

## **4. REPORT OF THE PORTFOLIO COMMITTEE ON TRANSPORT ON THE 2022/23 THIRD QUARTER EXPENDITURE OF THE DEPARTMENT OF TRANSPORT DATED 30 MAY 2023**

The Portfolio Committee on Transport, having considered the expenditure of the Department of Transport for the Third Quarter of the 2022/23 financial year on 2 May 2023, 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 Third Quarter of the 2022/23 financial year, as presented to the Committee on 2 May 2023.

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

In 2022/23, the budget allocation of the Department of Transport (“the Department”) stands at R95.1 billion. By the end of the Third Quarter of the financial year, the Department had spent R50.3 billion (or 52.8%) of the total available budget, against a projection of 51.8 billion.<sup>1</sup> The slower than planned spending was R1.5 billion (or 2.9%).

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<sup>1</sup> National Treasury (2022a), p. 153.

As at the end of the Third Quarter of 2022/23, the Department had spent R376.1 million against the Third Quarter projection of R395.5 million for Compensation of Employees (CoE). The Department spent R18.4 million lower than projected mainly owing to the slow filling of vacant posts.<sup>2</sup> The Department had 733 filled posts against a funded establishment of 813 posts. This translated into a vacancy rate of 9.8% (or 80 vacant posts).<sup>3</sup> The vacancy rate of the Department increased by 0.7%, from 9.1% (or 74 vacant posts) in the Second Quarter of 2022/23.<sup>4</sup> During that period, the Department had 739 filled posts against a funded establishment of 813 posts.<sup>5</sup>

## 2.1 BUDGET EXPENDITURE PER PROGRAMME

Table 1: Budget Expenditure per Programme

Programme R' Million	Main Appropriation	Adjusted Budget	Available Budget	Q3 Actual Expenditure	Expenditure As % of Available Budget	Q3 Projected Expenditure	Variance from Projected Expenditure	% Variance from Projected Expenditure	COVID-19 Spending	Disaster Spending
Administration	507.8	517.8	517.8	332.5	64.2%	372.3	39.8	10.7%	0.1	0.0
Integrated Transport Planning	93	93	93	54.9	59.1%	66.1	11.2	16.9%	0.0	0.0
Rail Transport	19 991.8	20 012.4	20 012.4	14 992.4	74.9%	15 031.9	39.5	0.3%	0.0	0.0
Road Transport	33 983.4	59 954.5	59 954.5	26 651.5	44.5%	26 832.8	181.3	0.7%	0.0	416.5

<sup>2</sup> National Treasury (2022a), p. 155.

<sup>3</sup> Ibid.

<sup>4</sup> National Treasury (2022b), p. 147.

<sup>5</sup> Ibid.

Programme R' Million	Main Appropriation	Adjusted Budget	Available Budget	Q3 Actual Expenditure	Expenditure As % of Available Budget	Q3 Projected Expenditure	Variance from Projected Expenditure	% Variance from Projected Expenditure	COVID-19 Spending	Disaster Spending
Civil Aviation Transport	424.8	424.8	424.8	279.5	65.8%	312.1	32.6	10.4%	0.0	0.0
Maritime Transport	155.4	158.2	158.2	110.9	70.1%	113.7	2.9	2.5%	0.0	0.0
Public Transport	13 969.9	13 973.6	13 973.6	7 848.2	56.2%	9 027	1 178.8	13.1%	0.0	0.0
<b>Total</b>	<b>69 125.9</b>	<b>95 134.2</b>	<b>95 134.2</b>	<b>50 269.9</b>	<b>52.8%</b>	<b>51 755.9</b>	<b>1 486</b>	<b>2.9%</b>	<b>0.1</b>	<b>416.5</b>

(Source: National Treasury (2022a)).

### 2.1.1 Programme 1: Administration

By the end of the Third Quarter of 2022/23, the Administration programme had spent R332.5 million against the Quarter's projection of R372.3 million. Spending was 10.7% (or R39.8 million) lower than projected largely due to delays in procuring a document management solution for the Department, the preparatory work to investigate a public-private partnership for office accommodation and bursaries for non-employees.<sup>6</sup>

### 2.1.2 Programme 2: Integrated Transport Planning

<sup>6</sup> Department of Transport (2022a), p. 154.

