



PARLIAMENT
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Policy Brief: Performance
on Transport Conditional
Grants

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Table of Contents

- 1. Purpose 1
- 2. Introduction..... 1
- 3. Background 1
- 4. Methodology for the evaluation of performance on the Transport Conditional Grants in 202013
- 5. Findings.....3
- 6. Conclusion6
- Annexure7

1. Purpose

To provide Members of the Finance and Appropriations Committees with an evaluation of the structure and performance of the Transport Conditional Grants in 2020/21.

2. Introduction

Members of the Appropriations and Finance committees are required to determine value for money and progress with the implementation of policy priorities funded through the division of nationally raised revenue. The monitoring of the implementation of the budget, inclusive of conditional grants is part of the legislative process and reports are submitted to Parliament on a quarterly basis.

The reporting on conditional grant outputs to Parliament is, however, not institutionalised for the reporting on a quarterly basis. Required performance, in a specific financial year, is included in the schedules to a Division of Revenue Act (DORA) two years beyond the performance period. Annual performance is also reflected in Annual Reports of the specific department administering the conditional grant for evaluation purposes of the specific year. The information provided in Annual Reports is often not complete, as in the instance of the Transport Conditional Grants in 2019/20, when the first evaluation was done

The Parliamentary Budget Office has started a process to assist Members with their oversight role, specifically to determine the efficiency and effectiveness of the expenditure of nationally raised revenue. Due to the size and importance of priority funding, the PBO started a series of assessments on the information available in the schedules to the Division of Revenue Act (DORA). The assessments showed that the information provided in the DORA is not adequate to determine effectiveness.

The PBO analysis, on the progress with the implementation of conditional grants; therefore, mainly relies on the information provided in annual reports. This report continues the process by analysing the performance information reflected in the Annual Report of the Department of Transport, evaluating the performance on four Conditional Grants that comprised almost 40 per cent of the funding for transport in 2020/21.

3. Background

Nationally raised government revenue is divided between the three spheres of government in the form of an equitable share and conditional grants for specific purposes. The equitable division of revenue (according to a formula) raised nationally among spheres of government is divided among the national, provincial and local spheres of government.

Conditional allocations to provinces and municipalities from the national government's share of revenue are allocated to provinces and municipalities to supplement the funding of programmes or functions funded from provincial/municipal budgets; specific-purpose allocations to provinces/municipalities; and allocations-in-kind to provinces/municipalities for designated special programmes. Other conditional grants include funds that are not allocated to specific provinces/municipalities, that may be released to provinces/municipalities to fund an immediate response to a declared disaster. In the financial year 2020/21, four conditional grants were transferred to provinces and municipalities by the National Department of Transport.

The **Provincial Road Maintenance Grant** has three components. The largest component enables provinces to expand their maintenance activities, while the other two allow provinces to repair roads damaged by floods and rehabilitate roads that are heavily used in support of electricity production. The component for heavily used roads came to an end in 2019/20. Grant allocations are determined using a formula based on provincial road networks, road traffic and weather conditions. These factors reflect the different costs of maintaining road networks in each province. The grant requires provinces to follow best practices for planning, and to use and regularly update road asset management systems (RAMS).

The **Public Transport Operations Grant** subsidises commuter bus service. It helps ensure that provinces meet their contractual obligations and provide services efficiently.

The **Public Transport Network Grant** administered by the Department of Transport, helps cities to create or improve public transport systems in line with the National Land Transport Act (2009) and the Public Transport Strategy. This includes all integrated public transport network infrastructure, such as bus rapid transit systems, conventional bus services, and pedestrian and cycling infrastructure. The grant also subsidises the operation of these services.

Since 2016/17 the allocations are determined through a formula, used to determine 95 per cent of the allocations, and a performance based incentive component introduced in 2019/20, which accounts for the remaining 5 per cent. A base component accounts for 20 per cent of the total allocations and is divided equally among all participating cities. This ensures that smaller cities in particular have a significant base allocation to run their transport system regardless of their size. The bulk of the formula (75%) is allocated based on three demand-driven factors, which account for the number of people in a city, the number of public transport users in a city and the size of a city's economy. The weighting of train commuters is reduced as trains are subsidised separately through the Passenger Rail Authority of South Africa (PRASA).

