments are made, based on number of files and value;
* Improve direct claims management;
* Improve claims litigation management;
* Improve post-crash care management;
* Promote RAF services through outreach programmes and other events;
* Manage and Improve call centre responsiveness;
* Effective financial management;
* Improve procurement outcomes;
* Ensure optimal ICT availability;
* Implement ICT strategy, Cyber Security and Risk Management Strategy;
* Manage organisational performance;
* RAFs contribution towards government’s social and economic agenda;
* Contribute to government priorities of youth unemployment and road safety;
* RAF readiness for Road Accident Benefit Scheme (RABS);
* Raise ethical standards; and
* Improve combined assurance outcomes.

In its engagement with the Committee, the entity highlighted the following challenges:

* Inadequate funding and an inability to process all claim payments. The entity has cash shortage requirements, leading to attachment of the RAF’s bank account and the attachment, removal and sale of the RAFs assets. Income from the fuel levy equates to R43.4 billion in 2018/19. The creditors’ book was approximately worth R9.1 billion at 31 March 2019. The claims liability was R231.3 billion, as at 31 March 2019. Legal costs and other third-party costs were increasing at twice the general inflation rate. The number of new claims continues to grow annually.
* Continuation of the RAF dispensation and the delayed introduction of RABS.
* Continued pressure from stakeholders.
* Health benefits remain unevenly and inequitably spread and expenditure continues to be directed away from beneficiaries.

**2.9 ROAD TRAFFIC INFRINGEMENT AGENCY (RTIA)**

The RTIA is a Schedule 3A public entity listed in the PFMA and is established by section 3 of the Administrative Adjudication of Road Traffic Offences Act of 1993. The Agency reports to the Executive Authority i.e. the Minister of Transport. The Minister appoints a Board which serves to provide an oversight role.

In an endeavour to execute its mandate, the RTIA has set out the following strategic outcomes:

* To promote effective internal management of the agency to proficiently deliver on the Adjudication of Road Traffic Offences;
* To discourage the contravention of road traffic laws through increased compliance and adjudication;
* To facilitate the readiness and support of key stakeholders in the national implementation of AARTO; and
* To stimulate and encourage positive change in road user behaviour.

The RTIA has aligned its 2019/20 APP to the NDP. Over the MTEF period RTIA aims to make direct contributions to unlocking potential of SMMEs, co-operatives, townships and rural enterprises. These entrepreneurs are expected to drive the functions of tracing and serving notices, provisions of in-loco inspections of finalisation of representations submitted by motorists under the AARTO Act, and provision of man-power for road safety promotions and AARTO kiosks.

The Strategic Objectives for 2019/20 are:

* To promote effective internal management of the agency to proficiently deliver on AARTO;
* To discourage the contravention of road traffic laws through increased compliance and adjudication;
* To facilitate the readiness and support of key stakeholders in the national implementation of AARTO; and
* To stimulate and encourage positive change in road user behaviour.

RTIA highlighted inadequate funding as a challenge in executing its mandate. The Agency’s funding equates to less than 5% of its budgetary requirements. The RTIA faces a comprehensive legislative framework in that they need to establish the Infringements Appeals Tribunal and Develop supporting regulations as a result of the AARTO Amendment Act promulgation. The entity also identified systems development and efficiencies thereof as a possible challenge for the coming year.

**2.10 SOUTH AFRICAN CIVIL AVIATION AUTHORITY (SACAA)**

The South African Civil Aviation Authority (SACAA) was stablished on 01 October 1998, following the enactment of the now repealed South African Civil Aviation Authority Act, 1998 (No. 40 of 1998). This Act was replaced by the Civil Aviation Act, 2009 (Act No. 13 of 2009), which came into effect on 31 March 2010.

SACAA is a Schedule 3A public entity. The Civil Aviation Act provides for the establishment of a stand-alone authority, mandated with controlling, promoting, regulating, supporting, developing, enforcing and continuously improving levels of safety and security throughout the civil aviation industry. The above was achieved by complying with the Standards and Recommended Practices (SARPs) of the International Civil Aviation Organization (ICAO), whilst considering the local context.

The SACAA strategic goals for the 2019/20 financial year have decreased from seven to six due to the achievement of a goal during the preceding reporting period which will now be delivered through its operational plan. The following six strategic themes will drive the entity’s mandate for 2019/2020:

* Regulate the aviation industry effectively and efficiently;
* Improve financial sustainability of the Regulator;
* Drive stakeholder management and regional cooperation;
* Achieve customer service excellence;
* Improve organisational efficiency and effectiveness; and
* Enhance human capital and accelerate organisational transformation.

