**Report of the Portfolio Committee on Transport on the 2021/22 Second and Third Quarter Expenditures of the Department of Transport, dated 29 March 2022**

The Portfolio Committee on Transport, having considered the expenditure of the Department of Transport for the Second and Third Quarter of the 2021/22 financial year, reports as follows:

1. **INTRODUCTION**

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 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 and Annual Performance Plans of the Department and entities that fall within the transport portfolio. This report provides an overview of the expenditures of the Department of Transport for the Second and Third Quarter of the 2021/22 financial year, as presented to the Committee on 8 March 2022.

1. **ANALYSIS OF THE 2021/22 SECOND QUARTER EXPENDITURE OF THE DEPARTMENT OF TRANSPORT**

In 2021/22, the budget allocation of the Department of Transport (“the Department”) stands at R66.7 billion. By the end of the Second Quarter of 2021/22, the Department spent R29 billion, which was 44.4% of its available budget.[[1]](#footnote-1)

The Department spent R236.3 million against the Second Quarter projection of R263 million for Compensation of Employees. Spending was R26.8 million (or 10.2%) lower than projected mainly due to the slow filling of vacant posts.[[2]](#footnote-2) The Department had 741 filled posts against a funded establishment of 921 posts. This represented a vacancy rate of 19.5% (or 180 vacant posts).[[3]](#footnote-3)

**2.1 budget expenditure per programme**

**Table 1: Budget Expenditure per Programme, Second Quarter 2021/22**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Programme** **R’Million** | **Main Appropriation** | **Available Budget** | **Quarter 2 Actual Expenditure** | **Expenditure as % of Available Budget** | **Quarter 2 Projected Expenditure** | **Variance from Projected Expenditure** | **% Variance from Projected Expenditure** | **COVID-19 Spending** |
| Administration | 497 | 522.2 | 173 | 33.1% | 246.7 | 73.7 | 29.9% | 0.4 |
| Integrated Transport Planning  | 92.2 | 90.2 | 29.1 | 32.3% | 37.9 | 8.8 | 23.2% | 0.0 |
| Rail Transport | 16 785.8 | 16 806.4 | 4 555.3 | 27.1% | 7 070.9 | 2 515.6 | 35.6% | 0.0 |
| Road Transport | 34 166.7 | 34 222 | 18 474.3 | 54% | 18 510.4 | 36 | 0.2% | 0.0 |
| Civil Aviation Transport | 503.9 | 496.3 | 227.1 | 45.8% | 262.5 | 35.4 | 13.5% | 0.0 |
| Maritime Transport | 157.5 | 155.2 | 58.2 | 37.5% | 82.1 | 23.9 | 29.1% | 0.0 |
| Public Transport | 14 488.6 | 13 133.3 | 5 530.1 | 42.1% | 5 717.8 | 187.7 | 3.3% | 0.0 |
| **Total** | **66 691.8** | **65 425.5** | **29 047.1** | **44.4%** | **31 928.2** | **2 881.2** | **9%** | **0.4** |

**Source: (National Treasury (2021a)**

**2.1.1 Programme 1: Administration**

By the end of the Second Quarter of 2021/22, the Administration programme spent R173 million against the Second Quarter projection of R246.7 million. Spending was R73.7 million (or 29.9%) in the programme lower than projected mainly due to:[[4]](#footnote-4)

* The withholding of payments for office accommodation pending the resolution of a contractual dispute with the Department of Public Works and Infrastructure;
* Lower than anticipated travel and subsistence as a result of the COVID-19 pandemic lockdown restrictions; and
* The slow filling of vacant posts.

**2.1.2 Programme 2: Integrated Transport Planning**

The Integrated Transport Planning programme spent R29.1 million against the Second Quarter projection of R37.9 million. Expenditure was R8.8 million (or 23.2%) lower than projected. The slower than projected spending was owing to delays in projects such as:[[5]](#footnote-5)

* The development of Autonomous Vehicle Regulations;
* The National Transport Planning Databank;
* The Regional Corridor Strategy;
* Lower than anticipated travel and subsistence as a result of the COVID-19 pandemic lockdown restrictions; and
* The slow filling of vacant posts.