To qualify for an allocation from the performance incentive, a city must have an operational municipal public transport system approved by the national Department of Transport and they must have spent more than 80 per cent of their grant allocation in the previous financial year. Incentive allocations are then calculated based on the coverage of costs from fares, passenger trips and the city's own financial commitment to the system. Cities must exceed the minimum threshold in at least one of these three indicators.

The Department of Transport also administers the **Rural Roads Asset Management System Grant** to improve rural road infrastructure. The grant funds the collection of data on the condition and usage of rural roads in line with the Road Infrastructure Strategic Framework for South Africa. This information guides investments to maintain and improve these roads. District municipalities collect data on all the municipal roads in their area, ensuring that infrastructure spending (from the municipal infrastructure grant and elsewhere) can be properly planned to maximise impact. As data becomes available, incentives will be introduced to ensure that municipalities use this information to plan road maintenance appropriately. The municipal infrastructure grant stipulates that municipalities must use data from road asset management systems to prioritise investment in roads projects.

4. Methodology for the evaluation of performance on the Transport Conditional Grants in 20201

The level of quality and completeness of performance information affects oversight bodies' ability to evaluate performance outcomes on expenditure. To be able to determine efficiency, performance indicators should be specific, relevant and linked to the budget. Effectiveness can be determined only by measuring change over time by measuring impact indicators. Impact indicators are mainly measured over a 5-year period and reflected in the Medium Term Strategic Framework of Government.

Performance information from the 2020/21 Annual Report of the National Department of Transport is reflected in tables 1 to 4 (Annexure) and are arranged according to the purpose of the conditional grants and expected outputs. The data used for the analysis is clearly stated in the tables.

5. Findings

The PBO's assessment of the information as presented in tables 1 to 4 shows that:

Provincial Road Maintenance Grant (PRMG)

The goal of this grant is to ensure efficient and effective investment in provincial roads to implement the Road Infrastructure Strategic Framework for South Africa in line with the S'hamba Sonke road programme and other related road infrastructure asset management programmes.

The outcomes expected from this grant is twofold and aims to:

To improve the condition and lifespan of provincial roads and level of service backed by a periodic five-year review of the road network conditions and

Improved rates of employment and community participation through labour-intensive construction methodologies and skills development through the delivery of roads infrastructure project

Table 1(a) shows that, of the R630 million transferred for employment stimulus through this grant, R182.11 million was spent by provinces by the end of the national financial year. The purpose in this regard is to stimulate the economy and job creation through the maintenance of rural infrastructure project. The Department cite the late tabling of the budget during the Mid Term Budget review in October 2020 and transfers only released on 2 February 2021, as the reason for underspending.

Table 1(a) also indicates the actual outputs performance as reported in the Annual Report:

- Most of the Provinces fail to comply with the requirements of the Presidential Employment Stimulus Package as follows:
- Western Cape province did not comply with the Presidency mandate of Job creation, jobs created were not in labour intensive activities
- Northern Cape province utilised parts of the Presidential Employment Stimulus budget for other things
- Limpopo province just started other Employment Stimulus projects this new financial year. This will pose a serious challenge in terms of reporting.

- Kwa-Zulu Natal failed to advertise tenders within the required time frame for implementation of Phase one (1)
- Some provinces did not report on SMMEs. Most provinces did not report on FTEs.

Only two provinces, Gauteng and North West provinces achieved their set targets, most of the provinces performed poorly on the outputs.

Table 1(b) shows that, of the R10.47 billion transferred for this grant, R9.94 billion was spent by provinces by the end of the national financial year. This expenditure amount reflects under spending of 5 per cent. According to the Department, the under spending was due to reprioritisation and re-packaging of projects by the Limpopo Department of Public Works Roads and Infrastructure, resulting with the late advertisement of tenders.

Table 1(b) also shows the performance within four categories of outputs namely:

- Planning - Final Road Asset Management Plan (RAMP)
- Network conditions - actual delivery related measures against 2020/21 targets defined in the final RAMP and APP for each province
- Job creation - performance measures planned based on national job creation indicators
- Contractor development programme- reporting on the provinces' contractor development programme

Although accumulated targets were not determined based on the provincial RAMPs and Annual Performance plans, the Department reported total actual outputs. Without the provision of targets, it is; therefore, not possible to determine whether the planned outputs were achieved.