The 2019/20 reviewed Strategic Objectives are as follows:

* Achieve a step-change in regulating Aviation Safety and Security;
* Reduce the aircraft accident rate in the general aviation sector;
* Establish a platform to manage safety risk;
* Establish a platform to manage security risk;
* Ensure effective civil aviation safety and security oversight – Aviation Security Operations (ASO) Master Oversight and Surveillance Plan (MOSP);
* Ensure effective civil aviation safety and security oversight – Aviation Security (AvSec) MOSP;
* Ensure effective civil aviation safety and security oversight – Aviation Infrastructure (AI) MOSP;
* Diversify and expand sources of revenue;
* Improve stakeholder engagement;
* Enhance regional cooperation aligned to the ICAO No Country Left Behind (NCLB) programme;
* Improve customer service experience;
* Achieve integrated ICT Systems;
* Drive a performance culture;
* Accelerate internal transformation; and
* Demystify aviation to previously disadvantaged communities.

The approved annual targets for 2019/20 are to:

* Implement 90% of the Universal Safety Oversight Audit Programme (USOAP) Continuous Monitoring Approach (CMA) entire Corrective Action Plan for recommendation to the Board;
* Implement 80% SACAA specific USAP (Universal Security Audit Programme)Corrective Action Plan for recommendation to the Board;
* Implement 100% Phase 2 Examinations project plan for recommendation to the Board;
* Implement 80% Phase 1 of Remotely Piloted Aircraft Systems (RPAS) Operations Monitoring System for recommendation to the Board;
* Implement 80% Phase 1 of Improved Personnel Licensing Approach for recommendation to the Board;
* Develop the General Aviation (GA) safety strategy and implementation plan for approval for recommendation to the Board;
* Implement 100% of Phase 2 approved Safety Data Analysis project plan and submit close-out report for recommendation to the Board;
* Implement 100% of Phase 2 approved Security Data Analysis project plan and submit close-out report for recommendation to the Board;
* Achieve 95% of the Aviation Safety Operations Master Oversight and Surveillance Plan approved by DCA;
* Achieve 95% of the Aviation Security Master Oversight and Surveillance Plan approved by DCA;
* Achieve 95% of the Aviation Infrastructure Master Oversight and Surveillance Plan approved by DCA;
* Implement 90% of Phase 2 of the Funding Model project plan for recommendation to the Board;
* Develop a framework for Flight Inspection Unit (FIU) sustainability for approval by the Board;
* Develop a revised Stakeholder Management Strategy for approval by the Board;
* Implement 100% of Phase 1 of Board-approved Regional Cooperation Plan for recommendation to the Board;
* Develop a Customer Contact Centre business case for approval by the Board;
* Develop a 3-year ICT Strategy and an implementation plan for Board approval;
* Implement 80% of Phase 1 of the approved Electronic Records and Document Management System (ERDMS) project plan for recommendation to the Board;
* Develop an annual HR Plan and implementation plan for approval by Board; and
* Develop and implement 90% Phase 1 of the outreach programme to expose designated groups to aviation career opportunities.

The Universal Security Audit Programme – Continuous Monitoring Approach is expected to take place in 2019 subject to the finalization of the Memorandum of Understanding (MOU) by the Department of Transport. The last time South was audited on aviation security was in 2011 and in that audit the country achieved an effective implementation level of 81.30% against a world average of 66, and 34% in the critical elements on security. SACAA has been preparing for this audit in the previous and current financial years. Self-assessment conducted indicated that South Africa was at 79.24% in March 2018.

South Africa was included in the 2019 ICAO schedule for USAP Audit even though a date has not yet been communicated pending the MOU. A Peer Assessment by ICAO certified Auditors took place in the last week of February 2019, the outcome shows that SACAA Effective Implementation (EI) was at 84.55%. A Corrective Action Plan would be presented to the Executive Management Committee for approval. The organisation will work on the closure of the findings, as well as the recommendations for enhancement in preparation for the ICAO USAP CMA audit later in the year.

The employment contract of the Director of Civil Aviation (DCA) was recently extended by another five years, with effect from 01 December 2018. The DCA’s reappointment coincided with the appointment of a new Board**.**

**2.11 SOUTH AFRICAN NATIONAL ROADS AGENCY LIMITED (SANRAL)**

SANRAL’s mandate is the management, control, planning, development, funding, maintenance and rehabilitation of the proclaimed South African national road network, as determined by the South African National Roads Agency Limited Act (No. 7 of 1998).

In an endeavour to discharge its mandate, SANRAL has set out the following strategic objectives for the 2019/20 financial year:

* Manage the national road network effectively and efficiently;
* Provide safe roads;
* Carry out Government’s targeted programmes;
* Cooperative working relationships with all spheres of Government and the Southern African Development Community (SADC) member countries;
* Maintain good governance practice;
* Maintain financial sustainability;
* Pursue research, innovation and best practice;
* Safeguard SANRAL’s reputation; and
* Pursue and maintain environmental sustainability and best practice.

