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finance

**KwaZulu-Natal**  
**Department of Transport**  
**Conditional Grants and Capital Expenditure**

February 2008



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**OVERVIEW**



2007 Mid Year Estimates	RSA	KZN	%
Area (km <sup>2</sup> )	1,219,207	92,307	7.6
Population	47,850,700	10,000,000	20.9



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### Overview Cont.

To achieve a balanced road network the Department of Transport has identified the following road equity network lengths

Type	Existing	Backlog	Total
Backlog Roads	7,848	4,452	11,500
Provincial & District Gravel Roads	16,846	1,177	18,023
Local Gravel Roads	4,722	7,750	12,500
<b>Total</b>	<b>28,016</b>	<b>13,400</b>	<b>49,255</b>



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### PROJECTS OF NATIONAL IMPORTANCE

- John Ross Highway
- Sani Pass
- King Shaka International Airport and Dube Trade Port

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### JOHN ROSS HIGHWAY P496

- John Ross Highway is currently a two (2) lane road single carriageway
- Being upgraded to a dual carriageway
- Anticipated construction completion date : March 2010.

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### JOHN ROSS HIGHWAY cont.

- Project Budget Estimate R636m
- **Contributors : -**
  - Dept. of Trade & Industry R 77.5m
  - uMlathuze Municipality R 30.0m
  - uThungulu Municipality R 10.1m
  - National Department of Transport R 50.0m
  - KZN Department of Transport R468.4m
- Unlikely that funding from Dept. of Trade & Industry forthcoming (R77.5m).
- Delay in completion of the project resulting in cost escalations.

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### JOHN ROSS HIGHWAY cont. BRIDGE

- Over Nsezi River 1.2km long bridge
- In 2007, bids for construction was R257m

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### JOHN ROSS HIGHWAY



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## 2. SANI PASS

- 33 km long
- Linking South Africa to Lesotho
- Shorten Freight Transport from Lesotho to Durban by 150 km
- Eco sensitive area – Ukhahlamba Drakensberg World Heritage site

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## SANI PASS cont.

- Estimated project cost R490m
- National Department of Transport Contribution R 85m
- KZN Department of Transport R405m
- Budget Available (over MTEF) R105m
  
- Shortfall R300m

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## HOSTILE TERRAIN



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**DTP & KSIA Projects Cont.**

PROJECT NUMBER	PROJECT DESCRIPTION	COST
1	Project no. 200000	100.00
2	Project no. 200000	100.00
3	Project no. 200000	100.00
4	Project no. 200000	100.00
5	Project no. 200000	100.00
6	Project no. 200000	100.00
7	Project no. 200000	100.00
8	Project no. 200000	100.00
9	Project no. 200000	100.00
10	Project no. 200000	100.00
11	Project no. 200000	100.00
12	Project no. 200000	100.00
13	Project no. 200000	100.00
14	Project no. 200000	100.00
15	Project no. 200000	100.00

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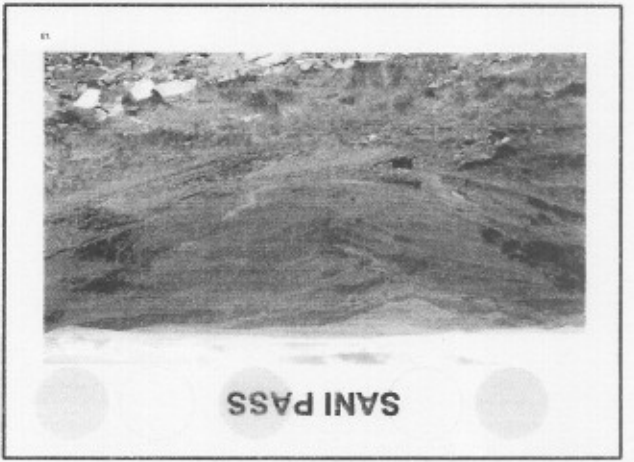
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### DTP & KSIA Projects Cont.

- Estimated project cost R520m
- KZN Department of Transport R9m
- Budget Available (over MTEF) R411m
- Shortfall R100m



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### EPWP Opportunities

#### Zimbabwe contractors

- 2009 March : target is 40 000
- 2008 March : target is 36 000
- 2007 December : 34 087 actual contractors
- Savings club 1007 and amount of R8.722m

#### Suggested Solutions

- Initiate other labour intensive infrastructure programmes and create linkages to municipalities e.g.
  - Siyazenzela
  - Rural Road Network Protection
    - Soil erosion management initiative



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### CHALLENGES

#### ● Customers Expectations

- ❖ Access Roads
- ❖ Pedestrian/Vehicle Bridges
- ❖ Surfaced Roads
- ❖ Public Right of Ways



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### CHALLENGES CONT.

#### ● Human Resources:

- ❖ Technical Skills Shortages
- ❖ Staff Turnover
- ❖ HIV and AIDS



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### CHALLENGES CONT.

#### HOSTILE TERRAIN

- Large number of bridges and culverts to construct.
- Expensive erosion control measures.
- Deep cut and fill works on new roads.
- Dwindling quarry sources for road building work (long hauls).



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### CHALLENGES CONT.