To be able to determine efficiency (as required by the goal) a target for cost per m² or km would be useful to compare an actual output with, over time or to do a comparison between provinces. Although the actual outputs show that:

- Number of kilometers upgraded = 100
- 7 021 417 m² (2006 effective km) of roads were re-sealed
- 4035 km of roads were re-gravelled
- 1 158 365 m² (330 effective km) of roads were patched
- 357 232 km of gravel roads were bladed
- Work opportunities = 206 056
- Number of work opportunities created for Women = 156 159
- Number of work opportunities created for Youth = 42 667

Number of work opportunities created for Persons with Disabilities = 360

An indicator with a baseline of the condition of roads and targets will be useful to determine if the real needs are addressed by this grant.

Public Transport Operations Grant (PTOG)

The purpose of this grant is to provide supplementary funding towards public transport services provided by provincial departments of transport.

Table 2 shows that the Department has spent R5.96 billion of the transferred funds amounting to R6.75 billion. This expenditure amount reflects an under spending. Reduced spending emanates from COVID-19 lockdown restrictions being imposed, and affecting operations. Almost 50 per cent of buses were not operating. As a result, some funds were not spent. In Gauteng, the Meyerton and three Ekurhuleni contracts were not operating due to operators withdrawing services.

Despite under spending on this grant, table 2 shows that the provincial departments of transport has made progress with the provisioning of eight (8) outputs of this grant:

- 6 170 vehicles subsidised
- 74 039 cumulative annual vehicles subsidised
- 4585 420 trips operated
- Scheduled trips 4585 420
- 162 263 214 passengers subsidised
- 225 349 765 kilometres subsidised
- 154 638 employees
- Number of kilometres 175297 039

Public Transport Network Grant (PTNG)

The goal of this grant is to support the National Land Transport Act (Act No. 5 of 2009) and Public Transport Strategy (PTS) and Action Plan in promoting the provision of accessible, reliable and affordable integrated municipal public transport network services.

Table 3 shows that the municipalities spent R3.07 billion of the transferred R4.39 billion, leading to an under spending of R1.29 billion. The municipal sphere's financial year annually runs for three more months after the end of the national financial year therefore, the unspent funds are likely to be spent thus increasing the expended amount to date.

Table 3 also shows that municipalities that received the grant are making progress with the provisioning of the Network Infrastructure Component (as indicated in table 3), however there is no reporting on the progress made with the provisioning of the Network Operations Component, which should include reporting on the:

- Number of average weekday passenger trips carried on Public Transport Network Grant (PTNG) funded networks
- Number and percentage of municipal households within a 500m walk to an Integrated Public Transport Network (IPTN) station or stop that has a minimum peak period frequency of 15 minutes or better
- Percentage uptime for network operating systems as a proportion of the network's public operating hours
- Passengers per network vehicle per average weekday

Rural Road Asset Management Systems Grant (RRAMS)

The goal of this grant is to ensure efficient and effective investment in municipal roads through development of the Road Asset Management System (RAMS) and collection of data.

Table 4 shows that municipalities have spent R40.81 million of the R108.44 million transferred. Municipalities spent an average of 38 per cent of the funds that were transferred due to the COVID-19 impact, which delayed procurement as well as implementation. It must be noted that the municipal financial year ends in June.

Table 4 lists the expected outputs for this grant as follows:

- Road condition data (paved and unpaved)
- Traffic data
- Data on condition of structures as per Technical Methods for Highways (TMH) 19 (including bridges and culverts)
- Prioritised project list for roads to inform Municipal Infrastructure Grant project selection

In terms of the actual 202/21 actual outputs achieved, the Department reports that road condition data and traffic data is available. The RAMS data is being cleaned and updated.

The following are some of the challenges encountered in the programme:

- COVID-19 Regulations has 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 DM and/or the newly appointed service provider

6. Conclusion

In the financial year 2020/21, four conditional grants were transferred to provinces and municipalities by the National Department of Transport. These are: The Provincial Road Maintenance Grant, Public Transport Operations Grant, Public Transport Network Grant and Rural Road Asset Management Systems Grant.

