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**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

**========================**

Wednesday, 18 May 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 the Department of Roads and Transport Budget Vote 09 of the Provincial Appropriation Bill *[G001-2022]* for the 2022/23 FY, as follows:**



 ROADS AND TRANSPORT PORTFOLIO COMMITTEE

**ADOPTED COMMITTEE OVERSIGHT REPORT ON**

**BUDGET VOTE 9: GAUTENG DEPARTMENT OF ROADS AND**

 **TRANSPORT OF THE APPROPRIATION BILL**

20TH MAY 2022

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**ACRONYMS**

DLTCs DRIVER LICENSE TESTING CENTRES

EPWP EXPANDED PUBLIC WORKS PROGRAMME

FY FINANCIAL YEAR

GGT GROWING GAUTENG TOGETHER

GMA GAUTRAIN MANAGEMENT AGENCY

GTA GAUTENG TRANSPORT AUTHORITY

GPG GAUTENG PROVINCIAL GOVERNMENT

HOD HEAD OF DEPARTMENT

ITMP25 25 YEAR GAUTENG INTEGRATED TRANSPORT MASTER PLAN

MEC MEMBER OF EXECUTIVE COMMITTEE

MTEF MEDIUM TERM EXPENDITURE FRAMEWORK

NDOT NATIONAL DEPARTMENT OF TRANSPORT

PRMG PROVINCIAL ROADS MAINTENANCE GRANT

PTOG PUBLIC TRANSPORT OPERATIONS GRANT

TIH TRANSPORT INFRASTRUCTURE HOUSE

TMC TRANSPORT MANAGEMENT CENTRE

TOLABs TRANSPORT OPERATING LICENSE ADMINISTRATIVE BODYS

**EXECUTIVE SUMMARY**

The Chairperson of the Roads and Transport Portfolio Committee, Honourable G. Schneemann, tables the Committee's Report on Budget Vote 9 of the Appropriation Bill for 2022/23 FY as follows:

In the current financial year, the Committee noted that the Department has been allocated a budget of **R8 719 282 000** financed through the Equitable share amounting to **R****5 298 817 000 (60,77%) and** Conditional grants **R3 420 465 000 (39,23%).** The Committee noted that thebudget allocation increased by an amount of **R752 806 000 (9,45%)** compared to previous financial year. The Committee further noted that the budget allocation for Administration, Transport Infrastructure, Transport Regulation and Transport Operations programmes have been increased in the current financial year whilst the allocated budget for Gautrain was decreased by **R319 250 000 (11,50%)**. The Committee is concerned over the decrease of the allocated budget for the agency noting the downward trend in rail and bus passenger trips which resulted in higher than projected Patronage guarantee costs in the previous financial years.

On the planned infrastructure projects, the Committee noted that the Department has planned to implement several projects in line with ITMP 25 and GGT 2030, consisting of projects carried over from the previous financial yearand multi-year projects to be completed within the MTEF period. The projects include the design, construction and maintenance of provincial roads, integration of public transport modes (road and rail) through integrated fare management system and strengthening of freight and logistical hubs. The Committee further noted that the construction of Sebokeng DLTC / TOLAB, Vereeniging Taxi rank, K69 Solomon Mahlangu and K54 Mamelodi have not been allocated budgets in the current financial year due to challenges affecting the projects. The Committee is concerned over the continuous delays in the implementation of these projects as they had been delayed for more than two financial years and there seem to be lack of intergovernmental relations in resolving these continuous delays.

On the subsidised bus contracts,the Committee noted that the allocated budget for the current financial year will be mainly to service the current negotiated bus contracts. This is because, the new bus tender that was advertised during December 2021 was successfully interdicted by bus operators and unions after the Minister of Transport withdrew the letter of concurrence for the advertising of the tender. According to the Department, engagements are currently on-going with legal advisors, National Department of Transport and Auditor General on the way forward regarding negotiating new contracts as the non-finalisation of the matter will result in incurring further irregular expenditure. The Committee is hopeful that an amicable solution may be reached between the parties involved to ensure advertisement of the new subsidised bus contracts on open tender.

