Budgetary Review and Recommendation Report (BRRR) of the Portfolio Committee on Transport, Dated 16 November 2021

The Portfolio Committee on Transport ("the Committee"), having considered the performance and submission to National Treasury (NT) for the medium-term period of the Department of Transport ("the Department") and its entities, reports as follows:

1. INTRODUCTION

The period under review took place against the backdrop of the second phase of the implementation of the National Development Plan (NDP) (2019-2024). As part of its contribution to the NDP, the transport sector had to identify interventions aimed at accelerating service delivery, increasing sector job opportunities, rural development and skills development. Key priorities in this regard included investments in public transport, maintenance of roads and rail investments. These had a direct bearing on the Government's drive to respond to the challenges of poverty, unemployment and inequality.

Due to the impact of COVID-19 lockdown measures on the performance of the Department and its entities throughout the year under review, as well as its impact on the reporting and audit finalisation timeframes for the year under review, this report will be based on those annual reports that were tabled before 16 November 2021. The Road Traffic Infringement Agency (RTIA), Road Accident Fund (RAF), Passenger Rail Agency of South Africa (PRASA) and South African Maritime Safety Authority (SAMSA) did not submit their annual reports in time for consideration by the Committee. The Auditor-General of South Africa (AGSA) indicated that the audits of PRASA and SAMSA are expected to be finalised by the end of November 2021 and that they are in a dispute with RAF on some issues from the audit and this is being mediated by National Treasury. The AGSA did indicate that they finalised the audit of the RTIA, however the annual report of the entity was not tabled before Parliament at the time of finalising this report. The AGSA also indicated that PRASA, SAMSA and RTIA submitted their annual financial statements late.

COVID-19 lockdown interventions to slow the spread of the pandemic through the world and the country restricted movement of all transport operations (including road, rail, maritime and aviation), restricted administration programmes responsible for the filling of vacancies, restricted access to vehicle and driver licencing services and road accident claim services, restricted maintenance and/or repair of road and/or rail infrastructure and restricted the roll-out of labour intensive infrastructure projects – to mention but a few areas of impact. This had a significant impact on the revenue generation and operations of a number of the entities under the Department, as is evident from the audit outcomes and the financial statements per the annual reports received to date.

1.1 Mandate of the Committee

The prime mandate of the Committee is governed by the Constitution of the Republic of South Africa, 1996 ("the Constitution"), in respect of its legislative and oversight responsibilities as public representatives. It is required to consider legislation referred to it and consider all matters referred to it in terms of the Constitution, the Rules of the National Assembly (NA) or resolutions of the House. It is also required to respond to matters referred to it by Government within its mandate. In addition, the Committee is entrusted with considering the budgets, Strategic Plans, Annual Performance Plans (APPs) and the annual reports of the Department and entities that fall within the transport portfolio.

1.2 Purpose of the Budgetary Review and Recommendation Report

Section 77(3) of the Constitution stipulates that an Act of Parliament must provide for a procedure to amend money bills before Parliament. This constitutional provision gave effect to the Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009). The Act gives Parliament powers to amend money Bills and other legislative proposals submitted by the Executive whenever the Executive deems it necessary to do so. The Act therefore makes it obligatory for Parliament to assess the Department's budgetary needs and shortfalls against the Department's operational efficiency and performance.

This review seeks to establish whether the Department and its entities have achieved their aims and objectives, as set out in their Strategic Plans, as well as whether they continue to fulfil their constitutional mandates within the year under review. As this is the third BRRR done by the 6th Parliament Committee, reference will be made to the key achievements made, as well as challenges encountered during the 2018/19, 2019/20 and 2020/21 financial years, as reported in the Department's and entities' 2018/19, 2019/20 and 2020/21 annual reports and APPs.

1.3 Methodology

The Committee engaged with the AGSA on its audit findings of the Department and its entities, as well as engaged with the Department (including the Driving Licence Card Account (DLCA)) and, due to time constraints, selected entities on 9, 10 and 11 November 2021 on their performance and audit outcomes for the period under review.

The Committee selected to meet with the DLCA, Air Traffic and Navigation Services (ATNS), Airports Company of South Africa (ACSA), South African Civil Aviation Authority (SACAA), South African National Roads Agency Limited (SANRAL), Cross-Border Road Transport Agency (C-BRTA), Road Traffic Management Agency (RTMC), Railway Safety Regulator (RSR) and Ports Regulator of South Africa (PRSA) as these entities tabled their reports in time for consideration during the BRRR process.

At the time of considering this report, the RTIA, RAF, PRASA and SAMSA had not tabled their annual reports yet. The AGSA indicated that PRASA, SAMSA and RTIA submitted their annual financial statements late – the AGSA also indicated that the PRASA and SAMSA audits were expected to be finalised by the end of November 2021, and further indicated that the RTIA audit had been finalised and that there were technical issues to be resolved with the RAF audit prior to finalisation thereof. The Committee voiced its dissatisfaction with the reasons provided for the failure to table the RTIA, RAF, PRASA and SAMSA annual reports – it was the second consecutive year that RTIA and SAMSA did not table their reports in time for the BRRR process.

The following entities were not programmed or called to meet with the Committee specifically, however, their annual reports and/or financial statements were tabled on time and their audit was part of the Department's audit:

1. South African Search and Rescue Organisation (SASAR), including the National Sea Rescue Institute (NSRI).

The BRRR details the analysis of the 2018/19, 2019/20 and 2020/21 annual reports and financial statements, strategic objectives, budget allocation and financial performance and the recommendations made by the Committee.

The BRRR is based on information accessed through:

- The 2020 State of the Nation Address (SONA);
- The Department's Strategic Plan and APPs for 2020/21;
- The Department's Annual Report and Financial Statement for 2018/19, 2019/20 and 2020/21;
- The Strategic Plans and the APPs/Corporate Plans of the entities that fall under the Department, as well as their annual reports and financial statements for 2018/19, 2019/20 and 2020/21;
- Quarterly reports of the Department;
- The report of the AGSA on the audit outcomes of the Department and its entities;
- National Treasury Section 32 Reports;
- The NDP; and
- Oversight visits by the Committee during the period under review.

2. MANDATE OF THE DEPARTMENT OF TRANSPORT

The Department is mandated with maximising the contribution of transport to the economic and social development goals of society providing safe, reliable, effective and efficient fully integrated transport systems that best meet the needs of passenger and freight users. To attain this objective, the Department is entrusted with the provision of transport infrastructure and services in a manner that is efficient and affordable to consumers and the economy, while ensuring safety and security in all transport modes. The Department depicts itself as "the heartbeat of South Africa's economic growth and social development". Its core values are:[1]

[1] Department of Transport (2020), p. 51.

- Maintaining fairness and equity in all our operations;
- Striving for quality and affordable transport for all;
- Stimulating innovation in the transport sector;
- Ensuring transparency, accountability and monitoring of all operations; and
- Ensuring sustainability, financial affordability, accessibility, as well as the upholding of the *Batho Pele* principles.

The Department is mandated through various Acts of Parliament to render specific services to the public that relate to the provision of passenger transport, as well as goods. In an endeavour to discharge its mandate effectively and efficiently, the Department has organised itself into the following programmes:
- Programme 1: Administration;
- Programme 2: Integrated Transport Planning;
- Programme 3: Rail Transport;
- Programme 4: Road Transport;
- Programme 5: Civil Aviation;
- Programme 6: Maritime Transport; and
- Programme 7: Public Transport.

The simplified structure of the Department puts extensive emphasis on modes of transport. Complementing this modal emphasis are two programmes that seek to provide strategic support to key programmes of the Department, namely Administration, as well as Integrated Transport Planning. It is the belief of the Department that these internal programmes not only set the agenda for the Department, but are equally a sine qua non of “a collective, integrated and harmonised approach to addressing sector challenges”. Key players in this collective comprise the Department, transport entities, provincial departments, municipalities and key private sector stakeholders. A convergence of all these stakeholders will assist in fast-tracking the responsiveness of the sector to the realities on the ground.

2.1 Strategic overview 2020/21

2.1.1 Strategic priorities of Government

To execute its mandate, the Department is guided by Government’s commitments as set out in, inter alia, the NDP 2030, the New Growth Path (NGP) Framework, the Presidential Infrastructure Coordinating Commission (PICC), the Medium-Term Strategic Framework (MTSF) 2019-2024, as well as the SONA policy directives.

The work of the Department contributes to the realisation of the vision of improved social and economic development articulated in the NDP and priorities 1 and 4 of Government’s 2019-2024 MTSF. Chapter 4 of the NDP calls for the development of economic infrastructure as the foundation of social and economic development.

Transport is one of the Departments with the largest infrastructure build programme across entities. Massive infrastructure investments are found in the Department entities PRASA, SANRAL and ACSA.

Priority 1 of the MTSF focuses on economic transformation and job creation, while priority 4 advocates spatial integration, human settlements and local Government.[2] It is against this backdrop that in the 2020/21 financial year, the Department has committed itself to giving effect to these guiding policies by focusing on:[3]
- Building and maintaining national and provincial networks;
- Providing rail infrastructure and services; and
- Facilitating the provision of integrated public transport networks (IPTNs).

[2] National Treasury (2020).

[3] Ibid.

Delivering his 2020 State of the Nation Address, the President accentuated two areas that the Department will be zeroing in on during 2020/21 as he committed Government to:[4]

- Fixing the commuter rail in an endeavour to modernise PRASA's rail network. In this regard, it undertook that R1.4 billion will be invested to refurbish and upgrade the Central Line in the Western Cape, while a similar amount will be allocated to the Mabopane Line in Pretoria; and
- Piloting of "an alternative rural roads programme during which four experimental roads stretches of 50 km will be constructed". It is maintained that this initiative will "ensure cost effective solutions to the State, meaningful skills transfer and higher potential for labour intensive job creation than conventional roads construction methods".[5]

In order to give impetus to the priorities of Government, the table below shows a schematic illustration of the alignment between the MTSF pillars, apex priorities of the 6th Administration and the strategic focus areas of the Department.[6]

Table 1: Alignment between MTSF Pillars, Apex Priorities and Strategic Focus of the Department

MTSF Pillars	Apex Priorities	Department's Strategic Focus Areas
1. Achieving a more capable State	• Priority 1: A capable, ethical and developmental State	• Improved efficiency and effectiveness of support services
	• Priority 7: A better Africa and world	• Building a maritime nation, elevating the oceans economy • Environmental protection – Recovering and maintaining healthy natural environment
2. Driving a strong and inclusive economy	• Priority 2: Economic transformation and job creation	• Infrastructure build that stimulates economic growth and job creation
		• Building a maritime nation, elevating the oceans economy
		• Accelerating transformation towards greater economic participation
3. Building and strengthening capabilities of South Africans	• Priority 3: Education, skills and health	• Improved efficiency and effectiveness of support services
	• Priority 5: Spatial integration, human settlements and local government	• Public transport that enables social emancipation and an economy that works
	• Priority 6: Social cohesion and community safety	• Safety (and security) as an enabler of service delivery

[4] President Ramaphosa (2020).

[5] Ibid.

[6] Department of Transport (2021a), p. 22.

(Source: Department of Transport (2021a)

Of significance to the Minister and the Department are the following key outcomes:

Outcome	Sub-Outcome
Outcome 4: Decent employment through inclusive economic growth	Sub-Outcome 1: Productive investment is effectively crowded in through the infrastructure build programme • Ensure monitoring of off-takes by end users on the infrastructure programme
Outcome 6 – An efficient, competitive and responsive economic infrastructure	Sub-Outcome 1: Regulation, funding and investment improved • Establish a Single Transport Economic Regulator (STER) • Develop a Private Sector Participation (PSP) Framework for ports and freight rail, removing barriers to entry for private investment and operations within the context of Cabinet-approved policy and with an analysis of the implication of tariffs Sub-Outcome 3: Maintenance, strategic expansion, operational efficiency, capacity and competitiveness of our logistics and transport infrastructure ensured. • Improve national transport planning to develop long-term plans for transport that synchronise with spatial planning and align infrastructure investment activities of provincial and local government and clearly communicate the State's transport vision to the private sector • Ensure development and approval of the Integrated Transport Plan • Develop and implement approved plan and improve market share of containers on rail vs road, to ensure that we move road freight to rail • Improve and preserve national, provincial and local road infrastructure • Strengthen road traffic management • Improve public transport • Strengthen institutional arrangements for public transport Sub-Outcome 6: Coordination, planning, integration and monitoring implementation of strategic infrastructure projects (SIPs) in the National Infrastructure Plan. • SIP 1: Unlocking the Northern Mineral Belt • SIP 3: South Eastern Node and Corridor Development • SIP 4: Unlocking economic opportunities in the North West Province • SIP 7: Integrated Urban Space and Public Transport Programme
Outcome 7 – Comprehensive Rural Development and Land Reform	Sub-Outcome 5: Increased access to quality infrastructure and functional services, particularly in education, healthcare and public transport in rural areas • Improve transport infrastructure and public transport in rural areas • Access Road Development Plan for improving rural road infrastructure implemented • District municipalities implementing the Integrated Public Transport Network Strategy
Outcome 10 – Protect and enhance our environmental assets and natural resources	Sub-Outcome 2: An effective climate change mitigation and adaptation response • Develop strategic policy and regulatory frameworks and programmes to promote a low carbon economy • Green Transport Strategy and Implementation Plan

	formulated and completed

(Table 2: Ministers' Delivery Agreement with the President of the Republic of South Africa – information obtained from the Annual Performance Plan 2019/20 p. 2 – 3. The Annual Reports of the Department for 2019/20 and 2020/21 did not contain this agreement as was done in the past. On page 13 of the 2020/21 Annual Report, the Minister does merely refer to the Delivery Agreement he signed with the President being the basis for the strategic focus areas guiding the Department's performance.)

2.1.2 Strategic Priorities of the Department

The Department 2020-2025 Strategic Plan focus is guided by five strategic thrusts:

- i) Safety (including security) as an enabler of service delivery;
- ii) Public transport that enables social emancipation and an economy that works;
- iii) Infrastructure build that stimulates economic growth and job creation;
- iv) Building a maritime nation, elevating the oceans economy; and
- v) Accelerating transformation towards greater economic participation

The Department had indicated the following eight priority focus areas for the five-year period from 2020 to 2025:
1. SAFETY as an enabler of service delivery;
2. PUBLIC TRANSPORT that enables social emancipation and an economy that works;
3. INFRASTRUCTURE build that stimulates economic growth and job creation;
4. Building a MARITIME nation, elevating the oceans economy;
5. Accelerating TRANSFORMATION towards greater economic participation;
6. INNOVATION that advances efficiencies and supports a continuous improvement model;
7. ENVIRONMENTAL PROTECTION – Recovering and maintaining a healthy natural environment;
8. Improved Efficiency and Effectiveness of SUPPORT SERVICES (Governance – Greater Efficiency, Effectiveness and Accountability).

Although the Department reported progress on the above goals, in the 2020/21 annual report (page 36) the Department also indicated a shift in focus areas for the medium term as the following five focus areas that will be prioritized for critical attention and delivery:

- Improving road safety and reducing the carnage on South Africa's roads;
- Improving efficiencies at the RAF and addressing its debt exposure;
- Formalisation and professionalisation of the taxi industry, including amongst others, the review of the public transport funding model, review of the public transport subsidy regime, and implementation of the revised taxi recapitalisation programme;
- Addressing SANRAL's liquidity and finality of the decision on the Gauteng Freeway Improvement Project (GFIP); and
- Improving efficiencies at PRASA and ensuring reliable rail operations.

In the 2020/21 financial year, the Department aimed to perform its work in line with the following Priority Focus Areas and Performance Outcomes:

- Department Priority Focus Area 1: SAFETY as an Enabler of Service Delivery
    - Sub-Programme: Safer Transport Systems
        - Road Transport Safety
            - Improved transport safety and security
        - Rail Transport Safety
            - Improved transport safety and security
        - Civil Aviation Safety
            - Improved transport safety and security
        - Maritime Transport Safety
            - Improved transport safety and security
        - Public Transport Safety
            - Improved transport safety and security

- Department Priority Focus Area 2: PUBLIC TRANSPORT that Enables Social Emancipation and an Economy that Works
    - Sub-Programme: Public Transport

        - National Taxi Lekgotla Resolutions Implementation
            - Improved accessibility, quality and reliability of public transport
        - IPTNs
            - Improved accessibility, quality and reliability of public transport
        - Rural and Scholar Transport
            - Improved accessibility, quality and reliability of public transport
        - Rail Transport
            - Improved accessibility, quality and reliability of public transport

- Department Priority Focus Area 3: INFRASTRUCTURE Build that Stimulates Economic Growth and Job Creation
    - Sub-Programme: Competitive and Accessible Markets
        - Road Transport
            - Increased access to affordable and reliable transport systems
            - Decent Jobs sustained and created
        - Rail Transport
            - Increased access to affordable and reliable transport systems
            - Decent Jobs sustained and created
        - Civil Aviation
            - Decent jobs sustained and created

- Department Priority Focus Area 4: Building a MARITIME Nation, Elevating the Oceans Economy
    - Sub-Programme: Competitive and Accessible Markets
        - Increased access to affordable and reliable transport systems

- Department Priority Focus Area 5: Accelerating TRANSFORMATION towards Greater Economic Participation
    - Sub-Programme: Competitive and Accessible Markets
        - Increased access to affordable and reliable transport systems

- Department Priority Focus Area 6: INNOVATION that Advances Efficiencies and Supports a Continuous Improvement Model
    - Sub-Programme: Innovation
        - Improved competitiveness through adoption of new technology

- Department Priority Focus Area 7: ENVIRONMENTAL PROTECTION – Recovering and Maintaining a Healthy Natural Environment
    - Sub-Programme: Reduction in Greenhouse Gas Emission and Pollution
        - Emission of Greenhouse Gases reduced
        - Pollution incidents reduced

- Department Priority Focus Area 8: Governance – Greater Efficiency, Effectiveness and Accountability
    - Sub-Programme: Skills Development
        - Improved sector skills and capacity
    - Sub-Programme: Functional, efficient and integrated government
        - Improved governance and strengthened control environment

2.1.3 Challenges experienced in 2020/21 as reported by the Department

The outbreak of the COVID-19 pandemic resulted in restrictions that led to the closure of Driving Licence Testing Centres (DLTCs), Registering Authorities (RAs) and Vehicle Testing Centres (VTCs), particularly during Alert Levels 5 and 4, between 26 March 2020 and 31 May 2020.[7] These institutions gradually opened from 1 June 2020 depending on their readiness in terms of COVID-19 regulations. Due to the impact of COVID-19 on service delivery, in terms of limited staff and demand for services,

[7] Department of Transport (2021b), p. 50.

major backlogs were incurred, especially with regard to the renewal of driving licences.[8] This then necessitated extensions of validity period of driving licences, in a way to allow the backlog to be cleared.

The high vacancy rate in the Department remained a challenge. The main contributors to the high vacancy rate are unfunded positions in the organisational structure of the Department, high termination rate and administrative delays in completing recruitment processes.[9] During the period under review, a total of 28 vacant positions were filled, against the predetermined target of 17. The medium-term target is to ensure that the vacancy rate is reduced to 10% or below.[10]

The following were reported in the annual report as challenges experienced by the Department during the year under review, per the Report of the Accounting Officer:[11]

2.1.3.1 Programme 1: Administration

Vacancy rate in the Department remains a challenge. The main contributors to the high vacancy rate are unfunded positions in the organisational structure of the Department, high termination rate and administrative delays in completing recruitment processes. During the period under review, a total of 28 vacant positions were filled, against the predetermined target of 17. The medium term target is to ensure that vacancy rate is reduced to 10% or below. Furthermore, employment equity considerations are made when filling vacant posts. The target is to ensure that female representation in the Senior Management Services (SMS) is increased to 50%, and that the equity target of 2% for persons with disabilities is achieved and maintained.

A dedicated recovery plan was developed in the Third and Fourth Quarters and progress was monitored extensively to ensure that the deliverable is back on track to meet the annual target. The revised target for filling of vacant positions has been exceeded for the financial year.

2.1.3.2 Programme 2: Integrated Transport Planning

A dedicated recovery plan was developed in the Third and Fourth Quarters and progress was monitored extensively to ensure that the deliverable is back on track to meet the annual target. Draft Framework for the alignment of Electric Vehicles Regulations was developed as targeted.

2.1.3.3 Programme 3: Rail Transport

The principal outcome of capital investment in the modernisation programme is to improve and expand services, measured by its effects on paying passenger numbers. The fact that considerable spending on property, plant and equipment has been accompanied by a large decline in paying passenger numbers raises questions about the appropriateness of PRASA’s project pipeline and alignment with current priorities, budget realities and the corridor approach. Priority will be given to programmes that will return paying passengers to rail high-density passenger corridors, with less emphasis on low-density corridors, even if projects in low-density corridors are easier to implement. During the 2020/21 financial year, in the Rolling Stock Fleet Renewal Programme, a total of twenty-five (25) new trains were provisionally accepted for delivery as at end of March 2021. The number of jobs created in the programme amounted to 878. And in the Modernisation Programme, 1 691 jobs were created in first three Quarters of the financial year. In Quarter 4, jobs declined to 404 as a result of the signalling programme nearing completion in Gauteng and the Western Cape.

2.1.3.4 Programme 4: Road Transport

The Department will, for the first time within the 2021/22 financial year, be tabling to Cabinet the National Anti-Fraud and Corruption Strategy (NAFCS), which will serve as a blue print and a standard

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[8] Ibid.

[9] Department of Transport (2021b), p. 77.

[10] Ibid.

[11] Department of Transport (2021), p77 - 175.

for the road traffic environment in the fight against fraud and corruption. Loss of life due to a crash will impact negatively on the survivors who might include dependants such as women and children because the motor vehicle involved might have obtained its roadworthy certificate in a fraudulent manner. The same would apply to the driver who might have obtained his or her driving license illegally. To that end, it is envisaged that the National Anti-Fraud and Corruption Strategy will address issues of this nature.

A dedicated recovery plan was developed in the Fourth Quarter and progress was monitored to ensure that the deliverable is back on track to meet the annual target. Progress on the quarterly milestones were not optimal during the financial year and the strategy will not be submitted to Cabinet as was targeted. More stringent focus will be put on ensuring that the strategy is gazetted for public comments, that the socio-economic impact assessment certificate is issued, that it is submitted to the National Economic Development and Labour Council (NEDLAC) and Cabinet Clusters before submission to Cabinet in the new financial year.

Linked to the Rural Road Asset Management System Grant (RRAMS) – the following challenges were indicated in the programme:

- COVID-19 Regulations have delayed the appointment of service providers in other districts and fieldwork was impacted due to regulations.
- The issue of ownership of the programme by the municipalities as most times data is hosted by service providers instead of districts.
- Involvement of some local municipalities in the programme.
- Delays by district municipalities to procure technical services on time, long before the expiry of the contracts.
- Handing over of graduates by outgoing service provider when the contract comes to an end to the district municipality and/or the newly appointed service provider.
- Lack of support from the Provincial government in some of the provinces.

Furthermore, graduates are now becoming skilled in the work they are doing. The district municipalities need to reach agreement on how these graduates will be taken up after the training period, with clear guidelines on their salary expectations and contractual arrangements. The Department is facing a major risk of losing these graduates to higher-paying jobs.

2.1.3.5 Programme 5: Civil Aviation

Review of the Remotely Piloted Aircraft (RPAS) Regulations - A dedicated recovery plan was developed in the Fourth Quarter and progress was monitored to ensure that the deliverable is back on track to meet the annual target. Reviewed Regulations have been provisionally withdrawn by the Civil Aviation Regulations Committee (CARCOM) due to safety and security concerns. Finalisation and approval of reviewed RPAS regulations will be prioritised in the new financial year pending resolution of concerns raised by CARCOM.

2.1.3.6 Programme 6: Maritime Transport

A dedicated recovery plan was developed in the Fourth Quarter and progress was monitored to ensure that the deliverable is back on track to meet the annual target. The draft Maritime Development Fund Bill was developed. However, the Merchant Shipping Bill and the Marine Pollution Prevention Amendment Bill will not be submitted to Cabinet as targeted. The submission of the two Bills to Cabinet will be prioritised in the new financial year.

2.1.3.7 Programme 7: Public Transport

Approval of Reviewed Regulations for Integrated Single Ticketing System – A dedicated recovery plan was developed in the Fourth Quarter and progress was monitored to ensure that the deliverable is back on track to meet the annual target. Reasonably, the deliverable made optimal progress during the financial year. Delays in finalising and gazetting the reviewed regulations due to COVID-19 meant that targeted approval could not be achieved in Quarter 4. Finalisation and submission for approval will be prioritised in the new financial year.

2.1.3.8 Key policy developments and legislative changes

During the year under review, the Department indicated the following key policy developments and legislative challenges:

- The Economic Regulation of Transport (ERT) Bill was introduced to Parliament and subsequently approved for public comments in pursuance of further processing.
- The National Rail Safety Bill was also approved by Cabinet and introduced in Parliament in March 2021.
- Planned consultations between the Department and the Department of Public Enterprises (DPE) on the recommended corporatisation of the Transnet National Ports Authority (TNPA), in line with the requirement of the National Port Act (2005) were conducted during July and September 2020, bringing the need to comply with the Act nearer. TNPA was established as an independent subsidiary of Transnet in June 2021.
- Rollout of the Administrative Adjudication of the Road Traffic Offences (AARTO) Amendment Act was deferred to the 2021/22 financial year due to the onset of the COVID-19 pandemic.

