**Report of the Portfolio Committee on Transport on the 2022/23 Fourth Quarter Expenditure of the Department Of Transport Dated 21 June 2023**

The Portfolio Committee on Transport, having considered the expenditure of the Department of Transport for the Fourth Quarter of the 2022/23 financial year on 30 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 Fourth Quarter of the 2022/23 financial year, as presented to the Committee on 30 May 2023.

**2. ANALYSIS OF THE 2022/23 FOURTH 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. Of this amount, the Department had spent R94.5 billion (or 99.4%) by the end of the Fourth Quarter of the 2022/23 financial year.[[1]](#footnote-1) This translated into lower than estimated spending of R591 million (or 0.6%).

By the end of the Fourth Quarter, the Department’s spending on the Compensation of Employees(CoE) stood at R505.8 million against the available budget of R558.4 million. The underspending of R52.7 million (or 9.4%) was due to vacant funded posts in the Department. The Department had 705 filled posts against a funded establishment of 813 posts.[[2]](#footnote-2) This represented a vacancy rate of 13.3% (or 108 vacant posts), up from 9.8% (or 80 vacant posts) by the end of the Third Quarter of 2022/23.[[3]](#footnote-3)

#  budget expenditure per programme

**Table 1: Budget Expenditure per Programme**

| **Programme****R million** | **Main Appropriation** | **Adjusted Budget** | **Available Budget** | **Year End Actual Expenditure** | **Expenditure As % of Available Budget** | **Underspending / Overspending** | **% Underspending / Overspending** | **COVID-19 Spending** | **Disaster Spending** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Administration | 507.8  | 517.8 | 517.8 | 473.1 | 91.4% | 44.7 | 8.6% | 0.2 | 0.0 |
| Integrated Transport Planning | 93 | 93 | 93 | 78.5 | 84.4% | 14.5 | 15.6% | 0.0 | 0.0 |
| Rail Transport | 19 991.8 | 20 012.4 | 20 012.4 | 19 971.6 | 99.8% | 40.9 | 0.2% | 0.0 | 0.0 |
| Road Transport | 33 983.4 | 59 954.5 | 59 954.5 | 59 735.8 | 99.6% | 218.7 | 0.4% | 0.0 | 1 510.4 |
| Civil Aviation Transport | 424.8 | 424.8 | 424.8 | 414 | 97.5% | 10.8 | 2.5% | 0.0 | 0.0 |
| Maritime Transport | 155.4 | 158.2 | 158.2 | 147.3 | 93.1% | 10.9 | 6.9% | 0.0 | 0.0 |
| Public Transport | 13 969.9 | 13 973.6 | 13 973.6 | 13 722.9 | 98.2% | 250.7 | 1.8% | 0.0 | 0.0 |
| **Total** | **69 125.9** | **95 134.2** | **95 134.2** | **94 543.2** | **99.4%** | **591** | **0.6%** | **0.2** | **1 510.4** |

 (**Source: National Treasury (2023)**.

## 2.1.1 Programme 1: Administration

By the end of the Fourth Quarter, the Administration programme spent R473.1 million (or 91.4%) against the available budget of R517.8 million. The underspending of R44.7 million (or 8.6%) was mainly due to delays in the procurement of, among others, office accommodation, slow filling of vacant posts and various operational items such as advertising, computer services, travel and subsistence.[[4]](#footnote-4)

## 2.1.2 Programme 2: Integrated Transport Planning

In the Integrated Transport Planning programme, the Department spent R78.5 million (or 84.4%) against the available budget of R93 million. The underspending of R14.5 million (or 15.6%) was largely owing to slow spending in projects such as:[[5]](#footnote-5)

* National Transport Planning Databank;
* Road Freight Strategy;
* District Development Model;
* National Land Transport Strategic Framework; and
* Corridor Freight Development.