The key focus areas and priorities for 2019/20 are:

* Approval and Implementation for Horizon 2030;
* Asset Management Systems for the timely maintenance of national roads;
* Ensure approval of the Transformation Policy;
* Resolution of e-Tolling in Gauteng;
* Ongoing communication and stakeholder management;
* Business development and partnerships;
* Development of a new toll roads policy context for future projects;

Key strategic risks are the going-concern status of SANRAL due to poor collection on the Gauteng Freeway Improvement Project (GFIP) and delays in the implementation of critical projects due to toll resistance.

Further challenges raised by the entity were inadequate law enforcement on the roads, overloading by hauliers and driver and pedestrian behaviour.

Insufficient high-level planning and co-ordination between inter-modal transport and the three spheres of Government leads to delays in project related approvals from authorizing departments and provinces.

**2.12 SOUTH AFRICAN MARITIME SAFETY AUTHORITY (SAMSA)**

SAMSA is a Schedule 3A public entity in terms of the PFMA. The entity was established on 1 April 1998, subsequent to the enactment of the South African Maritime Safety Authority Act (No. 5 of 1998). The Act provides for the establishment of an authority charged with regulating and enforcing maritime safety, marine pollution from ships and promoting South Africa’s maritime interests. The entity is governed and controlled by a Board of Directors that are appointed by the Minister of Transport, in terms of the SAMSA Act.

SAMSA’s mandate was expanded in 2007 to incorporate the regulation of small vessel activities operating across South Africa’s inland waters through the processes of:

• Developing small vessel operating standards;

• Authorising small vessel operation by licencing skippers and operators;

• Promoting and creating awareness to ensure small vessel safety;

• Monitoring compliance with small vessel regulations, operators, passengers and skippers operating the vessels in the country’s waters;

• Enforcing compliance with regulations through the issuing of admissions of contraventions, detentions, and any other disincentives provided for by the law; and

• Managing the outcomes of boating activities by conducting incident and accident investigations, as well as evaluative studies to continuously improve the safe and competent operation of small vessels in the country’s waters.

In addition, SAMSA is mandated with monitoring the activities of sea going vessels traversing South African waters, providing maritime search and rescue services and ensuring safe integration at a distance through the Maritime Rescue and Coordination Centre (MRCC).

SAMSA has set the following strategic objectives:

• To improve the level of organisational resources and capabilities from 2016-17 baseline to level 4 by 2020;

• To improve the quality of SAMSA services and products to its stakeholders from Good (3) to Very Good (4) by 2020;

• To reduce the incidence of reportable marine casualties in South African waters over the years 2015 and 2020;

• To strengthen the regulation of South Africa’s maritime transport system from a fragmented (2) level to early mature status (4) by 2020;

• To increase the number of merchant vessels on the South Africa (SA) Ships Register from zero (0) to ten (10) ships by 2020; and

• To improve the quality of South Africa’s Maritime and Training (MET) system by 2020.

Challenges identified were the slow processing and promulgation of key regulations such as the Merchant Shipping (Manning, Training, and Certification) Regulations 2013 and the Cape Town Agreement 2012/Safety in Fishing Regulations remains a key concern. The International Convention for the Prevention of Pollution from Ships (MARPOL) 73/78 (ANNEXURE VI) is of particular importance given the 0.5% sulphur cap that would be coming into force in 2020. Without the domestication of Annexure VI of MARPOL, the entity would not be able to enforce the 0.5% Sulphur Cap.

Tariffs for the 2017/18 financial year was only approved effective from 1 December 2017 which resulting in a loss of revenue of approximately R11million for the period April to November 2017. SAMSA applied for a tariff increase of 5.2%, for 2018/19, which no final response nor approval has been received to date. This resulted in an estimated R23.4million loss of revenue. SAMSA applied for a tariff increase of 5.6% for 2019/20. To date SAMSA has not received an approval for the tariff increase, translating to R7.9 million loss of revenue from April to July 2019.

The slow tariff increases impacted negatively on the financial sustainability of the entity and its ability to deliver their mandate.

The entity did not have a CEO, as the CEO position had been vacant since July 2016.

**2.13 ROAD TRAFFIC MANAGEMENT CORPORATION (RTMC)**

The RTMC was established in terms of Section 3 of the Road Traffic Management Corporation Act, No. 20 of 1999, for co-operative and coordinated strategic planning, regulation, facilitation and law enforcement in respect of road traffic matters by the national, provincial and local spheres of government.

The RTMC commenced its operations in April 2005.

In an endeavour to execute its mandate, the RTMC has set out the following strategic goals:

* To promote and create a safer road environment
* Integrate and coordinate the road traffic environment
* Leverage funding for road safety
* Create a dynamic and transformed organisation.