The analysis of the information on the conditional grants shows:

- Underspending that is accompanied by underperformance (no targets were published, although available in business plans)
- Performance outputs/indicators were not well defined (Improved road condition data without a baseline makes monitoring impossible)
- No reporting on specific performance indicators
- Actual reporting on performance indicators not specific
- No targets were set for outputs
- There was incomplete performance information in the Annual Report in 2019/20

The lack of proper performance information on conditional grants in the Annual Reports of departments, in general, makes it difficult for Parliament to determine the effectiveness of expenditure and impact of the outputs delivered by provincial departments.

Annexure

Table 1: Provincial Road Maintenance Grant (PRMG) 1 (a) Employment stimulus

Purpose of the grant	Expected outputs	Actual outputs (Annual Report)
<p>To stimulate the economy and job creation through the maintenance of rural infrastructure project</p>	<ul style="list-style-type: none"> • Final Road Asset Management Plan (RAMP) and tabled project list for the 2019 medium term expenditure framework (MTEF) in a Table B5 format by 29 March 2019 • Network condition assessment and determination of projects priority list from the RAMS • The following actual delivery related measures against 2019/20 targets defined in the final RAMP and annual performance plan (APP) for each province: <ul style="list-style-type: none"> ○ Number of m² of surfaced roads rehabilitated (quarterly) ○ Number of m² of surfaced roads resurfaced (overlay or reseal) ○ Number of m² of blacktop patching (including pothole repairs) ○ Number of kilometres of gravel roads re-gravelled ○ Number of kilometres of gravel roads bladed ○ Number of kilometres of gravel roads upgraded (funded from provincial equitable share) • The following performance measures were planned based on national job creation indicators <ul style="list-style-type: none"> ○ Number of jobs created ○ Number of full time equivalents created ○ Number of youths employed (18 - 35) ○ Number of women employed ○ Number of people living with disabilities employed • Reporting on the provinces' contractor development programme <ul style="list-style-type: none"> ○ Number of small medium micro enterprises contracted • Updated road condition data (paved and unpaved) including instrumental/ automated road survey data, traffic data, safety audit report and bridge conditions 	<ul style="list-style-type: none"> • Most of the Provinces fail to comply with the requirements of the Presidential Employment Stimulus Package as follows: • Western Cape province did not comply with the Presidency mandate of Job creation, job created were not labour intensive. • Northern Cape province utilizes other parts of Presidential Employment Stimulus budget for other things not intended for. • Limpopo province just started other Employment Stimulus projects this new financial year. This will pose a serious challenge in terms of reporting. • Kwa-Zulu Natal failed to advertise tenders within the required time frame for implementation of Phase One (1) • Some provinces did not report on SMMEs. Most provinces did not report on FTEs. • Only two provinces, Gauteng and North West provinces achieved their set targets, most of the provinces performed poorly
<p>Audited financial outcomes</p>	<p>Transferred amount per Annual Report: R630 million</p>	<p>Amount spent by provinces: R182 million</p>

Source: Annual Report National Department of Transport, 2021 DORA

Table 1: Provincial Road Maintenance Grant (PRMG) 1 (b)

Purpose of the grant	Expected outputs	Actual outputs (Annual Report)
<ul style="list-style-type: none"> • To supplement provincial investments for road infrastructure maintenance (routine, periodic and special maintenance) • To ensure that all roads are classified as per the Road Infrastructure Strategic Framework for South Africa and the technical recommendations for highways, and the Road Classification and Access Management guidelines • To implement and maintain Road Asset Management Systems (RAMS) • To supplement provincial projects for the repair of roads and bridges damaged by unforeseen incidents including natural disasters • To improve road safety with a special focus on pedestrian safety in rural areas 	<ul style="list-style-type: none"> • Final Road Asset Management Plan (RAMP) and tabled project list for the 2019 medium term expenditure framework (MTEF) in a Table B5 format by 29 March 2019 • Network condition assessment and determination of projects priority list from the RAMS • The following actual delivery related measures against 2019/20 targets defined in the final RAMP and annual performance plan (APP) for each province: <ul style="list-style-type: none"> ○ Number of m² of surfaced roads rehabilitated (quarterly) ○ Number of m² of surfaced roads resurfaced (overlay or reseal) ○ Number of m² of blacktop patching (including pothole repairs) ○ Number of kilometres of gravel roads re-gravelled ○ Number of kilometres of gravel roads bladed ○ Number of kilometres of gravel roads upgraded (funded from provincial equitable share) • The following performance measures were planned based on national job creation indicators <ul style="list-style-type: none"> ○ Number of jobs created ○ Number of full time equivalents created ○ Number of youths employed (18 — 35) ○ Number of women employed ○ Number of people living with disabilities employed • Reporting on the provinces' contractor development programme <ul style="list-style-type: none"> ○ Number of small medium micro enterprises contracted • Updated road condition data (paved and unpaved) including instrumental/ automated road survey data, traffic data, safety audit report and bridge conditions 	<ul style="list-style-type: none"> • Number of kilometers upgraded = 100 • 7 021 417 m² (2006 effective km) of roads were re-sealed • 4035 km of roads were re-gravelled • 1 158 365 m² (330 effective km) of roads were patched • 357 232 km of gravel roads were bladed • Work opportunities = 206 056 • Number of work opportunities created for Women = 156 159 • Number of work opportunities created for Youth = 42 667 • Number of work opportunities created for Persons with Disabilities = 360
Audited financial outcomes	Transferred amount per Annual Report: R10.47 billion	Amount spent by provinces: R9.94 billion