**2.1.3 Programme 3: Rail Transport**

The Rail Transport programme spent R4.6 billion against a Second Quarter projection of R7.1 billion. This was R2.5 billion or (35.6%) lower than projected. The slower than projected spending was mainly due to the withholding of transfer payments to the Passenger Rail Agency of South Africa (PRASA). The entity had failed to comply with reporting the conditions set out in terms of the Appropriation Act.[[6]](#footnote-6) There were also delays in projects such the Economic Regulation of Rail Framework, and the White Paper on Rail.

**2.1.4 Programme 4: Road Transport**

The Road Transport programme spent R18.47 billion against a Second Quarter projection of R18.51 billion. Spending was R36 million (or 0.2%) lower than projected. The slower than projected spending was mainly owing to:

* Outstanding invoices from the Road Traffic Infringement Agency (RTIA) for the implementation of the Administrative Adjudication of Road Traffic Offences (AARTO), as per the existing agreement; and
* The withholding of transfer payments of the Rural Roads Asset Management Systems (RRAMS) Grant to the OR Tambo District Municipality thanks to non-compliance with section 216(2) of the Constitution of the Republic of South Africa, 1996.

**2.1.5 Programme 5: Civil Aviation Transport**

The Civil Aviation Transport programme spent R227.1 million against a Second Quarter projection of R262.5 million. The programme spent R35.4 million (or 13.5%) lower than projected. The slower than projected spending was mainly due to:[[7]](#footnote-7)

* Outstanding payments of membership fees to the African Civil Aviation Commission, Southern African Development Community (SADC): Aviation Safety Organisation, and the SADC: International Civil Aviation Organisation Mission;
* The slow filling of vacant posts; and
* Lower invoiced amounts for Watch-Keeping Services.

**2.1.6 Programme 6: Maritime Transport**

The Maritime Transport programme spent R58.2 million against a Second Quarter projection of R82.1 million. Spending was R23.9 million or (29.1%) lower than projected. The slower than projected spending was owing to delays in projects such as:[[8]](#footnote-8)

* The Review of the Merchant Shipping Bill;
* Women and youth empowerment initiatives;
* The postponement of the 2021 World Maritime Day Parallel Event on account of the global COVID-19 pandemic; and
* The slow filling of vacant posts.

**2.1.7 Programme 7: Public Transport**

The Public Transport programme spent R5.5 billion against a Second Quarter projection of R5.7 billion. Spending was R187.7 million (or 3.3%) lower than projected. The slower than projected spending was largely due to:

* Lower than anticipated demand on the Taxi Recapitalisation Programme (TRP); and
* Delays in projects such as public transport grant monitoring, the implementation of integrated public transport networks (IPTNs) in district municipalities; and the national land transport information system.

**2.1.8 COVID-19 Spending**

By the end of the Second Quarter of 2021/22, the Department spent R359 000 on COVID-19 related projects and business activities. COVID-19 spending was for the procurement of protective equipment, sanitising materials and “other interventions within the Department”.[[9]](#footnote-9)

* 1. **issues considerED by the committee**

**2.2.1 Slow Filling of Vacant Posts**

The slow filling of vacant posts remains a challenge for the Department, resulting in significant historical underspending on the Compensation of Employees. This is particularly concerning, given that funds have been reprioritised to the Compensation of Employees to fast track the filling of critical posts. Consequently, the National Treasury has requested the Department to provide it (the National Treasury) with monthly progress reports on the filling of vacant posts.[[10]](#footnote-10) The Committee would request quarterly reports on whether the Department does indeed provide the National Treasury with monthly progress reports on the filling of vacant posts.