The RTMC’s annual targets for 2019/20 are to:

* Produce two monitoring reports on the implementation of the National Road Safety Strategy (NRSS) as approved by the Board;
* Develop and monitor the implementation of one youth programme and one monitoring report as approved by the Board;
* Implement three Road Safety programmes implemented with interest groups (Freight, NGOs and Schools);
* Develop and monitor the implementation of one community programme and one monitoring report on the implementation of the community programme, as approved by the Board;
* Deliver 12 NQF 6 traffic officer modules for enrolled students;
* Upskill 160 facilitators on NQF 6 traffic officer qualification;
* Upskill 270 traffic officers on Examiner of Driving Licences (EDL) and Examiner of Vehicles (EoV);
* Deliver six NQF Level 6 Road Safety Practitioner modules for enrolled learners;
* Approve seven State of Road Safety reports by the Board;
* Integrate two authorities on the integrated road traffic information;
* Introduce two technologies (one Web application and one online transacting application);
* Conduct 1 256 intelligence-led road traffic law enforcement interventions;
* Conduct 262 720 inspections;
* Approve the National Road Traffic Law Enforcement Code (NRTLEC) and the implementation plan by the Board;
* Develop four National Road Traffic Law Enforcement Standards;
* Investigate 100% of fraud and corruption reported cases;
* Implement 40 anti-fraud and corruption awareness programmes;
* Publish three research reports; and
* Submit one South African Road Assessment Program (SARAP) road infrastructure assessments to the relevant authority.

A challenge before the entity was the outstanding finalisation of the court battle with Tasima. RTMC appealed to the Constitutional Court and Tasima brought Section 18(3) application, RTMC successfully appealed the Section 18(3) order in the Labour Appeal Court and the matter has been set-down for hearing in the Constitutional Court on 13 August 2019, judgement was reserved.

1. **COMMITTEE OBSERVATIONS**

As general observations, the Committee was of the view that there needs to be greater alignment in all the entities between their Key Performance Indicators and the outcome of actual service delivery or improvements to service delivery to the people. It will no longer accept that an entity might meet 100% of its set targets, while actual service delivery felt on the ground does not equate to the set targets or the expenditure on set targets or that those targets are not truly measurable when linked to service delivery outcomes. At the time of engagements with the entities, the Committee was still of the view that vacancies in the Boards and Management of the entities must be dealt with as a matter of urgency, as was stated in the 2019 Budget Vote Report by the Committee. There was also a concern expressed that some entities still fail to submit APPs or Corporate Plans by the legislated timeframes and that for some this also leads to late submissions and tabling of Annual Reports.

The Committee made the following observations during discussions:

**3.1 RSR**

The entity was spending too much of its budget on operational expenditure.

The Committee was of the view that the number of injuries and fatalities on the railways and in the rail industry as regulated by the entity is still too high and that the entity should consider amending its targets in a manner that will assist with an improved reduction (working towards elimination) of incidents on the country’s railways.

There was a concern that the regulator would be regarded as “helpless” and ineffective if it fails to withdraw operator permits in instances where non-compliance occurs. A view was expressed that the regulator should implement a similar harsh approach to grounding operators when their actions or inactions would lead to a safety concern on the railways, comparative to how the aviation regulators enforce their standards.

Notwithstanding the fiduciary duties of RSR which pertain to providing and developing regulatory framework for railway safety. There are about 240 operators with permits issued by RSR, the main being PRASA and Transnet the committee observed that there are no strict punitive measures on the operators to ensure that they compel all operators to comply with the conditions of their permits to prevent the most common occurrences such as train surfing, level crossing including overloading.

The Committee has observed that there are many abandoned railway tracks in the townships which have been decommissioned many years ago, however, they remain in the townships and have not been disposed. RSR should develop and impose stricter fines.

The Committee noted the unsustainable funding model of RSR.

**3.2 PRASA**

The Committee noted with concern that, in the view of the Board Chairperson, the entity was a broken entity with internal instability and demotivated staff who were fighting change. This, however, was clear from the number of rail safety incidents experienced during the entity’s operations as well as the unacceptable customer satisfaction survey level of 60%.

There was a concern that the presentation by the entity did not also speak to the plans for its subsidiaries and that no presentations were made for these subsidiaries.

PRASA did not sufficiently indicate what it was doing to address and curb fatalities at train stations. The Committee was of the view that the entity must further improve its work with the RSR, SAPS and other law enforcement bodies in order to eliminate rail safety concerns and reduce incidents on the railways under control or within the PRASA operations.

There was a view that the targets regarding the general overhaul of the entity remained a moving target and that no finality will be achieved unless clear deadlines are set and met.

Members were concerned about PRASA not adhering to its own deadlines for projects and that the entity appeared to have the tendency to wait until the last minute to submit required documentation on deadline days instead of ensuring that they comply well before deadline dates.

