

**Portfolio Committee on Roads and Transport Analysis on the Budget  
Adjustment of the Department of Roads and Transport/Gautrain Management  
Agency/g-Fleet Management for the 2021/22 Financial Year**

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## 1. Introduction

The Oversight Model of the Gauteng Provincial Legislature requires that the Committee considers the budget adjustment that the Gauteng Provincial Government tables in the Third quarter. This is the period that the Departments are given an opportunity to adjust the final appropriations that were tabled in the first quarter of financial year. According to the Explanatory Mandate on the Provincial Adjustments Appropriation Bill, 2021, “the adjustments budget process provides an opportunity to make permissible amendments to the budget in response to changes that have affected planned spending”. The purpose of this analysis is to highlight the areas that were affected by the budget adjustment in the Department of Roads and Transport and Gautrain. The g – Fleet Management does not form part of the provincial government budget, however the adjustment that was reported in the third quarter report will be indicated in this analysis. The analysis will also raise questions in the areas of concern for the attention of the Department and its entities.

## 2. Analysis of financial adjustment

### 2.1. Department of Roads and Transport

In overall, the main appropriation of the Department was adjusted downward from R8 680 417 000 to R8 567 497 000, and this means that the budget was reduced by R112 920 000 (1%). It should however be noted that the adjustment that was tabled by the provincial government is completely different to what was reported by the Department in the third quarter report. As indicated in table 2, the total budget of the Department was adjusted downward by R207 396 000 (2%), according to the third quarter report. **The Department should reconcile the adjustment that was reported in the third quarter report (R207 396 000) and adjustment budget tabled by the provincial government (R112 920 000).**

**Table 1: Adjustment budget**

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%

**Table 2: 3<sup>rd</sup> quarter report adjustment**

Programme	Final appropriation (Q3)	Final appropriation (Q2)	Adjustment	% Adjustment
Administration programme	401 398	423 898	-22 500	-5,61%
Transport Infrastructure programme	1 860 130	2 460 126	-599 996	-32,26%
Transport Operations programme	3 092 809	3 039 809	53 000	1,71%
Transport Regulation programme	341 868	345 768	-3 900	-1,14%
Gautrain	2 776 816	2 410 816	366 000	13,18%
Total	8 473 021	8 680 417	-207 396	-2,45%

In terms of adjustment per programme, the following changes are noted:

**Administration programme:** The adjusted budget shows that the allocation for this programme was reduced by R22 500 000 (5%), and this is attributed to budget cut in the Compensation of employees, Goods and Services and Payments for Capital assets. **The Department should explain the downward adjustment of budget in the Administration programme in relation to Compensation of employees, Goods and Services and Payments for Capital assets.**

**Transport Infrastructure programme:** According to the Explanatory Mandate, the main appropriation in this programme was reduced by R573 396 000 (28%) from R2 043 716 000 main appropriation. However, the tabled adjustment budget shows that the budget for this programme was reduced by R599 996 000 (24%), and this is attribute to the budget cut in the Compensation of employees, Goods and Services, Transfers and Subsidies, and Payments for Capital assets. **The Department should explain the downward adjustment in the Transport Infrastructure programme in relation to Compensation of employees, Goods and Services, Transfers and Subsidies, and Payments for Capital assets.**

**Transport Operations programme:** According to the tabled adjusted budget, this programme received additional budget amounting to R147 476 000 (5%), and this was in relation to the Compensation of employees and Transfers and subsidies. According to the Explanatory mandate, this programme received a conditional grant amounting to R2 742 249 000 at the beginning of the financial year, and it was adjusted upward by R94 476 000 (3%) in the third quarter. According to the explanatory Mandate, the increase in this conditional grant is a roll over to settle outstanding claims from bus operators for the prior financial year. It is concerning that this programme received additional budget when on the other hand it has been largely contributing towards the under expenditure in the Department. **The Department should explain the roll-over amounting to R94 million in the subsidised bus in relation to the under expenditure which was recorded in the previous financial year. The Department should also explain an increase of Transport Operations' budget in the Compensation of employees.**

**Transport Regulation programme:** The budget was reduced by R3 900 000 (1%) during the adjustment period, and this was in relation to the budget cut in the Compensation of employees and Goods and Services. On the other hand, it should however be noted that Transfers and subsidies and Payments for Capital assets received some additional budget. **The Department should explain the budget cut in the Compensation of employees and Goods and services in the Transport Regulation programme. The Department should also explain the additional budget in the Transfers and subsidies and Payments for Capital assets in the Transport Regulation programme.**

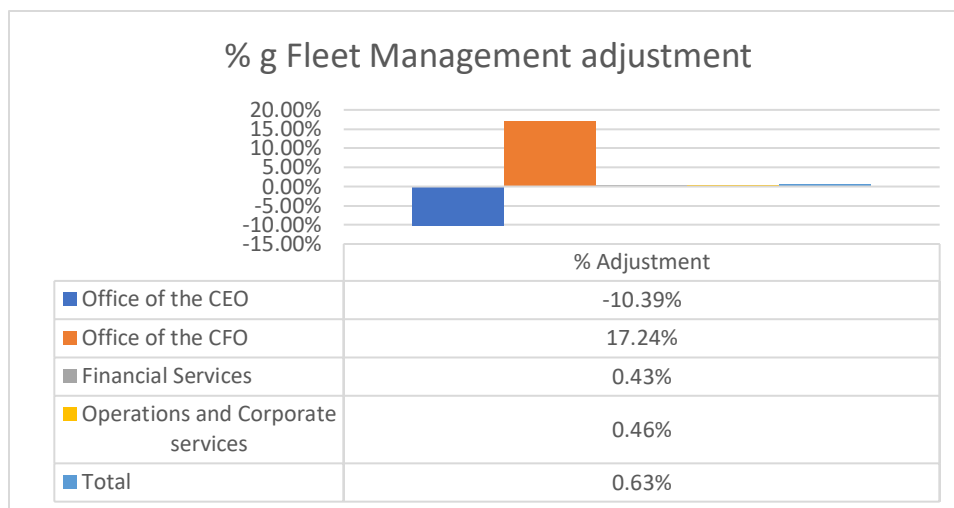
## 2.2. Gautrain

The entity received additional R366 000 000 (15%) from the provincial government during the adjustment period, and this was in a form of transfers and subsidies in terms of economic classification. **The entity should explain the significant upward adjustment amounting to R366 000 000 per cost drivers.**

## 2.3. G – Fleet Management

The g – Fleet Management does not form part of the provincial government budget; however, the third quarter report of this entity shows that the budget was slightly adjusted upward by less than 1% as indicated in chart 1.

Chart 1: g Fleet Management adjustment



## Conclusion

The significant budget cuts in the Transport Infrastructure programme and additional budget in the Gautrain require attention from the committee due to concerns raised in the analysis. The Committee should also pay special attention to the upward adjustment of budget in the Transport operations programme in relation to the remainder of the budget to be spend in the fourth quarter as is likely to lead to under expenditure.