On the Gautrain Management Agency, the Committee noted that due to the downward trend in rail and bus passengers, which gave rise to Patronage costs, the agency has adopted various strategies in enhancing revenue to cater for the increasing patronage costs. These include optimising ridership and fares to maximise fare revenue, re-prioritising budgets within GMA and GDRT over MTEF, diversifying to obtain non-fare revenue from commercial activities and partnerships as well as working with Provincial Treasury to minimise financial support required from Government and access private capital. The Committee urges the Department and GMA to ensure proper implementation of the above strategies to ensure the patronage guarantee costs are minimised and do not exert pressures on future MTEF budget allocations.

In conclusion, the Committee urges the Department and its entities to exercise proper project and contract management and maintain a high level of efficiency and effectiveness in delivering on key infrastructure projects taking into consideration the similar reoccurring challenges affecting the projects. Furthermore, the Committee will monitor, through quarterly reports, the progress at which the Department will be able to fast track delivery of delayed infrastructure projects in time and within a budget as instructed by the Premier in his State of the Province Address for 2022/23 FY.

**INTRODUCTION**

The Committee report covers the alignment of the Department’s appropriation with planned outputs. The report also assesses the link between the Department’s strategic objectives and how they contribute to national and provincial outcomes.

Budget Vote 9 is the Gauteng Provincial Government’s plan to deliver services to the people according to its commitment on transport infrastructure and operations. The Gauteng Department of Roads and Transport’s overall goal is to provide a world class roads and transport infrastructure networks and systems that facilitate seamless mobility of goods and people within Gauteng. Its purpose is to provide an environmentally sustainable road infrastructure and integrated transport systems and services that are reliable, accessible, safe, and affordable and which promote socio-economic development in Gauteng.

1. PROCESS FOLLOWED

The MEC for Finance tabled the Gauteng Province 2022/23 FY Budget in the Legislature. The Speaker referred the Vote 9 Budget Appropriation for 2022/23 FY to the Committee, in accordance with Standing Rule 220(2), for consideration and reporting. The Committee Researcher prepared and tabled an analysis for discussion and questions emanating from Budget Statement to the Committee. Following that, the Department tabled the details of the annual performance plans and responses to questions raised on the budget to the Committee. The Committee then deliberated on and adopted its oversight report. The report was then tabled for consideration and adoption by the House.

1. COMMITTEE’S ASSESSMENT OF THE BUDGET VOTE

2.1 OVERALL ASSESMENT

*2.1.1 Departmental Receipts*

The Committee noted that the Department received **R5 298 817 000 (****60,77%)** allocation from the Equitable share, and **R****3 420 465 000 (39,23%)** conditional grants from the National Department of Transport. The conditional grants consist of the Public Transport Operations Grant (PTOG) amounting to **R2 730 550 000** mainly for the bus subsidy programme, Provincial Roads Maintenance Grant (PRMG) amounting to **R680 058 000** received for routine maintenance of the provincial road network and EPWP Infrastructure Grant amounting to **R9 857 000**. The Committee noted that the PTOG and PRMG grants were decreased by **R106 175 000 (3,74%)** and **R87 077 000 (11,35%)** respectively, whilst the EPWP grant was increased by **R219 000 (2,27%)**.

The Committee noted that the allocation of financial resources has increased from **R7 966 476 000** in 2021/22 FY to **R8 719 282 000** in current financial year, marking an increase of **R****752 806 000 (9,45%).** The Committee further noted that the budget allocation has been increased in the Departmental programmes except for the Gautrain programme where it has been reduced by **R319 250 000 (11,50%)**.