#### ● Flood Damages

- Due to the mountainous terrain in KZN, gravel roads are easily washed away
- Bridges and causeways are also damaged

#### ● Armco Pipes

- 80% of Armco Pipes need to be replaced - estimate cost R500m.

#### ● Overloading

- Potholes on Blacktop Roads - estimate cost R200m
- Roads lifespan reduced



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### CHALLENGES CONT.

- **Rapid increase in car ownership, Public Transport & Freight movement**

- Limited spare road capacity
- Could result in congestion, environmental pollution, restriction on economic growth



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### CHALLENGES CONT.

- **Provincial Network**

- Services such as electricity & water within road reserve often impact on construction, maintenance & safety standards including illegal signage and other encroachments

- **Suggested Solutions**

- Strict implementation of provincial policy to manage such services
- Training to our staff



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### CHALLENGES CONT.

#### Equity network

- ❖ Minimum equity provincial road network
- ❖ Identified to be 42 025 Km
- ❖ Required additional gravel roads approximately 8,957 Km
- ❖ Under 400 Km of new roads built per year



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## CHALLENGES CONT.

### Infrastructure Planning

- Government spheres previously planned in isolation of each other

### Suggested Solutions

- Integrated planning and co-ordination encouraged
- Implementation of Road Infrastructure Strategic Framework for South Africa (RISFSA) that provides for integrated planning



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## BUDGETS & FINANCE

### Network funding

Funding needs to address backlogs

- Umzimkulu roads R1,2 billion
- Pedestrian bridges R1,2 billion
- Access to communities R1,9 billion per annum over 10 years.

### Annual maintenance funding shortfall

(excluding backlogs) R1.6 billion



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## Condition of Provincial Road Infrastructure

The condition of the provincial road network is monitored using the Pavement Management System, the Gravel Road Management System and the Bridge Management System.

The condition according to the international Visual Condition Index as at the last survey of condition is as follows:

	Condition of Infrastructure				
	V. Good	Good	Fair	Poor	V. Poor
Surfaced Roads (2005)	5%	13%	30%	35%	17%
Gravel Roads (2005)	1%	19%	46%	32%	3%
Bridges with span > 2m (2004)	15%	54%	25%	5%	1%

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## Backlog in Provincial Road Infrastructure Maintenance

The current condition of the road network is negatively impacting on the economic growth of historically disadvantaged areas. The backlog in maintenance must be addressed to facilitate economic growth in the second economy, job creation and poverty alleviation.

Activity	Backlog (km)	Average Unit Rate (R / km)	Backlog Value (R million)
<b>Backlog Roads</b>			
Reseals	2,200	330,000	726
Rehabilitation	1,500	1,500,000	2,250
Regraveling	10,018	300,000	3,005
<b>Total backlog</b>			<b>5,981</b>

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## Ongoing Maintenance of the Provincial Road Infrastructure

Whilst addressing the backlog in maintenance it is vital that the ongoing maintenance programme continues. This ensures that newly constructed and upgraded roads do not deteriorate. The annual need for this ongoing maintenance exceeds the budget allocated. The backlog cannot therefore be addressed.

Ongoing Annual Maintenance of existing network		R' million
Rehabilitate backlog	261 km	542
Reseal backlog	818 km	286
Regravel existing roads	3,486 km	1040
Maintenance on existing gravel & blacktop roads	28,616 km	1600
<b>Existing Annual Maintenance &amp; Renewal Needs</b>		<b>2,848</b>

Shortfall Funding	2008/9			2009/2010			2010/11			R' million
	Need	Budget	Gap	Need	Budget	Gap	Need	Budget	Gap	
Maintenance	2649	1710	939	3006	1526	1480	1480	1508	1480	268

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## INFRASTRUCTURE EXPENDITURE

INFRASTRUCTURE	BUDGET 2007/8	SPENDING TO END DEC.	% OF BUDGET	BALANCE TO BE SPENT
<b>CAPITAL</b>				
New Construction	627,985	413,095	66%	214,889
Rehabilitation/Upgrading	1,360,240	949,143	70%	411,097
Infrastructure transfer	2,000	2,000	100%	-
<b>CURRENT</b>				
Maintenance	471,476	370,646	79%	100,830
<b>Total Infrastructure</b>	<b>2,461,701</b>	<b>1,734,885</b>	<b>70%</b>	<b>726,816</b>

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## CONCLUSION

- The total funding requirement to address the backlog in maintenance is approximately R5,9bn, and to address the backlog in construction is approximately R19bn.
- In nominal terms, over a 3 year period, approximately R1,9bn is required per annum to address the maintenance backlogs.
- In nominal terms, over a 10 year period, approximately R2bn is required per annum to address the construction backlogs.
- Approximately R1,6bn is required per annum to address the maintenance shortfalls



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## CONCLUSION CONT.

- Whilst there has been significant budgetary increases over the MTEF period, this is clearly inadequate to address such backlogs in maintenance and construction as well as achieving minimum annual maintenance needs.
- The Department of Transport is committed and at the same time challenged to build a people's contract for a sustainable transport system that takes full cognisance of the fact that KwaZulu-Natal is the Gateway Province to South Africa's international trade.



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Thank you

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