## 2.1.3 Programme 3: Rail Transport

The Department had spent approximately R20 billion (or 99.8%) against the available budget of R20.01 billion in the Rail Transport programme. The underspending of R40.9 million (or 0.2%) was due to delayed spending on the National Rail Master Plan and the Interim Rail Regulator. In addition to these projects, the Department was unable to proceed with the Housing Development Agency (HDA) in order to relocate households living in informal dwellings, and this further contributed to the programme’s underspending.[[6]](#footnote-6)

## 2.1.4 Programme 4: Road Transport

In the Road Transport programme, the Department had spent R59.7 billion (or 99.6%) against the available budget of approximately R60 billion by the end of the Fourth Quarter of 2022/23. The underspending of R218.7 million (or 0.4%) was attributed to the tender cancellation for the *S’hamba Sonke* Development Programme and the Road Transport Legislative Review project.[[7]](#footnote-7) Moreover, transfers to the Road Traffic Infringement Agency (RTIA) for the Administrative Adjudication of Road Traffic Offences (AARTO) had been halted, pending the outcome of the Constitutional Court ruling.[[8]](#footnote-8)

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## 2.1.5 Programme 5: Civil Aviation Transport

By the end of the reporting period, the Department had spent R414 million (or 97.5%) against the available budget of R428.4 million in the Civil Aviation Transport programme. The underspending of R10.8 million (or 2.5%) was due to a reduction in obligations to foreign governments and international organisations.[[9]](#footnote-9) The CoE further contributed to the underspending by R6.4 million by the end of the Fourth Quarter of 2022/23.[[10]](#footnote-10)

## 2.1.6 Programme 6: Maritime Transport

In the Maritime Transport programme, the Department had spent R147.3 million (or 93.1%) against the available budget of R158.2 million, indicating an underspending of R10.9 million (or 6.9%) by the end of the Fourth Quarter. The underspending was mainly owing to slow progress on the Marine Court of Enquiry and the Automated Vessel Clearance projects.[[11]](#footnote-11) Moreover, transfers to foreign governments and international organisations were lower than estimated, contributing to the programme’s underspending.[[12]](#footnote-12)

## 2.1.7 Programme 7: Public Transport

By the end of the Fourth Quarter of 2022/23, the Department spent R13.7 billion (or 98.2%) against the appropriated budget of approximately R14 billion, translating into underspending of R250.7 million (or 1.8%). The under-expenditure was due to lower-than-expected expenditure on Goods and Services during the reporting period. These included the following:[[13]](#footnote-13)

* National Land Transport Information System (NLTIS) Upgrade;
* National Taxi *Lekgotla*; and
* The capacity for the Public Transport Grant Monitoring Project.

#  COVID-19 RESPONSE

By the end of April 2023, the Department had spent R200, 000 on COVID-19 related projects and business activities. The spending on COVID-19 mostly pertained to the procurement of protective equipment and “other interventions” within the Department, as well as support to public transport operators in response to the pandemic.[[14]](#footnote-14)

#  disaster response

By the end of the period under review, the Department had spent R1.5 billion that had been allocated for the disaster relief to repair flood damaged roads.[[15]](#footnote-15)

1. **COMMITTEE OBSERVATIONS**

Members made the following observations during discussions:

* 1. The underperformance in meeting targets compared to the indicated expenditure on the programmes despite not meeting the targets remains a concern.
	2. The overall response rate to Parliamentary Questions at 85% was noted, but it did not provide the reasons why the Department was not responding to some Parliamentary questions, this and the quality of the responses are concerns.

3.3 Members expressed their concern and disappointment at the vacancy rate that increased from 22,42% (196 vacancies) in December 2022 to 23,62% in March 2023 (211 vacancies) and which contributed to the underspending on compensation of employees. The high turnover rate was questioned, and the Department was asked whether it conducted exit interviews to ascertain the reasons for the high turnover rate.

3.4 The Committee welcomed the development of the Annual Report on the operations of the ethics committees in the Department and further noted the ethics risks that were identified as presented by the Department and wanted clarity on the scope/terms of reference of the ethics officers, the number of officers and the branches they were from within the Department. In terms of the ethics risks that were identified, the non-disclosure of financial interest by SCM officials was noted as a serious concern. The late coming and early leaving of officials without consequence management was viewed as a reflection of the leadership of the Department.