In the Integrated Transport Planning programme, the Department spent R54.9 million against the Third Quarter projection of R66.1 million. The lower than expected spending of 16.9%, equivalent to R11.2 million, was owing to the slow progress on the following projects:<sup>7</sup>

- Road Freight Strategy;
- District Development Model; and
- National Land Transport Strategic Framework.

### **2.1.3 Programme 3: Rail Transport**

The Department spent R15 billion against the Third Quarter projection of R15.03 billion in the Rail Transport programme. Spending was 0.3% (R39.5 million) lower than expected due to slow expenditure on Goods and Services for projects such as the National Rail Master Plan, payments to the Housing Development Agency (HDA) for the work on relocating households living on the Central Line and projects undertaken by the interim Rail Economic Regulator.<sup>8</sup>

### **2.1.4 Programme 4: Road Transport**

In the Road Transport programme, the Department spent R26.7 billion against the Third Quarter projection of R26.8 billion. Spending was 0.7% (or R181.3 million) lower than projected owing to the transfer to the Road Traffic Infringement Agency (RTIA) for operations and the Administrative Adjudication of Road Offences (AARTO) rollout that had not been made. In addition, the lower than projected spending emanated from the withheld funds to district municipalities under the Rural Roads Asset Management Systems (RRAMS) Grant thanks to non-compliance with grant conditions.<sup>9</sup>

### **2.1.5 Programme 5: Civil Aviation Transport**

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<sup>7</sup> Department of Transport (2022a), p. 154.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

The Department spent R279.5 million against the Third Quarter projection of R312.1 million. Lower than planned spending was 10.4% (or R32.6 million) owing to delays in projects such as the National Aviation Transformation Strategy, as well as the Review of the Airlift Strategy Implementation.<sup>10</sup>

### **2.1.6 Programme 6: Maritime Transport**

In the Maritime Transport programme, the Department spent R110.9 million against the Third Quarter projection of R113.7 million, translating into a slower than planned spending of 2.5% – equivalent to R2.9 million. Spending delays were due to “slow progress” on projects such as the Marine Court of Enquiry and Automated Vessel Clearance.<sup>11</sup>

### **2.1.7 Programme 7: Public Transport**

As at the end of the Third Quarter of 2022/23, the Department had spent R7.9 billion against the Quarter’s projection of R9 billion. Spending was 13.1% (or R1.2 billion) lower than projected owing to funds under the Public Transport Network Grant (PTNG) for the eThekweni Municipality that had been withheld because of non-compliance with the conditions set out in the Division of Revenue Act (DORA) (No. 5 of 2022).<sup>12</sup>

Moreover, there was slower than planned expenditure on Goods and Services for the implementation of the following projects:<sup>13</sup>

- Implementation of integrated public transport networks (IPTNs) in district municipalities;
- *Shova Kalula* Bicycle programme;
- Delayed spending in the Taxi Recapitalisation Programme (TRP);
- National Land Transport Information System upgrade;
- Capacity for public transport grant monitoring; and

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<sup>10</sup> Department of Transport (2022a), p. 154.

<sup>11</sup> National Treasury (2022a), p. 154.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

- Technical advisory services.

## **2.2 COVID-19 RESPONSE**

As at 31 December 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.<sup>14</sup>

## **2.3 DISASTER RESPONSE**

By the end of the period under review, the Department had spent R416.5 million on flood damages from the 2019 flood disaster in KwaZulu-Natal.<sup>15</sup> 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”.<sup>16</sup>

## **3. COMMITTEE OBSERVATIONS**

Members made the following observations during discussions:

- 3.1 Considering the reports on figures from the provinces for the period under review, it was noted that the figures differed slightly from the presentation. There seemed to be a challenge regarding the coordination of IPTN plans as well as the grants they receive.
- 3.2 There were concerns raised regarding the setting of targets merely focussed on delivery within a specific timeframe, whilst the quality of the delivered target is not measured.