2.1.3.8.1 Institutional Policies and Strategies over the five-year planning period

a) National White Paper on Transport Policy, 1996
The vision of the White Paper on National Transport policy is to provide safe, reliable, effective, efficient, and fully integrated transport operations and infrastructure which will best meet the needs of freight and passenger customers at improving levels of service and cost in a fashion which supports Government strategies for economic and social development whilst being economically and environmentally sustainable.

b) White Paper on National Policy on Airports and Airspace Management, 1997
This is a national policy response on airports and airspace management as a result of far- reaching changes which have occurred in South Africa, in general, and in civil aviation, in particular. This policy is currently under review to address recent developments and resultant policy gaps.

c) National Commercial Ports Policy, 2002
The aim of this policy is to ensure an internationally competitive port system informed by the knowledge that efficient ports are known to be catalysts for increased trade, and thus provide a comparative advantage for international trade. Thus, this policy aims to ensure affordable, internationally competitive, efficient and safe port services based on the application of commercial rules in a transparent and competitive environment applied consistently across the transport system.

The importance of this policy is further highlighted by the fact that globalisation pressures make it essential that nations integrate their transport systems into the global logistics network. Ports are naturally being incorporated into this changing system and have to adjust to the new challenges and environment.

d) Taxi Recapitalisation Policy, 2009
The Taxi Recapitalisation Policy (TRP) is an intervention by Government to bring about safe, effective, reliable, affordable and accessible taxi operations by introducing New Taxi Vehicles designed to undertake public transport functions in the taxi industry.

A revised fiscal framework also accounts for substantial revenue losses emanating from the economic shock of COVID-19 pandemic and the subsequent lockdown. The lockdown significantly delayed planned programmes, projects and expenditure in the sector. As a result, the Department, Provinces and Municipalities, in their revised budget applications, would have to show delayed milestones and targets, the impact on their operational revenue and how they intend to mitigate the risk towards desired recovery and achievement of medium- to long-term outcomes.

The revision exercise thus focused, amongst others, on downscaling and/or reducing performance targets, particularly where programmes were impacted by budget cuts; and also, on prioritising interventions critical in mitigating the impact of the COVID-19 pandemic, thus saving lives of the

South Africans, where necessary. In revising performance targets, the NDP, the seven (7) apex priorities of the 6th Administration and the MTSF 2019 – 2024 remained the authoritative documents from which the exercise took guidance. For the remainder of the current Medium Term Expenditure Framework (MTEF), baseline allocations would be used to provide for the rapidly changing economic conditions and enable spending on the COVID-19 response.

This proposed modification would then be in categories.
• Category 1 will see suspension of funds and reallocation, where applicable. In this regard and as stated, the baselines of allocations to sector Departments will be reduced.
• Category 2 will see reprioritisation of funds within the budget votes. To this effect, funds will be shifted across programmes and/or budget items and reprioritised to where there are needs.

As stated, COVID-19 had a negative impact on the plans and operations of the Department and sector entities, particularly for the 2020/21 financial year. The effects of the impact of the pandemic would then have to be mitigated for the medium-term through revision of the Strategic Plan and medium-term targets.

2.1.3.8.2 Legislative challenges

The Department had 8 Bills that were processed during the year under review or still currently before Parliament and they are listed as follows:

1) Airports Company Amendment Bill, 2018 [B5B-2018] (introduced 27 March 2018, Bill processed and passed by the National Assembly on 3 March 2020 – National Council of Provinces passed the Bill on 24 November 2020 – on 2 March 2021 the Bill was signed by the President and enacted as Act (No. 17 of 2020);
2) Air Traffic Navigation Services Company Amendment Bill, 2018 [B6B-2018] (introduced 5 April 2018, Bill processed and passed by the National Assembly on 3 March 2020 – National Council of Provinces passed the Bill on 24 November 2020 – on 2 March 2021 the Bill was signed by the President and enacted as Act (No. 18 of 2020);
3) Civil Aviation Amendment Bill, 2018 [B44-2018] (introduced 14 November 2018, Bill processed and passed by the National Assembly on 11 May 2021 – currently before the National Council of Provinces for concurrence);
4) Economic Regulation of Transport Bill, 2020 [B1-2020] (introduced 31 January 2020 and still before the Committee);
5) Transport Appeal Tribunal Amendment Bill, 2020 [B8-2020] (introduced 29 May 2020 and still before the Committee);
6) National Road Traffic Amendment Bill, 2020 [B7-2020] (introduced 29 May 2020 and still before the Committee);
7) Railway Safety Bill, 2021 [B7-2021] (introduced 19 March 2021 and still before the Committee);
8) National Land Transport Amendment Bill, 2016 [B7-2016] (introduced 15 April 2016 and referred back to Parliament by the Presidency on 9 September 2021 to address the reservations about the Bill's constitutionality).

2.1.4 Achievements highlighted and significant events and/or projects for the year 2020/21 as reported by the Department

The following were reported in the annual report as notable progress, milestones and achievements by the Department during the year under review:[12]

2.1.4.1 Programme 1: Administration

[12] Department of Transport (2021), p. 23-31.

A total of twenty-eight (28) Cabinet Memoranda were facilitated to seek Cabinet indulgence and approval on a number of critical appointments and also to appraise Cabinet on key progress made on sector interventions. Notably, memoranda included, but not limited to,

- Appointment of the Board of Directors at PRASA and ACSA;
- Appointment of the Chief Executive Officers (CEOs) at the Ports Regulators and PRASA;
- Hosting of the National Taxi Lekgotla and its outcomes;
- Allocation of relief funds to mitigate the impact of COVID-19 on the taxi industry;
- Progress made with considering options for the solution of the GFIP e-Toll Scheme challenge in the Gauteng Province;
- Approval for unforeseeable and unavoidable expenditure for SANRAL's toll portfolio for the loss in toll revenue due to the lockdown restrictions brought about by the COVID-19 pandemic for the 2020/21 financial year;
- Approval for equity injection for the ACSA which was severely impacted by the travel restrictions imposed by governments around the world in response to the COVID-19 pandemic;
- Overview of funding constrains facing the RAF, and approval for additional allocation to the RAF.

In line with requirements of the approved MTSF, gender-responsive Strategic Plans (2020-2025) and Annual Performance Plans (2021/22) for the Department and transport entities were approved by the Minister and tabled in Parliament in March 2021. Implementation of plans was monitored on a quarterly basis. The audited performance of the Department for the period under review was 91%, with the Department achieving forty-three (43) of its planned forty-seven (47) targets. The annual performance report of the Department was deemed useful and reliable by the AGSA, with a clean report on the audit of predetermined objectives.

To ensure uniformity of planning and implementation of sector concurrent functions, customised transversal indicators were developed and approved for all provinces. In accordance with the provincial budget programme structure, customised indicators were developed for four (4) programmes (Transport Infrastructure, Transport Operations, Transport Regulation and Community-Based Programme).

With regard to filling of vacancies in the establishment, a total of twenty-eight (28) vacant positions were filled, against a revised target of seventeen (17) for the period under review. The Department has targeted to improve filling of vacancies in the new financial year.

In line with the Workplace Skills Plan, 25% of the Department establishment were trained in various skills-based training programmes against the set target of 10% for the financial year. Due to the new normal, and as more employees warm up to online training programmes, this target has been increased to 50% for the new financial year. The number of bursaries managed by the Department has increased from 140 to 184 as at the end of the financial year.

In line with Government objective of improving chances of youth employment through on-the-job training interventions, a total of fifty (50) interns were appointed and placed in various programmes across the Department. All interns resumed duty in January 2021 and will be contracted to the Department for a period not exceeding twenty-four (24) months.

To address audit findings raised by the AGSA in the 2019/20 financial year, action plans were implemented and monitored on a quarterly basis. To that effect, no new cases of unauthorised expenditure and irregular expenditure were recorded during the 2020/21 financial year. Out of a total of forty-eight (48) cases of fruitless and wasteful expenditure reported in the previous financial year, nine (9) cases were either written off or transferred to debt. Eight (8) new cases, which resulted mainly from no shows, were recorded for the financial year under review. Total cases of fruitless and wasteful expenditure remaining on the roll as at the end of the financial year were forty-seven (47).

With regard to the Department's Information and Communication Technology (ICT) environment, governance controls were drastically improved. All governance structures were reconstituted and met regularly during the period under review. Audit findings raised by the AGSA on ICT governance were fully addressed. In terms of ICT service delivery matters, improvements are being effected and still work in progress.

2.1.4.2 Programme 2: Integrated Transport Planning

To address changes that emerged over the years in the road, rail, maritime and aviation spaces, the Department initiated the revision of the White Paper on the National Transport Policy. The revision was mainly designed to broadly align the country to international, regional and continental transport trends. During the period under review, the revised policy underwent wide consultations and was subsequently approved by Cabinet.

To address regulatory and capacity gaps that relate to South Africa's need for an efficient and cost-effective transport system, in order to raise economic growth and meet its social goals, the Department was in the process of finalising the ERT Bill, which will affect the establishment of a STER. In the 2020/21 financial year, the ERT Bill was introduced in Parliament mainly to factor in comments of public commentary and public hearings. Once promulgated, a business case will be completed, and human resource migration and management plans will be developed towards establishment of the STER.

To minimise risks and unpremeditated consequences of autonomous vehicle technology (AVT), Government is in the process of putting in place policy, legislation and strategies. This will also ensure that the country takes advantage of the AVT technology and its associated benefits. To that effect, during the period under review, guidelines for licencing and legislating autonomous vehicles were developed. Once finalised, these guidelines will ensure that mobility issues facing the country – road safety, social inclusion, emissions and congestion are solved through this intervention.

To address increasing environmental concerns in the country, motorists have been urged to consider going green on the road. As the vehicle and component manufacturing industry is switching to electric vehicles, it is highly critical for the country to ready the regulatory environment for this innovative move. To that regard, a draft framework for the alignment of Electric Vehicle Regulations was developed during the period under review. The desired outcome of this technology is in line with the sector's target to reduce greenhouse gas emission within the medium-term.

In line with Government's quest to understand transport needs and behaviours of households and individuals, to assess attitudes towards transport services and facilities, to ascertain the cost of transport, and accessibility to services, the 2020 National Household Travel Survey (NHTS) was conducted. During the 2020/21 financial year, an analytical report was finalised and disseminated to relevant stakeholders. Once finalised, the survey will guide government's decisions particularly with key interventions for the medium and long-term.

In a bid to ensure transport connectivity and regional integration, the Department is developing a Regional Integration Strategy within the medium term. Once finalised, the strategy will guide interventions towards the desired lowering of transport costs, integration of rural economies and generation of savings in travel time and trade through cross-border road infrastructure development. In the 2020/21 financial year, a benchmarking exercise was conducted.

To address, amongst others, insufficient Transport Economists and Transport Planners in the Department, to enhance synergy between programmes where these skills are needed, and to ensure the spread of critical skills across the structure, the Department has moved at pace to establish a Bureau for Transport Economists (BTE) within its organisational structure. The main function of the BTE will be facilitation of data gathering and collection particularly for economic modelling and data collection and forecasting purposes. During the period under review, job descriptions and evaluations were conducted, business case and work study report were finalised and consultations were initiated with the Department of Public Service and Administration (DPSA).

2.1.4.3 Programme 3: Rail Transport

To provide for the regulation of railway safety in the country, the Department was in the process of developing a Railway Safety Act. Once promulgated, the Act will facilitate an improvement in general safety within the railway environment, and will ensure that rail becomes an attractive mode of transport and contributes towards economic growth. For the period under review, a Railway Safety Bill was approved for submission to Parliament. The Bill was subsequently introduced to Parliament in March 2021.

As part of ensuring a rail transport sector that is safe and secure, a concerted approach to address security and asset protection at PRASA has been adopted, leading to the development of an Integrated Security Plan. The plan, which was informed by Intelligence-Driven Operations, Regulatory Environment and PRASA's security response, will see PRASA having a fully-fledged in-house security within three MTEF periods, to be achieved through a phased-in approach. To date, a total of 3 072 appointments were realised against the targeted 3 100 in the initial phase of the plan.

Over the medium-term, Government will be promoting greater private sector participation in rail, mainly through granting of third-party access to the core rail network and also the revitalisation of branch-lines. This move, which is expected to introduce competition into the market, will help address a number of challenges facing the sector. These include operational efficiency, uncompetitive positioning, ineffective equipment, etc. In the 2020/21 financial year, a draft Private Sector Participation Framework was developed.

With regard to the High Speed Rail (HSR) initiative, the Department has concluded pre-feasibility studies undertaken by Mitsubishi (funded by the Japanese Government) in 2010 and also by the China Railway and Engineering Corporation in 2013. The Department has also initiated the process to secure grant funding provided by the People's Republic of China towards commissioning a full feasibility study on the HSR Link. It has been estimated that the feasibility study should be concluded over a period of between 24 to 36 months at a cost of RMB 1.2 billion (R 3.1 billion). The HSR Link feasibility is aligned with the African Union's (AU), African Integrated High-Speed Rail Network Master Plan, 2033. On 13 May 2020, the Department registered the HSR Link as a Public Private Partnership project with National Treasury in terms of Treasury Regulation 16 of the Public Finance Management Act (No. 1 of 1999) (PFMA). An application for grant funding to conduct a full feasibility study was made to the Government of the People's Republic of China. A framework agreement was also signed with the China Communications Construction Company as a nominated Chinese company to conduct the feasibility study. The Department has put in a Cabinet Memorandum through the Cabinet system to appraise Cabinet on the progress thus far. In the 2020/21 financial year, the final draft of the High Speed Rail Corridor Framework was developed.

2.1.4.4 Programme 4: Road Transport

Implementation of the National Road Safety Strategy was monitored nationally and in nine provinces. Regulatory law enforcement interventions were commissioned to improve road safety and reduce road crashes and fatalities. Reduction in road crash fatalities amounted to 20.27% (2 534) for the 2020 calendar year and 19.73% (2 421) for the 2020/21 financial year. Though most of the reduction could be attributed to less traffic on the country's roads during Alert Levels 5 and 4 of the COVID-19 lockdown restrictions, this set the tone for increased interventions towards the Department's pursuit of decreasing road crash fatalities by 25% within the medium term. Through the Department's 365-day Arrive Alive partnership programme with social and business partners, the campaign had an extensive reach and impact. There were 2 152 activations that reached 117 424 road users in the top 15 hot spots. These resulted in a 23% decline in the top 5 (five) traffic offences relative to law enforcement. The campaign also realised a 5% reduction in pedestrian fatalities and an overall 10.3% year-on-year reduction in overall fatalities.

As part of Government strategy to enable safer road-user behaviour, the government approved the rollout of the AARTO Amendment Act nationally. AARTO national roll-out was launched in July 2021.

With regard to the RAF, over the last five years, the operating model of the RAF, which was anchored around litigation, saw the actuarial liability of the RAF increase exponentially to more than R320 billion. To address this unsustainable model, a new strategic plan for the RAF was introduced in the 2020/21 financial year. Through this plan, a new operating model, which was a move away from litigation to claims management, thus prioritising early investigation and settlement of claims within 12 days, was introduced. Through this new model, the RAF also terminated the mandate of its panel of attorneys in a bid to reduce legal costs and improve efficiencies. In addition, the RAF has put more efforts into the reduction of medical costs by, amongst others, developing RAF medical tariffs, implementing treatment protocols and introducing medical pre-authorisation. Other critical interventions during the period under review included the review of the RAF organisational structure and revision of the current funding model to improve financial sustainability of the Fund.

During the period under review, the Road Accident Benefit Scheme Bill, which intends to provide a social security scheme for victims of road accidents, was processed through Parliament. Though Parliament had reservations with the Bill, the Department has been provided with another opportunity to rethink its position.

National and provincial road networks were rehabilitated and maintained during the period under review. On the national front, the entire 22 253 km of the SANRAL network was exposed to routine maintenance. To enhance transformation in the road construction and maintenance space, SANRAL ensured that eight (8) percent of contracts, which represented 77% of contract value, were awarded to companies in which majority of shares are owned by black people. Black women held 12% of all contracts among black-owned companies.

In line with the Provincial Road Maintenance Programme, about 5% of the provincial road network was exposed to rehabilitation, maintenance, re-surfacing, resealing, blacktop patching, blading and re-gravelling during the period under review. Over 200 000 job opportunities were reported, with some opportunities being for women, youth and persons with disabilities. The Department has, in the 2020/21 financial year, also initiated an exercise to review performance of the Provincial Road Maintenance Grant (PRMG) since inception and shall effect necessary revisions in the Grant Framework during the next cycle, with a view to improving service delivery.

2.1.4.5 Programme 5: Civil Aviation

To fast-track transformation in the aviation sector, Government has targeted to increase the number of previously disadvantaged categories (women, youth and persons with disabilities) gaining critical expertise in technical aviation disciplines over the medium term. Part of this intervention involves amending academic syllabi at tertiary level to introduce aeronautical engineering disciplines at undergraduate levels. During the period under review, consultative engagements were conducted with a number of institutions of higher learning - Universities of Fort Hare, Johannesburg, Nelson Mandela, Stellenbosch and KwaZulu-Natal, mainly to review existing Memoranda of Agreements (MoAs) to align same with the medium-term transformation target.

To ensure compliance with international conventions, the Department has, within the 2020/21 financial year, initiated a submission to Parliament for approval of protocols relating to the amendments of articles 50(A) and 56 of the Convention on International Civil Aviation.

Following identification of a number of legislative gaps, particularly to provide for the National Aviation Security Programme, and to provide for additional measures directed at more effective control of safety and security of aircraft, airports and the like, the Department initiated amendments to the Civil Aviation Act, 2009. To that effect, the Civil Aviation Amendment Bill is currently before Parliament.

Since the approval of the Airlift Strategy and the National Civil Aviation Policy (NCAP), South Africa has gradually liberalised Bilateral Air Services Agreements arrangements with countries that are outside of Africa. This has led to South Africa exchanging traffic rights with these countries which could not be reciprocated by South African operators, even before the COVID-19 pandemic This resulted in an influx of frequencies being operated by foreign airlines since 2008. The situation was exacerbated by the unbalanced awarding of traffic rights which contributed to the erosion of the South African air transport market. South Africa has to date concluded air services frameworks with one-hundred and thirty-two (132) States, fifty-two (52) of the agreements are with African States. Only Fifty-seven (57) of the agreements are active, whilst the rest are dormant. The status renders the air services negotiation process a pointless exercise when South African carriers are not able to take advantage of created opportunities.

Due to the devastating aftermath of the pandemic, a number of South African airlines have been struggling financially, some have gone under business rescue and liquidation processes. The unintended consequences of liberalisation, combined with the negative impact of COVID-19 compels the Department to evaluate the existing bilateral air services frameworks and the impact thereof on air transport in the country. The Department is in the process of revising its economic regulatory framework to safeguard and promote the national interest. Thus, create an air transport environment that encourages the participation of South African airlines in regional and overseas international air transport markets and provide some level of reprieve from the aftermath of COVID-19.

2.1.4.6 Programme 6: Maritime Transport

Inefficiencies in container freight rail and port services raise the cost of South Africa's imports and make the country's exports less competitive. To address this, the Department, in partnership with the DPE and Transnet, are implementing a number of structural reforms. Among notable achievements in this space, the following were recorded:

- The establishment of the National Ports Authority as an independent subsidiary of Transnet provided a boost for investor confidence;
- Processes have been initiated to award more concessions in the ports, to partner with the private sector for massive investments in new container port terminals, and to partner with an international terminal operator to assist Transnet Port Terminals to improve its container freight operations;
- Plans are already afoot to introduce third party access on the freight rail network.

To address the country's maritime infrastructure deficit and promote inclusion of women and youth on the maritime economic mainstream, the Department is developing a Maritime Development Fund. The Fund will, amongst others, assist Government's response to identified weaknesses in the country's risk management capabilities, particularly in sea recue and oil pollution control. In the 2020/21 financial year, the draft Maritime Development Fund Bill was developed.

South Africa's long coastline requires huge resources and capacity to service the country's obligations to the International Maritime Organisation (IMO). Previously, through Safmarine, a state-owned entity in the previous regime, the country had tremendous capacity to meet South Africa's international obligations to the IMO on Maritime Safety and Rescue. Safmarine had a number of tugboats, and capacity for salvage and re-floating of ships. Its capacity around rescue operations was huge as evidenced by the sinking of the passenger cruise liner on the coast of South Africa when everyone was rescued and saved. Safmarine also had trade ships for cargo. At the onset of the democratic dispensation, Safmarine and all its assets were sold. This left the country with no capacity for rescue operations and assistance at sea. This scenario is quite untenable as South Africa is on one of the busiest shipping routes in the world.

An Internal study of the Department has indicated that at least nine (9) tugboats are required to service South Africa's coastline and its (her) waters. However, at a bare minimum 3 tugboats are required to service such a long coastline. During the period under review, the Department has planned to retain the current services of the only tugboat it has on contract and go out to tender for the staggered introduction of the three tug boats to replace the current one. The consideration is that a multiple award system be sped up to secure new contract tugboats. This is being done with a view to reprioritising the budget over three to five financial years to increase the necessary capacity on contract.

Implementation of Operation Phakisa 3-Foot Plan was also monitored during the period under review. The Marine Transport and Manufacturing delivery unit has developed eighteen (18) initiatives to accelerate growth of the oceans economy. These initiatives are divided into three (3) categories - port infrastructure, skills development and capacity building, and economic growth.

A draft Operating Model for the establishment of a National Shipping Company was developed as targeted.

2.1.4.7 Programme 7: Public Transport

In line with the implementation of the IPTN Programme, construction and operations were monitored in ten (10) cities. During the 2020/21 financial year, a total of six (6) cities were operating, with combined average weekday passenger trips of 143 000.
The four remaining cities are expected to launch operations in the new financial year.

In the 2020/21 financial year, the Department hosted a National Taxi Lekgotla, of which the objective was to assess progress and related challenges in the implementation of the National Taxi Task Team Recommendations that were published in 1996 and to forge a new roadmap that would put the taxi industry on a sustainable path going forward. The Lekgotla presented an opportunity to develop a feasible programme of action to set the industry on a sustainable path and take the transformation of the taxi industry to its logical conclusion. The Lekgotla emerged with momentous commitments towards the realisation of a truly united and empowered taxi industry, and implementation of Lekgotla resolutions will contribute to a national programme to improve public transport focusing on two pillars of improving the safety of passengers using the taxi mode and the transformation and empowerment of the taxi industry. The following resolutions, under each of the four themes, were adopted as part of a commitment by the taxi industry towards a renewed blueprint for public transport:

- Unity and Leadership of the Taxi Industry - The industry remains committed to the ideal of bringing all other formations, including metered taxis and e-hailing services under a single unified National Council for Taxis. This is premised on the principle that the Minister must be given legal powers to recognise a single industry representative body and prescribe certain functions to be performed by such body.
- Professionalisation and Customer Care - The industry made a commitment to paying serious attention to passenger issues and the introduction of standards on the treatment of commuters and other road users. This would be reinforced by a complaint mechanism that ensures consequences for negative conduct. Training programme must underpin skills development interventions aimed at upskilling operators. The abuse of women and people with disabilities, as well as the LGBTQIA+ community must be reported and decisively acted upon.
- Industry Empowerment - A commitment was made to develop an empowerment model underpinned by the principle that economic benefits must cascade to all operators in the industry. Such empowerment model would be anchored on formalisation, which includes establishment of business entities, subsidisation of the industry and partnerships with Government on the rollout of public transport infrastructure and integrated public transport networks.
- Industry Regulation - A commitment was made to a regulatory framework anchored on the principles of modernising processes characterised by reduced turn-around times in the operating licence process value chain. A moratorium on new operating licences should be implemented, until supply and demand can be reassessed. Such moratorium should be premised on the principle that once a Province completes the relevant processes to determine demand and supply and are able to determine the number of operating licences required, such moratorium may be lifted. Industry committed to the implementation of industry sectorial determination and compliance with labour laws. There was also a commitment to strengthen law enforcement in a consistent manner that affirms the supremacy of the rule of law and ensure respect for the rules of the road and eliminate the culture of lawlessness.

As part of the implementation of the National Taxi Lekgotla resolutions, the Department has also initiated the establishment of a Panel of Eminent Persons to lead discussions regarding unity and leadership within the taxi industry with a view to finding a lasting solution to the ongoing leadership dispute and bring stability. The key deliverable of this Panel of Eminent Persons would be to find a lasting solution to the ongoing divide that plagues the industry and bring about unity and stability. Members of the Panel were appointed within the period under review.

According to the NHTS conducted by Statistics South Africa, taxis are still the preferred type of road transport. Taxis move sixty-eight percent (68%) of 5.4 million passengers and 15.6 million passenger journeys on a daily basis and contribute immensely to our economy. The taxi industry is an over R40 billion per annum industry, with about 200 000 taxis, that create approximately 250 000 direct and indirect job opportunities. These include drivers, taxi marshals and administrative support. The Department will be reviewing the Taxi Recapitalisation Programme model to improve its effectiveness and affordability. Expenditure on the review was originally projected at R188.5 million over the medium term. In the 2020/21 financial year, the Department initiated a taxi relief scheme based on the principle of ex gratia payment. This initiative has a long-term view, not only address challenges caused by the COVID-19 pandemic, but also to achieve long-term sustainability of the industry through formalization and subsidization.

In line with the Revised Taxi Recapitalisation Programme (RTRP), a total of 1 679 old taxi vehicles were scrapped during the period under review. To ensure that uptake by the industry is improved, and that more old taxi vehicles are scrapped, the Department will develop a standard operating procedure and also conduct marketing drives in provinces in the new financial year.

In the *Shova Kalula* Bicycle Programme, a total of 6 929 bicycles were distributed across provinces during the period under review. This programme is implemented primarily to maximise the use of non-motorised transport to enable communities to access social and economic opportunities, while also seeking to promote cycling as a low cost mobility solution to low income households, targeting scholars, rural women and farm workers.