The entity was urged to address the issues raised by the reinstated workers as well as resolve outstanding employee disputes and grievances.

There was a need to perform or obtain the statistics of a conditional assessment per corridor.

The Committee observed that many senior management and executive positions are filled by acting personnel.

The Minister’s war room is an initiative of the shareholder and not a management initiative as such the good intention of the initiative opens a door for interference by the shareholder.

The Committee observed that there is a systematic collapse of corporate governance principles and none adherence to legislation such as the PFMA. The Committee noted the revision of the SCM policy at PRASA and the gross violation of the said policy.

The Committee also noted the fierce lobbying of PRASA to have the entire 23 000km of rail track to be transferred to PRASA from Transnet.

**3.3 ATNS**

The Committee observed that 62% of revenue goes to salaries.

There was a view that the gender equity in the ATNS Board was skewed.

In order to retain skills and receive a return on “investment”, there was a view that the ATNS bursary should have contractual obligations attached for Air Traffic Controller trainees.

The Committee noted that there is legislation outstanding that would assist the entity and once revived in Parliament this will be dealt with by the Committee.

The Committee noted the advance stage of the recruitment of the CEO.

The Committee observed that the contract to provide ATNS with new and updated modern billing system was not finalized.

**3.4 ACSA**

A breakdown was needed of the Capex programme to indicate how people with disabilities, women and the previously disadvantaged were benefitting from the projects.

It was noted that the presentation did not include financial information and that the entity did not highlight the decline in revenue (profit) in its presentation.

There was a view that various airports require a change of name and that this process must be finalised soon.

The work done by the entity should not be a barrier to greater economic transformation but should allow the empowerment of previously disadvantaged business owners to break into the aviation industry as well.

**3.5 DLCA**

The current organisational structure of the Trading Account did not correspond with the mandate of the entity.

The Committee was concerned following the indication by the Acting Head of the Entity that there is a material risk related to the card production machine which will no longer be able to be serviced. The service provider for the production machine will stop maintaining it due to the machine having aged. Bearing in mind the machine has been in use since 1998. The decision is based on newer technology and unavailability of spare parts. This was the only machine of its kind in the country and a new card format is being considered which will require a new type of production machine as well.

The Committee observed that there was a need for mobile trucks within DLCA to target remote and rural areas which ordinarily find it difficult to access the DLCA services.

The Committee also observed that DLCA is not in control of eye testing facilities at municipalities, which at times impacts negatively on services in the event that a person is referred to an optometrist which visit carries a serious financial burden on the person referred.

The Committee observed the excessive use of consultants within the DLCA despite a Treasury directive to minimise the use of consultants.

**3.6 RTMC**

The enrolling of Traffic Officer and the upskilling of Facilitators on the NQF 6 qualification was regarded as a positive development. However, the numerous different types of traffic officers (uniforms) seen must be unified and there needs to be an improvement in the overall quality of traffic law enforcement.

The entity’s intergovernmental relations can be improved on.

There was a view that the intelligence collected from the road safety reports should feed into the entity through improving its Strategic Plan in a manner that will make a noticeable impact to the safety on the roads.

RTIA and RTMC provided contradictory figures with regard to the cost to the economy as a result of road accidents.

There was a need to review the K53 programme and implement regulation of Driving School Practitioners in a manner that will result in road behaviour changes for safer roads.

The Committee observed that sight must not be lost of the concerns raised regarding the need to ensure compliance to MOUs and ensure an improved working relationship between the C-BRTA and RTMC law enforcement units as well as the correlation between the RTMC and the RTIA in the achievement of their targets towards reducing road fatalities.

The Committee made an observation that there are over 100 cases of fraud and corruption that are yet to finalize.

The Committee was also informed of the R109 million budget that is in the office of the CEO, and recommended that part of that allocation should be ring fenced for research to improve and curb road fatalities on our roads.

The Committee was also informed that the Department owes RTMC about R176 million in grant funding. This is a concern

The Committee observed that there is a duplication of functions e.g. law enforcement as this function is executed by Provinces and municipalities as well.

The Committee observed that the RTMC’s substantive role is that of cooperating and not agency and is concerned at this competition.

**3.7 RTIA**

Members noted that the entity was operating on a tight budget and had a deficit for the past two years.

There was a need to raise Committee concerns that the indication of a 100% achievement of KPIs was not a true reflection of the impact felt on the lives of road users by the work performed by the Agency when one considers the numbers of fatalities still experienced on our roads. There was also a concern regarding the measurable outcomes of the prayer day events hosted and paid for by the Agency.

There was a view that RTMC and RTIA must combine their awareness programmes in order to have greater impact on road safety.

The Committee observed that the entity listed the AARTO bill now law as a high risk under their risk index.

