

GAUTENG PROVINCIAL LEGISLATURE

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

Monday, 14 March 2022

ANNOUNCEMENTS

none

TABLINGS

none

COMMITTEE REPORTS

1. The Chairperson of the Roads and Transport Portfolio Committee, Hon. G D Schneemann, tabled the Committee's Oversight Report on the Detail of Vote 09 (Roads and Transport) of the Gauteng Provincial Adjustment Appropriation Bill [G004-2021] for the 2021/2022 financial year, as attached:



ROADS AND TRANSPORT PORTFOLIO COMMITTEE

**ADOPTED COMMITTEE OVERSIGHT REPORT ON
ADJUSTMENT APPROPRIATION BILL VOTE 9: GAUTENG
DEPARTMENT
OF ROADS AND TRANSPORT FOR 2021/22 FY**

15TH MARCH 2022

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ACRONYMS

APP	ANNUAL PERFORMANCE PLAN
CA	CONCESSIONAIRE AGREEMENT
COVID-19	CORONA VIRUS DISEASE 2019
FY	FINANCIAL YEAR
GMA	GAUTRAIN MANAGEMENT AGENCY
GPG	GAUTENG PROVINCIAL GOVERNMENT
HOD	HEAD OF DEPARTMENT
MEC	MEMBER OF EXECUTIVE COMMITTEE
PGC	PATRONAGE GUARANTEE COSTS

EXECUTIVE SUMMARY

Chairperson of the Roads and Transport Portfolio Committee, Honourable G. Schneemann, tables the Committee's Report on the Adjustment Appropriation Bill Vote 9 of the Appropriation Bill for 2021/22 FY as follows:

In the 2021/22 FY adjustment budget process, the Committee noted that the budget allocated to the Department was adjusted downwards by **R112 920 000 (1,30%)** from **R8 680 417 000** to **R8 567 497 000**. The Committee noted that the budget allocated for the Administration, Transport Infrastructure and Transport Regulation programmes was reduced whilst the budget allocated for Transport Operations and Gautrain programmes was increased to cater for cadet taxi programme and shortfall on the patronage guarantee costs respectively.

On Transport Infrastructure programme, the Committee noted that a number of planned targets on infrastructure projects have been revised down and this is an indication that there were infrastructure projects that did not reach planning and implementation targets as at the end of second quarter for 2021/22 FY amounting to **R573 396 000**.

On Transport operations, the Committee noted that the Department continued to reprioritise funds from other Programmes to cater for the taxi cadet and military veterans programme that was introduced during the lockdown period with the aid of the Gauteng Taxi Industry. Furthermore, the Committee noted that the programme received additional funding in the form of a roll-over from the National Department of Transport amounting to **R94 476 000**, for the payment of outstanding claims by the bus operators for the month of March 2021 which had to be catered for utilizing the 2021/22 FY budget allocations.

With regards to GMA, the Committee noted that the budget allocation for the agency was adjusted upwards by an amount of **R366 000 000**. The Committee noted that the increase was to assist with the Patronage Guarantee (PG) that became due and had to be settled to ensure that the GMA was not contravening the contractual obligations of the Concession Agreement (CA).

In conclusion, the Committee noted that the significant budget cuts in the Transport Infrastructure programme, due to Department not meeting planning and implementation targets, may continue to pose a greater threat on the implementation of infrastructure projects. The Committee will continue to emphasise the need to strengthen the capacitation and functionality of the Transport infrastructure House to ensure planning and implementation targets are achieved as envisaged.

INTRODUCTION

The Oversight Model of the Gauteng Provincial Legislature requires that the Committee considers the budget adjustment tabled by the Gauteng Provincial Government, MEC of Finance, in the third quarter. This is the period at which Departments are given an opportunity to make permissible amendments to the allocated budget in response to changes that have affected planned spending”.

This Committee report is an evaluation of the service delivery targets that were affected by the budget adjustment in the Department of Roads and Transport and Gautrain. The assessment is conducted as per the Sector Oversight Model (SOM), the Standing Rules of the Gauteng Provincial Legislature and other applicable laws including the Public Finance Management Act (PFMA).

1. PROCESS FOLLOWED

The MEC for Finance tabled the Gauteng Province 2021/22 FY Adjustment Appropriation Bill in the Legislature. The Speaker referred the Vote 9 Special Adjustment Budget Appropriation for 2021/22 FY to the Committee for consideration and reporting. The Committee Researcher prepared and tabled an analysis for discussion and questions emanating from Adjustment Budget Statement to the Committee. Following that, the Department tabled the details of the adjustment budget and the responses to questions raised to the Committee. The Committee deliberated on and adopted its oversight report. The report was then tabled for consideration and adoption by the House.