*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 amounts to **R4 795 179 000** from all the revenue items, with the main contributor to revenue being motor vehicle registration and licensing fees estimated at **R4 695 173 000 (98%)**. The Committee also noted that the estimated revenue is projected to increase over the MTEF period due to the growth in vehicle population, annual increases in tariffs and efficient revenue collection.

**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 (R'000)** | **2021/22 FY** | **2022/23 FY** | **2023/24 FY** | **Change 2021/22 - 2022/23** | **% Change 2021/22 - 2022/23** |
| 1. Administration  | 389 083 | 402 036 | 343 451 | 12 953 | 3,33% |
| 2. Transport Infrastructure  | 1 852 299 | 2 528 167 | 2 886 252 | 675 868 | 36,49% |
| 3. Transport Operations | 2 607 410 | 2 977 187 | 3 067 917 | 369 777 | 14,18% |
| 4. Transport Regulation | 340 868 | 354 326 | 341 811 | 13 458 | 3,95% |
| 5. Gautrain | 2 776 816 | 2 457 566 | 2 509 568 | (319 250) | (11,50%) |
| **Total** | **7 966 476** | **8 719 282** | **9 148 999** | **752 806** | **9,45%** |

***Source: Research Analysis and Budget Statement 2022/23 FY***

Based on the above table, the Committee noted that the budget for the Administration, Transport Infrastructure, Transport Regulation and Transport Operations programmes have been increased whilst the budget allocation for Gautrain programme has been decreased in the current financial year by **R319 250 000 (11,50%)**.

 **2.1.4** ***Payments and Estimates per Economic Classification***

In terms of the economic classification, the Committee noted that **61%** of the total allocation goes to transfers and subsidies with an allocation of **R5 360 506 000**; the second largest share goes to current payments with an allocation of **R2 272 699 000**, representing **26%**; while Payment for Capital Assets constitutes **13%** of the allocation amounting to **R1 086 077 000**.

2.2 Assessment per Programme

 **2.2.1** ***Programme 1: Administration***

This programme provides the overall management and administrative support function for the Office of the Member of Executive Committee (MEC) and the Department. The programme objectives include rendering advisory, secretarial, parliamentary and administrative office support services to the MEC; rendering strategic support to the Department as well as to manage personnel, procurement, finance, administration and related support services.

The total appropriation for the programme is **R402 036 000** which will fund four sub-programmes namely: Management, MEC’s Office, Corporate Support and Departmental Strategy. The Committee noted that the allocation increased by an amount of **R12 953 000 (3,33%)** compared to previous financial year due to increases in compensation of employees due to inflationary increases, however, the programme’s budget allocation will be expected to decrease over the MTEF period.

The Committee noted that the Department has continuously failed to achieve planned service delivery targets and underspent the allocated budget in the previous financial years, and these were related to achievement of procurement expenditure targets for HDI groups, litigations and/or interdicts on infrastructure projects and Public Transport Operations Grant. According to the Department, measures have been put in place to ensure the historical challenges of underspending and poor achievement of targets are resolved and these measures include the establishment of TIH empowered with three digital platforms to address the challenges of project planning, monitoring and execution of infrastructure projects to achieve project delivery in time, at the appropriate cost and at the right quality. Furthermore, the Committee noted that the Department had to introduce the Infrastructure Compliance Office by appointing a law firm to address the issues of legacy litigations and/or interdicts on infrastructure projects, ensure compliance with contract performance conditions, early identification of risks leading to project termination and legal issues during project terminations.

**2.2.2 *Programme 2: Transport Infrastructure***

The programme entails supporting social empowerment and economic growth by the promotion of accessibility and the safe movement of people, goods and services through the delivery and maintenance of transport infrastructure that is sustainable, integrated and environmentally sensitive. Key outputs and service delivery measures for the programme are upgrading and maintenance of provincial road and transport infrastructure.