**2.2.2 Monitoring of Public Transport Grants**

For three consecutive financial years (from 2018/19 to 2020/21), the Department has been unable to spend earmarked funds intended to strengthen its capacity to monitor public transport grants. This pattern seems to persist even in the current financial year. This has prompted the National Treasury to raise the question whether these funds should continue to be allocated to the Department. The Department has been requested to provide the National Treasury with monthly progress reports on the monitoring of public transport grants.[[11]](#footnote-11) The Department would be requested to report on a quarterly basis to the Committee on whether it furnishes the National Treasury with monthly progress reports on the monitoring of public transport grants.

**3**. **ANALYSIS OF THE 2021/22 THIRD QUARTER EXPENDITURE OF THE DEPARTMENT OF TRANSPORT**

In 2021/22, the Department of Transport allocation was adjusted downward from R66.7 billion to R65.4 billion. By the end of the Third Quarter, the Department spent R49.5 billion against a projection of R50.7 billion. This is R1.1 billion (or 2.2%) lower than projected. The lower than projected spending was mainly on transfers and subsidies in the Administration and the Public Transport programmes, as well on Goods and Services across other programmes.[[12]](#footnote-12)

The Department spent R355.7 million against a projection of R383.3 million for the Compensation of Employees. Spending was R27.6 million (or 7.2%) lower than projected, mainly due to the slow filling of vacant posts.[[13]](#footnote-13) It had 738 filled posts against a funded establishment of 921 posts. This represented a vacancy rate of 19.9% (or 183 vacant posts).[[14]](#footnote-14)

* 1. **budget expenditure per programme**

**Table 1: Budget Expenditure per Programme, Third Quarter 2021/22**

| **Programme** | **Main Appropriation** | **Adjusted Budget** | **Available Budget** | **Q3 Actual Expenditure** | **Expenditure As Percentage of Available Budget** | **Q3 Projected Expenditure** | **Variance from Projected Expenditure** | **% Variance from Projected Expenditure** | **COVID-19 Spending** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Administration | 497 | 522.2 | 522.2 | 257.1 | 49.2% | 384.1 | 127 | 33.1% | 0.4 |
| Integrated Transport Planning | 92.2 | 90.2 | 90.2 | 45.2 | 50.1% | 64.4 | 19.2 | 29.8% | 0.0 |
| Rail Transport | 16 785.8 | 16 806.4  | 16 806.4 | 13 573.6 | 80.8% | 13 607.7 | 34.1 | 0.3% | 0.0 |
| Road Transport | 34 166.7 | 34 222 | 34 222 | 27 177.2 | 79.4% | 27 057.1 | -120.1 | -0.4% | 0.0 |
| Civil Aviation Transport | 503.9 | 496.3 | 496.3 | 327.1 | 65.9% | 358 | 30.9 | 8.6% | 0.0 |
| Maritime Transport | 157.5 | 155.2 | 155.2 | 81.2 | 52.3% | 103.8 | 22.6 | 21.7% | 0.0 |
| Public Transport | 14 488.6 | 13 133.3 | 13 133.3 | 8 080.5 | 61.5% | 9 087.5 | 1 006.9 | 11.1% | 0.0 |
| **Total** | **66 691.8** | **65 425.5** | **65 425.5** | **49 541.9** | **75.7%** | **50 662.5** | **1 120.5** | **2.2%** | **0.4** |

 **Source: (National Treasury (2021a)**

**3.1.1 Programme 1: Administration**

The Administration programme spent R257.1 million against a Third Quarter projection of R384.1 million. Expenditure was R127 million (or 33.1%) lower than projected largely due to:[[15]](#footnote-15)

* Withholding of payments for office accommodation for an unresolved contractual dispute with the Department of Public Works and Infrastructure;
* Less travel and subsistence because of limited travel following the COVID-19 pandemic; and
* The slow filling of vacant posts.