2. COMMITTEE’S ASSESSMENT OF THE BUDGET VOTE

2.1 OVERALL ASSESMENT

2.1.1 Departmental Receipts

The Committee noted that the allocated budget for the Departmental was revised downwards by **R112 920 000 (1%)** from **R8 680 417 000** to **R8 567 497 000** during the adjustment appropriation bill process.

The Committee noted that the budget allocated for the Administration, Transport Infrastructure and Transport Regulation programmes was reduced due to budget cuts in Compensation of employees, Goods and Services, Transfers and Subsidies, and Payments for Capital assets. The Committee also noted that the budget allocated for Transport Operations and Gautrain programmes was revised upwards to cater for the increase in conditional grant, as a roll over to settle outstanding claims from bus operators for the prior

financial year. As part of the internal reprioritization of funds from other programmes, the Department also reprioritised additional funding of **R366 000 000** from Transport Infrastructure programme in the form of transfers and subsidies to Gautrain for excess Patronage Guarantee Costs realised as a result of COVID-19 impact on rail and bus passenger targets.

2.1.2 Departmental Revenue

The Committee noted that the Department of Roads and Transport, as the Province's main generator of revenue, estimated revenue to be collected in the current financial year has remained at **R4 575 552 000**.

2.1.3 Budget Estimates per Programme

Budget Vote 9 funds five programmes namely: Administration, Transport Infrastructure, Transport Operations, Transport Regulation and Gautrain Rapid Rail Link. The table below reflects the amount appropriated to each programme.

Table 01: Budget Estimation per Programme

Programme ('000)	Main appropriation	Adjusted appropriation	Adjustment	% Adjustment
Administration	423 898	401 398	(22 500)	(5,31%)
Transport Infrastructure	2 460 126	1 860 130	(599 996)	(24,39%)
Transport Operations	3 039 809	3 187 285	147 476	4,85%
Transport Regulation	345 768	341 868	(3 900)	(1,13%)
Gautrain	2 410 816	2 776 816	366 000	15,18%
Total	8 680 417	8 567 497	(112 920)	(1,30%)

Source: Research Analysis and Second Adjustment Budget Statement 2021/22 FY

The Committee noted that the budget allocated for the Administration, Transport Infrastructure and Transport Regulation programmes was revised downwards whilst the budget allocated for Transport Operations and Gautrain programmes was revised upwards.

2.2 Assessment per Programme

2.2.1 *Programme 1: Administration*

The total appropriation for the programme funds four sub-programmes namely: Management, MEC's Office, Corporate Support and Departmental Strategy. The Committee noted the budget allocation for the programme has been reduced from **R423 898 000** to **R401 398 000** marking a decrease of **R22 500 000 (5,31%)**. The Committee noted that the decrease in the budget was mainly attributed to budget reprioritisation from the Compensation of employees (**R5 000 000**), Goods and Services (**R15 500 000**) and Payments for Capital assets (**R2 500 000**) for the payment of Cadet and Military veterans which was the cornerstone of the Department's response to the COVID-19 pandemic. According to the Department, this programme was not initially allocated with budget, however the Department engaged in a rigorous reprioritization process to ensure that savings could be realized to shift to Programme 3: Transport Operations where the programme was managed from.

2.2.2 *Programme 2: Transport Infrastructure*

The programme funds five sub-programmes namely: Infrastructure Planning, Infrastructure Design, Construction, Maintenance and Programme Support Infrastructure. The Committee noted the budget allocation for the programme has been reduced from **R2 460 126 000** to **R1 860 130 000** marking a decrease of **R599 996 000 (24,39%)**. According to the Department, the decrease in the budget was attributed to the budget cut in the Compensation of employees (**R25 000 000**), Goods and Services (**R399 949 000**) and Payments for Capital assets (**R174 547 000**). **The Committee is concerned over the budget decrease in this programme which is an indication that there were infrastructure projects that did not reach planning and implementation targets as at the end of second quarter for 2021/22 FY amounting to R573 396 000.**

The Committee further noted that the reprioritisation of funds from Compensation of employees and Goods and services was mainly attributed to shifting of funds to Programme 3: Transport Operations for the payment of cadet and military veterans programme whilst the reprioritisation of funds from Payments of Capital Assets was mainly to assist with the Patronage Guarantee (PG) that became due and had to be settled to ensure that the GMA was not contravening the contractual obligations of the Concession Agreement (CA).