Source: Annual Report National Department of Transport, 2021 DORA

Reasons for the funds unspent by the Entity Reprioritisation and re-packaging of projects by the Limpopo Department of Public Works Roads and Infrastructure, resulting with the late advertisement of tenders

Table 2: Public Transport Operations Grant (PTOG)

Purpose of the grant	Expected outputs	Actual outputs (Annual Report & DORA 2021)
<ul style="list-style-type: none"> To provide supplementary funding towards public transport services provided by provincial departments of transport 	<ul style="list-style-type: none"> Number of vehicles subsidised Number of cumulative annual vehicles subsidised Number of scheduled trips Number of trips operated Number of passengers subsidised Number of kilometers subsidised Number of employees 	<ul style="list-style-type: none"> Number of vehicle subsidized 6 170 Number of vehicles subsidized (cumulative annual number) 74 039 Number of scheduled trips 4585 420 Number of trips operated 4585 420 Number of passengers 162263 214 Number of kilometres 175297 039 Number of employees 154 638
Audited financial outcomes	Transferred amount per Annual Report: R6.75 billion	Total Amount spent by the provinces: R5.96 billion

Source: Annual Report National Department of Transport, 2021 DORA

Table 3: Public Transport Network Grant (PTNG)

Purpose of the grant	Expected outputs	Actual outputs (Annual Report)
<ul style="list-style-type: none"> To provide funding for accelerated construction and improvement of public and non-motorised transport infrastructure that form part of a municipal integrated public transport network and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services 	<p>Network Operations Component</p> <ul style="list-style-type: none"> Number of average weekday passenger trips carried on Public Transport Network Grant (PTNG) funded networks Number and percentage of municipal households within a 500m walk to an Integrated Public Transport Network (IPTN) station or stop that has a minimum peak period frequency of 15 minutes or better Percentage uptime for network operating systems as a proportion of the network's public operating hours Passengers per network vehicle per average weekday <p>Network Infrastructure Component</p> <ul style="list-style-type: none"> Public transport network infrastructure including dedicated lanes, routes and stops/shelters, stations, depots, signage and information displays, control centres and related information technology, fare systems and vehicles (if the national Department of 	<ul style="list-style-type: none"> Cape Town: A cumulative total of 33.9 km of bi-directional dedicated BRT busway has been constructed and 1.5km is fully operational; All 42 IRT stations are complete and upgrades at Mitchells Plain PTI are complete and fully operational; 4 of the stations have been rendered inoperable due to significant damage inflicted during protest action and subsequent theft, All Phase 1A &1B depots, i.e. Stables, Atlantis and the Inner City, are fully operational; A cumulative total of 778 bus stops are operational, 686 are complete and 82 temporary bus stops are planned for construction as part of future contracts of which 25 temporary bus stops in Mitchells Plain form part of the D04 Kapteinsklop extension (N2 Express). Ekurhuleni: 80 per cent of all ITS equipment procured i.e. validators & gates, Construction of the turn-around facilities at Winnie Mandela and Tembisa Hospital completed. Construction of feeder routes in Tembisa and Southern complimentary route to Vosloorus completed. eralla interim depot construction (earthworks, layer works & surfacing, area lighting and fencing) completed. Construction of all pedestrian bridges completed, Construction of two of the five stream crossings completed. Business Value Surveys for Phase 1 A has been completed. eThekweni: Corridor 2 –7 of 27 kilometres roadway and 4 of 14 stations completed; Corridor 3 –24 of 26 kilometres and 14 of 17 stations completed; Existing depots and temporary terminus completed; Conversion of Scania busses completed; IFMS system installation –completed in 10 stations.