The programme funds five sub-programmes namely: Infrastructure Planning, Infrastructure Design, Construction, Maintenance and Programme Support Infrastructure. The Committee noted that the total appropriation for this programme amounts to **R2 528 167 000** marking an increase of **R675 868 000 (36,49%)** compared to the previous financial year and the budget allocation is expected to continue to increase over the MTEF period.

Under the Design sub-programme, the Committee noted that the budget allocated for the sub-programme was decreased from **R106 335 000** in 2021/22 FY to **R88 083 000** whilst the Department has planned to complete five (5) bridge design projects in the current financial year, with two (2) of these designs postponed from the previous financial year. The Committee noted that the budget for maintenance and construction sub-programmes were increased by **R77 167 000 (7,01%)** and **R602 045 000 (122%)** respectively compared to the previous financial year. On the maintenance of roads infrastructure, the Committee noted that the Department outsources 71% of works to contractors and 29% of road works is done by the regional centres which conduct daily assessment of the surface failures, road markings, road signs, guard rails and encroachments. According to the Department, contractors will be appointed by end of May 2022 for a period of three (3) years to commence with planned maintenance works across the Province.

The Committee further noted that the budget allocated for the programme does not include the budget allocations for Sebokeng DLTC, Vereeniging Taxi Rank, K69 Solomon Mahlangu and K54 Mamelodi. According to the Department, the budget for the projects will be allocated once the challenges encountering the projects are resolved and projects are approved and ready for implementation. However, **the Committee is concerned over** **the continuous delays in the implementation of these projects as they had been delayed for more than two financial years and there seem to be lack of intergovernmental relations in resolving these continuous delays.**

***2.2.3 Programme 3: Transport Operations***

The Transport Operations programme entails planning for, regulating and facilitating the provision of integrated land transport services to enhance mobility of all communities. The objectives of this programme are to manage the integration of land transport contracts and to manage, co-ordinate and facilitate transport safety and compliance in all modes.

The Committee noted that the total allocation for the programme for the current financial year is **R2 977 187 000** marking an increase of **R369 777 000 (14,18%)** compared to the previous financial year. The largest share of this programme’s allocation goes to Public Transport Services amounting to **R2 945 388** **000** and the allocation caters for the Bus subsidy contracts. The Committee noted that the allocation for Public Transport Operations Grant (PTOG) from the National Government has decreased compared to previous financial year by **R106 175 000 (3,74%)** from **R2 836 725 000** to **R2 730 550 000**.

In the current financial year, the Committee noted that the Department has planned to ensure that 98% of subsidised bus contracted fleet is electronically monitored, development of 1 taxi rank to an economic hub and operationalise the interim Transport Management Centre. On the appointment of new subsidised bus contracts, the Committee noted that the bus tender was advertised during December 2021 and evaluation commenced in February 2022, however, the tender was successfully interdicted by bus operators and unions after the Minister of Transport withdrew the letter of concurrence for the advertising of the tender. According to the Department, engagements are currently on-going with legal advisors, National Department of Transport and Auditor General on the way forward regarding negotiating new contracts as the non-finalisation of the matter will result in incurring further irregular expenditure.

***2.2.4 Programme 4: Transport Regulation***

The programme entails the provision of a safe environment through the regulation of traffic on public infrastructure, limited law enforcement, implementation of road safety education and the registration and licensing of vehicles and drivers. The programme’s objectives are to monitor and control registration and licensing of all motor vehicles and to render services regarding the administration of applications in terms of the National Road Traffic Act (Act 93 of 1996); implement laws and regulations relating to vehicle registration and licensing, manage, approve and control the registration of transport operators and the issuing of all licenses and permits required in terms of legislation and manage, approve and control the registration of transport operators and the issuing of all licenses and permits required in terms of legislation.

The Committee noted that the total allocation for the programme is R354 326 000 marking an increase of R13 458 000 (3,95%) compared to the previous financial year. The programme achieves its objectives through two sub-programmes namely, Transport Administration and Licensing with an allocation of R199 412 000 (56%) and Operator License and Permits with an allocation of R154 914 000 (44%).