The Committee also made an observation that under the Public Awareness Campaigns Initiatives, the entity invested quite heavily on the National Prayer Day for road safety. The Committee was however concerned with regards to the measurability and the impact of this investment. If there is no mechanism to measure any spending on any allocation therefore we can conclude it is rather a futile way to spend taxpayers’ money.

**3.8 SANRAL**

There was a need for the entity to improve on its intergovernmental relations and to liaise with communities to ensure buy-in for road construction projects, as in most instances there were resistance from communities to the implementation of the projects.

The introduction of weighbridge technology that will allow for the weight of trucks to be determined as they move on the roads was welcomed, especially when the costs are compared between a stationary/fixed weighbridge versus the moving measurement weighbridge.

The entity was requested to bear in mind in their road designs that some towns and communities are largely dependent on the accessibility to and from those roads.

The Committee noted the submission of the entity on the investment of R5.8 billion on the R573 Moloto road project, however the road stretch continues claim lives of citizens.

The Committee was also informed that that Moloto road projects was taking way too long and this was apparently due to the encroachment of the road reserve. This is a concern and needs to be resolved.

The Committee observed that SANRAL continues to foot the bill for the ill-advised GFIP and this poses a fiscal risk to the entity and the nation. A concern was that SANRAL shifted funds which could’ve been used to maintain the non-toll road network

**3.9 RAF**

There is a need for the entity to improve fraud detection before payments were made to claimants.

The Committee indicated a concern regarding the high amount of budget spent on legal and other cost payments. The Committee indicated that there is a need to consider the possibility of capping the amounts that can be charged as legal fees in these cases or improving the ability of victims/claimants to access the direct claims process.

The entity continues to be a fiscal risk to the nation.

**3.10 C-BRTA**

Members noted the inefficiency experienced at the border posts.

The presentation did not reflect the gender breakdown in the entity’s organisational structure.

The Committee observed that sight must not be lost of the concerns raised above under the RTMC discussion and how C-BRTA was affected by monies due to the RTMC.

There was a view that the entity should play a greater role towards ensuring truck safety for all freight operators.

The Committee observed with concern the lack of resolution of the Lesotho / RSA Free State taxi impasse.

The Committee observed that the MOU between C-BRTA and RTMC on cross border transport law enforcement is not producing the desired outcomes.

**3.11 SAMSA**

Concern was expresses about the vacancy in the CEO position since July 2016.

Members observed the entity’s R216 million in irregular expenditure in the previous financial year, and the findings of the Auditor General of South Africa and that the entity was not adhering to the procurement framework.

Consequence Management needed to be improved and reported on.

**3.12 SACAA**

The Committee was of the view that the entity was an example of how regulators and operators can work together. It further noted that the grounding of some operators for outstanding debt as well as safety concerns were being implemented.

**4. COMMITTEE RECOMMENDATIONS**

The Committee recommends that the Minister of Transport ensures:

**4.1 Setting of KPIs**

That there is greater alignment in all the entities between their Key Performance Indicators and the outcome of actual service delivery or improvements to service delivery to the people.

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. Key Performance Indicators in the various entities that speak to road safety must be aligned with each other in order to ensure that there is limited duplication of targets and to ensure that the funds spent towards these programmes are allocated to the most suited entity and programme. This will ensure that these programmes deliver measurable results.

That Key Performance Indicators in RSR and PRASA that address rail safety must be aligned in order to deliver a greater reduction of incidents on the country’s railways.

That the invaluable data collected in the rail and road safety reports by the RSR, as well as the RTMC in their respective fields must be applied to the targets set in their respective Strategic Plans and APPs going forward in order to make noticeable impact on improving the safety on our railways and roads.

**4.2 Vacancies and Acting Positions**

That the appointments are made with due consideration of gender parity principles 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, and 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.

**4.3 Effective Regulation of Industries**

That there must be support to all regulating entities in the transport portfolio in order to ensure that the actions they take to compel operators to comply are effective. The Department must also ensure that all pieces of legislation that may affect the operations of these regulators are up to date and where amendments or additional regulations are required, that these amendments and regulations are processed as speedily as possible.

**4.4 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.

That 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.

**4.5 Funding Models**

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 continued going concern issues raised for entities by arranging meetings between the entities, the Department, as well as the National Treasury.

That the Department reports to the Committee on a quarterly basis regarding the above recommendations.

**4.6 Finalisation of Investigations and Resolution of Grievances**

That the Department should submit quarterly reports on investigations underway in the Department and all the entities. All investigations, processing and finalisation of grievances and disputes following HR processes, as well as court order implementation must be resolved and/or implemented as speedily as possible.

**4.7 Skills retention**

That there should be amendments to the bursary conditions offered by the various entities that would allow for the recipients to be bound to apply their newly acquired skills to the issuing entities’ field of operations for a predetermined timeframe. This would allow for a greater return on “investment”.