	<p>Transport (DoT) in consultation with National Treasury approves use of grant funds to purchase vehicles), non-motorised transport (NMT) infrastructure that supports network integration (e.g. sidewalks, cycle ways, cycle storage at stations, etc.)</p> <ul style="list-style-type: none"> Plans and detailed design related to IPTN infrastructure and operations 	<ul style="list-style-type: none"> George: Road rehabilitations on Caledon, Mission and Merriman streets completed, Installation of 14 new bus shelters together with 56 LED shelter lights on existing permanent shelters, Sidewalk improvements as part of road rehabilitations completed, Traffic signals upgrade system on main corridors completed, New radio repeater, Hand held radio equipment procured for field monitors and Phase 4B route boundary fencing erected. Johannesburg: Road rehabilitation for critical section concluded, BRT road rehabilitation completed, BRT stations rehabilitation completed, Phase 1C (a) network installation completed. Mangaung: Fort Hare Trunk Route Section 1: Construction progress 43 per cent; Fort Hare Trunk Route Section 2: Construction Progress 27 per cent; Chief Moroka Link -Construction Progress 19 per cent; Moshoeshoe Trunk Route -Part A: Construction Progress 29 per cent; Moshoeshoe Trunk Route -Part B: Construction Progress 19 per cent; Bus Depot Phase 1 Civil Works Construction Progress 30 per cent; Phase 1c Bus shelters and Stops -Detail Designs 100 per cent complete. Nelson Mandela Bay: Upgrade of N2/Stanford road bridge and pedestrian bridge –practical completion in March 2020; Depot and Terminal –concept design 80 per cent complete; Resurfacing of IPTN routes –90 per cent complete Polokwane: Construction of trunk transitions –95 per cent complete, Installation of UTC on Nelson Mandela trunk –99 per cent complete, Renovation of the Daytime lay-over facility building –70 per cent complete, Main bus depot construction –70 per cent complete. Rustenburg: ITS Equipment on stations and buses –10 per cent completed; Interim Service Agreement, negotiations in progress –50 per cent completed; Conclusion of funding model for Buses Phase 1A –100 per cent complete. Tshwane: Belle-Ombre Phase 2 (overflow car park, electric fencing etc.) – 8 per cent complete; Capital Park Bridges –50 per cent complete, Wonderboom Intermodal Facility Building Works –55 per cent complete, Completion of Wonderboom Temp Turn Around and Taxi Holding Area –100 per cent complete, Menlyn Taxi Interchange 50 per cent complete, Atteridgeville taxi interchange –42 per cent complete.
Audited financial outcomes	Transferred amount: R4.39 billion.	Amount spent by the municipalities: R3.07 billion

Source: Annual Report National Department of Transport, 2021 DORA

The municipal sphere's financial year annually runs for 3 more months after the end of the national financial year therefore, the unspent funds are likely to be spent thus increasing the expended amount to date.

Table 4: Rural Roads Asset Management Systems Grant (RRAMS)

Purpose of the grant	Expected outputs	Actual outputs Annual Report
<ul style="list-style-type: none"> To assist district municipalities to set up rural RAMS, and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA) 	<ul style="list-style-type: none"> Improved road condition data Traffic data and Bridge condition data on municipal rural roads to guide infrastructure maintenance and investments, resulting in reduced vehicle costs 	<ul style="list-style-type: none"> Road condition data and traffic data is available. The RAMS data is being cleaned and updated
Audited financial outcomes	Transferred amount per Annual Report: R108.44 million	Amount spent by the municipalities: R40. 81 million

Source: Annual Report National Department of Transport, 2021 DORA

The Municipalities spent an average of 38 per cent of the funds that were transferred because of covid19 impact which delayed procurement as well as implementation. It must be noted that the municipal financial year ends in June.