On planned service delivery targets, the Committee noted that the Department has planned to conduct inspections across all provincial DLTCs and TOLABs, issuance of operating licenses, reducing average waiting time at DLTCs and collection of revenue at all provincial centres. However, the Committee noted that in all Provincial DLTCs and TOLABs, the CCTV cameras are currently not operational and require servicing and maintenance and no provision was made for the allocation of budget in the current financial year and a special case will be made during the budget adjustment for possible availability of funds to undertake this function within this financial year. According to the Department, the indicative budget in relation to affordability and viability for the installation, servicing and maintenance of the CCTV cameras and control rooms for the Department is estimated at R5 million for all the above-mentioned facilities. The Committee is concerned about the non-functionality of the CCTV cameras in Provincial DLTCs and TOLABs and the impact it may have on safety, theft, fraud and corrupt practices in the centres.

***2.2.5 Gautrain Rapid Rail Link***

The Gautrain Rapid Rail Link programme is a special project that seeks to plan for, design and construct the Rapid Rail Link and to ensure its implementation and efficient management. The programme’s objectives are to manage and oversee the rail link in terms of the concession agreement.

The total allocation for the Gautrain in the current financial year is **R2 457 566 000** mainly for the operational phase of the project, payment of the patronage guarantee cost and capacitation of the current system.The budget for Gautrain has been decreased by **R319 250 000 (11,50%)** compared to the previous financial year but expected to increase over the MTEF period.

The Committee further noted that due to the downward trend in rail and bus passengers during COVID-19 lockdown period, which gave rise to Patronage costs, the agency has adopted various strategies in enhancing revenue to cater for the increasing patronage costs. These include optimising ridership and fares to maximise fare revenue, re-prioritising budgets within GMA and GDRT over MTEF, diversifying to obtain non-fare revenue from commercial activities and partnerships as well as working with Provincial Treasury to minimise financial support required from Government and access private capital. The Committee urges the Department and GMA to ensure proper implementation of the above strategies to ensure the patronage guarantee costs are minimised and do not exact pressure on future MTEF budget allocations.

 **3. CONCERNS**

The Committee is concerned about:

3.1 The continuous delays in the implementation of the Sebokeng DLTC, Vereeniging Taxi Rank, K69

 Solomon Mahlangu and K54 Mamelodi projects as most had been delayed for more than two financial

 years and there seem to be lack of intergovernmental relations in resolving these continuous delays.

3.2 The non-functionality of the CCTV cameras in Provincial DLTCs and TOLABs and the impact it may

 have on safety, theft, fraud and corrupt practices in the centres.

4. RECOMMENDATIONS

The Committee recommends that the Department should provide a detailed report by 30th June 2022:

4.1 On the progress of the intervention measures to resolve challenges affecting the construction of

 Sebokeng DLTC, Vereeniging Taxi Rank, K69 Solomon Mahlangu and K54 Mamelodi projects. Also

 include the proposed timelines and plans indicative of the state of readiness to resume the construction

 of the above-mentioned projects.

4.2 On the proposed implementation plan and timelines for the maintenance of CCTV cameras in the

 Provincial DLTCs and TOLABs. The report should also include the draft proposal to be submitted to

 Provincial Treasury for consideration during the Budget Adjustment process for 2022/23 FY.

**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, A. Ndlovana, P. Mabunda, F. Nel, E. du Plessis, M. Ledwaba and N. Radebe for their deliberations and commitment during the budget 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 Budget Vote 9 of the Appropriation Bill for 2022/23 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 Budget Vote 9 of the Appropriation Bill for 2022/23 FY be adopted, taking into account the concerns and recommendations tabled in this report.

 **-------------------------------------------------------**

**Hon. G. Schneemann**

**Chairperson: Roads and Transport Portfolio Committee**