**4.8 Use of consultants**

That 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.

**4.9 Intergovernmental Relations Improvements and MOU Compliance Required**

That the intergovernmental relations of the entities must be improved in order to ensure greater service delivery in all spheres of government and eliminate duplicate spending of the budget on projects with the same outcomes.

That the Department must assist the entities and monitor compliance to currently held MOUs between entities to ensure compliance and improved working relationships between the contracting parties.

**4.10** **Moloto Road upgrade and Development Corridor**

That the Department delivers quarterly updates to the Committee on the progress made regarding the Moloto Development Corridor programme, including both the Moloto Road upgrade and Moloto Rail programmes.

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

That the Department ensures that the budget allocation for the SANRAL road maintenance programme responds to the challenges of unemployment, poverty alleviation and inequality.

That SANRAL is assisted with developing 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.

That 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.

That the Department reports to the Committee on a quarterly basis regarding the above recommendations.

**4.12 PRASA Modernisation project**

That the Department assist PRASA in improving 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.

**4.13 SADC Protocol and RSA/Kingdom of Lesotho Impasse**

That the Department, together with the C-BRTA, should submit quarterly progress reports regarding:

* The implementation of the 1996 SADC Protocol on Transport, Communications and Meteorology;
* The resolution of the impasse regarding the cross-border movements on the RSA/Kingdom of Lesotho route.