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<sup>14</sup> National Treasury (2022a), p. 154.

<sup>15</sup> National Treasury (2022a), p. 155.

<sup>16</sup> Ibid.

- 3.3 The choice of wording of some targets were queried. Examples were on the resolution of corruption incidents as well as the wording used to measure or report on skills training.
- 3.4 Where targets were set with plans to regulate or roll-out within provinces (IPTN, PRMG, PTOG, Vala Zonke, Rural Bridge Repairs, Metrorail corridors, km roads upgraded, job opportunities and 24/7 traffic law enforcement operations), the Department was asked to provide detailed information on the identified provinces and roll-out within provinces. There were also concerns regarding the setting of targets because for some programmes it appeared that targets were set low.
- 3.5 The annual targets for the PRASA infrastructure programme's job creation were queried as the current indications are that these may lead to the unintended creation of unfunded posts.
- 3.6 The Station modernisation annual targets were exceeded with the completion of the 187 stations. The Department was asked to clarify the need for renovation and improvement of a further 50 train stations when the target was already exceeded. Conversely it was noted that the Rail corridor recovery did not reach its intended targets.
- 3.7 The number of unfunded posts within the Department was concerning, considering that in terms of the approved organogram there are still some vacancies to be filled.
- 3.8 The choice of Rustenburg to run the single ticketing pilot project was questioned and justification for this as well as further details regarding the pilot project was requested from the Department.
- 3.9 Considering the challenges faced linked to road data by SANRAL for the Vala Zonke Project, the Department was questioned about the cancellation of the Road Asset Management System project in the third quarter.
- 3.10 Metrorail has not been operating in the Eastern Cape for over a year due to a shortage of locomotives. It was noted that without taxis there would not be public transport in the country.
- 3.11 Concerns were raised regarding the performance of the current road safety strategy.
- 3.12 The response from the Department on universal access for persons with disabilities was not satisfactory as current strategies and infrastructure did not cater for all people with disabilities across the public transport network.

- 3.13 The closure of the DLTC in Joubertina was reported on numerous times to the Department since its closure 27 months ago, but the renovations were still not finalised.
- 3.14 Rural inaccessibility was a problem and improving accessibility should be prioritised.
- 3.15 The payment of supplier invoices by the Department within 30 days was queried and the view was expressed that there was a need to ensure that general maintenance was done at airports.
- 3.16 Concerns were raised regarding the scholar transport programme and there were proposals that this should be addressed within the MINMEC meetings.
- 3.17 Concerns were also raised regarding the possible obstacles identified with the Welisizwe Rural Bridges Programme and the Committee would consider the scheduling of a joint meeting with its relevant counterpart Committees for Public Works and Infrastructure as well as Defence.
- 3.18 Given the continued slow uptake of the Taxi Recapitalisation Programme (TRP) the committee wanted more information from the Department on timeframes for scrapping of vehicles as well as progress on formalisation of the mini-bus taxi industry. The Committee also considered calling a meeting with the mini-bus taxi industry to collect the stakeholder input on their participation in the TRP scrapping programme as well as their views on the progress towards formalisation of the industry.

#### **4. COMMITTEE RECOMMENDATIONS**

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

- 4.1 That the Committee, within a month of the adoption of this report by the National Assembly, be provided with a comprehensive progress report on the new Driving Licence Card Machine and Card Design as well as the setting of a realistic production timeframe.
- 4.2 That the Committee, within a month of the adoption of this report by the National Assembly, be provided with a report on the reasons why the Rustenburg Local Municipality was chosen for the roll-out of the single ticketing pilot project and the implementation thereof to date.



- 4.3 Future quarterly reports must provide greater detail on the roll-out of projects in provinces, thereby including information per project on the selection criteria used to identify which provinces would be prioritised, jobs created through the projects in the provinces, consideration given to ensure universal access, transformation targets as well as the budget expenditure per province on these projects.
- 4.4 Quarterly reports must be submitted to the Committee on the progress made to address the 2020 Taxi Lekgotla Resolutions as well as the progress in meeting the scrapping of vehicle targets.

Report to be considered.