3. OVERVIEW AND ASSESSMENT OF FINANCIAL PERFORMANCE

3.1 2018/19

Table 3: Appropriation Statement for 2018/19

Programme R'000	2018/19			2017/18		
	Final Approp. R'000	Actual Expenditure R'000	Over/Under Expenditure R'000	Final Approp. R'000	Actual Expenditure R'000	Over/Under Expenditure R'000
Programme 1: Administration	434 094	379 809	54 285	415 254	407 466	7 788
Programme 2: Integrated Transport Planning	89 982	71 375	18 607	83 075	76 360	6 715
Programme 3: Rail Transport	15 887 279	15 873 693	13 586	19 333 199	14 515 158	4 818 041
Programme 4: Road Transport	30 098 760	30 067 108	31 652	27 138 175	27 118 369	19 806
Programme 5: Civil Aviation Transport	182 253	167 718	14 535	171 165	166 149	5 016
Programme 6: Maritime Transport	129 126	123 993	5 133	128 417	109 327	19 090
Programme 7: Public Transport	13 009 800	12 509 758	500 042	12 525 895	12 277 572	248 823
Direct charge against Revenue Fund	10 200	2 976	7 224	10 000	5 559	4 441
Total	**59 841 494**	**59 196 430**	**645 064**	**59 805 180**	**54 675 960**	**5 129 220**

(**Source: Department of Transport Annual Report for 2018/19 (2019b).**

For the 2018/19 financial year, the Department had received a budget of R59.8 billion and of this amount, it spent R59.2 billion by the end of the financial year, that is 98.9% of the available budget, up from R54.7 billion (or 91.4%) of the R59.8 billion it had spent by the same time in 2017/18. The Department underspent a total amount of R645.1 million, translating into an under-expenditure of 1.1%. The biggest under-expenditure was in the Public Transport programme. Of the R13 billion that had been allocated to this programme, the Department had spent R12.5 billion (or 96.2%) by the end of the reporting period, indicating an under-expenditure of R500 million (or 3.8%). The Compensation of Employees was underspent in all programmes due to posts that could not be filled.[13]

3.2 2019/20

Table 4: Appropriation Statement for 2019/20

Programme	2019/20			2018/19		
	Final Appropriation	Actual Expenditure	Over/Under Expenditure	Final Appropriation	Actual Expenditure	Over/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Administration	419 337	412 741	6 596	434 094	379 809	54 285
Programme 2: Integrated Transport	152 936	139 950	12 986	89 982	71 375	18 607

[13] Department of Transport (2019b), p. 35.

Programme	2019/20			2018/19		
	Final Appropriation	Actual Expenditure	Over/Under Expenditure	Final Appropriation	Actual Expenditure	Over/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Planning						
Programme 3: Rail Transport	16 560 839	16 560 238	601	15 887 279	15 873 693	13 586
Programme 4: Road Transport	33 295 501	33 285 865	9 636	30 098 760	30 067 108	31 652
Programme 5: Civil Aviation Transport	224 345	178 820	45 525	182 253	167 718	14 535
Programme 6: Maritime Transport	135 250	132 879	2 371	129 126	123 993	5 133
Programme 7: Public Transport	13 416 923	13 178 118	238 805	13 009 800	12 509 758	500 042
Direct charge against Revenue Fund	10 424	2 614	7 810	10 200	2 976	7 224
Total	**64 215 555**	**63 891 225**	**324 330**	**59 841 494**	**59 196 430**	**645 064**

(**Source: Department of Transport, (2020).**

For 2019/20, the Department had received a budget of R64.2 billion and of this amount, it spent R63.9 billion by the end of the financial year, that is 99.5% of the available budget, up from R59.2 billion (or 98.9%) of the R59.8 billion it had spent by the same time in 2018/19.

The Department underspent a total amount of R324.3 million, translating into an under-expenditure of 0.5%. The biggest under-expenditure was in the Public Transport programme. Of the R13.4 billion that had been allocated to this programme, the Department had spent R13.2 billion (or 98.2%) by the end of the reporting period, indicating an under-expenditure of R238.8 million (or 1.8%). The Compensation of Employees was underspent in all programmes due to posts that could not be filled.[14]

3.3 2020/21

Table 5: Appropriation Statement for 2020/21

Programme	2020/21			2019/20		
	Final Approp.	Actual Expenditure	Over/Under Expenditure	Final Approp.	Actual Expenditure	Over/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Administration	469 780	384 336	85 444	419 337	412 741	6 596
Programme 2: Integrated Transport Planning	90 071	57 614	32 457	152 936	139 950	12 986
Programme 3: Rail Transport	9 599 405	9 584 302	15 103	16 560 839	16 560 238	601
Programme 4: Road Transport	31 472 160	31 459 985	12 175	33 295 501	33 285 865	9 636
Programme 5: Civil Aviation Transport	2 670 849	2 642 208	28 641	224 345	178 820	45 525

[14] Department of Transport (2020), p. 31.

Programme	2020/21			2019/20		
	Final Approp.	Actual Expenditure	Over/Under Expenditure	Final Approp.	Actual Expenditure	Over/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 6: Maritime Transport	144 618	135 776	8 842	135 250	132 879	2 371
Programme 7: Public Transport	12 907 852	12 809 594	98 258	13 416 923	13 178 118	238 805
Direct charge	10 997	-	10 997	10 424	2 614	7 810
Total	**57 365 732**	**57 073 815**	**291 917**	**64 215 555**	**63 891 225**	**324 330**

(Source: Department of Transport, (2021b)

For 2020/21, the Department had received a budget of R57.4 billion and of this amount, it spent R57.1 billion by the end of the financial year, that is 99.5% of the available budget. The expenditure pattern of the Department remains the same as in the previous financial year, when it had spent the same percentage (i.e. 99.5%) of the R64.2 billion allocated to it.

The Department underspent a total amount of R291.9 million, translating into an under-expenditure of 0.5%. In terms of Rand value, the biggest under-expenditure was in the Public Transport programme. Of the R12.9 billion that had been allocated to this programme, the Department had underspent R98.2 million (or 0.8%) of its allocation. Given the size of this programme's overall budget, the smallest proportion would suggest significant amounts in monetary value. However, the Integrated Rail Transport Planning programme was the worst performing in terms of proportional expenditure, as it underspent 36% of its budget. This is a significant decline from the previous year when its managed to spent 91.5% of its budget.

In contrast, the Civil Aviation Transport programme's expenditure improved in 2020/21. In 2019/20, its expenditure was 79.7%. However, expenditure reached 98.9%.

Compensation of Employees was underspent across all programmes, bar the Maritime Transport programme, "due to posts that could not be filled".[15] Goods and Services underspent in most programmes owing to the effects of the COVID-19 pandemic.[16]

3.3.1 Programme 1: Administration

By the end of 2020/21, the Administration programme had spent R384.3 million (or 81.8%) of the R469.8 million that had been allocated to it, translating into an under-expenditure of R85.4 million (or 18.2%). This was mainly on Compensation of Employees owing to posts that could not be filled. In addition, it was attributed to Goods and Services under travel and subsistence due to travel restrictions, venues and facilities, training and development as most courses had been held virtually. Moreover, the under-expenditure was said to have been derived from advertising, as well as other operational costs.[17]

The Department reported that an amount of R1.7 million had been moved from Compensation of Employees to fund excess expenditure on Households. An amount of R2.5 million had been moved from savings on Goods and Services to fund excess expenditure on Machinery and Equipment by R1.8 million, and R633 000.00 to fund payments for financial assets for debt "written off" within the programme.[18]

3.3.2 Programme 2: Integrated transport planning

[15] Department of Transport (2021), p. 32.

[16] Ibid.

[17] Ibid.

[18] Ibid.

The budget allocation for the Integrated Transport Planning programme stood at R90.1 million and of this amount, the programme had spent R57.6 million (or approximately 64%) by the end of the reporting period, translating into an under-expenditure of R32.5 million (or 36%).

This under-expenditure was on Compensation of Employees due to slow filling of vacant posts and on Goods and Services for projects affected by the national lockdown due to the COVID-19 pandemic.[19] Consequently, internal capacity was utilised for the following projects:[20]
- Regional Integration Strategy;
- Regional Transport Integration Market Strategy; And
- The District Development Model.

The Department reported that the following projects will be deferred to the 2021/22 financial year:[21]
- Transport Sector Perspective on COVID-19;
- Corridor Freight Development; and
- The Regional Corridor Strategy.

An amount of R178 000.00 was moved from Compensation of Employees to fund excess expenditure on Households, and R314 000.00 to fund excess expenditure under Machinery and Equipment within the programme.[22]

3.3.3 Programme 3: Rail transport

For the 2020/21 financial year, budget for the Rail Transport programme sat at R9 599 405 billion and of this amount, the programme had spent R9 584 302 billion (or 99.8%) by the end of the period under review. The programme underspent R15.1 million (or 0.2%) on Compensation of Employees due to delays in the filling of vacant posts.[23] In addition, the under-expenditure was on Goods and Services owing to delays in the procurement process for the Establishment of the Rail Economic Regulator that was dependent on the approval of the work plan that was anticipated to be completed by May 2021.[24] Moreover, the under-expenditure was attributed to delays in the White Paper on Rail Policy due to the COVID-19 outbreak, and “issues of contention that still needed to be resolved, as well as other projects”.[25]

An amount of R20 000.00 was shifted from Compensation of Employees to fund the employee social contribution, and R88 000.00 was shifted within the programme to fund excess expenditure on Machinery and Equipment.[26]

3.3.4 Programme 4: Road transport

Of the R31.472 160 billion that had been allocated to the Road Transport programme for 2020/21, it spent R31.459 985 billion (or approximately 100%). The programme underspent by R12.2 million (or 0.04%) mainly on Compensation of Employees due to delays in the filling of vacant posts and overspent on Goods and Services, Machinery and Equipment, as well as Households.[27]

An amount of R1.1 million was shifted from the Maritime Transport programme to the Road Transport programme to cover the excess expenditure on Goods and Services owing to funds paid for the

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[19] Department of Transport (2021), p. 32.

[20] Ibid.

[21] Department of Transport (2021b), p. 301.

[22] Department of Transport (2021b), p. 301.

[23] Department of Transport (2021b), p. 302.

[24] Ibid.

[25] Ibid.

[26] Ibid.

[27] Ibid.

electronic National Traffic Information System (eNaTIS) related “special investigation”.[28] Funds were shifted within the programme as follows:[29]

- R137 000.00 from Compensation of Employees to fund excess expenditure on Households; and
- R87 000.00 from Goods and Services to fund excess expenditure on Machinery and Equipment.

3.3.5 Programme 5: Civil aviation transport

By the end of 2020/21, the Civil Aviation Transport programme had spent R2.6 billion (or 98.9%) against R2.7 billion that had been allocated to it during the reporting period, indicating an under-expenditure of R28.6 million (or 1.1%). This under-expenditure was mainly on Compensation of Employees as a result of delays in the filling of vacant posts and on Goods and Services for the following:[30]

- The correction factor for ACSA and ATNS;
- National Aviation Transformation Strategy that was awaiting approval of the business case and gap analysis to appoint a service provider to develop the “practicals” to complement the Draft Final Aviation Curriculum; and
- Less spending on travelling due to travel restrictions.

The Civil Aviation Transport programme also underspent on Transfers due to less fees paid for foreign memberships. An amount of R2.8 million was shifted from “savings” on Compensation of Employees in this programme to fund the excess expenditure in the Maritime Transport programme under Compensation of Employees.[31] Funds were also shifted within the programme as follows:[32]

- R127 000.00 shifted from Compensation of Employees to fund excess expenditure on Households; and
- R59 000.00 shifted from savings on Goods and Services to fund excess expenditure on Machinery and Equipment.

3.3.6 Programme 6: Maritime transport

For the 2020/21 financial year, the Maritime Transport programme had received R144.6 million and of this amount, it spent R135.8 million (or 93.9%), indicating an under-expenditure of R8.8 million (or 6.1%). It is worth noting that there is regression on the expenditure in this programme compared to 2019/20, when of the R135.3 million that had been allocated to it, the programme had spent R132.9 million (or 98.2%), translating into an under-expenditure of R2.4 million (or 1.8%).[33]

The Maritime Transport programme underspent by R8.8 million mainly on:[34]

- Goods and Services projects such as the IMO World Maritime Day Parallel Event that could not take place due to the COVID-19 pandemic, as well as the women and youth empowerment project;
- Transfers and Subsidies owing to less fees foreign membership paid for the year; and
- Machinery and Equipment.

However, the programme overspent on Compensation of Employees due to the payment of delayed invoices pertaining to the official who was stationed abroad. An amount of R2.8 million was shifted to

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[28] Ibid.

[29] Ibid.

[30] Department of Transport (2021b), pp. 302-303.

[31] Department of Transport (2021b), p. 303.

[32] Ibid.

[33] Department of Transport (2020), p. 34.

[34] Department of Transport (2021b), p. 303.

the Maritime Transport programme to fund excess expenditure on Compensation of Employees from the Civil Aviation programme within the same item.[35]

3.3.7 Programme 7: Public transport

By the end of the period under review, the Public Transport programme had spent R12.8 billion (or 99.2%) of the R12.9 billion that had been allocated to it, translating into an under-expenditure of R98.3 million (or 0.8%). The programme recorded some progress from the previous financial year (2019/20), because by the end of that reporting period, it had spent R13.2 billion (or 98.2%) of the R13.4 billion that had been allocated to it, indicating an under-expenditure of R238.8 million (or 1.8%).[36]

The Public Transport programme underspent by R98.3 million on Compensation of Employees due to delays in filling of vacant posts, on Goods and Services projects due to the following:[37]

- Public Transport Grant monitoring which was still at procurement stages;
- Implementation of *Shova Kalula* Bicycle programme which was ongoing;
- Implementation of the IPTNs in district municipalities;
- Public Transport Safety Plan; and
- Empowerment of Small Business Operations.

However, the Public Transport programme overspent on Transfers and Subsidies due to:[38]

- An increased demand for the scrapping of old taxi vehicles on the TRP;
- Machinery and Equipment due to an earlier than anticipated expenditure on Information Technology (IT) procurement; and
- The reclassification for software and other intangible assets for the National Land Transport Information System.

An amount of R1.1 million was shifted on Goods and Services from the Public Transport programme to programme 4: Road Transport to fund excess expenditure within the same item.[39] Funds were also shifted from within the programme on Compensation of Employees to fund excess expenditure on Households for employee social contribution by R410 000.00, and on Goods and Services as follows:[40]

- R25.4 million shifted to fund excess expenditure on Households for the TRP;
- R27 000.00 to fund excess expenditure for Machinery and Equipment; and
- R3.4 million to fund software and other intangible assets.

3.4 Virements/ Roll Overs 2020/21

Table 6: Virements/Roll Overs[41]

Economic Classifications	Administration	Integrated Transport Planning	Rail Transport	Road Transport	Civil Aviation Transport	Maritime Transport	Public Transport	Total

[35] Department of Transport (2021b), p. 303.

[36] Department of Transport (2020), p. 35.

[37] Department of Transport (2021b), p. 303.

[38] Ibid.

[39] Ibid.

[40] Ibid.

[41] Department of Transport (2021b), p. 34.

	'000	'000	'000	'000	'000	'000	'000	'000
Compensation of Employees	1 (796)	(178)	(20)	(137)	(2 976)	2 849	(410)	**(2 668)**
Goods and Services	(2 453)	(314)	(88)	974	(59)	-	(29 869)	**(31 809)**
Households (HH)	1 796	178	20	137	127	-	25 830	**28 088**
Machinery and Equipment	1 819	314	88	87	59	-	27	**2 394**
Software and Intangible Assets	-	-	-	-	-	-	3 361	**3 361**
Payments for Financial Asset	634	-	-	-	-	-	-	**634**
Total	**0**	**0**	**0**	**1 061**	**(2 849)**	**2 849**	**(1 061)**	**0**

(Source: Department of Transport, (2021b).

As previously stated, savings on Compensation of Employees were shifted from Civil Aviation Transport programme to the Maritime Transport programme to fund excess expenditure for the payment of delayed invoices relating to the official stationed abroad within the same item.[42] Shifting of funds was also effected on Goods and Services from the Public Transport programme to fund the excess expenditure within the same item for funds paid for eNaTIS pertaining to special investigation in the Road Transport programme.[43]

The following references were made to roll overs in the annual report:

- At the end of 2020/21, no payment was effected to any taxi operator by the National Empowerment Fund. The cut-off date for the payment to the taxi operators is the 30th of September 2021, subject to the approval of a roll-over application by National Treasury (p 340);
- Division of Revenue Act (DORA) grant to Nelson Mandela Bay Municipality shows a roll over for the year under review of R98 173 000 (p 345).

3.5 Unauthorised, fruitless and wasteful and irregular expenditure 2020/21

3.5.1 Unauthorised expenditure

The cost of the eNaTIS maintenance and operations resulted in unauthorised expenditure of R1.3 billion that had been incurred in 2013/14, 2014/15 and 2016/17.[44]
An amount to the tune of R980 375.00 was incurred not in accordance with the vote of the programme in 2018/19: Road Transport.[45]

Steps taken to address and prevent a recurrence:

- The RTMC took over the eNaTIS with effect from 5 April 2017.
- Disciplinary processes commenced regarding the unauthorised expenditure that had not been in accordance with the vote of the programme: Road Transport.

3.5.2 Fruitless and wasteful expenditure

As at the end of 2019/20 financial year, there were 48 cases of fruitless and wasteful expenditure amounting to R114 624.27. Out of the 48 cases, the following actions were taken:[46]

[42] Ibid.

[43] Department of Transport (2021b), p. 34.

[44] Department of Transport (2021b), p. 35.

[45] Ibid.

[46] Department of Transport (2021b), p. 35.

- Five (5) cases amounting to R73 790.10 were written off; and
- Four (4) cases amounting to R3 194.35 were transferred to debt.

In 2020/21, eight (8) new cases of no shows amounting to R30 921.52 were added.

As at the end of the 2020/21 financial year, the balance of cases amounted to 47, with a total value of R68 561.34.

3.5.3 Irregular expenditure

According to the Department, no new irregular expenditure cases were reported in 2020/21, and 23 cases amounting to R119.3 million remained from the 2019/20 financial year of which:[47]

- Four (4) cases amounting to R1.9 million were referred to the NT for condonation;
- Seven (7) cases totalling R11.4 million awaited investigation report;
- One (1) case to the tune of R42 million awaited disciplinary hearing;
- Two (2) cases amounting to R2.6 million were being investigated by Internal Audit;
- One (1) case amounting to R500 000.00 – The Bid Adjudication Committee (BAC) supported a case to request the NT to condone and disciplinary steps to be taken;
- Four (4) cases to the tune of R57 million awaited submissions to the BAC and the confirmation of disciplinary steps; and
- Four (4) cases amounting to R3.8 million – Disciplinary and recovery processes had to be started at the time of the tabling of the Annual Report.

3.5.4 Measures put in place to prevent and/or detect irregular expenditure

The table below indicates the measures that were indicated in the annual report as having been put in place to prevent and/or detect irregular expenditure.[48]

While the Committee appreciates that no new cases of irregular expenditure were incurred by the Department in the financial year under review, the eight (8) new cases of fruitless and wasteful expenditure in the Department pose a concern as well as the cases of irregular expenditure and fruitless and wasteful expenditure still occurring in the Transport portfolio (of which PRASA was provisionally indicated as the highest contributor with R742 million).[49]

The Committee commends the Transport portfolio for not having incurred any new unauthorised expenditure in the past two years under review.

Although there was a decrease in the incurrence of irregular-and fruitless and wasteful expenditure over the past two years, and despite the measures indicated as having put in place, the year under review saw R1.433 million in irregular expenditure incurred for the entire Transport portfolio (a decrease when compared to the irregular expenditure of the 2019/20 financial year of R2.4 million and the 2018/19 financial year of R4.1 million); R1.43 million of which represents non-compliance in the 2020/21 financial year, and R1.8 million is expenditure relating to prior year non-compliance identified in the 2020/21 financial year under review.

The Committee remains concerned that the measures listed below for the current year under review only differ by two measures from those which were taken from the previous annual reports of the Department that were identical to the measures put in place in the annual reports for 2014/15, 2016/17, 2017/18 and 2018/19. Although the Department itself did not incur any new irregular expenditure, for the entire portfolio the concern remains valid given that the Transport portfolio still incurred irregular expenditure in the current period under review, which would indicate that the measures were either insufficient or ineffective or that the Department had not implemented these

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[47] Ibid.

[48] Department of Transport (2021b), p. 38.

[49] The outstanding audits (PRASA, SAMSA and RAF) were included based on the submitted Annual Financial Statements and the amounts may change based on the audit outcomes. Non-compliance matters have already been identified.

measures appropriately throughout the Transport portfolio. This concern was shared by the AGSA for the transport portfolio in their presentation to the Committee and the proposal that the Committee should continue to do oversight on the implementation of these measures.

The reference to the BAC from the previous year was changed to a request for condonation from National Treasury and the reference to the checking of Sundry Payments has been removed from the measures for the year under review.

The Committee also noted that a previous measure that sought to ensure training was provided to staff involved in the procurement process remains removed from the measures in place during the previous and current years under review. This is especially concerning as the Committee extended recommendations to the Minister, as well as the Minister of Finance to assist with ensuring that officials in Supply Chain Management (SCM) for the Transport portfolio were sufficiently trained to ensure that irregular expenditure is prevented. The AGSA also indicated that there is a need to ensure that the staff appointed in SCM directorates in the Transport portfolio are sufficiently trained and skilled to ensure compliance to the internal procurement policies as well as the PFMA and other procurement legislation. The Department has therefore not improved or reviewed these measures, as requested by the Committee during previous BRRRs.

Table 7: Measures put in place to prevent and/or detect irregular expenditure 2017/18, 2018/19, 2019/20 and 2020/21

2017/18 Annual Report	2018/19 Annual Report	2019/20 Annual Report	2020/21 Annual Report
Measures listed in the 2017/18 report that were put in place to prevent and/or detect irregular expenditure are as follows: •Where appropriate, cases of irregular expenditure are referred to the Department's legal services to determine whether any official can be held liable for the irregular expenditure; •Cases of irregular expenditure are referred to the Department's Directorate: Investigations and Forensics for investigation when an investigation is required; •Relevant managers are requested to take disciplinary steps against officials who make or permits irregular expenditure; •The BAC will not consider condoning irregular expenditure until a legal opinion has been obtained where applicable and disciplinary steps were considered;	Measures listed in the 2018/19 report that were put in place to prevent and/or detect irregular expenditure are as follows: •Where appropriate, cases of irregular expenditure are referred to the Department's legal services to determine whether any official can be held liable for the irregular expenditure; •Cases of irregular expenditure are referred to the Department's Directorate: Investigations and Forensics for investigation when an investigation is required; •Relevant managers are requested to take disciplinary steps against officials who make or permits irregular expenditure; •The BAC will not consider condoning irregular expenditure until a legal opinion has been obtained where applicable and disciplinary steps were considered;	Measures listed in the 2019/20 report that were put in place to prevent and/or detect irregular expenditure are as follows: o Where appropriate, cases of irregular expenditure are referred to the Department's legal services to determine whether any official can be held liable for the irregular expenditure; o Cases of irregular expenditure are referred to the Department's Directorate: Investigations and Forensics for investigation when an investigation is required; • Relevant managers are requested to take disciplinary steps against officials who make or permits irregular expenditure; • The BAC will not consider condoning irregular expenditure until a legal opinion has been obtained where applicable and disciplinary steps were considered;	Measures listed in the 2020/21 report that were put in place to prevent and/or detect irregular expenditure are as follows: o Where appropriate, cases of irregular expenditure are referred to the Department's legal services to determine whether any official can be held liable for the irregular expenditure; o Cases of irregular expenditure are referred to the Department's Directorate: Investigations and Forensics for investigation when an investigation is required; • Relevant managers are requested to take disciplinary steps against officials who make or permits irregular expenditure; • **National Treasury** is approached for condoning of irregular expenditure and is only approached once a legal opinion has been obtained where applicable, and disciplinary steps were considered;

•The contract management system monitors all payments against orders that are placed, and will detect payments that exceed the contract value; •The contract management system will detect any payments that are approved for processing for which no order was placed; •Payments for all procurements must be processed via SCM so that any irregular procurement can be detected before payment; •To prevent the occurrence of not completing the internal order and requisition forms, the SCM component does not make any approval documents or letters of acceptance available until the internal order and requisition forms are completed; and •Initiatives to train all officials who are involved in the approval of procurement matters will continue.	•The contract management system monitors all payments against orders that are placed, and will detect payments that exceed the contract value; •The contract management system will detect any payments that are approved for processing for which no order was placed; •Payments for all procurements must be processed via SCM so that any irregular procurement can be detected before payment; •To prevent the occurrence of not completing the internal order and requisition forms, the SCM component does not make any approval documents or letters of acceptance available until the internal order and requisition forms are completed; and •Initiatives to train all officials who are involved in the approval of procurement matters will continue.	• The Logis system monitors all payments against orders that are placed, and will detect payments that exceed the contract value; • The Logis system will detect any payments that are approved for processing for which no order was placed; • Payments for all procurements must be processed via SCM so that any irregular procurement can be detected before payment; • To prevent the occurrence of not completing the internal order and requisition forms, the SCM component does not make any approval documents or letters of acceptance available until the internal order and requisition forms are completed; and • *Sundry payments that could have originated via SCM are checked to confirm the procurement process that was followed.*	• The Logis system monitors all payments against orders that are placed, and will detect payments that exceed the contract value; • The Logis system will detect any payments that are approved for processing for which no order was placed; • Payments for all procurements must be processed via SCM so that any irregular procurement can be detected before payment; • To prevent the occurrence of not completing the internal order and requisition forms, the SCM component does not make any approval documents or letters of acceptance available until the internal order and requisition forms are completed;

4. OVERVIEW AND ASSESSMENT OF PROGRAMME PERFORMANCE

4.1 Summary of performance

Table 8: Overall Annual Performance Targets

Total targets set	49
Targets achieved	43/49
Targets not achieved	6/49
Success rate	87.8%
Total budget spent	R57.1 billion (or 99.5%)

(Source: Department of Transport (2021b).

The Committee is still concerned because the performance of the Department when considering the achievement of these targets did not translate into improved service delivery nor was the Department able to meet 100% of the performance targets which it set itself for the year under review.