**3.1.2 Programme 2: Integrated Transport Planning**

The Integrated Transport Planning programme spent R45.2 million against a Third Quarter projection of R64.4 million. The programme spent R19.2 million (or 29.8%) lower than projected mainly due to delays in projects such as:

* Regional Integration Strategy;
* Regional Transport Integration Market Strategy and District Development Model;
* Less than anticipated travel and subsistence as a result of the COVID-19 pandemic lockdown restrictions; and
* The slow filling of vacant posts.

The use of consultants for these projects was reduced as internal capacity had been maximised.[[16]](#footnote-16)

**3.1.3 Programme 3: Rail Transport**

The Rail Transport programme spent R13.57 billion against a Third Quarter projection of R13.61 billion. This is R34.1 million (or 0.3%) lower than projected. The slower than projected spending was mainly due to the delays in spending on Goods and Services in projects such the Rail Economic Regulation, and the payment of advisory services for the rail legislation.[[17]](#footnote-17)

**3.1.4 Programme 4: Road Transport**

The Road Transport programme spent R27.2 billion against a Third Quarter projection of R27.1 billion. Spending was R120.1 million (or 0.4%) higher than projected. The faster than projected expenditure was mainly due to “the revision of the payment schedule for the Provincial Road Maintenance Grant” (PRMG).[[18]](#footnote-18)

**3.1.5 Programme 5: Civil Aviation Transport**

The Civil Aviation Transport programme spent R327.1 million against a Third Quarter projection of R358 million. The programme spent R30.9 million (or 8.6%) lower than projected. This was, in large part, on account of slow submission of invoices for Watch-Keeping Services, lower spending on travel and subsistence because of COVID-19 pandemic lockdown restrictions, and South African Maritime and Aeronautical Search and Rescue Amendment Bill.[[19]](#footnote-19) Under transfers and subsidies, delayed spending was due to outstanding payments of membership fees to the African Civil Aviation Commission.[[20]](#footnote-20)

**3.1.6 Programme 6: Maritime Transport**

The Maritime Transport programme spent R81.2 million against a Third Quarter projection of R103.8 million. The programme spent R22.6 million (or 21.7%) lower than projected. The slower than projected expenditure was owing to delays in projects such as the Feasibility Study on Tugboat Services, as well as the Review of the Merchant Shipping Bill.

**3.1.7 Programme 7: Public Transport**

The Public Transport programme spent R8.1 billion against a Third Quarter projection of R9.1 billion. Spending was R1 billion (or 11.1%) lower than projected mainly due to non-payment of the transfers for the Public Transport Network Grant (PTNG) to several municipalities as they had yet to comply with their milestones, as per the conditional grant framework.[[21]](#footnote-21) Stagnant demand in the Taxi Recapitalisation Programme and delays in projects such as public transport grant monitoring, the implementation of integrated public transport networks (IPTNs) in district municipalities, and the national land transport information system also contributed to slow spending.[[22]](#footnote-22)

**3.1.8 COVID-19 Spending**

As at the end of the Third Quarter of 2021/22, the Department spent R359 million on COVID-19 related projects and business activities. The COVID-19 spending mostly pertained to the procurement of protective equipment and other interventions within the Department, support to public transport operators in responding to the pandemic, and assistance to the Department of Basic Education with the procurement of disinfectants and sanitisers for scholar transport.[[23]](#footnote-23)

* 1. **issues considerED by the committee**

**3.2.1 Delays in Spending on Goods and Services**

* The Department spent R338 million against the Third Quarter projection of R560.7 million for Goods and Services. Spending was R222.7 million (or 39.7%) lower than projected due to delays in various projects across programmes. These included the following:[[24]](#footnote-24)
* Outstanding invoices for Office Accommodation;
* Development of the Road Asset Management Tool;
* Public transport grant monitoring; and
* Development of the Road Disaster Management Plan.

