**Report of the Portfolio Committee on Transport on the 2022/23 Second Quarter Expenditure of the Department Of Transport Dated 2 May 2023**

The Portfolio Committee on Transport, having considered the expenditure of the Department of Transport for the Second Quarter of the 2022/23 financial year on 29 November 2022, 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 expenditure of the Department of Transport for the Second Quarter of the 2022/23 financial year, as presented to the Committee on 29 November 2022.

**2. ANALYSIS OF THE 2022/23 SECOND QUARTER EXPENDITURE OF THE DEPARTMENT OF TRANSPORT**

In 2022/23, the budget allocation of the Department of Transport (“the Department”) stands at appropriately R71 billion. By the end of the Second Quarter of the financial year, the Department had spent R34.7 billion (or 48.2%) of the total available budget.[[1]](#footnote-1) The delay in the spending of R422.9 million (or 1.2%) was largely due to the expenditure delays under the Public Transport Network Grant (PTNG), as transfers to the eThekwini municipality had been withheld for non-compliance.[[2]](#footnote-2) Slow spending under the Compensation of Employees (CoE) line item also contributed to lower than planned expenditure.

As at the end of the Second Quarter of 2022/23, the Department had spent R240.1 millionagainst the Quarter’s projection of R264.9 million on the CoE. The Department spent R24.9 million lower than projected owing to the slow filling of vacant posts.[[3]](#footnote-3) The Department had 739 filled posts against a funded establishment of 813 posts. This represented a vacancy rate of 9.1% (or 74 vacant posts).[[4]](#footnote-4)

* 1. **budget expenditure per programme**

**Table 1: Budget Expenditure per Programme**

| **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** | **Disaster Spending** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Administration | 507.8 | 514.9 | 209.5 | 40.7% | 238.3 | 28.7 | 12.1% | 0.1 | 0.0 |
| Integrated Transport Planning | 93 | 93 | 34 | 36.5% | 36.8 | 2.8 | 7.7% | 0.0 | 0.0 |
| Rail Transport | 19 991.8 | 20 012.4 | 10 019.8 | 50.1% | 10 035.9 | 16.1 | 0.2% | 0.0 | 0.0 |
| Road Transport | 33 983.4 | 35 822.8 | 18 400.8 | 51.4% | 18 433.1 | 32.2 | 0.2% | 0.0 | 294 |
| Civil Aviation Transport | 428.4 | 424.8 | 198.3 | 46.7% | 209.3 | 11 | 5.2% | 0.0 | 0.0 |
| Maritime Transport | 155.4 | 155.4 | 71.7 | 46.2% | 77.6 | 5.9 | 7.6% | 0.0 | 0.0 |
| Public Transport | 13 969.9 | 13 969.9 | 5 319.9 | 38.1% | 5 646 | 326.2 | 5.8% | 0.0 | 0.0 |
| **Total** | **69 125.9** | **70 993.1** | **34 254.1** | **48.2%** | **34 677** | **422.9** | **1.2%** | **0.1** | **294** |

(**Source: National Treasury (2022a)**.

**2.1.1 Programme 1: Administration**

By the end of the Second Quarter of 2022/23, the Administration programme had spent R209.5 million against the Quarter’s projection of R238.3 million, indicating a delay in spending of 12.1% – equivalent to R28.7 million. Expenditure delays were mainlyon theCoEandon Goods and Services “for the bulk procurement of laptops and legal services”, as well as less than anticipated travelling.[[5]](#footnote-5)

**2.1.2 Programme 2: Integrated Transport Planning**

In the Integrated Transport Planning programme, the Department spent R34 million against the Second Quarter projection of R36.8 million. The delay in the expenditure of 7.7%, equivalent to R2.8 million, was due tothe slow progress on theRegional Corridor Strategyand theAutonomous Vehicles Regulations.[[6]](#footnote-6)

**2.1.3 Programme 3: Rail Transport**

The Department spent R10.02 billion against the Second Quarter projection of R10.04 billion in the Rail Transport programme. The delay in the spending of 0.2%, equivalent to R16.1 million was owing to slow expenditure on Goods and Services for projects such as the establishment of the Interim Rail Economic Regulator and the CoE.[[7]](#footnote-7)

**2.1.4 Programme 4: Road Transport**

In the Road Transport programme, the Department spent R18.40 billion against the Second Quarter projection of R18.43 billion, indicating a delay in spending of 0.2% – equivalent to R32.2 million. Slower spending was largely attributed to the outstanding payment to theRoad Traffic Infringement Agency (RTIA)for operations and the Administrative Adjudication of Road Traffic Offences (AARTO) rollout, as well as the delayed invoice for the Road Traffic Management Corporation (RTMC).[[8]](#footnote-8) Additional delays emanated from slow spending on the *S’hamba Sonke* programme and the Development of the Road Disaster Management Plan**.**[[9]](#footnote-9)

**2.1.5 Programme 5: Civil Aviation Transport**

The Department spent R198.3 million against the Second Quarter projection of R209.3 million, translating into a delay in planned spending of 5.2% – equivalent to R11 million. The delay in expenditure was mainly on the CoE and on Goods and Servicesfor projects such as the National Aviation Transformation Strategy and the Review of the Airlift Strategy Implementation.[[10]](#footnote-10)

**2.1.6 Programme 6: Maritime Transport**

In the Maritime Transport programme, the Department spent R71.7 million against the Second Quarter projection of R77.6 million, translating into a slower than planned spending of 7.6% – equivalent to R5.9 million. Spending delayswereonGoods and Services and slow progress on projectssuch as**:**[[11]](#footnote-11)

* The Ballast Water Management Bill; and
* Review of the Merchant Shipping Bill.