During the period under review, the Department had set itself forty-nine (49) annual performance targets and of these, it achieved 43, translating into an achievement rate of 87.8%.[50] It spent R57.1 billion (or 99.5%) of the R57.4 billion that had been allocated to it in 2020/21. The Department did not achieve six (6) annual performance targets, indicating an under-achievement rate of 12.2%. In 2019/20, its achievement rate stood at 89.7%, the success rate for the Department regressed slightly during 2020/21. However, it should be borne in mind that in the previous financial year (2019/20), the Department had set itself fewer (total 29) annual performance targets and of these, it achieved 26.[51]

Some of the achievements by the Department during the period under review were the following: [52]

- The ERT Bill was introduced to Parliament, and subsequently approved for public comments in pursuance of further processing.
- The National Rail Safety Bill was approved by Cabinet, and introduced in Parliament in March 2021.[53]
- In line with the Government's quest for understanding transport needs and behaviours of households and individuals, and in order to assess attitudes towards transport services and facilities, to ascertain the cost of transport, and accessibility to services, the 2020 NHTS was conducted. During the 2020/21 financial year, an analytical report was finalised and disseminated to relevant stakeholders. Once finalised, the survey will guide Government's decisions, particularly with key interventions for the medium and long-term.[54]
- Planned consultations between the Department and the DPE on the recommended corporatisation of the TNPA, in line with the requirement of the National Ports Act (No. 12 of 2005), were conducted during July and September 2020, bringing the need to comply with the Act.[55] The TNPA was established as an independent subsidiary of Transnet in June 2021.[56]
- As part of the implementation of the Green Transport Strategy, a situational analysis was conducted on the Green Procurement Guidelines for land transport.[57]
- As part of the roll-out of PRASA's Rolling Stock Fleet Renewal Programme, a total of twenty-five (25) new trains were provisionally accepted for delivery as at the end of March 2021. The number of jobs created in the programme amounted to 866 jobs for South African citizens, and additional twelve (12) for expatriates.[58]
- In other PRASA infrastructure programmes, 1 691 jobs were created in the first Three Quarters of 2020/21. However, in the Fourth Quarter of the period under review, jobs declined to 404 as a result of the signalling programme in Gauteng and the Western Cape nearing completion.[59]
- To address the high youth unemployment rate in South Africa, while also enhancing on-the-job experience for unemployed graduates, a total of 50 interns were appointed and placed across departmental programmes.[60] The interns, who were appointed on 24-month contracts, resumed duty in January 2021. Among the interns employed, twenty-five (25) were female and the entire contingent of interns were youth.
- To facilitate transition of freight transportation from road to rail, and the participation of private sector in the rail sector, the implementation of the PSP Framework was continually monitored. In addition, the Department initiated the development of a Freight Migration Plan to enhance movement of rail-friendly cargo from road to rail.[61]

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[50] Department of Transport (2021b), pp. 79-162.

[51] Department of Transport (2020), pp. 76-166.

[52] Department of Transport (2021b), pp. 55-76.

[53] Department of Transport (2021b), p. 55.

[54] Department of Transport (2021b), p. 25.

[55] Ibid.

[56] Department of Transport (2021b), p. 74.

[57] Department of Transport (2021b), p. 75.

[58] Ibid.

[59] Ibid.

[60] Department of Transport (2021b), p. 78.

[61] Department of Transport (2021b), p. 76.

- A report that defines the evaluation criteria to be used in a Multi-Criteria Assessment (MCA) model for prioritisation of potential HSR corridors in South Africa was concluded. The evaluation criteria are based on two main areas of consideration i.e. the HSR link should be successful and showcase a success story, therefore, the chosen rail link should be the one reflecting the highest chance of success and the HSR project has to advance the AU's Integrated HSR Network and AU's Agenda/Vision for 2063. The evaluation criteria identified are quantifiable and the MCA criteria objective, concise with fact-based measurable indicators.[62]
- In the Department's pursuit to discourage contravention of road traffic laws and to improve road safety, the first phase of the roll-out of the AARTO Amendment Act (No. 4 of 2019) was initiated in July 2021. A total of R545 million has been allocated to fund the roll-out over the medium-term, with R215 million assigned for the current performance period (2021/22).[63]
- Upgrading, refurbishment and maintenance of national roads were executed during the period under review. The national network under the SANRAL is 22 253 km, and the overall condition index stood at 70.98 for the national road network, as at March 2021.[64] In all the nine provinces, approximately 5% of the road network underwent routine maintenance. This included resurfacing, rehabilitation, resealing, re-gravelling, blading and blacktop patching.[65]
- In line with the implementation of maritime transport initiatives, monitoring was conducted on the 2020 fast-tracked infrastructure projects. Those entailed small harbours and Boegoebaai Port in the Northern Cape.[66]
- In pursuit of the transport sector's desired outcome of an affordable, safe, universally accessible and reliable public transport, at the time of reporting, six (6) cities were operating IPTNs, and carried a combined 143 000 average passenger trips. These cities are: Johannesburg, Tshwane, Ekurhuleni, Cape Town, George and Nelson Mandela Bay.[67]

However, the Department encountered certain challenges, including but not limited to, the following:

- The outbreak of the COVID-19 pandemic resulted in restrictions that led to the closure of DLTCs, RAs and VTCs, particularly during Alert Levels 5 and 4, between 26 March 2020 and 31 May 2020.[68] These institutions gradually opened from 1 June 2020 depending on their readiness in terms of COVID-19 regulations. Due to the impact of COVID-19 on service delivery, in terms of limited staff and demand for services, major backlogs were incurred, especially with regard to the renewal of driving licences.[69] This then necessitated extensions of validity period of driving licences, in a way to allow the backlog to be cleared.
- The high vacancy rate in the Department remained a challenge. The main contributors to the high vacancy rate are unfunded positions in the organisational structure of the Department, high termination rate and administrative delays in completing recruitment processes.[70] During the period under review, a total of 28 vacant positions were filled, against the predetermined target of 17. The medium-term target is to ensure that the vacancy rate is reduced to 10% or below.[71]

4.2 Programme performance

4.2.1 Programme 1: Administration

Table 9: Programme 1: Administration: Annual Performance Targets

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[62] Department of Transport (2021b), p. 76.

[63] Ibid.

[64] Ibid.

[65] Ibid.

[66] Ibid.

[67] Ibid.

[68] Department of Transport (2021b), p. 50.

[69] Ibid.

[70] Department of Transport (2021b), p. 77.

[71] Ibid.

Total targets set	7
Targets achieved	7/7
Targets not achieved	0/7
Success rate	100%
Total budget spent	R384.3 million (or 81.8%)

(Source: Department of Transport (2021b).

The Department had set itself seven (7) annual performance targets under the Administration programme, and it achieved all of them (or 100%), spending R384.3 million (or 81.8%) of the R469.8 million that had been allocated to it during the period under review.[72] In 2020/21, there was improvement in the performance of the Department in the Administration programme from 2019/20. During that reporting period, the Department had set itself four (4) annual performance targets, and it achieved 3 (or 75%) by the end of the financial year.[73]

4.2.2 Programme 2: Integrated transport planning

Table 10: Programme 2: Integrated Transport Planning: Annual Performance Targets

Total targets set	5
Targets achieved	4/5
Targets Not Achieved	1/5
Success rate	80%
Total budget spent	R57.6 million (or approximately 64%)

(Source: Department of Transport (2021b).

During the period under review, the Department had set itself five (5) annual performance targets under the Integrated Transport programme, and it achieved four (4) of them, indicating a success rate of 80%. The one (1) annual performance target the Department could not achieve in this programme was the following:[74]

- ERT Bill approved by Parliament;
- The Bill is currently being processed by Parliament and has therefore “not yet [been] approved by Parliament as was targeted”.[75]

The Department spent R57.6 million (or approximately 64%) of the R90.1 million budget allocation for the Integrated Transport Planning programme in 2020/21.

4.2.3 Programme 3: Rail transport

Table 11: Programme 3: Rail Transport: Annual Performance Targets

Total targets set	9
Targets achieved	9/9
Target not achieved	0/9
Success rate	100%
Total budget spent	R9 584 302 billion (or 99.8%)

(Source: Department of Transport (2021b).

Of the nine (9) annual performance targets that the Department had set itself under the Rail Transport programme, it achieved all of them (or 100%). The Department spent R9 584 302 billion (or 99.8%) of the R9 599 405 billion in the programme. The performance of the Department (i.e. the attainment of all its annual targets) in the Rail Transport programme remains the same as it was in 2019/20. The only difference in this regard is that in the previous financial year, it had set itself three (3) annual performance targets, whereas these increased to nine (9) during the period under review.[76]

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[72] Department of Transport (2021b), pp. 84-86.

[73] Department of Transport (2020).

[74] Department of Transport (2021b), p. 95.

[75] Ibid.

[76] Department of Transport (2020).

4.2.4 Programme 4: Road transport

Table 12: Programme 4: Road Transport: Annual Performance Targets

Total targets set	8
Targets achieved	7/8
Target not achieved	1/8
Success rate	87.5%
Total budget spent	R31 459 985 billion (or approximately 100%)

(Source: Department of Transport (2021b).

During the reporting period, the Department had set itself eight (8) annual performance targets under the Road Transport programme, and of these, it achieved seven (7), translating into a success rate of 87.5%. The annual performance target that the Department could not attain during the period under review was the following:[77]

- National Anti-Fraud and Corruption Strategy for the Road Traffic Environment Strategy approved for submission to Cabinet;
- The Department reported that the "socio-economic impact assessment process [had been] initiated, but not completed, on the draft strategy". However, "the draft strategy was not gazetted for public comments, nor was it submitted to NEDLAC as was planned". Consequently, "the strategy could not be submitted to Cabinet clusters and no approval was granted for submission to Cabinet".[78]

It is worth noting that the programme regressed from consistently achieving 100% of its annual performance targets in the previous financial years.[79] The Department spent R31 459 985 billion (or approximately 100%) of the R31 472 160 billion that had been allocated to the Road Transport programme.

4.2.5 Programme 5: Civil aviation transport

Table 13: Programme 5: Civil Aviation Transport: Annual Performance Targets

Total targets set	5
Targets achieved	4/5
Target not achieved	1/5
Success rate	80%
Total budget spent	R2.6 billion (or 98.9%%)

(Source: Department of Transport (2021b).

Under the Civil Aviation Transport programme, the Department had set itself five (5) annual performance targets, and it achieved 4 (or 80%) of them.[80] The annual performance target that was not achieved in the programme was:[81]

- Review of Regulations for RPAS monitored;
- The Department reported that while it had initiated the review of the RPAS, "the review process was provisionally withdrawn by the CARCOM in July 2020" because "CARCOM raised safety and security concerns as a result of an increase in RPAS applications".[82]

The Department spent R2.6 billion (or 98.9%) of the R2.7 billion that had been allocated to the Civil Aviation Transport programme.

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[77] Department of Transport (2021b), pp. 120-121.

[78] Department of Transport (2021b), pp. 120-121.

[79] Department of Transport (2020).

[80] Department of Transport (2021b), pp. 137-139.

[81] Department of Transport (2021b), p. 137.

[82] Ibid.

4.2.6 Programme 6: Maritime transport

Table 14: Programme 6: Maritime Transport: Annual Performance Targets

Total targets set	9
Targets achieved	7/9
Target not achieved	2/9
Success rate	77.8%
Total budget spent	R135.8 million (or 93.9%)

(Source: Department of Transport (2021b).

During the period under review, the Department had set itself nine (9) annual performance targets under the Maritime Transport programme, and it achieved seven (7).[83] This translated into a success rate of 77.8%. The two (2) annual performance targets that the Department could not achieve in the programme were the following:[84]

- Merchant Shipping Bill approved by Cabinet;
- The Department reported that during the period under review, it had conducted stakeholder consultations on the Bill. In addition, “the socio-economic impact assessment report was updated” and “the Bill was referred to State Law Advisors for certification”. However, “the Bill was not approved for submission to Cabinet as targeted”. Furthermore, the Department reported that “stakeholder consultations were extended to accommodate bilateral engagements with selected stakeholders”;[85]
- Marine Pollution Prevention Amendment Bill (incorporating Annexes IV and VI) approved for submission to Cabinet;
- The Department asserted that while the Bill had been processed through the Economic Sectors, Employment and Infrastructure Development (ESEID) Cluster, it could not be submitted to Cabinet as targeted owing to “prolonged internal approval processes”.[86]

The Department has undertaken to prioritise the submission of the Merchant Shipping Bill, as well as the Marine Pollution Prevention Amendment Bill in the new financial year (2021/22).[87]

4.2.7 Programme 7: Public transport

Table 15: Programme 7: Public Transport: Annual Performance Targets

Total targets set	6
Targets achieved	5/6
Target not achieved	1/6
Success rate	83.3%
Total budget spent	R12.8 billion (or 99.2%)

(Source: Department of Transport (2021b).

The Department had set itself six (6) annual performance targets under the Public Transport programme, and it achieved five (5) by the end of the financial year under review, indicating a success rate of 83.3%.[88] The Department had spent R12.8 billion (or 99.2%) of the R12.9 billion that had been allocated to the Public Transport programme. The annual performance target that the programme could not achieve in the programme was:[89]

- Reviewed Regulations for Integrated Single Ticketing System approved;

[83] Department of Transport (2021b), pp. 147-149.

[84] Department of Transport (2021b), pp. 147-148

[85] Department of Transport (2021b), p. 147.

[86] Department of Transport (2021b), p. 148.

[87] Department of Transport (2021b), p. 150.

[88] Department of Transport (2021b), pp.159-162.

[89] Department of Transport (2021b), p. 159.

- The Department reported that the ministerial approval for the amended regulations had not been obtained as targeted. It attributed this to "delays in finalising and gazetting amended regulations due to [the] onset of COVID-19".[90]

As a corrective measure, the Department has undertaken to prioritise the finalisation and submission for ministerial approval in 2021/22.[91]

5. HUMAN RESOURCE MANAGEMENT

During the year under review, the Department had 951 posts on the approved establishment and of these, 734 had been filled. The vacancy rate stood at 22.8%.[92]

The highest vacancy rate was in the Civil Aviation Transport programme that stood at 33.8%. The Maritime Transport programme came second, with the vacancy rate of 31.1%. In the third place, was the Road Transport programme whose vacancy rate stood at 29.7%.[93]

6. SUMMARY OF 2020 REPORTING REQUESTS

During the 2020 BRRR, the Committee requested additional matters for the Department to report on. On page 188 of the annual report, the Department refers in general to the 2020 BRRR of the Committee. Unlike last year, the Department did not list these reporting requests in its annual report for the year under review. The Department also did not indicate how it responded to these requests in the annual report. The Committee noted that in the course of engagements throughout the year, the Department did address some of these issues.

The Committee is of the view that the Department and its entities must comply with the additional reporting requests contained in its BRRR, and that the failure to do so will not be accepted. A number of these requests are repeated in this year's additional reporting requests due to repeat findings by the AGSA, as well as the failure of the Department and its entities to ensure that all of these were reported on and resolved within the set timeframes.

Table 16: Additional Reporting Requests from the 2020 BRRR by the Committee

Reporting matter	Action required	Timeframe
The Department should submit an improved Action Plan to address the findings of the AGSA for it and its entities, as well as the implementation of the recommendations made by the Committee in this report.	Written plan from the Department.	15 January 2021
The Department should submit a comprehensive briefing on steps it will be taking to assist in stabilising its entities (including filling of vacancies, conclusion and evaluation of shareholder agreements, improving the efficiency of the shareholder representatives on the boards, closely monitoring the implementation of projects and budget expenditure, etc.).	Monthly progress written briefings from the Department.	Monthly starting with first report due on 15 January 2021
The Department should submit a	Monthly progress written	Monthly starting with

[90] Ibid.

[91] Department of Transport (2021b), p. 163.

[92] Department of Transport (2021b), p. 201.

[93] Ibid.

comprehensive briefing on progress made on the filling of Board vacancies in entities, as well as the filling of all critical posts within the Department and its entities.	briefings from the Department.	first report due on 15 January 2021
The Department should submit a comprehensive briefing on implementation of the RTRP with specific reference as well to the progress under the programme for purposes of implementation of the recommendations from the Public Protector's Report on illegal Quantum Van conversions.	Written briefing from the Department.	15 January 2021
The Department should submit quarterly reports on investigations underway in the Department and all the entities.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on pending litigation, as well as settlements reached and judgments for and against the Department and all the entities.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on human resource management (retentions, secondments, transfers, retirements, training and skills transfers, resignations and dismissals), as well as report on progress in disciplinary matters (including suspensions) in the Department and all the entities.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on the achievement of job creation targets in the Department and all the entities.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on the achievement of transformation targets in the Department and all the entities.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on the progress towards prevention of irregular expenditure for the Department and all the entities.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on the *Shova Kalula* Bicycle project.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on the progress of projects linked with the following grants: Public Transport Operations Grant (PTOG) PRMG Public Transport Network Grant (PTNG) RRAMS Coal Haulage Grant Disaster Management Grant	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on progress regarding the Moloto Corridor Project and how this affects both the Road and Rail Programmes.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit a	Written briefing from the	15 January 2021

comprehensive briefing on the progress made to address and/or implement recommendations emanating from Committee Oversight Reports during the year.	Department.	
The Department should submit a progress report on the finalisation of the Public Transport Safety Plan.	Written report from the Department.	15 January 2021
The Department should submit quarterly reports on strategies to address the financial health status of: C-BRTA RAF PRSA SANRAL PRASA SACAA ACSA ATNS	Written plans from the Department of Transport and: C-BRTA RAF PRSA SANRAL PRASA SACAA ACSA ATNS	Quarterly reports within 30 days of the adoption of this report by the NA.
The Department, together with the C-BRTA should submit quarterly progress reports on progress regarding: The implementation of the 1996 Southern African Development Community (SADC) Protocol on Transport, Communications and Meteorology; The resolution of the impasse regarding the cross-border movements on the Republic of South Africa (RSA)/Kingdom of Lesotho route.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department, in conjunction with PRASA should submit a comprehensive briefing on the Werksmans contract from conclusion of the contract in 2015 to the current status of work performed by the firm and include the total expenditure to date relating to the contract in question, as well as the progress on resolving the matters raised in the report.	Written briefing from the Department.	15 January 2021
The Department, together with PRASA should submit a comprehensive briefing on: - the Progress made due to interventions from the operations of the Administrator's Plan during his tenure; - the new Board interventions plan it intends to implement, as well as how this will address the shortages of train sets currently online and how they intend to increase ridership; - The plan in place to ensure that PRASA complies with the RSR directives and the Court Order regarding these; - The plan in place to phase out manual authorisation or how they will ensure that the use of manual authorisation will not lead to another train collision or derailment; - The plan to address the concerns raised	Written briefing from the Department.	15 January 2021

regarding Autopax;		
The Department, together with the DLCA must submit a comprehensive plan on how the concerns regarding the card production machine is being addressed as well as a report on the progress made to finalise the proposed new card standards.	Written plan from the Department.	15 January 2021
The Department, together with SANRAL must submit a report on the agreements entered into and deliverables in relation to the transfer of road maintenance and further planned construction in relation to the Moloto Road Corridor with each of the relevant affected provinces and SANRAL.	Written report from the Department.	15 January 2021
The Department, together with SANRAL must submit a comprehensive plan on managing the fiscal constraints placed on the entity due to the e-tolling GFIP concerns raised.	Written plan from the Department.	15 January 2021
The Department, together with SACAA must submit a report on the progress into the investigation of the aircraft crash involving the Calibration Aircraft of the entity as well as submit the final report on this crash investigation once it is finalised.	Written progress report from the Department.	15 January 2021

7. OBSERVATIONS

7.1 Tabling and Reasons for delays or non-tabling of Annual Reports

Due to the impact of COVID-19 lockdown measures on the performance of the Department and its entities throughout the year under review, as well as its impact on the reporting and audit finalisation timeframes for the year under review, the report is based on those annual reports that were tabled before 16 November 2021.
The RTIA, RAF, PRASA and SAMSA did not submitted their annual reports in time for consideration by the Committee. The AGSA indicated that the audits of PRASA and SAMSA are expected to be finalised by the end of November 2021, and that they are in a dispute with RAF on some issues from the audit and this is being mediated by National Treasury. The AGSA did indicate that they finalised the audit of the RTIA, however the annual report of the entity was not tabled before Parliament at the time of finalising this report. The AGSA also indicated that PRASA, SAMSA and RTIA submitted their annual financial statements late.
The Minister, on 30 September 2021, tabled the following reasons for the delay in tabling the RTIA, PRASA, SAMSA and RAF Annual Reports:

- RTIA
  - *Prior to submission of the 2020/21 annual financial statements, errors and inaccuracies were discovered and had to be corrected, for the accounting authority to be able to prepare the annual financial statements and an annual report that are free from material misstatements;*
  - *The unavailability of information, due to the conclusion of internal investigations has also had a severe impact on preparedness of annual financial statements;*
  - *The possibility of experiencing a potential scope limitation, due to the unavailability of information, due to internal investigations.*
  - *It was indicated that the Board submitted the 202021 annual financial statements to the Office of the Auditor-General on the 31 July 2021 and the financial audit could only start from the 1 August 2021 and is in progress.*
- RAF
  - *The Auditor-General South Africa on 25 June 2021 issued a finding that differed with the new accounting policy that the RAF has adopted. This audit finding invariably resulted in a dispute between the AGSA and RAF on this*

aspect of the 2020/21 audit, resulting in a material disagreement. Thereafter, this matter has since been referred to the Accounting Standards Board for clarity and the National Treasury's – Office of the Accounting General for intervention and dispute resolution;

    - *Due to this dispute process, this has now led to the RAF's audit timelines needing an extension as both the AGSA and RAF needing additional time for the 2020/21 audit to be finalised. The RAF Board has anticipated that this process may take about 2 months after the expected finalisation date of 30 August 2021, therefore it is expected that the audit can only be finalised, the latest 31 October 2021.*
- PRASA
    - *The AGSA is still auditing the assets component of the Annual Financial Statements and is yet to provide the estimated date of completing the audit.*
- SAMSA
    - *The entity submitted a list of substantial reasons to the office of the Minister that led to the entity not being able to submit on time;*
    - *The list of reasons was, however, not submitted with the letter from the Minister.*

The Committee noted that the AGSA indicated that the annual financial statements for PRASA, SAMSA and RTIA had been submitted late in order for the audit process to start. The Committee also noted that the AGSA indicated that the audit of RTIA had been finalised, however, the annual financial statements were not tabled in time for this report. The Committee also noted that despite the indication in the letters from the Minister that the audits should be finalised by 31 October 2021, this was not the case as indicated by the time the Committee met with the AGSA on 9 November 2021. It is the second consecutive year that the annual reports of RTIA and SAMSA were not tabled on time. The Committee is disappointed that reasons tabled by the Minister for the delay in the tabling of the SAMSA annual report are not detailed or sufficient. Despite tabling their report in time during the 2020 BRRR process, PRASA has regressed back to failing to submit their annual report in time as was the case in the 2019 BRRR process – the delay linked to the audit of the asset register of PRASA is a concern as media reports and oversight visits indicated that wide spread vandalism had been afflicted to the assets of the entity and it is imperative to have an updated record of the total asset list and asset losses suffered by the entity during the year under review. The dispute between the RAF and the AGSA is noted and the Committee hopes that the outcome of this dispute will offer future interpretation certainty for all entities. The Committee noted with concern, through the presentation by the AGSA, that the delays in finalising investigations at RTIA impacted on the audit process, as well as the indication by the AGSA of the possibility that some information submitted may have been fabricated.

The RAF, PRASA, RTIA and SAMSA 2020/21 annual reports remained outstanding at the time of the adoption of this report by the Committee.

7.2 Opinions expressed by the AGSA: Audit Outcomes for the Transport Portfolio

7.2.1 Summary of AGSA findings for the Department specifically

The overall outcomes in the Transport portfolio has slightly improved when compared to the prior year. During the period under review, the Department received an unqualified audit opinion with findings. The AGSA made the following findings specific to the Department: [94]

7.2.1.1 Restatement of corresponding figures and non-compliance with prescribed financial reporting framework

Financial statements submitted for auditing had not been prepared in accordance with the prescribed financial reporting framework, as required by section 40(1)(a)of the PFMA, No. 1 of 1999.[95] Material misstatements pertaining to the recognition of investments and contingent liabilities, that had been identified by the auditors in the submitted financial statements, were corrected, resulting in the financial statements receiving an unqualified opinion. This remains a repeat finding.

[94] Department of Transport (2021b), pp. 224-228.

[95] Department of Transport (2021b), p. 226.

7.2.1.2 Procurement and Contract Management

A contract was awarded based on evaluation criteria that differed from those stipulated in the original invitation for bidding, as required by the Treasury Regulations 16A6.3(a) and (b).[96] This remains a repeat finding.

7.2.1.3 Internal Control Deficiencies

Management had not performed adequate reviews to ensure that the submitted financial statements were accurate, and adhered to the applicable financial reporting framework resulting in material amendments to the annual financial statements relating to recognition of investments and contingent liabilities.[97]

The Office of the AGSA found that the management had not adequately reviewed the application of the bid evaluation criteria to ensure that non-compliance therein was promptly identified and addressed.[98]

7.2.1.4 Investigations

As at the date of the AGSA's report, three investigations by the Public Protector had been brought to the AGSA's attention:

1. The Public Protector had finalised the investigation into procurement of personal protective equipment and concluded that the allegations of impropriety and/or maladministration were unsubstantiated.[99]
2. The investigation into the appointment of two ministerial advisors had also been finalised, and the Department had agreed with the findings to take remedial action. Remedial action had commenced by the Department with one of the officials, and the other official had indicated his intention to challenge the remedial action.[100]
3. The investigation into procurement that had been conducted during the national state of disaster was still underway and not yet concluded.[101]

7.2.2 AGSA findings for the entire Transport portfolio

The Committee noted the following views expressed by the AGSA regarding the audit outcomes of the Transport portfolio:

7.2.2.1 Overview

The overall outcomes in the portfolio have slightly improved when compared to the prior year with most of the auditees receiving an unqualified audit opinion with findings on compliance with legislation.