According to the National Treasury, the Department anticipates an underspending on Goods and Services by the end of the financial year. However, **the management of the Department has resolved to “review and revise the procurement plan to improve spending”.[[25]](#footnote-25)** The Committee would request a report on whether the Department has indeed reviewed and revised the procurement plan to improve spending.

1. **COMMITTEE OBSERVATIONS**

Members made the following observations during discussions:

4.1 As observed in the previous reports on the expenditure of the Department, it was noted that expenditures did not correlate to actual service delivery. Mangaung spent R180 million of its allocation of the Integrated Public Transport Network Grant, but it was still not clear what the funds were spent on; its buses that were purchased 2 years ago have not transported any passengers. In addition to the comments about the IPTN implementation in Mangaung, an example was made of the expenditure on rail infrastructure while there was a reduction in passenger numbers and in the number of trains that were operating.

4.2 Members noted the low number of taxis that were scrapped and asked the Department of its plans to increase the uptake of the Revised Taxi Recapitalisation Programme. The Department was asked what progress it made regarding taxi subsidisation and whether a deadline would be set by when the taxi recapitalisation programme would come to an end.

4.3 The lower than projected expenditure in Goods and Services across programmes were noted as well as the low number of persons with disabilities as beneficiaries of bursaries.

4.4 As indicated above per quarter, members also noted the specific reports required from National Treasury regarding: a) persistent slow filling of vacancies and the impact this had on budget expenditure as well as the ability to meet set targets, b) monitoring of public transport grant allocations, and c) a reviewed and revised procurement plan to improve spending.

1. **COMMITTEE RECOMMENDATIONS**

The Committee recommends that the Minister ensure that:

5.1 The Department ensure improved alignment of its programmes and targets to service delivery.

5.2 The Department provides a clear plan to increase the uptake in the scrapping of taxis in its report for the first quarter of the 2022/23 financial year.

5.3 The Department submits quarterly reports on its compliance to the reporting requests from National Treasury regarding: a) filling of vacancies to reduce the impact this has on expenditure as well as the ability to meet set targets, b) improved monitoring of public transport grant allocations, and c) a reviewed and revised procurement plan to improve spending.

Report to be considered.

1. National Treasury (2021a), p. 139. [↑](#footnote-ref-1)
2. National Treasury (2021a), p. 141. [↑](#footnote-ref-2)
3. Ibid. [↑](#footnote-ref-3)
4. National Treasury (2021a), pp. 139-140. [↑](#footnote-ref-4)
5. Ibid, p. 140. [↑](#footnote-ref-5)
6. National Treasury (2021a), p. 140.. [↑](#footnote-ref-6)
7. Ibid. [↑](#footnote-ref-7)
8. National Treasury (2021a), p. 140. [↑](#footnote-ref-8)
9. National Treasury (2021a), p. 140. [↑](#footnote-ref-9)
10. National Treasury (2021a), p. 141. [↑](#footnote-ref-10)
11. National Treasury (2021a), p. 141. [↑](#footnote-ref-11)
12. National Treasury (2021a), p. 138 [↑](#footnote-ref-12)
13. Ibid, p. 140. [↑](#footnote-ref-13)
14. Ibid. [↑](#footnote-ref-14)
15. National Treasury (2021a), p. 139 [↑](#footnote-ref-15)
16. Ibid. [↑](#footnote-ref-16)
17. National Treasury (2021a), p. 139. [↑](#footnote-ref-17)
18. Ibid. [↑](#footnote-ref-18)
19. Ibid. [↑](#footnote-ref-19)
20. Ibid. [↑](#footnote-ref-20)
21. National Treasury (2021a), p. 139. [↑](#footnote-ref-21)
22. Ibid. [↑](#footnote-ref-22)
23. Ibid. [↑](#footnote-ref-23)
24. National Treasury (2021a), p. 140. [↑](#footnote-ref-24)
25. National Treasury (2021a), p. 140. [↑](#footnote-ref-25)