**4.14 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** |
| AARTO | Administrative Adjudication of Road Traffic Offences |
| ACSA | Airports Company South Africa |
| AFCAC | African Civil Aviation Commission |
| AGM | Annual General Meeting |
| AGSA | Auditor-General of South Africa |
| AI | Aviation Infrastructure |
| AIC | Aeronautical Information Circular |
| AIMO | Aeronautical Information Management Officer |
| ANSP | Air Navigation Service Provider |
| APP | Annual Performance Plan |
| ARDP | (Draft) Access Road Development Plan |
| ASO | Aviation Security Operations |
| ATM | Air Traffic Management |
| ATNS | Air Traffic Navigation Services |
| ATS | Air Traffic Services/ Aircraft Tracking Systems |
| ATSO | Air Traffic Service Officer |
| AU | African Union |
| AvSec | Aviation Security |
| BAC | Bid Adjudication Committee |
| BARSA | Board of Airlines Representatives of South Africa |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BRICS | Brazil, Russia, India, China and South Africa |
| BRRR | Budget Review and Recommendations Report |
| BRT | Bus Rapid Transport |
| CANSO | Civil Air Navigation Organisation |
| CAPEX | Capital Expenditure |
| Cat | Civil Aviation Technical |
| C-BRTA | Cross-Border Road Transport Agency |
| C-BRTRF | Cross-Border Road Transport Regulators Forum |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CNG | Compressed Natural Gas |
| CNS | Communications, Navigation and Surveillance |
| COTO | Committee of Transport Officials |
| CPO | Chief Procurement Office |
| DCA | Director of Civil Aviation |
| DG | Director-General |
| DGEC | Directors-General of the Economic Cluster |
| DDG | Deputy-Director General |
| DGOs | Dangerous Goods Operators |
| DLCA | Driving Licence Card Account |
| DLTC | Driving Licence Testing Centres |
| DPE | Department of Public Enterprises |
| DPME | Department of Planning, Monitoring and Evaluation |
| DPSA | Department of Public Service and Administration |
| EDL | Examiner of Driving Licences |
| EE | Employment Equity |
| EI | Effective Implementation |
| eNaTIS | Electronic National Traffic Information System |
| EoV | Examiner of Vehicles |
| ESEID | Economic Sectors, Employment and Infrastructure Development |
| EXCO | Executive Committee |
| FIU | Flight Inspection Unit |
| FMPPI | Framework for Managing Programme Performance Information |
| FOSAD | Forum of South African Directors-General |
| GA | General Aviation |
| GFIP | Gauteng Freeway Improvement Project |
| GHG | Greenhouse Gas |
| GDP | Gross Domestic Product |
| GDYC | Gender, Disability, Youth and Children |
| GTS | Green Transport Strategy |
| HR/HRD | Human-Resource/Human-Resource Development |
| IA | Issuing Authority |
| ICAD | International Civil Aviation Day |
| ICAO | International Civil Aviation Organisation |
| ICT | Information and Communications Technology |
| IMO | International Maritime Organisation |
| IPAP | Industrial Policy Action Plan |
| IPTNs | Integrated Public Transport Networks |
| IPTTP | Integrated Public Transport Turnaround Plan |
| IRERC | Interim Rail Economic Regulatory Capacity |
| IT | Information Technology |
| KPI | Key Performance Indicator |
| LDV | Light Delivery Vehicle |
| LEU | Live Enrolment Unit |
| LPG | Liquefied Petroleum Gas |
| MARPOL | International Convention for the Prevention of Pollution from Ships |
| MECs | Members of the Executive Council |
| MEOSAR | Medium Earth Orbit Search and Rescue |
| MET | Maritime and Training |
| MLPS | Long Distance (Main Line) Passenger Service |
| MOSP | Master Oversight and Surveillance Plan |
| MOU | Memorandum of Understanding |
| MRCC | Maritime Rescue and Coordination Centre |
| MTEF | Medium-Term Expenditure Framework |
| MTP | Comprehensive Maritime Transport Policy |
| MTSF | Medium-Term Strategic Framework (2014-19) |
| MTT | Ministerial Task Team |
| M&E | Monitoring and Evaluation |
| NA | National Assembly |
| NADP | National Airports Development Plan |
| NAFISAT | North East Africa Indian Ocean VSAT Network |
| NATMAP 2050 | National Transport Master Plan 2050 |
| NCAP | National Civil Aviation Policy |
| NCLB | No Country Left Behind |
| NCCRS | National Climate Change Response Strategy |
| NCOP | National Council of Provinces |
| NDP | National Development Plan |
| NEDLAC | National Economic Development and Labour Council |
| NGO | Non-governmental Organisation |
| NICRO | South African National Institute for Crime Prevention and the Reintegration of Offenders |
| NIP | National Infrastructure Plan |
| NLTA | National Land Transport Act |
| NQF | National Qualifications Framework |
| NRSS | National Road Safety Strategy |
| NRTA | National Road Traffic Act |
| NRTLEC | National Road Traffic Law Enforcement Code |
| NSRI | National Sea Rescue Institute |
| NT | National Treasury |
| PEPFRA | Ports Economic Participation Framework |
| PFMA | Public Finance Management Act |
| PICC | Presidential Infrastructure Coordinating Commission |
| PMDS | Performance Management and Development System |
| PPP | Public-Private Partnership |
| PRASA | Passenger Rail Agency of South Africa |
| PRSA | Ports Regulator of South Africa |
| PRMG | Provincial Roads Maintenance Grant |
| PSC | Passenger Safety Charge |
| PSP | Private Sector Participation |
| PTNG | Public Transport Network Grant |
| PTOG | Public Transport Operations Grant |
| RABS | Road Accident Benefit Scheme |
| RAF | Road Accident Fund |
| RFS | Road Freight Strategy |
| ROD | Record of Decision |
| ROS | Regulatory Outcomes Strategy |
| RPAS | Remotely Piloted Aircraft Systems |
| RSA | Republic of South Africa |
| RSR | Railway Safety Regulator |
| RTIA | Road Traffic Infringements Agency |
| RTMC | Road Traffic Management Corporation |
| RTRP | Revised Taxi Recapitalisation Programme |
| SAAF | South African Air Force |
| SAATM | Single African Air Transport Market |
| SABC | South African Broadcasting Corporation |
| SABOA | Southern African Bus Operations Association |
| SACAA | South Africa Civil Aviation Authority |
| SACU | Southern African Customs Union |
| SADC | Southern African Development Community |
| SAMSA | South African Maritime Safety Authority |
| SANRAL | South African National Roads Agency Limited |
| SAPS | South African Police Services |
| SARAP | South African Road Assessment Program |
| SARPS | Standards and Recommended Practices |
| SARS | South African Revenue Service |
| SASAR | South African Search and Rescue Organisation |
| SCM | Supply Chain Management |
| SDIP | Service Delivery Improvement Plan |
| SEIAs | Socio Economic Impact Assessment System |
| SIDS | Standard Instrument Departures |
| SIP | Strategic Infrastructure Programme |
| SLA | Service Level Agreement |
| SMART | Specific, Measurable, Achievable, Realistic and Timely |
| SMME | Small, medium and micro enterprises |
| SMS | Senior Management Service |
| SmS | Safety Management System |
| SMSR | Safety Management System Report |
| SOC | State-Owned Company |
| SOEs | State-owned Enterprises |
| SONA | State of the Nation Address |
| SRAB | Starting Regulatory Asset Base |
| STARS | Standard Terminal Arrival Routes |
| STER | Single Transport Economic Regulator |
| TAT | Transport Appeals Tribunal |
| TETA | Transport Education and Training Authority |
| TFR | Transnet Freight Rail |
| TNPA | Transnet National Ports Authority |
| ToR | Terms of Reference |
| TRP | Taxi Recapitalisation Programme |
| TVET | Technical Vocational Educational and Training |
| UN | United Nations |
| USOAP | Universal Security Audit Programme |
| VSAT | Very Small Aperture Terminal |
| VTC | Vehicle Testing Centres |
| WEGO | Weighted Efficiency Gains from Operations |
| WHO | World Health Organisation |