The portfolio has five audits (C-BRTA, DLCA, SACAA, RSR and PRSA) that have achieved an unqualified audit opinion with no findings (clean) and this represents 36% of the audits in the portfolio. This is a slight improvement from 29% in the prior year due to RSR and PRSA improving from unqualified with findings on compliance to clean audit reports. RAF achieved an unqualified opinion with no findings in the prior year, but is currently outstanding.

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[96] Department of Transport (2021b), p. 227.

[97] Ibid.

[98] Department of Transport (2021b), p. 227.

[99] Department of Transport (2021b), p. 228.

[100] Ibid.

[101] Ibid.

Three of the audits in the portfolio, PRASA, RAF and SAMSA are still outstanding These entities play a significant role in the country in terms of their mandated responsibilities. Five auditees (The Department, RTMC, SANRAL, ATNS and ACSA) which represents 36% of the auditees in the portfolio received financially unqualified audit opinion with findings on compliance with legislation.

The prevalent instances of non-compliance are in the areas of expenditure management, supply chain management, consequence management and material misstatements identified in the financial statements submitted for audit. Action plans to address audit findings are developed, but not implemented and monitored adequately. Findings raised are in most instances recurring findings.

The portfolio needs to create a culture of discipline to improve service delivery and poor audit outcomes.

AGSA has noted some positive progress in the filling of vacancies at board level and executive management. This is already having a positive impact on creating stability and will go a long way towards enhancing governance, accountability and oversight in the portfolio.

AGSA commends management and the executive authority for the audits (C-BRTA, DLCA, SACAA, RSR and PRSA) that achieved and continue to maintain clean audit outcomes. These institutions have ensured that they maintain the positive audit outcomes from the prior year.
These entities have effective governance structures that ensure that actions are taken to address audit findings and are supported by adequately resourced officials. The focus of these entities, going forward, should be to ensure that they do not only achieve clean audit outcomes, but are also ensuring effective and efficient delivery of services.

The Portfolio Committee is recommended to enhance in-year monitoring processes to ensure that the good practices as indicated above are implemented and maintained by all entities in the portfolio.

Even though the AGSA is seeing some progress in the number of entities with clean audit outcomes, the majority of the entities in the portfolio especially the larger ones are struggling to achieve clean audit outcomes. The challenges of these entities are unpacked in five themes, i.e. governance/instability, expenditure management, quality of submitted financial statements and annual performance reports, financial sustainability/going concern challenges and consequence management.

Governance/Stability –The instability at board/executive management level over the years had a negative impact on governance in the portfolio which also resulted in service delivery challenges in some entities. This also contributed to the portfolio’s inability to sufficiently implement audit action plans to address the deficiencies in controls that continuously lead to the portfolio not improving the audit outcomes.

The boards of C-BRTA, SAMSA, and RAF will need to focus on filling the key vacancies at executive management level to support the timely implementation of action plans to address key deficiencies in internal control. The vacancies at DLCA and the Department also need to be filled.

In the previous financial year, RTIA received a disclaimer audit outcome due to management integrity where the AGSA had been unable to rely on the representations made by management during the audit. The new accounting authority appointed in August 2020 implemented investigations to address the causes for the disclaimer. The registrar, Chief Financial Officer (CFO) and the Senior Manager SCM were placed on cautionary suspension pending these investigations. Subsequent to the 2020-21 year-end the investigations concluded misconduct by these officials. In the current financial year, RTIA received a qualified opinion due to the completeness of irregular expenditure that could not be confirmed, and a material misstatement relating to AARTO assets and liabilities that was not supported, resulting in a limitation in the financial statements.

Since the appointment of the new accounting authority at RTIA, they have made all the necessary appointments to all the committees, including the audit and risk committee. This has provided stability at a governance oversight level. An acting registrar was seconded to RTIA to provide stability and ensure that operations continued.

The accounting authority needs to ensure that the root cause of irregular expenditure is addressed in the following year. The internal controls around the SCM unit need to improve, and the unit needs to be capacitated with employees that have the requisite skills to stabilise it.

The boards and/or executive management who are doing well to create stability and drive clean administration are at C-BRTA, SACAA, DLCA, RSR and PRSA, and a correlation between clean administration and quality service delivery should be established in the portfolio.

Expenditure management –There was a decrease in the incurrence of irregular-and fruitless and wasteful expenditure over the past two financial years. PRASA, ACSA and SANRAL still remain the largest contributors to irregular expenditure. The numbers are still going through the audit process for the outstanding audits. (PRASA, RAF and SAMSA)

AGSA noted progress at some of the entities (Department and ACSA) in the portfolio, as they implemented detective controls to both identify and disclose Unauthorised, Irregular and Fruitless and Wasteful Expenditure in their financial statements. This is a step in the right direction, as these entities are becoming more transparent and have committed to implementing preventative controls to ensure that non-compliance with SCM is prevented in the following year. The remaining entities in the portfolio are encouraged to follow suit, to ensure that the control environment over compliance, especially SCM, is enhanced.

Non-compliance with SCM prescripts is the biggest contributor when it comes to irregular expenditure. The risk exists that the non-compliance can result in Material Irregularities and the accounting officer/authorities therefore need to deal with these matters properly with a zero tolerance approach.

Quality of submitted financial statements and annual performance reports – Some auditees (C-BRTA, RSR, SACAA, PRSA and DLCA) managed to submit financial statements that are free of material misstatements.

There was, however, a regression in the quality of financial statements as a number of entities (Department, RTMC, SANRAL and ATNS) still had to correct material misstatements identified through the audit process on their financial statements to achieve an unqualified opinion. PRASA, SAMSA and RTIA submitted their annual financial statements late.

The audit outcomes on the quality of performance report has stagnated when compared to the prior year and this may change once all audits are finalised.   However, the majority of the finalised auditees (64%) did not have material findings on performance information. SANRAL has regressed from the prior year as the annual performance report submitted for audit contained a number of material misstatements.

Material findings were reported on the usefulness of the performance information, at RTIA, that did not clearly define the predetermined evidence and method of collection to be used, we were therefore unable to test whether the indicator was well-defined.

Financial sustainability/going concern - The COVID-19 pandemic and the lockdown restrictions instituted by Government continue to pose sustainability and going concern risks for the auditees in the portfolio. The revenue generation of the self-sustaining entities such as ACSA, C-BRTA, SACAA and SANRAL was severely disrupted. The SANRAL board has requested an additional grant of R3 billion to assist with the funding of the GFIP, since there is no decision yet on the outstanding E-tolls matter. National Treasury has approved the transfer from non-toll budget to toll.

Service delivery objectives – The COVID-19 pandemic has also had a negative impact on the portfolio's service delivery objectives, e.g. the declining revenue streams and the budget reprioritisation. AGSA acknowledges the mitigating actions implemented by the portfolio to continue delivering on their mandates. The transport portfolio is a fundamental role player in the economic recovery plan and accountable for a budget allocation of R88 billion.

The portfolio therefore needs to ensure that its oversight structures are geared to continuously monitor and report on the effectiveness by which key strategic goals are achieved.

Consequence management – The portfolio needs to create a culture of discipline to improve service delivery and poor audit outcomes. Action plans to address audit findings are developed, but not implemented and monitored adequately as these still do not achieve the expected improvements in audit outcomes. This is partly attributable to instability in key positions at the entities. Consequence management remains a concern as there is still non-compliance with legislation, especially SCM and this results in irregular expenditure and fruitless and wasteful being continuously incurred. The culture of consequence management should therefore be institutionalised in the portfolio.

7.2.2.2 Key Root Causes and Recommendations

Key root causes in the internal control environment

- Material misstatements were due to the lack of a proper understanding of the requirements of accounting frameworks and inadequate review by finance management, internal audit and the Audit and Risk Committee.
- The lack of consequences for SCM transgressions results in material non-compliance in procurement and contract management, expenditure management (ineffective steps to prevent unauthorised, irregular, fruitless and wasteful expenditure) and consequence management.
- Management did not implement adequate review and monitoring controls over the preparation of the financial statements and annual performance report.
- Management was not effective in developing and monitoring the implementation of action plans.

Recommendations

- Accounting officers/ authorities must continue to do their work through audit committees to ensure management implement and enhance processes of review of the financial statements.
- The internal audit functions and Audit and Risk Committees should enhance their review of the financial statements and annual performance report.
- Accounting officers/ authorities must strengthen preventative controls to reduce non-compliance.
- Management must develop and implement action plans to address audit findings and monitor performance and consequence management especially around supply chain management.
- The developed action plans must be thoroughly reviewed by the accounting officers/ authorities to ensure that they address the root cause.

7.2.2.3 Quality of Financial and Performance Reporting

Quality of submitted financial statements

- Five (36%) auditees (C-BRTA, RSR, SACAA, PRSA and DLCA) submitted financial statements that did not contain material misstatements and the AGSA commends these entities.
- Four auditees (Department, RTMC, SANRAL and ATNS) corrected material misstatements on their annual financial statements to achieve an unqualified opinion.
- One auditee, RTIA, received a qualified opinion due to the completeness of irregular expenditure that could not be confirmed, and a material misstatement relating to AARTO assets and liabilities that was not supported resulting in a limitation in the financial statements. The entity received a disclaimer of opinion in the previous year due to management integrity.
- This is due to inadequate review of financial statements by management.

Quality of performance reporting

- Overall, the audit outcomes on the quality of performance report has stagnated when compared to the prior year, this may change once all audits are finalised. However, the majority of the finalised auditees (64%) did not have material findings on performance information.
- SANRAL has regressed from the prior year as the annual performance report submitted for audit contained a number of material misstatements. This was mainly due to lack of review and validation of information submitted by external parties and

an inadequate review of the annual performance report. Furthermore, SANRAL does not have a fully capacitated performance management unit to monitor and validate actual achievement against source documents.

- RTIA was disclaimed on the programme audited as the method of calculation was not clear. The organisational structure that was supposed to have been implemented had not been approved. There were also material adjustments in two programmes that had been reported by management.

7.2.2.4 Credible Financial Reporting

Root cause analysis

- Material misstatements were due to the lack of a proper understanding of the requirements of accounting frameworks and inadequate review by finance management, internal audit and, the Audit and Risk Committee.
- The findings raised are recurring and this is despite discussions held with the auditees on the implementation of preventive control measures.

Recommendations

- Accounting officers/authorities should implement disciplined financial reporting structures based on solid accounting and financial management knowledge.
- Internal audit should scope in the review of the financial statements and be allowed enough time for a detailed review.
- Accounting officers/ authorities must thoroughly review the developed action plans to ensure they address the root cause.
- Effective monitoring and oversight by the audit committee is critical to ensure that repeat findings are prevented in the next financial year.

7.2.2.5 Credible Performance Reporting

Root cause analysis

- SANRAL has regressed from the prior year as the annual performance report submitted for audit on 31 May 2021 contained a number of material misstatements.
- The root cause is the lack of review by internal audit and validation of achievement by regional officials and head office (Head of Strategy) as well as capacity constraints in the performance management unit.
- RTIA was disclaimed on the programme audited as the method of calculation had not been clear whether it was a single achievement or a cumulative calculation.
- Internal audit did not review the quarterly reports to ensure that the reporting is aligned to the technical indicators.

Recommendations

- Enhance procedures for monitoring and validation of the actual performance achievement.
- Consider adequacy of internal capacity for monitoring and reviewing performance achievement at SANRAL to enable the identification of errors in a timely manner.
- Management should develop and implement action plan to address findings raised, and internal audit should monitor the action plan developed by management.
- Effective monitoring and oversight by the audit committee is critical.

7.2.2.6 Compliance with Legislation

The audit outcomes relating to compliance with legislation have remained stagnant. The inability of the portfolio to significantly improve their audit outcomes and more specifically on supply chain management remains a concern.

Areas of non-compliance:

- Material misstatements in submitted financial statements (ATNS, RTMC, SANRAL, Department and RTIA);
- Expenditure management –Not preventing irregular expenditure (ATNS, SANRAL, RTMC and ACSA);

- Procurement and contract management –Non-compliance to SCM requirements (RTMC, Department, SANRAL and RTIA);
- Consequence management –The necessary disciplinary actions are not being taken against staff who have incurred unauthorised, irregular and fruitless and wasteful expenditure (SANRAL);

7.2.2.7 Irregular, Unauthorised, Fruitless and Wasteful Expenditure

- Irregular expenditure

Total irregular expenditure identified was R1 433million. R742 million (55% of total) was incurred by PRASA.[102]

- Fruitless and wasteful expenditure

Total fruitless and wasteful expenditure identified was R121 million. R76,9 million (64% of total) was incurred by ACSA, mainly relating to interest and penalties imposed by the South African Revenue Service (SARS) due to disallowance of certain deductions claimed.

- Irregular expenditure over two years[103]

R1 431 million represents non-compliance in 2020-21. R1,8 million is expenditure relating to prior year non-compliance identified in the current year. Irregular expenditure has reduced by 44% compared to prior year.

PRASA, ACSA and SANRAL were the main contributors to irregular expenditure:
•PRASA (R742 million) –Competitive bidding not followed (R123 million), procurement not in accordance with Preferential Procurement Policy Framework Act (PPPFA) and SCM policy (R567 million), and splitting the purchase of goods and services to procure through quotations instead of a tendering process (R26 million).

•SANRAL (R175 million) –Expenditure not approved by delegated authority or National Treasury (R76 million), awarding of preference points to bidders without original or certified Broad-Based Black Economic Empowerment (B-BBEE) certificates (R21 million), contracts not advertised for at least five working days on Construction Industry Development Board (CIDB) website (R30 million) and deviations not approved by National Treasury or delegated authority (R22 million).

•ACSA (R282 million) –The largest portion of this relates to non-compliance with Preferential Procurement Policy Framework Act (R249 million).

7.2.2.8 Fruitless and Wasteful Expenditure over two years

Total fruitless and wasteful expenditure identified amounts to R121million, down from the reported prior year value of R191million. [104]
ACSA was the largest contributor -fruitless and wasteful expenditure amounting to R76,9 million identified in the current year related to interest and penalties imposed by SARS due to disallowance of certain deductions claimed. In the previous financial year, ACSA contributed to 59% of total fruitless and wasteful expenditure and in the current financial year, the entity contributed to 63% of total fruitless and wasteful expenditure. PRASA incurred R15,3 million linked to Interest and penalties and RTMC incurred R7,4 million linked to Interest on late payments.

[102] The outstanding audits (PRASA, SAMSA and RAF) were included based on the submitted AFS. The amounts may change based on the audit outcomes.

[103] The outstanding audits (PRASA, SAMSA and RAF) were included based on the submitted annual financial statements. The amounts may change based on the audit outcomes. Non-compliance matters have already been identified.

[104] The outstanding audits (PRASA, SAMSA and RAF) were included based on the submitted AFS. The amounts may change based on the audit outcomes.

7.2.2.9 Unauthorised Expenditure over two years

No unauthorised expenditure has been incurred in the past two years.

7.2.2.10 Consequence Management

Action plans to address audit findings are developed, but not implemented and monitored adequately as these still do not achieve the expected improvements in audit outcomes. This is partly attributable to instability in key positions at the entities.
Consequence management remains a concern as there is still non-compliance with legislation, especially SCM and this results in irregular expenditure and fruitless and wasteful expenditure being continuously incurred.

Recommendations linked to these issues:
•There must be timely investigations of reported irregular expenditure and disciplinary actions taken against those found responsible for such expenditure.
•Accounting officers/ authorities must ensure that disciplinary actions are taken against staff that transgressed procurement regulations.
•Accounting officers/ authorities must enhance action plans to address repeat findings.
•Internal audit units and audit committees must monitor implementation of action plans.
•The culture of effective consequence management should be institutionalized in the portfolio to improve service delivery and poor audit outcomes

7.2.2.11 Supply Chain Management

There was an overall regression in SCM compliance. All SCM findings should be investigated.
The most common findings on SCM were:

- No effective and appropriate steps were taken to prevent irregular and/or fruitless and wasteful expenditure at 4 auditees (ATNS, SANRAL, RTMC and ACSA);
- Contracts were extended or modified without the approval of a properly delegated official (SANRAL, RTIA)
- Contract/quotations awarded to a bidder based on evaluation criteria that differed from those stipulated in the original invitation for bidding (Department and RTMC)

Recommendations linked to SCM issues:

- Accounting officers/ authorities should capacitate the portfolio with skilled people who are well-versed in supply chain management processes and legislative prescripts.
- Preventative controls should be strengthened to ensure no irregular/fruitless and wasteful expenditure is incurred.

7.2.2.12 Implementation of the AGSA Expanded Mandate – Material Irregularity

The Material Irregularity (MI) process is implemented at selected auditees audited by the AGSA that represent a significant portion of the expenditure budget and the irregular expenditure of national, provincial and local government, including state-owned entities. The selection is also focused on auditees that are key contributors to Government priorities. For 2021, PRASA, SANRAL and ACSA were selected for MI implementation in the transport portfolio. These entities were also selected in the previous year, and PRASA was also selected in the 2018/19 financial year.

- Status of MIs in progress:
  - PRASA
    - In the 2018-19 financial year, 9 MIs were raised and reported on in respect of PRASA.
    - Recommendations have been issued on the Swifambo Rail Leasing MI. The recommendations are: Appropriate action to be taken to conclude the second phase of the investigation, and effective and appropriate disciplinary steps had to commence against any employee found to be responsible. AGSA is

    - still engaging with the accounting authority and executive authority to ensure that appropriate action is being taken.
    - For the remaining MIs, the accounting authority had committed to investigating and AGSA is currently assessing the action taken up to date.
  - SANRAL
    - MIs have been identified during the audit of SANRAL and the accounting authority was notified of this, as required by materiality irregularity regulation 3(2). By the time the audit of SANRAL was completed, the AGSA had not yet completed the process of evaluating the response from the accounting authority.
  - ACSA
    - There have been no MIs communicated on ACSA to date.
- Recommendations:
  - Adequate in-year monitoring on MI and consider whether accounting authority took appropriate action.

7.2.2.13 Recommendations for the Department and Entities

- Fill key executive positions with skilled and experienced personnel (with requisite skills and experience);
- Develop and implement effective action plans to address audit findings;
- Monitor performance and consequence management especially around supply chain management;
- Implement disciplined financial reporting structures based on solid accounting and financial management knowledge.

7.2.2.14 Recommendations for the Portfolio Committee

Monitor and regularly follow up with the executive authority and accounting officer/ authority on:
- progress on audit action plans put in place by the Department and entities;
- monitor the vacancies to ensure stability of leadership;
- follow up with entities that incurred irregular, fruitless and wasteful expenditure to ensure there is consequence management.

The culture of consequence management should be enforced in the portfolio.

7.3 Committee Observations following the engagement with the AGSA

The AGSA indicated that the transport portfolio had shown a slight improvement in performance and this was evident in the improved audit outcomes of the RSR and PRSA to unqualified opinion with no findings along with the C-BRTA receiving its sixth unqualified opinion with no findings, the DLCA with its second consecutive year of an unqualified opinion with no findings and SACAA with its eighth unqualified opinion with no findings in the past 9 years. The Department, for the fifth year, received an unqualified opinion with findings, which also contained a number of repeat findings; although RTIA did not submit their annual report in time for the BRRR process, the AGSA indicated that their audit outcome improved from a Disclaimer with findings to a qualified opinion with findings; the fact that the audits were not finalised nor annual reports tabled of PRASA, RAF and SAMSA showed a regression in performance and may impact the overall performance of the portfolio once these audits are finalised.

The Department and its entities received the following findings:
- *Unqualified Audit with no material findings (also referred to as a Clean Audit)* – C-BRTA, DLCA, SACAA, RSR and PRSA;
- *Unqualified with findings* – the Department, RTMC, ACSA, SANRAL and ATNS;
- *Qualified with findings* – RTIA (did not table in time, despite audit findings having been presented by the AGSA);
- *Failure to submit and findings still outstanding* – PRASA, RAF and SAMSA.

The Committee was pleased to note that the C-BRTA had continued to retain its unqualified audits with no material findings (clean audit), despite the challenges it faces. The most significant of the challenges that remain is the one around the unsustainable funding regime of the entity, border crossing backlogs, COVID-19 lockdown restrictions on travel and that the impasse on the issuance of passenger permits for the RSA/Lesotho route remains unresolved.

The Committee welcomed the improved audit findings from unqualified with material findings, to unqualified with no material findings (clean audit) from RSR and PRSA. Although it has not yet submitted the annual report, the Committee noted a slight improvement in audit outcome of the RTIA from disclaimer to qualified with findings.

The Committee expressed concern over the failure to submit annual reports from RTIA, SAMSA, PRASA and RAF as well as the fact that the audits of PRASA, RAF and SAMSA had not been finalised in time for the current BRRR process. This is especially concerning as the audit outcome of SAMSA in the 2020 BRRR period had been a qualified audit for four years in a row, for PRASA it was a disclaimer with findings for two years in a row and RTIA regressed during the 2020 BRRR process to a disclaimer with findings.

Although the achievement of prerequisite performance targets is to be applauded, the Committee was of the view that there remained insufficient linkages between the meeting of targets and an actual or tangible improvement in service delivery standards to all transport stakeholders. It was also important to note that due to the limitations on the audit process imposed due to COVID-19 lockdown restrictions, the AGSA did not audit the same number of outcomes per auditee, as in the years preceding the 2019/20 financial year. For this reason, the Committee continues to urge that the Department and its entities move towards the development of key performance targets that would have tangible and measurable results that show actual and/or improved service delivery to all transport stakeholders. This was also an aspect raised by the AGSA in its presentation to the Committee.

It was noted that SANRAL received its 18th unqualified audit opinion with emphasis of matter – this may require a new approach to the plans they put in place to adequately address the audit findings, greater emphasis on consequence management and compliance with SCM prescripts and an urgent need to finalise the GFIP funding model concerns.

SACAA is commended for once again being an entity of the Department that managed to achieve all of its performance targets for the financial year under review (achieved for seven years in a row). RSR achieved all of their targets for the year under review. PRSA met 34 out of 35 targets – this is a regression from the achievement of all targets in the previous year.

For the fifth consecutive year, the Committee notes a failure by the Department to ensure that all of its entities table their annual reports on time and that the Committee was once more unable to engage and perform its oversight function fully over four entities that failed to table within the BRRR process. Although the annual reports of these entities could not be engaged on, the Committee noted the comments by the AGSA on the audit outcomes of RTIA, and noted the reasons provided by the AGSA and the Minister on the delays in the finalisation and tabling of the RTIA, PRASA, RAF and SAMSA annual reports.

Although the Committee received the SASAR/NSRI Annual Report, these are not generally audited as separate entities or regarded as entities of the Department as their expenditure and funding is regarded as a line item under the Department's budget that is audited as part of the Department's Annual Financial Statements.

Once more, the top five areas of material non-compliance remain the failure to prevent unauthorised, irregular and fruitless and wasteful expenditure, lack of consequence management, non-compliance with legislation and regulations when it comes to procurement and contract management related to local content and declarations of interest not submitted by providers, as well as material misstatements to financial statements submitted for audit. The three key root causes identified by the AGSA were that management had not implemented adequate review and monitoring controls over the preparation of financial statements, management had not implemented adequate controls to prevent non-compliance with procurement legislation and management had not been effective in developing and monitoring the implementation of action plans to address audit findings.

From the presentations and engagements, the Committee noted those areas where improvements were evident, however, concluded that the Department and its entities had not been able to clear repeat findings through implementing all recommendations and corrective measures proposed by the AGSA and those that the Committee has made since the start of the current term.

The Department must focus more attention on ensuring that action plans are implemented to address prior year audit findings and that sustainable solutions are implemented to prevent a recurrence of findings in the area of compliance with key applicable legislation and financial reporting. Vacancies and instability of management at the Department, as well as its entities persist and continue to pose significant challenges regarding operations and the creation of a control environment to ensure that basic financial, performance reporting and compliance with laws and regulations are enforced. There is also a need to implement consequence management, especially around SCM and greater implementation of disciplined financial reporting structures based on solid accounting and financial management knowledge.

The Committee noted that during the year under review, the Department reported[105] that it made use of 17 individual consultants (reduced from 30 in the previous year) over 9 projects (reduced from 22 in the previous year), for a total of 4 640 working days (reduced from 6 820 in the previous year) at a total cost of R33 790 674.05 (reduced from R66 143 867.86 in the previous year). The Department lists the various projects in which these consultants were used, as well as the contract cost of these. It further indicates how many of these consultants come from Historically Disadvantaged Individuals. What the Department failed to report on was whether these agreements included the requirement to ensure that skills transfer to Department or entity staff were delivered during the contracts with the consultants.

The accountability for Government spending at State-Owned Entities (SOEs) continues to be an area receiving attention in the public, as Government funds and guarantees are being used to sustain some of the SOEs. The audit outcomes of SOEs continued to regress – most often as a result of inadequate controls, monitoring and oversight. Instability at Board and executive level played a role in the outcomes of SOEs, and the Department and its entities were not spared this. The level of oversight by the Department over the entities reporting to it remained a concern for the Committee throughout all budget reviews over the past seven years and the Committee cannot stress this enough - the oversight branch within the Department must improve its work towards achieving a greater level of oversight over its entities.

The Committee noted during the 2019 BRRR that the AGSA was making use of its extended mandate to seek to address the issues raised for PRASA during the 2018/19 financial year. PRASA was selected for implementation in the 2018/19 year and nine (9) material irregularities were raised. During its presentation to the Committee in this year's BRRR engagements, the AGSA reported the following progress:

> *"Recommendations have been issued on the Swifambo Rail Leasing MI. The recommendations are: Appropriate action to be taken to conclude the second phase of the investigation, and effective and appropriate disciplinary steps had to commence against any employee found to be responsible. We are still engaging with the accounting authority and executive authority to ensure that appropriate action is being taken. For the remaining MIs, the accounting authority had committed to investigate and we are currently assessing the action taken up to date."*

The Committee further noted that the AGSA implemented a phased-in approach of its extended mandate as it indicated that, during the previous and current year under review, three (3) entities in the transport portfolio have been identified for the implementation of phase 2, namely PRASA, SANRAL and ACSA.