**2.1.7 Programme 7: Public Transport**

As at the end of the Second Quarter of 2022/23, the Department had spent R5.3 billion against the Quarter’s projection of R5.6 billion, indicating a slower than planned spending of 5.8% – equivalent to R326.2 million. Spending delays were largelyinTransfers and Subsidies as funds under the PTNG for the eThekwini municipality had been withheld due to non-compliance.[[12]](#footnote-12) Moreover, there was slower than planned expenditure on Goods and Services for the implementation of integrated public transport networks (IPTNs) in district municipalities, and *Shova Kalula* bicycle programme.[[13]](#footnote-13)

**2.2 COVID-19 RESPONSE**

As at 30 September 2022, the Department had spent R125 000.00 on COVID-19 related projects and business activities. The COVID-19 spending mostly pertained to the procurement of protective equipment within the Department, as well as support to public transport operators in response to the pandemic.[[14]](#footnote-14)

**2.3 disaster response**

By the end of the period under review, the Department had spent R249 million for flood damages from the 2019 flood disaster in KwaZulu-Natal.[[15]](#footnote-15) This was through the Provincial Roads Maintenance Grant (PRMG). It was reported that the allocation for disaster repairs from the 2022 flood damages will only be reflected in the 2022 Adjustment, as part of the next year’s baseline allocation.[[16]](#footnote-16)

1. **COMMITTEE OBSERVATIONS**

Members made the following observations during discussions:

* 1. There was still a misalignment between KPIs and service delivery.
	2. The presentation did not cover the scholar transport programme and the Department was asked whether plans were in place to put the programme under one Department.
	3. Every quarterly report has shown underspending by the programmes.

3.4 The *Shova Kalula* programme seemed on track, but was not well monitored and the Department had to consider opening service centres where the bicycles could be serviced.

3.5 It was noted that out of 172 beneficiaries for the Bursary scheme 0.58% were disabled persons whereas the national standard was a 2% threshold. The Department was asked whether the bursaries contributed to its targets for employing persons with disabilities.

3.6 In terms of the implementation of the PRMG it was noted that regional roads were in a state of disrepair and that many of the recently constructed roads were of such poor condition that they would be washed away within 2 years.

3.7 Provinces were incapable of fixing roads. It was noted that SANRAL currently received 75% of the budget for road maintenance, compared to the 25% allocated to provinces while SANRAL was responsible for the maintenance of a smaller road network.

3.8 The amount paid for taxi scrapping was small, if one considered the loss of business by the taxi owners and while the programme remains voluntary it will always be underspent and used under virements.

3.9 The Department replies to questions from members were regarded as inadequate and this should be improved on.

1. **COMMITTEE RECOMMENDATIONS**

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

* 1. The Department should provide reasons for expenditure delays on Goods and Services and the Compensation of Employees.
	2. The Department should provide reasons for the under-expenditure and should indicate whether it has plans to stop the under-expenditure.
	3. The Department should ensure alignment of the KPIs to achieve actual service delivery during the finalisation of the 2023/24 Annual Performance Plan as well as future Strategic Plans.
	4. The Department should report back to the committee during each quarterly expenditure meeting on the progress in resolving the issues around scholar transport regulation as well as progress in delivering the *Shova Kalula* programme.
	5. The Department should improve on its monitoring, audit, tracking and intervention in the implementation of the PRMG in order to improve on regional road quality and receiving quality road works that can add to the longevity of the road network.
	6. The Department should ensure that measures are put in place to improve on the uptake of taxi scrapping under the Revised Taxi Recapitalisation Programme and report back during the next quarterly expenditure meeting on progress.

Report to be considered.

1. National Treasury (2022a), p. 145. [↑](#footnote-ref-1)
2. National Treasury (2022a), p. 145. [↑](#footnote-ref-2)
3. National Treasury (2022a), p. 147. [↑](#footnote-ref-3)
4. Ibid. [↑](#footnote-ref-4)
5. National Treasury (2022a), p. 147. [↑](#footnote-ref-5)
6. National Treasury (2022a), p. 146. [↑](#footnote-ref-6)
7. National Treasury (2022a), p. 146. [↑](#footnote-ref-7)
8. Ibid. [↑](#footnote-ref-8)
9. Ibid. [↑](#footnote-ref-9)
10. Ibid. [↑](#footnote-ref-10)
11. National Treasury (2022a), p. 146. [↑](#footnote-ref-11)
12. Ibid. [↑](#footnote-ref-12)
13. Ibid. [↑](#footnote-ref-13)
14. Ibid. [↑](#footnote-ref-14)
15. National Treasury (2022a), p. 147. [↑](#footnote-ref-15)
16. Ibid. [↑](#footnote-ref-16)