2.2.3 Programme 3: Transport Operations

The Committee noted the budget allocation for the programme has been increased from **R3 039 809 000 to R3 187 285 000** marking an increase of **R147 476 000 (4,85%)**. According to the Department, the increase in the budget was attributed to increase in Compensation of employees to cater for the payment of cadet and military veterans programme in Programme 3 whilst the increase in the Public Transport conditional grant was a roll over to settle outstanding claims from bus operators for the prior financial year, March 2021 invoices, amounting to **R94 476 000** which had to be paid utilizing the 2021/22 FY budget resources.

2.2.4 Programme 4: Transport Regulation

The Committee noted the budget allocation for the programme has been reduced from **R345 768 000 to R341 868 000** marking a decrease of **R3 900 000 (1,13%)**. The Committee noted that the decrease in the budget was attributed to the budget cut in the Compensation of employees (**R5 000 000**) and Goods and Services (**R20 500 000**). According to the Department, the budget cuts were mainly to cater for the payment of cadet and military veterans programme in Programme 3 whilst the budget cut in Goods and services was mainly to ensure that the transfer of the taxi support budget to the Taxi Trust under Transfers and subsidies (**R19 800 000**) and Capital Assets (**R1 800 000**) within Programme 4.

2.2.5 Gautrain Rapid Rail Link

The Committee noted that the total allocation for the Gautrain in the current financial year has been increased from **R2 410 816 000 to R2 776 816 000** marking an increase of **R366 000 000 (15,18%)**. The Committee noted that the increase was mainly attributed to ensure the immediate sustainability of the Gautrain to cover the increasing Patronage Guarantee Costs over the MTEF period and the funds to cater for the shortfall on the PGC were reprioritised from other programmes within the Department. **The Committee is concerned over the increasing PGC as well as the reprioritization of funds from other Programmes to cater for the increasing PGC.**

3. CONCERNS

The Committee is concerned about:

- 3.1 The reprioritization of funds from Administration, Transport Infrastructure and Regulation Programme to Transport Operations for the cadet and military veterans programme.
- 3.2 The decrease in the budget of Transport Infrastructure programme which is an indication that there were infrastructure projects that did not reach planning and implementation targets as at the end of second quarter for 2021/22 FY amounting to R573 396 000.
- 3.3 The increasing PGC as well as the reprioritization of funds from other Programmes to cater for the increasing PGC.

4. RECOMMENDATIONS

The Committee recommends that the Department should provide a detailed report by 29th April 2022:

- 4.1 On the scope, beneficiaries, financial and non-financial implications of the cadet and military veterans programme. The report should also provide progress report on the payment of affected beneficiaries on the programme.
- 4.2 On the state of readiness of planning and implementation targets for the infrastructure projects which were affected during the Adjustment Appropriation Bill for 2021/22 FY.
- 4.3 On the implementation plan to reduce the Patronage Guarantee Costs over the MTEF and progress thereof. The detailed report should also include the possible alternative sources of funding for the increasing Patronage Guarantee Costs over the MTEF period until the hand-over of the system, except reprioritization of funds from other Programmes and request for additional funds from Provincial Treasury.
- 4.4 On the possible negative impact to the Agency/Province in case the GMA was contravening the contractual obligations of the Concession Agreement (CA) in relation to the payment of Patronage Guarantee Costs.

5. ACKNOWLEDGEMENTS

The Committee's gratitude goes to the Honourable MEC J. Mamabolo, HOD Dr D. Barclay and Senior Managers and Officials from the Department of Roads and Transport for their co-operation.

Gratitude goes to Honourable Members: R. Kekana, D. Ledwaba, P. Mabunda, A. Ndlovana, F. Nel, E. Du Plessis, M. Ledwaba and N. Radebe for their deliberations and commitment during the adjustment appropriation bill process.

On behalf of the Committee, the Committee's appreciation and gratitude also goes to the following persons: Group Committee Coordinator, Mr. T. Bodibe; Researcher Mr. F. Thaba; Committee Coordinator Mr. S. Mthiyane; Committee Administrator, Ms. H. Mtshizana; Hansard Recorder Ms. N. Zondo; Information Officer, Mr L. Ncume; Media Officer, Ms T. Nzuke; Public Participation Officer, Mr. B. Dhlomo and Service Officer, Ms. S. Sithole for their devoted assistance.

6. ADOPTION

After due consideration, the Roads and Transport Portfolio Committee adopted the report on Adjustment Budget Vote 9 of the Appropriation Bill for 2021/22 FY.

In terms of Rule 117(2)(c) read together with Rule 164, the Portfolio Committee on Roads and Transport recommends that the report on Adjustment Budget Vote 9 of the Appropriation Bill for 2021/22 FY be adopted, taking into account the concerns and recommendations tabled in this report.

Hon. G. Schneemann

Chairperson: Roads and Transport Portfolio Committee