In terms of feedback on SANRAL, the AGSA reported as follows:

> *"Material irregularities have been identified during the audit of SANRAL and the accounting authority was notified of this, as required by materiality irregularity regulation 3(2). By the time the audit of SANRAL was completed, we had not yet completed the process of evaluating the response from the accounting authority."*

[105] Department Annual Report 2020/21 p 220.

As for ACSA, the AGSA indicated that there have been no material irregularities communicated on ACSA to date. The AGSA recommended that adequate in-year monitoring on the material irregularities is needed and there must be consideration of whether the accounting authority has taken the appropriate action. Although the Committee welcomes the efforts by the AGSA to seek to resolve these material irregularities within the entities' reported annual financial statements, it has not seen expression of the efforts from the last two year's intervention.

It cannot be stressed enough that the strategic targets and key performance areas set by the Department, its entities and implementers or recipients of all grants allocated under the Transport Vote must be linked to actual tangible service delivery to the citizens of the country. The Committee, in its oversight over the Department, has continued to request the Minister to ensure that proper monitoring and oversight is performed over all grant allocation projects in order to see to it that the actual performance targets achieved through transfers translate into actual service delivery on the ground and value for money.

The irregular expenditure does not necessarily represent wastage or means that fraud was committed – this needs to be confirmed through investigations to be conducted by the accounting officer (also referred to as the CEO) or accounting authority (Board) – but losses could already have arisen or may still arise if follow-up investigations are not concluded timeously or initiated. It is difficult to remedy SCM inefficiencies when a thorough investigation has not been completed to assist in identifying the weaknesses and inefficiencies in the system. The track record of auditees in dealing with irregular expenditure and ensuring that there is accountability or that investigations are finalised timeously remains poor. The decrease in irregular expenditure for the portfolio is noted, however, irregular expenditure still occurs and it can be attributed overall to continued weaknesses in the SCM directorates in the application of SCM policy and National Treasury Regulations in this regard. The most common findings for the past seven years related to deviations from the prescribed procurement processes.

More frustrating is that the Committee and its predecessors recommended the need for the Department and its entities to ensure further and continued training of SCM staff – the Department has listed the exact same interventions to remedy SCM inefficiencies and prevent irregular expenditure, as it has for the past five years, and this is clearly insufficient as there was once more findings of irregular expenditure per the audit outcome for the transport portfolio – it was noted though that there were no new irregular expenditure in the Department itself. The Committee remains resolute that there is a need for the entire transport portfolio to strengthen its SCM staff through training and equipping them sufficiently, as well as implementing SCM Policy reviews to strengthen the internal SCM compliance further. There is also a need to ensure that uncertainty in interpretation of terms linked to SCM and B-BBEE compliance is resolved between the AGSA and the entities to prevent future audit outcome delays or adverse findings due to differences in interpretation.

The Committee continues to impress upon the Department and its entities that all investigations must be finalised within a reasonable timeframe, and that all contraventions of legislation and regulations must be acted upon through disciplinary action. In instances where employees may have resigned, the Committee persists in its view that the Department and its entities must not stop there, but should continue with steps to retrieve losses from those employees and, where appropriate, follow the procedures laid out in the PFMA for possible criminal prosecution.

The Preferential Procurement Regulations make provision for the promotion of local production and content. These regulations are aimed at supporting socio-economic transformation. The Committee, during engagements, requested that the AGSA assist in auditing progress in the Department and its entities on achieving transformation targets within the establishments themselves, as well as in their respective industries. The Committee also continues to highlight the need for the Department, as well as its entities, to adhere to the Preferential Procurement Regulations throughout their engagements, as well as working towards the achievement of increased local content and radical economic transformation in their respective fields of operation.

7.4 Committee Observations with specific reference to entities

The following extracts show concerns noted from the annual reports and observations that were made:

7.4.1 ACSA

The overall audit outcome of ACSA has remained stagnant compared to the prior years. The entity received a financially unqualified audit opinion with material findings.

ACSA still remains one of the largest contributors to irregular expenditure. The Committee noted that the entity had shown some progress in expenditure management as they had implemented detective controls to both identify and disclose unauthorised, irregular and fruitless and wasteful expenditure in their financial statements.

The COVID-19 pandemic and the lockdown restrictions instituted by Government continues to pose sustainability and going concern risks for the auditees in the portfolio. The revenue generation of a self-sustaining entities such as ACSA was severely disrupted.

The entity still received a finding linked to compliance with legislation as it was still unable to prevent irregular expenditure. R76.9 million in fruitless and wasteful expenditure was incurred by ACSA, mainly relating to interest and penalties imposed by SARS due to disallowance of certain deductions claimed. In the current year, ACSA contributed to 63% of the total fruitless and wasteful expenditure of the portfolio, an increase from the previous year where it contributed 59% of the total fruitless and wasteful expenditure of the portfolio.

R282 million in irregular expenditure was incurred by the entity, the largest portion of this relates to non-compliance with the Preferential Procurement Policy Framework Act, totalling R249 million.

The Committee noted that the entity had still been unable to take effective and appropriate steps to prevent irregular and fruitless and wasteful expenditure. The accounting officer should capacitate the entity with skilled staff who are well-versed in supply chain management processes and legislative prescripts, as well as implement enhanced preventative controls to ensure these types of expenditure are not incurred going forward.

In terms of the AGSA extended mandate to deal with material irregularities, it was noted that the entity had been again selected for this process by the AGSA, however, there were no material irregularities communicated on the entity to date.

Due to the impact of COVID-19 travel restrictions in the year under review, the ACSA network lost 78.2% of passengers carried in the 2019/20 financial year. ACSA had to implement cost- containment measures such as capping expenditure, offering early retirement and voluntary severance packages and mothballing parts of the airports. The entity reported 78% lower aeronautical revenue, and 61% lower non-aeronautical revenue. Notwithstanding the significant loss recorded for the year, the company remains solvent (R20 billion net asset value) and has sufficient liquidity to continue operating for the foreseeable future. The Group cash balances increased to R2.3 billion (R989 million in 2020).

The Committee noted the sale of the entity’s interests in the Guarulhos International Airport, as well as the sale of interest in the Mumbai International Airport Limited. This, along with other funding initiatives such as the R810 million loan from the Development Bank of Southern Africa (DBSA), R2.3 billion from preference shares issuance and a revised corporate plan during the year assisted in the liquidity management of the entity.

The Committee noted the management action plans to address the audit concerns in the supply chain management of the entity, however, expresses a word of caution that the entity must ensure that its re-building of capacity and skills lost during the year under revue due to resignations and staff reduction initiatives must not lose sight of the fact that the entity has struggled with SCM compliance for consecutive years and this must be remedied in order to improve future audit outcomes and eliminate irregular, fruitless and wasteful expenditure by the entity.

The Committee remains concerned over the overall reduction in revenue collected by the entity during the year under review, especially since the impact of COVID-19 travel restrictions during the year under review is predicted to see a further loss in revenue generation for the entity going forward.

The entity will need to report back to the Committee on the deployment of the new parking management system, ongoing projects to upgrade the operating systems and airport upgrades and/or expansion projects, review of its security policies and processes and progress made on the action plans to address the audit outcomes.

7.4.2 SACAA

The entity had achieved a 100% of its targets and the Committee was pleased that the entity had achieved another unqualified audit with no findings.

It is commendable that despite SACAA commencing the 2020/21 financial year with cash reserves sufficient to survive a total of seven (7) months of harsh lockdown restrictions, through focused, astute financial management, coupled with the implementation of strict cost-containment measures, SACAA was able to extend the period to ten (10) months. [106] In addition, the Board and Management worked collaboratively to explore various scenarios aimed at maintaining financial stability. This assisted the SACAA to ensure that no staff member was laid off, and clients continued to receive services, in line with the Regulator's mandate. Additional cost savings were realised as a result of the use of technology and the cost-containment measures, as per the instructions issued by the National Treasury.
Despite the COVID-19 pandemic, and the resultant challenges that characterised the 2020/21 financial year, the SACAA still managed to deliver on its mandate and ensured compliance with aviation safety and security standards.

Subsequent to the International Civil Aviation Organisation (ICAO) Universal Safety Oversight Audit Programme Continuous Monitoring Approach audit of 2017, the SACAA closed 91.4% of its specific findings, including those of the Accident and Incident Investigation Division, by the end of the 2019/20 financial year. A limited scope off-site validation was conducted by ICAO in October 2020 in order to confirm the correctness of the submitted evidence by South Africa to close the audit findings.[107] Out of the twelve (12) Corrective Action Plans that had been considered during the off-site validation, eleven (11) were found to be satisfactory. This ICAO off-site validation exercise resulted in an improvement of South Africa's Effective Implementation rating from 87.4 to the current 88.7%, against a world average of 68.7%.[108] This puts South Africa and its various aviation role players among the world's most compliant countries.

During the period under review, the number of accidents decreased by four per cent (4%) when compared with the 2019/20 financial year. A total of ninety-four (94) accidents were reported from 1 April 2020 to 31 March 2021.[109]

On 11 September 2020, the SACAA launched the General Aviation Safety Strategy, a new initiative aimed at reducing accidents that are prevalent in the private flying and recreational segment of aviation, commonly referred to as the general aviation sector.[110]

The SACAA made strides in ensuring that the organisation is fully transformed, with a racial profile of 88% black employees and a gender split that was 50/50 male and female.[111]
The SACAA introduced and launched the Personnel Card Licence, which replaced the booklet-size licences that were used to identify personnel licence holders. The card is embedded with state-of-the-

[106] South African Civil Aviation Authority (2021), p. 11.

[107] Ibid.

[108] South African Civil Aviation Authority (2021), p. 11.

[109] Ibid.

[110] South African Civil Aviation Authority (2021), p. 13.

[111] South African Civil Aviation Authority (2021), p. iv.

art security features, making it possible for licence holders to access their licence details from anywhere in the world with updates reflecting in real time.[112]

The entity produced an Aviation Career Television (TV) series that focused on careers and opportunities within the aviation industry, including careers in piloting, engineering, and air traffic control. The videos were aired via Career TV and shared on the SACAA's social media platforms.[113]

The SACAA is a self-funded public entity that relies on a combination of revenue streams to fulfil its mandate and run its business operations. The revenue streams comprise mainly the passenger safety charge (PSC), user fees, fuel levy, as well as a fee from the Department for the investigation of aircraft accidents and incidents.[114] Additional financial support of R155.5 million was received from the Department for the 2020/21 financial year, as a result of the financial impact on the SACAA due to lower passenger numbers, caused by the COVID-19 pandemic. The total passenger numbers for the 2020/21 period amounted to 4 755 994, compared to the original (pre-COVID-19) budget of 23 701 000. This was 80% below budget, and 78.8% lower than the same period last year.[115] The impact of the COVID-19 pandemic and resultant regulations, as well as the business rescue proceedings of various airlines, had a negative impact on passenger numbers. The PSC of R124.8 million was generated against an original (pre-COVID-19) budget of R621.7 million.[116] Passenger numbers during the last Quarter of the reporting period declined from December's seasonal highs and were also significantly affected by the second wave of COVID-19, associated curfew, and other regulations. Flight cancellations by international airlines, and countries to South Africa also had a negative impact. In the current financial year (2021/22), the PSC accounts for only 27.1% of the total revenue, user fees 19.7%, fuel levy 8.1%, the Department 41.2% and other income 3.9%. Under normal circumstances, the PSC contributes around 76% of the total revenue.[117] As the PSC is the biggest contributor to revenue, the passenger numbers have a major impact on the financial performance of the SACAA. During the period under review, the total revenue of the entity stood at R460.9 million. This translated into a decrease by 41.3%, when compared to the R785.4 million in 2019/20.[118] The PSC contributes 27.1% of the total revenue. The revenue from the passenger safety charge decreased by 77.5% compared to the previous financial year, mainly owing to the impact of the COVID-19 pandemic and resultant regulations.[119]

Although the indicated reduction in aviation incidents for the year under review was noted, the Committee remained concerned about a spike in reported incidents in the current financial year and requested that SACAA ensure that all incident investigations are finalised and that the required remedial measures are put in place.

The Committee remains of the view that SACAA should ensure that it procures a new or lease a South African owned calibration aircraft urgently to ensure the continued operations at airports across the country.

7.4.3 PRSA

The PRSA improved its audit outcome from an unqualified audit with findings to an unqualified audit with no findings.
A multi-year tariff methodology, which sets tariffs for the opening year and provides indicative tariffs for the outer two years, was published, thus creating certainty on the tariff trajectory for the Authority and port users who bear the tariff burden. The methodology is reviewed, consulted with stakeholders,

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[112] South African Civil Aviation Authority (2021), p. v.

[113] Ibid.

[114] South African Civil Aviation Authority (2021), p. 30.

[115] Ibid.

[116] South African Civil Aviation Authority (2021), p. 31.

[117] Ibid.

[118] South African Civil Aviation Authority (2021), p. 32.

[119] Ibid.

updated and published every three years. The current methodology was adopted and published in March 2020 and the next review will be conducted during the 2022/23 financial year for publication at the end of that financial year as it will be applicable to the 2023/2024 tariff period.

A zero percent (0%) average increase in the TNPA tariffs for 2021/22 announced by the Regulator on 30 November 2020 was accepted by the industry. This tariff decision was arrived at without compromising the continued financial sustainability of the TNPA. The Ports Regulator was cognisant of the difficult and challenging economic climate brought on by the COVID-19 pandemic, which specifically affected the revenue generating ability of all industry players, and fixed costs which had to be controlled while there was less activity in the ports.[120]

The Regulator's Industry Development programme conducted a five-year public regulatory review, in line with regulatory principle 22, by seeking and obtaining public submissions on the quality and relevance of its regulatory policies and methods. The feedback received from the 2020 stakeholder survey indicated that most stakeholders had been satisfied with the Regulator's conduct and believed that the Regulator's decisions were of high quality and were satisfactory.[121]

The COVID-19 lockdown restrictions impacted on many processes, including delays in appointing employees in funded vacant positions; the Annual General Meeting only being held in November 2020; and Tribunal hearings coordinated virtually which were unusual and strange to in-person hearings.

The Committee remains of the view that there is a need for the country to have tariff pricing that would put the country on a more equal competitive footing with worldwide port tariffs.
The Committee also noted the continued dependence of the Regulator on the finalisation of the ERT Bill which has been delayed for a number of years, but which is currently before the Committee.

7.4.4 C-BRTA

The C-BRTA continues with its exemplar audit outcome of an unqualified audit with no findings. However, the most significant of the challenges that remain is one around the unsustainable funding regime, given that permit revenue is the single source of income for the Agency.

The Operator Compliance Accreditation System registration platform was reviewed, enabling the Agency to pursue the quality regulation of cross-border operations. The newly acquired Smart Law Enforcement vehicle was piloted at two (2) border posts to enhance law enforcement operations and promote compliance with road regulations, thereby reducing high carnage on the roads.

The C-BRTA's Road Safety Strategy guided by the National Road Safety Strategy was finalised for implementation. As part of implementing harmonised cross-border road transport policies, seventy per cent (70%) of the SADC Protocol and other agreements on cross-border matters was implemented against the initially set target of 20%. A baseline of the participating target groups in the freight and tourism cross-border road transport industry was established to drive the transformation agenda.

The Cross-Border Road Transport Charges Pricing Model was developed and submitted to the Department and the NT for approval of cross-border charges to level the playing field for South African cross-border operators as they conduct their businesses in the region to achieve competitiveness. The C-BRTA Integrated Communication Strategy was developed, and implementation had commenced to improve the impact of C-BRTA in the industry.

To ensure resilience under the COVID-19 uncertain operating environment, the Agency developed and monitored the implementation of the set COVID-19 response plan during the financial year to ensure business continuity and servicing of the cross-border clientele.

[120] Ports Regulator of South Africa (2021), p. 31.

[121] Ports Regulator of South Africa (2021), p. 45.

There was a decline in revenue due to the impact of COVID-19 on cross-border road transport operations. The reduction in the number of cross-border permits issued placed pressure on the Agency's finances. To curb reliance on one primary source of revenue, alternative revenue streams were explored to safeguard financial sustainability of the Agency in the long-term. The Agency also received a Government grant of R38 million earmarked to support efforts against the impact of COVID-19 on its operations.

The Agency had limited capacity deployment at the office to render services to operators. The Agency also had to align its operations with different levels of the lockdown which were imposed by Government, in line with the Risk Adjusted Strategy for containing the spread of the COVID-19 virus. This meant that the Agency had to operate with skeletal staff at the office, with the majority working remotely. Restrictions on travel to other countries were in place under various lockdown levels and officials were not able to travel to attend to challenges which affected operations due to COVID-19.

The Agency encountered stakeholder unavailability owing to COVID-19, which delayed resolutions of some challenges facing operators. The emergence and explosion of the COVID-19 pandemic disrupted the conventional value chains, leading to stringent measures being imposed by the different countries in an attempt to reduce the spread of the virus. Some of these measures like the closure of commercial land border posts, restricted the movement of people between countries, which adversely affected the cross-border taxi operators. However, the Department made an amount of R1.1 million available to assist operators that included the cross-border taxi operators to mitigate the effect of the pandemic.[122]

The Agency operated with an acting CEO for the duration of the financial year, as the substantive CEO had been placed on precautionary suspension and undergoing a disciplinary process.[123] Furthermore, three (3) positions at an Executive Committee level remained vacant during the reporting period, and senior officials were appointed to fulfil the roles in acting capacities.[124] Human capital remains central to the Agency's service delivery model and efforts were made to prioritise the filling of the two (2) executive vacant positions. The Agency reported that the process of filling these vacant positions was underway at the time of reporting.[125]

The C-BRTA had four vacancies in the Board during the reporting period.[126] These vacancies negatively affected the composition of the Regulatory Committee, which is a quasi-judicial structure established in terms of the Cross-Border Road Transport Act (No. 4 of 1998) to adjudicate on permit applications. At the time of tabling its Annual Report, the Agency contended that "this matter has been accordingly escalated to the Minister and the Department of Transport and is being attended to".[127]

The Committee noted that the Agency continues to seek a lasting solution to the RSA/Lesotho impasse. In the year under review, the Agency participated in the National Ministerial Task Team which consists of representatives from the Department; the Free State Department of Police, Roads and Transport and the Lesotho Ministry of Public Works and Transport. The Provinces of KwaZulu-Natal and the Eastern Cape are also represented in the team. A draft bilateral agreement between the RSA and the Kingdom of Lesotho has been drafted and is under consideration. The Committee welcomes the report by the entity that a MOU was entered by the Free State branch of the South African National Taxi Council, Madiboho Taxi Forum (RSA/Lesotho border-town operators),

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[122] Cross-Border Road Transport Agency (2021), p. 14.

[123] Cross-Border Road Transport Agency (2021), p. 16.

[124] The vacant positions at the Executive Committee level were the following: (Cross-Border Road Agency (2021), p. 24)

- Executive Manager: Regulatory Services;
- Executive Manager: Research and Development; and
- Executive Manager: Corporate Services.

[125] Ibid.

[126] Cross-Border Road Transport Agency (2021), p. 13.

[127] Ibid.

International Cross Border Transport Organisation and RSA/Lesotho Route Committee to regulate cross-border operations between all inland towns of South Africa going to the Kingdom of Lesotho. The implementation of the MOU anticipates a solution to the cross-border operations passenger impasse.

The Committee noted that the Agency's financial sustainability remains a key challenge, as the Agency funds its operations through one primary stream being revenue generated from issuance of permits to South African operators.

7.4.5 RAF

It was noted that RAF and the AGSA were in a dispute related to the audit and that the 2020/21 audit was therefore not finalised at the time of completing this report. The notes hereunder are taken from the AGSA general presentation to the Committee.

The Committee welcomed the appointment of a CEO with effect from 6 August 2020, as well as the appointment of the Board that assumed office on 4 December 2019. However, despite this, no annual report had been tabled for consideration in time for the 2020 BRRR process and the AGSA indicated that there are still key vacancies at the executive management level that needed to be filled to support the timely implementation of actions to address key deficiencies in internal control.

Based on the unaudited submitted annual financial statements to the AGSA, the RAF still incurred irregular and fruitless and wasteful expenditure during the year under review.

During its oversight throughout the year, the Committee observed that RAF continues to experience financial challenges, which, in turn, increase the backlog in finalising claims received. The financial health status of the entity remains a risk to the fiscus and intervention is required. The claims process continues to be regarded as cumbersome and that it still takes far too long to finalise claims and pay awards out to victims or claimants. The RAF and the Department must consider alternative funding models and consider all options that could assist the Fund to decrease its claims liability.

7.4.6 RSR

The Committee noted that during the reporting period, the RSR had improved its audit outcome from an unqualified audit outcome with findings to an unqualified audit with no findings, as well as achieved 100% of its annual performance targets.

Some of the highlights of the year under review included that a total of 93% of the RSR's total procurement spend had been spent on B-BBEE compliant suppliers. Eighteen (18) per cent was spent on women-owned companies, 8.7% on youth-owned companies, and out of the total 242 companies used, 166 were Exempt Micro Enterprises; 37 were Qualifying Small Enterprises and 39 were large companies.

During the reporting period, the following senior managers of the entity were in the acting capacity:[128]

- CEO;
- CFO;
- Chief Operational Officer (COO);
- Executive: Risk and Strategy; and
- the position of the Executive: Legal Services and Board Governance was vacant.[129]

At the beginning of the financial year, the permit fees were adjusted down by R14.8 million in anticipation for revenue losses due to the COVID-19 lockdown restrictions. During the financial year, the RSR received almost all the permit fees as originally budgeted for and this resulted in more revenue generated compared to the adjusted budget.[130]

[128] Railway Safety Regulator (2021), p. 19.

[129] Ibid.

[130] Railway Safety Regulator (2021), p. 41.

At the time of reporting, the RSR contended that it had requested additional funds from the Department in anticipation for permit fee losses due to the COVID-19 lockdown restrictions. The Department had allocated an amount of R15 million to the RSR which was received in instalments.[131] The RSR only adjusted the budget by R12.5 million as it was not certain that the last instalment of R2.5 million would be received. The last instalment of R2.5 million was received at the end of March 2021 and the RSR did not adjust its revenue budget, hence the difference of R2.5 million between the budget and actual received.[132]

7.4.7 SANRAL

The entity maintained its unqualified audit outcome with findings.

SANRAL still remains one of the largest contributors to irregular expenditure for the transport portfolio; in total they incurred R175 million in irregular expenditure. This was due to expenditure not approved by delegated authority or National Treasury (R76 million), awarding of preference points to bidders without original or certified B-BBEE certificates (R21 million), contracts not advertised for at least five working days on the CIDB website (R30 million) and deviations not approved by National Treasury or delegated authority (R22 million). Contracts were also extended or modified without the approval of a properly delegated official.

There was also a regression in the quality of the financial statements submitted for audit from SANRAL as there had been a number of material misstatements identified through the audit process which had to be corrected in order to achieve an unqualified opinion. This was mainly due to lack of review and validation of information submitted by external parties and an inadequate review of the annual performance report. Furthermore, SANRAL does not have a fully capacitated performance management unit to monitor and validate actual achievement against source documents.

The entity also had not complied with SCM requirements during the year under review and there was an indication from the AGSA that the necessary disciplinary actions had not been taken against staff who had incurred unauthorised, irregular and fruitless and wasteful expenditure.

As far as the AGSA's expanded mandate to deal with material irregularities linked to the entity, material irregularities have been identified during the audit of SANRAL and the accounting authority was notified of this, as required by materiality irregularity regulation 3(2). By the time the audit of SANRAL was completed, the AGSA had not yet completed the process of evaluating the response from the accounting authority.

The Committee noted that the contract of the CEO was coming to an end by 30 November 2021 and indicated that it was imperative for the Minister and the Board to ensure that the vacancy be filled, as soon as possible.

The Committee remains concerned that the issue which continues to place financial pressure on SANRAL is the continued difficulty to collect fees from road users who choose not to pay the GFIP e-toll fees. The matter is still before Cabinet, and SANRAL still awaits direction in this regard. The Agency continues to experience financial pressure on the toll portfolio in its entirety due to the sustained under-collection of the GFIP e-toll fees. The Committee noted in its engagements with the Department that the undertaken GFIP/e-toll discussions were still not finalised despite past indications that a pronouncement on proposals was due by the end of October 2019. The Committee noted that the AGSA was still concerned regarding the financial health of the entity, citing the collection of debt and the inability to collect monies owed resulted in a high impairment of receivables (i.e. E-toll fees) for SANRAL. This is an indication of challenges in the collection of outstanding debt as they become due, which exposes the entity to liquidity risk. In the absence of the finalisation on the GFIP/e-toll matter from the Ministry and Cabinet, the entity should continue to hold engagements with relevant stakeholders to find either interim or permanent solutions.

7.4.8 PRASA

[131] Railway Safety Regulator (2021), p. 42.

[132] Ibid.

The Committee noted that at the time of finalising this report, the audit had not yet been finalised. The notes hereunder are taken from the AGSA general presentation to the Committee.

PRASA submitted its annual financial statements late, however, based on the unaudited annual financial statements submitted by the entity to the AGSA, the entity was one of the largest contributors to irregular expenditure under the transport portfolio, to the amount of R742 million (55% of the total for the entire portfolio). This is linked to competitive bidding not followed (R123 million), procurement not in accordance with PPPFA and SCM policy (R567 million), and splitting the purchase of goods and services to procure through quotations instead of a tendering process (R26 million). Furthermore, the entity incurred fruitless and wasteful expenditure on interest and penalties totalling R15.3 million.