3.5 The training interventions were noted, and clarity was sought on whether the training was training exposure or training with the view of obtaining certification. A view was expressed that the completed training be the focus instead of exposure to training.

3.6 The 209 bursaries allocated and managed within the Department was noted, as well as the increase in the bursary applications during the second bursary intake, but the Department had to provide further information regarding the number of bursary applications received as well as internship applications per the racial demographic breakdown and include applications made by people with disabilities. Members further requested that the criteria applied for the allocations be provided.

3.7 The R44 million rand in Fruitless and Wasteful expenditure during the term was noted. It was further noted that the 39.6% success rate left many cases unresolved and that, by only meeting on a bi-monthly basis the Loss Control Committee (LCC) was not meeting sufficiently to address this large number of Fruitless and Wasteful expenditure cases.

3.8 The Department was asked to indicate the total value of the invoices not paid. It was noted that SMMEs were negatively affected by the Departments’ failure to pay the outstanding invoices and that this were indirectly contributing to killing the economy. One of the reasons for not making payments on time, namely the unavailability of officials to sign off on the invoices, was a major concern and there needed to be consequence management.

3.9 The Taxi Recapitalisation Programme never performed on target, even after the Taxi Indaba and that the uptake in the programme was consistently low.

3.10 Concerns were once more raised regarding the lack of passenger rail services in the Eastern Cape.

1. **COMMITTEE RECOMMENDATIONS**

The Committee recommends that the Minister, through the Department, ensure the following:[[16]](#footnote-16)

4.1 That all Department staff comply with the requirements per the Public Service Act regulations to submit their annual disclosure of interests on time.

4.2 That the Department ensure there are official acting appointments or alternative delegations in place to ensure that staff absences do not prevent the sign-off of invoices from being done within the required timeframe to allow for payments within the 30-day timeframe.

4.3 Quarterly reports must be submitted to the Committee on the progress made to address the concerns raised regarding the on-time responses that must also be quality responses to Parliamentary questions in all forms.

4.4 Quarterly reports must be submitted to the Committee on the progress made to address the vacancy rate as well as what steps are taken to reduce the number of unfunded posts.

4.5 Quarterly reports must be submitted to the Committee on the progress made to address the incidents of Fruitless and Wasteful expenditure, Unauthorised expenditure or Irregular expenditure as well as progress on investigations linked hereto and disciplinary measures in place to eliminate fruitless, wasteful, unauthorised and/or irregular expenditure.

4.6 Quarterly reports must include a detailed status report on the implementation of the Revised Taxi Recapitalisation Programme.

 The Economic Freedom Fighters (EFF) abstained from the adoption of the report.

Report to be considered.

1. National Treasury (2023), p. 154. [↑](#footnote-ref-1)
2. National Treasury (2023), p. 156. [↑](#footnote-ref-2)
3. National Treasury (2022), p. 155. [↑](#footnote-ref-3)
4. National Treasury (2023), p. 155. [↑](#footnote-ref-4)
5. Ibid. [↑](#footnote-ref-5)
6. National Treasury (2023), p. 155. [↑](#footnote-ref-6)
7. Ibid. [↑](#footnote-ref-7)
8. Ibid. [↑](#footnote-ref-8)
9. National Treasury (2023), p. 155. [↑](#footnote-ref-9)
10. Ibid. [↑](#footnote-ref-10)
11. Ibid. [↑](#footnote-ref-11)
12. Ibid. [↑](#footnote-ref-12)
13. Ibid. [↑](#footnote-ref-13)
14. National Treasury (2023), p. 156. [↑](#footnote-ref-14)
15. Ibid. [↑](#footnote-ref-15)
16. Due to the urgent need to receive updated briefings and detailed reports on the issues highlighted in the recommendations, such as the Revised Taxi Recapitalisation Programme, the Department may be required to present these reports to the Committee prior to the scheduled quarterly briefings. [↑](#footnote-ref-16)