With regard to the AGSA's expanded mandate on addressing material irregularities, it was indicated the in the 2018/19 financial year, nine material irregularities had been raised and reported on in respect of PRASA. Recommendations have been issued on the Swifambo Rail Leasing material irregularity, these were that appropriate action had to be taken to conclude the second phase of the investigation, and effective and appropriate disciplinary steps had to commence against any employee found to be responsible. The AGSA is still engaging with the accounting authority and executive authority to ensure that appropriate action is being taken. For the remaining material irregularities, the accounting authority had committed to investigating and the AGSA was assessing the action taken up to date.

The Committee remains concerned that the entity has not been able to improve on ensuring the safety and security of the company assets, infrastructure and passengers. This is evident from the various media reports, Committee oversight during the year under review, as well as in the feedback from the AGSA that one of the reasons for the delay in finalising the audit was a dispute with the asset register.

The Committee is dismayed that PRASA again failed to submit its annual report on time, despite having a Board appointed during the year under review, as well as the appointment of a new Group CEO at the end of the financial year under review.

7.4.9 ATNS

For the period under review, the entity once again achieved an unqualified audit opinion with findings.

During the period under review, ATNS's internal audit team focussed on the following core areas to create and/or preserve organisational value:[133]

- Developed a risk-based audit plan for the 2021 financial year aligned with the company's top risks, material matters, materiality themes and strategic objectives;
- Evaluated risk, controls and governance throughout the organisation, including the implementation of new governance and ethics processes and protocols;
- Collaborated with assurance partners to streamline and effectively coordinate assurance through a combined assurance model; and
- Aligned with professional standards, including the Code of Ethics of the Institute of Internal Auditors and King IV principles.

During the reporting period, the entity's governance, ethics and company secretarial team focussed on the following core areas to create and/or preserve organisational value:[134]

- Developed a governance framework and updated the delegation of authority policy;
- Implemented an ethics management programme;
- Reviewed and assessed the Board and its committees, including updating committee work plans and terms of reference;
- Reviewed and amended the ATNS's memorandum of incorporation;
- Developed core governance and ethics policies and processes, including the conflict of interest policy, Board code of conduct, directors' remuneration policy and gifts policy;

[133] Air Traffic and Navigation Services (2021), p. 68.

[134] Ibid.

- Convened shareholder meetings and related engagements, including the annual general meeting;
- Prepared the 2020 integrated report and King IV application register;
- Facilitated ongoing Board skills and awareness training;
- Implemented electronic meeting tools; and
- Conducted a Governance Week engagement to create awareness and a better understanding of ATNS's governance environment.

During the period under review, ATNS's IT team focussed on the following core areas to create and/or preserve organisational value:[135]
- Maintained and updated the IT governance and related risk management framework;
- Ensured ongoing information and cybersecurity management;
- Implemented an IT strategy;
- Enabled workplace digital transformation; and
- Facilitated business process automation.

During the reporting period, the company's regulated business contributed approximatively 78% to its total turnover, while its non-regulated business activities contributed 22% of turnover.[136]

During the reporting period, air traffic movements were heavily impacted by the COVID-19 pandemic, given travel bans and stringent lockdown measures instituted by national governments. In a matter of weeks, international and domestic flights were prohibited in South Africa and in most parts of the world, with only limited repatriation flights, cargo flights and essential services' travel permitted. Consequently, South Africa saw a year-on-year drop in passengers of 16.6 million, putting approximately 287 700 jobs at risk. As a key contributing factor, South Africa's 2020 gross domestic product fell by $5.8 billion (R101 billion).[137]

The company's financial and business performance was underpinned by tough market conditions for the global air travel sector, coupled with limited travel, given the pandemic-related state of emergency measures. Across geographic regions, both large and small airlines grounded much of their fleet, which led to downsizing and related corporate restructuring plans. In parallel, given negative economic growth for the year and reduced disposable income, limited discretionary consumer spending continued to hamper both international inbound tourism and domestic travel, despite the easing of lockdown measures in the second half of the year under review.[138]

ATNS's 2020/21 financial results reflected the challenges facing the aviation industry, with a total revenue of R547 million (2019/20 Financial Year: R1 673 million), representing a year-on-year decline of 67%.[139] The significant decline in revenue was largely attributed to the impact of the COVID-19 global pandemic on the aviation sector globally, including strict lockdown protocols implemented by the South African Government in the first six months of 2020/21 financial year.[140]

In addition, the impact of the global pandemic necessitated that the company review its budget and implement cost containment measures. Consequently, operational costs decreased by 30% to R1.1 million in 2020/21, down from R1.6 million in 2019/20.[141]

Capital expenditure stood at R155 million in 2020/21, up from R149 million in 2019/20, mainly due to capital infrastructure to refurbish ATNS's world-renowned Aviation Training Academy:[142] The entity's

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135 Air Traffic and Navigation Services (2021), p. 68.

136 Air Traffic and Navigation Services (2021), p. 16.

137 Air Traffic and Navigation Services (2021), p. 32.

138 Air Traffic and Navigation Services (2021), p. 28.

139 Ibid.

140 Air Traffic and Navigation Services (2021), p. 108.

141 Ibid.

142 Air Traffic and Navigation Services (2021), p. 108.

balance sheet was still sound, with a liquidity ratio of 3.3:1 (5.6:1 in 2019/20) and gearing at 4.25% (3.4% in 2019/20).[143]

The return on capital employed (ROCE) was -26% (Regulated ROCE -55.5%). The ROCE is a measure of the extent to which a company utilises its resources efficiently to generate profits[144]. Regulated ROCE is based on the Regulating Committee formula.

Cash generated from operations decreased by 393% to -R567 million in 2020/21, from R115 million in 2019/20, mainly owing to the negative impacts of the global pandemic.[145] As a result, ATNS's cash reserves deteriorated significantly to R830 million, and this was attributed to:[146]

- Significantly fewer aircraft movements due to travel bans and reduced capacity by airlines; and
- The poor credit profile of major customers resulting in lower collections.

Although ATNS is not audited by the AGSA, the AGSA indicated from the independent auditor's outcome there was a regression in the quality of financial statements as the entity still had to correct material misstatements identified through the audit process on its financial statements to achieve an unqualified opinion.

Another area of non-compliance indicated in the audit was that the entity failed to prevent irregular, fruitless and wasteful expenditure.

7.4.10 RTIA

The Committee noted that the entity had not submitted its annual report in time, however, the AGSA indicated that the audit had been finalised and the entity had received a qualified audit with findings. The notes hereunder are taken from the AGSA general presentation to the Committee.

In the previous financial year, RTIA had received a disclaimer audit outcome due to management integrity where the AGSA had been unable to rely on the representations made by management during the audit. The new accounting authority appointed in August 2020 implemented investigations to address the causes for the disclaimer. The registrar, CFO and the Senior Manager SCM were placed on precautionary suspension pending these investigations. Subsequent to the 2020-21 year-end, the investigations concluded misconduct by these officials. In the current financial year, RTIA received a qualified opinion due to the completeness of irregular expenditure that could not be confirmed, and a material misstatement relating to AARTO assets and liabilities that was not supported, resulting in a limitation in the financial statements.

Since the appointment of the new accounting authority at RTIA, they have made all the necessary appointments to all the committees, including the audit and risk committee. This has provided stability at a governance oversight level. An acting registrar was seconded to RTIA to provide stability and ensure that operations continued.

The accounting authority needs to ensure that the root cause of irregular expenditure is addressed in the following year. The internal controls around the SCM unit need to improve and need to be capacitated with the employees that have the requisite skills to stabilise the unit.

The AGSA also indicated that the entity had submitted its financial statements late.

Material findings were reported on the usefulness of the performance information at RTIA, that did not clearly define the predetermined evidence and method of collection to be used, the AGSA was therefore unable to test whether the indicator was well-defined.

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[143] Ibid.

[144] Ibid.

[145] Ibid.

[146] Ibid.

RTIA, received a qualified opinion due to the completeness of irregular expenditure that could not be confirmed, and a material misstatement relating AARTO assets and liabilities that was not supported resulting in a limitation in the financial statements. The entity received a disclaimer of opinion in the previous year due to management integrity. This is due to inadequate review of financial statements by management.

RTIA was disclaimed on the programme audited as the method of calculation was not clear. The organisational structure that was supposed to have been implemented had not been approved. There were also material adjustments in two programmes that had been reported by management.

The entity also had failed to prevent irregular (R83.7 million), fruitless and wasteful (R7.4 million) expenditure and there was non-compliance to SCM requirements. Under the SCM concerns, RTIA also had failed to prevent contracts being extended or modified without the approval of a properly delegated official and contracts/quotations awarded to a bidder based on evaluation criteria that differed from those stipulate in the original invitation for bidding.
The failure by the entity to table its annual report and financials on time, as well as the concerns raised by the AGSA do not bode well for the future national roll-out of AARTO by an entity that seems to be regressing.

7.4.11 RTMC

The Committee noted that the entity had received another unqualified audit opinion with findings due to material misstatements in the annual financial statements. The financial statements submitted for auditing had not been prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

The AGSA also found that some of the quotations had been awarded to bidders based on pre-qualification criteria that, is in contravention of the 2017 Preferential Procurement Regulation 4(1).[147] Furthermore, the AGSA found that management had not exercised its oversight responsibility effectively to ensure that the financial statements submitted for audit were in line with the reporting framework, and were accurate and complete.[148] In addition, the AGSA found that management had misinterpreted the Preference Procurement Regulations in that they applied an ownership percentage, instead of a B-BBEE status level in the pre-qualifying criteria.[149]

The AGSA reported that in 2019/20, a report finalised by the Public Protector had been taken on review, and was pending before the High Court, with a court order prohibiting the Board from implementing remedial action until an outcome was received by the High Court. The matter has been set down for hearing in the in the 2021/22 financial year. At the time of the reporting the Registrar of the Court had yet to confirm the date.[150]

In contrast to the 2019/20 financial year when the Corporation had underspent by 3% of its R1.3 billion budget, during the period under review, it spent R1.2 billion (or 104%) against the R1.1 billion that had been allocated to it. This translated into an over-expenditure of 4%.[151]

Some of the achievements that the Corporation made during the reporting period were the following:[152]

- The Shareholders Committee approved the National Road Traffic Law Enforcement Code, and the Law Enforcement Review Report on 5 November 2020, taking the process forward for the

[147] Road Traffic Management Corporation (2021), p. 82.

[148] Road Traffic Management Corporation (2021), p. 83.

[149] Road Traffic Management Corporation (2021), p. 83.

[150] Ibid.

[151] Road Traffic Management Corporation (2021), p. 43.

[152] Road Traffic Management Corporation (2021).

implementation of recommendations towards harmonisation of the road traffic environment as envisaged in the objectives of the RTMC Act.

- The Corporation conducted 4 322 law enforcement interventions against the annual target of 4 320.[153]
- The Driver Programme was executed from July 2020 to December 2020 of the reporting period, and covered a range of initiatives such as workshops, recognition of national events and programmes linked to contributory factors in road safety management. Initiatives were conducted with interest groups during the period under review with a focus on strategic partnerships and due consideration to the 'new normal' of conducting the affairs of the Corporation in line with COVID-19 management guidelines.[154]
- The Youth Programme was implemented. The programme entailed collaboration with relevant stakeholder groups. In this regard, interactions took place with youth formations, and included dissemination of supporting messaging for road safety promotion across all social media platforms to create awareness and complement other marketing initiatives. The Inaugural Virtual Road Safety Youth Dialogue took place on 24 August 2020. The Corporation also hosted a Youth Road Safety Webinar on 11 September 2020 with international partners from Uganda who represented the Youth for Road Safety Coalition. Child Safe South Africa also participated in the panel discussions. Furthermore, the Corporation undertook a road safety (Zoom) presentation with youth from Gauteng West Technical and Vocational Education and Training (TVET) on 19 September 2020 where student representative council members participated.[155]
- The Community-based Road Safety Programme was implemented. In this regard, the Corporation provided support to community structure stakeholders with educational and promotional material. Four structures were supported, with an estimated reach of more than 2 000 road users.[156]

During the period under review, the RTMC encountered the following key challenges:[157]

- Lockdown regulations disrupted services at DLTCs as these facilities had to shut down or scale down their operations in line with the Disaster Management Act (No. 57 of 2002) regulations to contain the spread of the virus. This had a direct impact on revenue collection as motorists were unable to access services to renew their vehicle licences and driving licences.[158]
- Operational expenditure was reduced during the first two Quarters of the financial year due to higher levels of COVID-19 lockdown regulations, placing limitations on the supply chain processes and causing delays in the execution of most projects and outputs.[159] The most impacted service delivery areas of the Corporation during the reporting period and owing to COVID-19 regulations were the training of traffic personnel, law enforcement operations and revenue. The reduction of traffic volumes resulted in reduced revenue generation from the issuance of infringement notices by the National Traffic Police, and the delays in the renewal of vehicle licenses and placed a limitation on Road Transport Inspectorate, especially on the passenger transportation operations. This resulted in a negative impact on targeted performance projections. The closure of traffic colleges given the nature of the training environment – which is mass occupation – together with the physical attendance necessary for the implementation of practical modules, proved challenging.[160]

7.4.12 DLCA

The DLCA retained an unqualified audit opinion with no findings.
The entity produced over 1.7 million cards during the reporting period.[161]

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[153] Road Traffic Management Corporation (2021), p. 31.

[154] Road Traffic Management Corporation (2021), p. 25.

[155] Road Traffic Management Corporation (2021), p. 24.

[156] Road Traffic Management Corporation (2021), p. 26.

[157] Road Traffic Management Corporation (2021).

[158] Road Traffic Management Corporation (2021), p. 9.

[159] Ibid.

[160] Road Traffic Management Corporation (2021), p. 20.

[161] Driving Licence Card Account (2021), p. 5.

For 2020/21, the expenditure for the entity stood at R135.6 million, which represents a decrease compared to the 2019/20 financial year when the entity had recorded the expenditure of R159. 8 million.[162] Cost of Sales decreased from R64.6 million in 2019/20 to R49.5 million in 2020/21 "due to the low demand of driving licence cards by public and extension of expired driving licences".[163] Moreover, the general expenditure costs decreased from R13.5 million in the previous financial year to R9.5 million in 2020/21. This was owing to the reduction in courier services costs, and internal catering costs that had stopped.[164]

96% of enrolment equipment was maintained. The enrolment equipment is used to capture the facial, fingerprint and signature images that appear on the driving licence card.[165] 100% of DTLC service requests were resolved within seven (7) working days.

Version 1 of DLCA Stakeholder Framework was approved. The service desk management system was completed and the mobile bus was piloted at agreed upon sites and cards were successfully produced. During the period under review, the live enrolment units calls logged decreased, compared to 2019/20 due to the national lockdown.

During the reporting period, some of the entity's senior managers were in the acting capacity, and this had "an impact on employee morale".[166] The vacant senior management positions were the following:[167]

- Head of Entity;
- CFO; and
- Senior Manager (Corporate Services).

The Committee remains concerned regarding the age of the current card production machine and the need to request exemptions or deviations from NT related to obtaining the raw material used in the card production process and maintenance of the production machine. The Committee was further concerned about how slow progress has been in finalising the new driving licence card design planned for introduction in 2021/22, while the entity presented that the specifications had only been approved during the 2021/22 year. The backlog in renewal applications exacerbated due to COVID-19 lockdown restrictions, online booking failures in Gauteng and delays in processing the cards also remains a concern as the extended deadline for expired licence applications is drawing near.

7.4.13 SAMSA

For the third year, the entity did not table its report in time for consideration as part of the BRRR. The notes hereunder are taken from the AGSA general presentation to the Committee.

The board of SAMSA will need to focus on filling the key vacancies at executive management level to support the timely implementation of actions to address key deficiencies in internal control.

The entity submitted its annual financial statements late to the AGSA. Based on the unaudited annual financial statements, the AGSA indicated that the entity incurred irregular, fruitless and wasteful expenditure.

8. RECOMMENDATIONS

8.1 Recommendations from the Combined Strategic Plan, Annual Performance Plan and Budget Vote Report 2021

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[162] Driving Licence Card Account (2021), p. 27.

[163] Ibid.

[164] Ibid.

[165] Driving Licence Card Account (2021), p. 18.

[166] Driving Licence Card Account (2021), p. 19.

[167] Driving Licence Card Account (2021), p. 14.

8.1.1 The Committee recommended that the Minister, through the Department, should ensure:

8.1.1.1 The Department should submit the Quarterly Monitoring Reports on the implementation of the National Road Safety Strategy, as well as the Annual Monitoring Report on the Implementation of the National Road Safety Strategy to the Committee.
8.1.1.2 The C-BRTA should furnish the Committee with its Road Safety Strategy, after it has been developed.
8.1.1.3 The RTIA should furnish the Committee with the "Migration Readiness Assessment" report regarding the integration of the RTIA, RTMC and DLCA into a single law enforcement entity by the end of the Third Quarter of 2021/22.
8.1.1.4 The RTIA should furnish the Committee with Phase 1 of the Point Demerit System Implementation Report that the entity has undertaken to have it compiled by the end of the Second Quarter of 2021/22.
8.1.1.5 PRASA should give the Committee regular updates on its rolling stock fleet renewal programme, the refurbishment of coaches, as well as the upgrading of signalling systems. These briefings should encompass the budget spent per programme, the timeframes thereof, as well as the progress made.
8.1.1.6 PRASA should provide the Committee with a comprehensive plan to combat theft and vandalism of the rail infrastructure.
8.1.1.7 With reference to the PRMG, the Department should brief Parliament on the breakdown of the budget allocation for 2021/22 per province, as well as the annual targets of the number of jobs to be created per province.
8.1.1.8 The Department should brief the Committee on its interventions to ensure the expeditious implementation of the PTNG by the implementing cities.
8.1.1.9 SANRAL should brief the Committee on the implementation of its road maintenance programmes for 2021/22 on a quarterly basis. This should also include information on maintenance done by SANRAL in agreement with Provincial and Municipal authorities on their roads (if any).
8.1.1.10 The Department should provide the Committee with an updated presentation on the Moloto Road project, as well as the maintenance plan for the Moloto Road.
8.1.1.11 The Department should deliver an updated report to the Committee on the rollout, expenditure and reasons for delays in active operations of the IPTN programmes.
8.1.1.12 The Department should deliver an updated report on the rollout of the revised taxi recapitalisation programme and how it aims to work towards achieving the Taxi Lekgotla resolutions, including the formalisation and corporatisation of the taxi industry.
8.1.1.13 The Department continue to deliver an updated report on the status of vacancies in the Department and its entities. This report should also indicate whether there was still a need to fill these vacancies.
8.1.1.14 The Department should deliver an updated report on the transformation policy for the Department, as well as each of its entities and indicate concrete and clear steps on how it and the entities' management seek to address the lack in transformation progress in the industry.
8.1.1.15 The Department must deliver the final decision regarding the GFIP/e-toll policy matter, as soon as Cabinet releases its decision on this matter.

8.2 Recommendations made by the AGSA for the Budgetary Review and Recommendation Report for the 2020/21 financial year

The role of the AGSA is to reflect on the audit work performed to assist the Committee in its oversight role of assessing the performance of the entities taking into consideration the objective of the Committee to produce a BRRR.

The AGSA, similarly to last year, recommends the following to the Department and its entities:
- Key executive management positions should be filled with appropriately skilled and experienced personnel;
- Develop and implement effective action plans to address audit findings;
- Monitor performance and consequence management, especially around supply chain management; and
- Implement disciplined financial reporting structures based on solid accounting knowledge and financial management knowledge.

The AGSA recommends the following to the Committee:

- Monitor and regularly follow up with the executive authority and accounting officer /authority on:
    - progress on audit action plans put in place by the department and entities;
    - monitor the vacancies to ensure stability of leadership;
    - follow up with entities that incurred irregular, fruitless and wasteful expenditure to ensure there is consequence management; and
- The culture of consequence management should be enforced in the portfolio.

8.3 The Committee recommendations for the 2020/21 financial year Budgetary Review and Recommendation Report

The Committee recommends that the Minister, through the Department, ensure the following:

8.3.1 Recommendations specific to the Department and of General Application to entities

8.3.1.1 Due to the observation that the Department indicated the same measures to address AGSA findings as it had in previous years, the Committee implores the Minister to ensure that stronger measures are put in place to address the audit findings effectively and that they are implemented in a manner that will ensure that the Department improves its audit outcome for the 2020/21 financial year. In relation to this recommendation, it is imperative that the Department strengthen its oversight over the entities and report to the Committee, on a quarterly basis, on progress made to remedy all matters raised by the AGSA;

8.3.1.2 The advertising and filling of Board, CEO, as well as senior management vacancies, as indicated in the paragraphs above, should be prioritised in the Department and the affected entities. In order to achieve the SONA 2018 commitment made by Government to changing the way boards of SOEs are appointed, the positions filled should be with people who have the relevant expertise, experience and integrity to serve in these vital positions. This will allow the Department, as well as the entities to operate and report effectively, and do so within the parameters of applicable legislation. The Department, with its entities, must report to the Committee, by the end of January 2022, and thereafter on a quarterly basis, on current efforts underway to finalise the filling of posts and ensure that it presents an implementable strategy to address future vacancies. The Department should also provide the Committee with an updated report, by the end of January 2022, on the status of current Board vacancies;

8.3.1.3 The Department must implement sufficient measures to ensure that it achieves all the annual performance targets that it sets itself. The Department should ensure that the targets set in their Strategic Plans and APPs going forward adhere to Specific, Measurable, Achievable, Realistic and Timely (SMART) principles and ensure that sufficient records are available to prove that those targets have been met. Management in the Department should ensure that it is possible to validate the processes and systems that produce the indicator to enable them to produce the required evidence (through improved record- keeping) supporting their reported performance. Conversely, it should adhere to the requirements of the Framework for Managing Programme Performance Information to ensure that all indicators are well defined and verifiable, and that all targets are specific and measurable i.e. the nature and required level of performance is clearly specified and measurable. The Committee also requested that the Department and its entities move towards the development of key performance targets that would have tangible and measurable results that show actual and/or improved service delivery to all transport stakeholders;

8.3.1.4 Effective steps should be implemented in the Transport Portfolio to prevent irregular, fruitless and wasteful expenditure. Some of these highlighted by the Committee are:

> 8.3.1.4.1 Officials who caused the Department or its entities to incur irregular, fruitless and wasteful expenditure should be subjected to disciplinary procedures and, where applicable, implement the appropriate measures provided for in terms of sections 81 to 86 of the PFMA.
>
> Section 81(1) stipulates that: *"an accounting officer for a department or a constitution institution commits an act of financial misconduct if that accounting officer wilfully or negligently-*
>
> *(a) fails to comply with a requirement of section 38, 39, 40, 41 or 42 or*
>
> *(b) makes or permits an unauthorised expenditure, an irregular expenditure or a fruitless and wasteful expenditure".*

In addition, section 81(2) states that: *"an official of a department, a trading entity or a constitutional institution to whom a power or duty is assigned in terms of section 44 commits an act of financial misconduct if that official wilfully or negligently fails to exercise that power or perform that duty".*

For its part, section 86(1) of the PFMA states that: *"an accounting officer is guilty of an offence and liable on conviction to a fine, or to imprisonment for a period not exceeding five years, if that accounting officer wilfully or in a grossly negligent way fails to comply with a provision of section 38, 39 or 40".*

In addition, section 86(2) of the PFMA maintains that: *"an accounting authority is guilty of an offence and liable on conviction to a fine, or to imprisonment for a period not exceeding five years, if that accounting authority wilfully or in a grossly negligent way fails to comply with a provision of section 50, 51 or 55".*

Finally, section 86(3) of the PFMA stipulates that: *"any person, other than a person mentioned in section 66(2) or (3), who purports to borrow money or to issue a guarantee, indemnity or security for or on behalf of a department, public entity or constitutional institution, or who enters into any other contract which purports to bind a department, public entity or constitutional institution to any future financial commitment, is guilty of an offence and liable on conviction to a fine or imprisonment for a period not exceeding five years".*

The Act also includes provisions for criminal prosecution in cases of gross financial misconduct;

8.3.1.4.2 The Department and its entities must at all times ensure that proper record-keeping is implemented for information supporting compliance and procurement processes and implement consequence management for staff members who fail to comply with applicable legislation in this regard;

8.3.1.4.3 Having noted that the Department had a Loss Control Committee/Division to deal with and ensure the rooting out of irregular expenditure, the Department must present quarterly reports on the progress made by this Committee/Division to ensure that the Department and its entities do not incur irregular, fruitless and wasteful expenditure going forward;

8.3.1.5 The Committee requests the following with regard to compliance with the provisions of the PFMA:

8.3.1.5.1 The Department should capacitate its Finance and SCM directorates/departments/branches with appropriately skilled and competent personnel to prepare credible financial statements;

8.3.1.5.2 The executive authorities, accounting authorities, accounting officers and senior management should ensure that information used to prepare financial statements is accurate and reliable; and

8.3.1.5.3 The Department must ensure that all officials responsible for reporting in terms of the PFMA are reskilled by ensuring they receive training on compliance with the PFMA, ensure that these staff members undergo refresher courses on the applicable NT Regulations that are implemented from time to time, and receive training on compliance with the King Report on Corporate Governance IV;

8.3.1.6 Control processes should be adhered to in the SCM processes. Some of these highlighted by the Committee are:

8.3.1.6.1 The Department should identify and address the inefficiencies in the SCM process in the Department, and assist its entities to do the same where needed. There should be a review of SCM policies and the implementation of consequences for poor performance and failure to comply with applicable legislation;

8.3.1.6.2 Members of the relevant bid evaluation committee and the CFO should satisfy themselves that all service providers that are recommended for award have all the required documentation in terms of legislation. The list of recommended bidders should be accompanied by a signed checklist confirming the completeness of required documents. The contract specifications should not differ from the advertised call for bids;

8.3.1.6.3 Management should properly plan the acquisition of goods and services and exercise sufficient oversight and monitoring of controls to ensure that compliance with SCM policies are achieved;

8.3.1.6.4 Recurring non-compliance should be investigated and appropriate action taken against transgressors;

8.3.1.6.5 Furthermore, management should ensure that their own policies and procedures are reviewed and aligned to the Framework for Managing Performance Information and the PFMA, to ensure that performance reporting requirements are properly processed by the Department;

8.3.1.7 The Department should report back to the Committee on a quarterly basis regarding the projects to which grant funds are allocated and transferred to. This report must cover its monitoring, tracking and engagement with its provincial and municipal counterparts on the implementation of the PRMG, PTNG, DORA and other applicable grants to ensure that money is used for its intended purpose, to ensure that there is value for money spent and to prevent a future need for roll-overs;

8.3.1.8 The Department should ensure that the budget allocation for projects is strengthened and realistic in order to reduce the high amounts of funds being transferred under *Virements* (such as targets and budget set for the Revised Taxi Recapitalisation programme);

8.3.1.9 The Department should develop an alternative investment attraction plan in order to make better use of Public-Private Partnerships and the promotion of Private Sector Participation in the funding options for various infrastructure projects, such as Rail Projects, the Moloto Corridor Project and other major infrastructure projects planned by the Department;

8.3.1.10 The Committee takes a dim view of the non-compliance and the lack of tabling of annual reports in terms of the sections 8 and 65 of the PFMA. The outstanding annual reports that are yet to be tabled before this Committee are of a serious concern. The Committee was of the opinion that the reasons provided for the late tabling of these reports were insufficient and did not assist in allowing the Committee to adequately assist or propose recommendations to resolve the concerns causing the failure to table on time. The Department must ensure, and assist well in time where it is able to, that all annual reports are submitted within the legislated timeframes for the audit by the AGSA, as well as tabling in time before Parliament. The outstanding reports should be presented to the Committee as soon as they are tabled and referred to the Committee. The Committee would work towards submitting a supplementary report on the late received annual reports, should they be tabled in time to do so;

8.3.1.11 The Department must ensure that the PRASA Board is given the required assistance to ensure that the entity performance is drastically improved and that initiatives are implemented towards improving safe rail operations and deliver quarterly reports on the above to the Committee;

8.3.1.12 The Department must address the issues once again raised regarding the financial health for ACSA, C-BRTA, SACAA and SANRAL in as far as their finances may be additionally affected by the impacts of COVID-19 lockdown restrictions on operations going forward, as well as the continued concerns regarding the finances of RAF, SANRAL, PRASA and its subsidiaries and ensure that a comprehensive plan is submitted to the Committee by the end of January 2022. This must be followed up by quarterly reports on the financial health of all of its entities;

8.3.1.13 In light of the cost-containment instructions by National Treasury to Departments and entities to limit the use of consultants, the Department should indicate to the Committee what measures it has put in place to ensure compliance with this instruction and provide the Committee with a detailed report, by the end of January 2022, on all projects in which consultants were used (Departmental projects, projects linked to Grants such as the IPTN projects), as well as whether there were skills transfers that accompanied the use of consultants as is required by the National Treasury instructions. The Department must also provide a report, by the end of January 2022, on any consequence management that has been or is planned to be implemented against officials that may have approved the use of consultants without compliance with the National Treasury instructions;

8.3.2 Entity Specific Recommendations

The Committee recommends that the Minister, through the Department, ensure the following is done with specific reference to the following entities:

8.3.2.1 ACSA

8.3.2.1.1 The entity should ensure its targets meet the SMART principles and ensure that sufficient records are available to prove that those targets have been met. The entity must also implement sufficient measures to ensure that it achieves all the annual performance targets that it sets itself, as well as develop and implement effective action plans in response to the findings of the AGSA;

8.3.2.1.2 The entity must ensure that it improves on its Financial Statements preparation;

8.3.2.1.3 Given the impact that has been felt on the entities' international investment projects due to airline failures, as well as the COVID-19 travel restrictions, the entity must present plans to the Committee on how it will off-set these investment losses;
8.3.2.1.4 The entity should provide quarterly updates to the Committee on its plans going forward to limit the loss of revenue as well as its plans to expand facilitates and runways at airports;

8.3.2.2 ATNS

8.3.2.2.1 The entity should ensure its targets meet the SMART principles and ensure that sufficient records are available to prove that those targets had been met. The entity must also implement sufficient measures to ensure that it achieves all the annual performance targets that it sets itself, as well as develop and implement effective action plans in response to the findings of the AGSA;
8.3.2.2.2 The entity must ensure that it improves its Financial Statements preparation, as well as putting sufficient measures in place to plan for revenue losses due to COVID-19 travel restrictions;

8.3.2.3 C-BRTA

8.3.2.3.1 The C-BRTA must, on a quarterly basis, report to the Committee regarding the steps taken in resolving the impasse regarding the cross-border movements on the RSA/Kingdom of Lesotho route;
8.3.2.3.2 The C-BRTA should report to the Committee, by the end of January 2022 and on a quarterly basis thereafter, regarding the continued engagements on the implementation of the 1996 SADC Protocol on Transport, Communications and Meteorology;
8.3.2.3.3 The entity should cooperate with the Department to develop funding plans to ensure the financial sustainability of the entity. Should the funding model and legislative impediments regarding regulation by the C-BRTA not be corrected, the entity will also face liquidity concerns;
8.3.2.3.4 The entity should ensure its targets meet the SMART principles and ensure that sufficient records are available to prove that those targets have been met. The entity must also implement sufficient measures to ensure that it achieves all the annual performance targets that it sets itself, as well as develop and implement effective action plans in response to the findings of the AGSA;

8.3.2.4 DLCA

8.3.2.4.1 The entity should ensure its targets meet the SMART principles and ensure that sufficient records are available to prove that those targets had been met. The entity must also implement sufficient measures to ensure that it achieves all the annual performance targets that it sets itself, as well as develop and implement effective action plans in response to the findings of the AGSA;
8.3.2.4.2 The entity must submit quarterly reports to the Committee on progress made regarding the application for approval to move to a new card format and the acquisition/procurement of a new card manufacturing machine. Should there be a failure to obtain these approvals, the entity must immediately inform the Committee of steps taken to limit service disruptions to card applicants in the event that the current machine is no longer serviced and if it becomes inoperable;

8.3.2.5 PRASA

8.3.2.5.1 General

8.3.2.5.1.1 The entity should cooperate with the Department to develop funding plans to ensure the financial sustainability of the entity and its subsidiaries (especially Autopax given its dire financial position). Should the funding model and legislative impediments regarding regulation by the PRASA not be corrected, the entity will also face liquidity concerns;
8.3.2.5.1.2 The below-than-acceptable performance requires special interventions and a rescue plan that will ensure that, in the next financial year, PRASA, focuses on the following:

8.3.2.5.1.2.1 Arresting the current decline in business performance;
8.3.2.5.1.2.2 Focusing on reliability, availability, predictability of the service that is safe and secure and improves customer service satisfaction;
8.3.2.5.1.2.3 Fixing a misaligned and fragmented organisational structure and drive efficiencies and effectiveness in the deployment of resources;
8.3.2.5.1.2.4 Bringing organisational stability and strict governance; and

8.3.2.5.1.2.5 Fast tracking the modernisation programme to improve passenger rail travel experience and ensuring that the infrastructure is suitable and depots are available to receive the new trains from Gibela;

8.3.2.5.1.3 That PRASA improves its current services and safety through the rollout of the current turnaround strategy. The Department must deliver quarterly reports on the above to the Committee;

8.3.2.5.1.4 The entity should ensure its targets meet the SMART principles and ensure that sufficient records are available to prove that those targets have been met. The entity must also implement sufficient measures to ensure that it achieves all the annual performance targets that it sets itself, as well as develop and implement effective action plans in response to the findings of the AGSA;

8.3.2.5.1.5 The entity, through the Minister, must provide adequate reasons to the Committee, by 15 December 2021, as to why the annual report of the entity and its subsidiaries were not tabled within the extended deadline. In the next reporting period, the entity must ensure that it adopts its annual report in order for the Minister to table it timeously. The entity, through the Minister, must ensure that the annual report for 2020/21 is tabled urgently;

8.3.2.5.2 Intersite

8.3.2.5.2.1 The entity should ensure its targets meet the SMART principles and ensure that sufficient records are available to prove that those targets have been met. The entity must also implement sufficient measures to ensure that it achieves all the annual performance targets that it sets itself, as well as develop and implement effective action plans in response to the findings of the AGSA;

8.3.2.5.2.2 The entity must work with the Department to finalise its consolidation with PRASA Cres;

8.3.2.5.3 Autopax

8.3.2.5.3.1 The entity should ensure its targets meet the SMART principles and ensure that sufficient records are available to prove that those targets have been met. The entity must also implement sufficient measures to ensure that it achieves all the annual performance targets that it sets itself, as well as develop and implement effective action plans in response to the findings of the AGSA;

8.3.2.5.3.2 The entity must ensure that it works with PRASA and the Department to find a viable solution to improve its finances;

8.3.2.6 PRSA

8.3.2.6.1 The entity should ensure its targets meet the SMART principles and ensure that sufficient records are available to prove that those targets have been met. The entity must also implement sufficient measures to ensure that it achieves all the annual performance targets that it sets itself, as well as develop and implement effective action plans in response to the findings of the AGSA;

8.3.2.6.2 The entity should cooperate with the Department to develop funding plans to ensure the financial sustainability of the entity. Should the funding model and legislative impediments regarding regulation by the PRSA not be corrected, the entity will also face liquidity concerns;

8.3.2.6.3 The entity must ensure that it improves its Financial Statements preparation;

8.3.2.7 RAF

8.3.2.7.1 The entity should cooperate with the Department to develop funding plans to ensure the financial sustainability of the entity and should provide the Committee with quarterly updates on strategies to improve the financial health status and reduction of instances where the liabilities exceed total assets of the RAF, as there was uncertainty as to whether the entity would be able to fund their future obligations. Updates should also be provided on the notable concerns regarding liquidity remaining for RAF;

8.3.2.7.2 The RAF should be supported by the Department and stakeholders in discharging its mandate of efficiently and effectively providing compulsory social insurance cover for to all users of South African roads; rehabilitate and compensate people injured owing to the negligent driving of motor vehicles;

8.3.2.7.3 The entity should ensure its targets meet the SMART principles and ensure that sufficient records are available to prove that those targets have been met. The entity must also implement sufficient measures to ensure that it achieves all the annual performance targets that it sets itself, as well as develop and implement effective action plans in response to the findings of the AGSA;
8.3.2.7.4 The entity, through the Minister, must provide adequate reasons to the Committee, by 15 December 2021, as to why the annual report of the entity was not tabled within the extended deadline. In the next reporting period, the entity must ensure that it adopts its annual report in order for the Minister to table it timeously. The entity, through the Minister, must ensure that the annual report for 2020/21 is tabled urgently;

8.3.2.8 RSR

8.3.2.8.1 The entity should co-operate with the Department to develop funding plans to ensure the financial sustainability of the entity. Should the funding model and legislative impediments regarding regulation by the RSR not be corrected, the entity will also face liquidity concerns;

8.3.2.9 RTIA

8.3.2.9.1 The entity should co-operate with the Department to develop funding plans to ensure the financial sustainability of the entity. Should the funding model and legislative impediments regarding regulation by RTIA not be corrected, the entity will also face liquidity concerns;
8.3.2.9.2 The entity should ensure that the required measures are in place to ensure its record keeping is improved sufficiently to prevent a future tabling delay as was experienced during this audit process;
8.3.2.9.3 The entity must urgently address the findings that led to its qualified audit as identified by the AGSA;
8.3.2.9.4 The entity, through the Minister, must provide adequate reasons to the Committee, by 15 December 2021, as to why the annual report of the entity was not tabled within the extended deadline. In the next reporting period, the entity must ensure that it adopts its annual report in order for the Minister to table it timeously. The entity, through the Minister, must ensure that the annual report for 2020/21 is tabled urgently;

8.3.2.10 RTMC

8.3.2.10.1 The entity should ensure its targets meet the SMART principles and ensure that sufficient records are available to prove that those targets have been met. The entity must also implement sufficient measures to ensure that it achieves all the annual performance targets that it sets itself, as well as develop and implement effective action plans in response to the findings of the AGSA;
8.3.2.10.2 The entity must ensure that it improves its Financial Statements preparation;

8.3.2.11 SACAA

8.3.2.11.1 The entity must ensure that it works with the Department on improving its funding model to address the revenue generation impact experienced due to the COVID-19 lockdown restrictions on the aviation industry;
8.3.2.11.2 The entity should, on a quarterly basis, report back to the Committee on the progress to procure a new or lease a South African owned calibration aircraft to ensure the continued operations at airports across the country;

8.3.2.12 SAMSA

8.3.2.12.1 The entity, through the Minister, must provide adequate reasons to the Committee, by 15 December 2021, as to why the annual report of the entity was not tabled within the extended deadline. In the next reporting period, the entity must ensure that it adopts its annual report in order for the Minister to table it timeously. The entity, through the Minister, must ensure that the annual report for 2020/21 is tabled urgently;

8.3.2.13 SANRAL

8.3.2.13.1 The entity should co-operate with the Department to develop funding plans to ensure the financial sustainability of the entity and should provide the Committee with quarterly updates on strategies to improve the financial health status and reduction of instances where the liabilities exceed total assets of SANRAL as there was uncertainty as to whether the entity would be able to fund their future obligations. Updates should also be provided on the notable concerns regarding liquidity remaining for SANRAL;
8.3.2.13.2 With regard to SANRAL, the Ministry must urgently seek to achieve finality regarding the GFIP funding model;
8.3.2.13.3 The entity should ensure its targets meet the SMART principles and ensure that sufficient records are available to prove that those targets have been met. The entity must also implement sufficient measures to ensure that it achieves all the annual performance targets that it sets itself, as well as develop and implement effective action plans in response to the findings of the AGSA;
8.3.2.13.4 The entity must ensure that it improves on its Financial Statements preparation;

8.3.3 Committee recommendations applicable to all entities

As the following recommendations have general application to all entities of the Department and for the sake of limiting repetition, the Committee recommends that the Minister, through the Department, should ensure the following:

8.3.3.1 When vacancies in entities arise in critical posts (CEO, CFO, COO, Chief Procurement Officer (CPO)), those appointments should be expedited so that consequence management can be implemented against officials who incur or permit irregular expenditure, as well as fruitless and wasteful expenditure;
8.3.3.2 The Committee requests the following with regard to compliance with the provisions of the PFMA:

> 8.3.3.2.1 The entities should capacitate their Finance and SCM directorates/departments/branches with appropriately skilled and competent personnel to prepare credible financial statements;
> 8.3.3.2.2 The executive authorities, accounting authorities, accounting officers and senior management should ensure that information used to prepare financial statements are accurate and reliable; and
> 8.3.3.2.3 The entities must ensure that all officials responsible for reporting in terms of the PFMA are reskilled by ensuring they receive training on compliance with the PFMA, ensure that these staff members undergo refresher courses on the applicable NT Regulations that are implemented from time to time, and receive training on compliance with the King Report on Corporate Governance IV;

8.3.3.3 Control processes should be adhered to in the SCM processes. Some of these highlighted by the Committee are:

> 8.3.3.3.1 The entities should identify and address the inefficiencies in the SCM process in the entity. There should be consequences for poor performance and failure to comply with applicable legislation;
> 8.3.3.3.2 Members of the relevant Board/bid evaluation committee and the chairperson should satisfy themselves that all service providers that are recommended for award have all the required documentation in terms of legislation. The list of recommended bidders should be accompanied by a signed checklist confirming the completeness of required documents;
> 8.3.3.3.3 Management should properly plan the acquisition of goods and services and exercise sufficient oversight and monitoring of controls to ensure that compliance with SCM policy is achieved;
> 8.3.3.3.4 Recurring non-compliance should be investigated and appropriate action taken against transgressors;
> 8.3.3.3.5 Furthermore, management should ensure its own policies and procedures are reviewed and aligned to the Framework for Managing Performance Information and the PFMA, to ensure that performance reporting requirements are properly processed by the entity;

8.3.3.4 The entities must each submit a comprehensive action plan to address any and all of the AGSA's findings and recommendations to the Committee by the end of January 2022, followed by quarterly progress reports;

8.3.4 Committee recommendations to the Minister of Finance

The Committee recommends that the Minister of Finance, through NT, should ensure the following:
8.3.4.1 Assist the Department and its entities, along with the AGSA, to obtain a definitive interpretation or definition of SCM terminology and issues raised with B-BBEE compliance requirements in order to prevent future disputes during the audit process linked to these terms;
8.3.4.2 Assist the Department with finalising new feasibility studies linked to a possible future Moloto Rail Corridor and other High Speed Rail corridors;

8.3.5 Committee recommendations to the Minister in the Presidency
The Committee repeats its recommendation from the 2020 BRRR and recommends that the Minister in the Presidency, should ensure the following:
8.3.5.1 Assist the Department and SANRAL in urgently processing the decision on the future funding model for the GFIP as this is still not yet finalised and the continued delays in the finalisation of the GFIP matter has continued and continues to negatively affected the financial sustainability of SANRAL;

9. SUMMARY OF REPORTING REQUESTS

The Committee requested additional matters for the Department to report on:

Table 17: 2021 Summary of Reporting Requests

Reporting matter	Action required	Timeframe
The Department should submit an improved Action Plan to address the findings of the AGSA for it and its entities, as well as the implementation of the recommendations made by the Committee in this report.	Written plan from the Department.	15 January 2022
The Department should submit a comprehensive briefing on steps it will be taking to assist in stabilising its entities (including filling of vacancies, conclusion and evaluation of shareholder agreements, improving the efficiency of the shareholder representatives on the boards, closely monitoring the implementation of projects and budget expenditure, etc.).	Monthly progress written briefings from the Department.	Monthly starting with first report due on 15 January 2022
The Department should submit a comprehensive briefing on progress made on the filling of Board vacancies in entities, as well as the filling of all critical posts within the Department and its entities.	Monthly progress written briefings from the Department.	Monthly starting with first report due on 15 January 2022
The Department should submit a comprehensive briefing on implementation of the RTRP, to justify the continuation of the programme, to indicate how it will assist with delivering on the outcomes of the Taxi Lekgotla and with specific reference as well to the progress under the programme for purposes of implementation of the recommendations from the Public Protector's Report on illegal Quantum Van conversions.	Written briefing from the Department.	15 January 2022
The Department should submit quarterly reports on investigations underway in the Department and all the entities, with additional emphasis on the finalisation of investigations to resolve the AGSA SCM	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA

compliance concerns, lack of consequence management and resolution of past incurred irregular expenditure findings.		
The Department should submit quarterly reports on pending litigation, as well as settlements reached and judgments for and against the Department and all the entities.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on human resource management (retentions, secondments, transfers, retirements, training and skills transfers, resignations and dismissals), as well as report on progress in disciplinary matters (including suspensions) in the Department and all the entities.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on the achievement of job creation targets in the Department and all the entities.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on the achievement of transformation targets in the Department and all the entities.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on the progress towards prevention of irregular, fruitless and wasteful expenditure for the Department and all the entities.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on the *Shova Kalula* project.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on the progress of projects linked with the following grants: PTOG PRMG PTNG RRAMS Coal Haulage Grant Disaster Management Grant	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit quarterly reports on progress regarding the Moloto Corridor Project with emphasis on the Road works' progress and any future discussions on revisiting the feasibility of the Rail Programmes.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department should submit a comprehensive briefing on the progress made to address and/or implement recommendations emanating from Committee Oversight Reports during the year.	Written briefing from the Department.	15 January 2022
The Department should submit a progress report on the finalisation of the Public Transport Safety Plan.	Written report from the Department.	15 January 2022
The Department should submit quarterly reports on strategies to address the	Written plans from the Department of Transport and:	Quarterly reports within 30 days of the adoption

financial health status of: C-BRTA RAF PRSA SANRAL PRASA SACAA ACSA ATNS	 C-BRTA RAF PRSA SANRAL PRASA SACAA ACSA ATNS	of this report by the NA.
The Department, together with the C-BRTA should submit quarterly progress reports on progress 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.	Written plan from the Department.	Quarterly reports within 30 days of the adoption of this report by the NA
The Department, in conjunction with PRASA should submit a comprehensive briefing on the Werksmans contract from conclusion of the contract in 2015 to the current status of work performed by the firm and include the total expenditure to date relating to the contract in question, as well as the progress on resolving the matters raised in the report.	Written briefing from the Department.	15 January 2022
The Department, together with PRASA should submit a comprehensive briefing on: - the new Board interventions plan it intends to implement, as well as how this will address the shortages of train sets currently online and how they intend to increase ridership; - The plan in place to ensure that PRASA complies with all RSR directives; - The plan in place to phase out manual authorisation or how they will ensure that the use of manual authorisation will not lead to another train collision or derailment; - The plan to address the concerns raised regarding the asset register as well as the safety and security on the assets, infrastructure, staff and passengers;	Written briefing from the Department.	15 January 2022
The Department, together with the DLCA must submit a comprehensive plan on how the concerns regarding the card production machine is being addressed as well as a report on the progress made to finalise and roll-out the proposed new card standards.	Written plan from the Department.	15 January 2022
The Department, together with SANRAL must submit a report on the agreements entered into and deliverables in relation to the transfer of road maintenance and further planned construction in relation to the Moloto Road Corridor with each of the	Written report from the Department.	15 January 2022

relevant affected provinces and SANRAL.		
The Department, together with SANRAL must submit a comprehensive plan on managing the fiscal constraints placed on the entity due to the e-tolling GFIP concerns raised.	Written plan from the Department.	15 January 2022
The Department, together with SACAA must submit a report on the progress into the investigation of the aircraft crash involving the Calibration Aircraft of the entity as well as submit the final report on this crash investigation once it is finalised.	Written progress report from the Department.	15 January 2022

10. CONCLUSION

The Committee would, through its oversight and engagements with the Department and its entities, ensure that the AGSA's recommendations are implemented by the Department and its entities. The Committee would further insist on receiving regular feedback from the Department on key issues impacting entities as identified through the oversight process performed by the Committee, as well as the Department's own internal oversight directorate over the entities.

11. APPRECIATION

The Committee would like to acknowledge the Minister, the Deputy Minister, the Department officials, as well as Board Members and officials of the entities for presentations made and engagements on their annual reports and annual financial statements.

The Committee applauds the achievements by the C-BRTA, DLCA, SACAA, RSR and PRSA in receiving Unqualified Audit opinions with no material findings.

The Committee would also like to extend a note of appreciation to its support staff during the year under review and in the compilation and capturing of the Committee reports.

Report to be considered.

Attached – Annexure A: List of abbreviations/acronyms

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
APP	Annual Performance Plan
ARDP	(Draft) Access Road Development Plan
ATNS	Air Traffic Navigation Services
AU	African Union
AVT	Autonomous Vehicle Technology
BAC	Bid Adjudication Committee
BARSA	Board of Airlines Representatives of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
BTE	Bureau for Transport Economists
BRRR	Budget Review and Recommendations Report
BRT	Bus Rapid Transport
CARCOM	Civil Aviation Regulations Committee
C-BRTA	Cross-Border Road Transport Agency
C-BRTRF	Cross-Border Road Transport Regulators Forum
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CNG	Compressed Natural Gas
COO	Chief Operational Officer
COTO	Committee of Transport Officials
COVID-19	The Coronavirus Disease 2019
CPO	Chief Procurement Office
DBSA	Development Bank of Southern Africa
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
DORA	Division of Revenue Act
DPE	Department of Public Enterprises
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
eNaTIS	Electronic National Traffic Information System
ERT	Economic Regulation of Transport
ESEID	Economic Sectors, Employment and Infrastructure Development
EXCO	Executive Committee
FMPPI	Framework for Managing Programme Performance Information
FOSAD	Forum of South African Directors-General
GFIP	Gauteng Freeway Improvement Project
GHG	Greenhouse Gas
GDP	Gross Domestic Product
GDYC	Gender, Disability, Youth and Children
GTS	Green Transport Strategy
HRD	Human-Resource Development
HSR	High Speed Rail
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
LGBTQIA+	Lesbian, Gay, Bisexual, Transgender, Queer or Questioning, Intersex, Asexual or Ally and Two-Spirited
LPG	Liquefied Petroleum Gas
MCA	Multi-Criteria Assessment
MECs	Members of the Executive Council
MEOSAR	Medium Earth Orbit Search and Rescue
MI	Material Irregularity
MLPS	Long Distance (Main Line) Passenger Service
MoAs	Memoranda of Agreements
MOU	Memorandum of Understanding
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
NAFCS	National Anti-Fraud and Corruption Strategy
NATMAP 2050	National Transport Master Plan 2050
NCAP	National Civil Aviation Policy
NCCRS	National Climate Change Response Strategy
NCOP	National Council of Provinces
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NGP	New Growth Path
NHTS	National Household Travel Survey
NICRO	South African National Institute for Crime Prevention and the Reintegration of Offenders
NIP	National Infrastructure Plan
NQF	National Qualifications Framework
NRSS	National Road Safety Strategy
NRTA	National Road Traffic Act
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
PPPFA	Preferential Procurement Policy Framework Act
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
RAs	Registering Authorities
RAF	Road Accident Fund

RFS	Road Freight Strategy
ROCE	Return on Capital Employed
RPAS	Remotely Piloted Aircraft
RRAMS	Rural Road Asset Management System Grant
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
SADC	Southern African Development Community
SAMSA	South African Maritime Safety Authority
SANRAL	South African National Roads Agency Limited
SAPS	South African Police Services
SARS	South African Revenue Service
SASAR	South African Search and Rescue Organisation
SCM	Supply Chain Management
SEIAs	Socio Economic Impact Assessment System
SIP	Strategic Infrastructure Programme
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
SOEs	State-owned Enterprises
SONA	State of the Nation Address
SSP	*S'hamba Sonke* Programme
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
TV	Television
TVET	Technical Vocational Educational and Training
UN	United Nations
VTC	Vehicle Testing Centres
WHO	World Health Organisation
WITS	University of Witwatersrand
YD	Yamoussoukro Decision