

Vote 12

Transport

R thousand	2017/18			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	9 845 122	10 072 368		227 246
MEC remuneration ¹	1 902	1 902		
Total amount to be appropriated	9 847 024	10 074 270		227 246
<i>of which:</i>				
Current payments	5 121 230	5 092 812	(28 418)	
Transfers and subsidies	1 099 193	1 100 816		1 623
Payments for capital assets	3 626 601	3 879 847		253 246
Payments for financial assets	-	795		795
Responsible MEC	MEC for Transport and Community Safety and Liaison			
Administering department	Transport			
Accounting Officer	Head: Transport			

1. Vision and mission

Vision

The vision of the department is: *Prosperity through mobility.*

Mission statement

The mission of the department is: *To strive to provide the public with mobility by an affordable transportation system that is safe, integrated, regulated and accessible to meet the developmental needs of our province.*

2. Strategic objectives

Strategic policy direction: The department's strategic policy direction is to support rural development, poverty alleviation and job creation as the department builds roads and bridges, provides safe integrated public transport systems, and manages traffic and the safety of all road users.

The department has set the following goals in order to achieve this:

- Provide mobility and accessibility within the province to achieve 32 890 kilometres of maintained road infrastructure by 2020.
- Promote and develop an integrated transportation system through developing three Integrated Public Transport Networks (IPTNs) operational plans.
- Create and promote a safe road environment by decreasing road fatalities by 30 per cent (545/1 819) by 2020.
- Promote sustainable economic transformation through developing two empowerment programmes.

3. Summary of adjusted estimates for the 2017/18 financial year

The main appropriation of the Department of Transport was R9.847 billion in 2017/18. During the year, the department's budget increased by R227.246 million to R10.074 billion, which is the amount that is to be appropriated in the 2017/18 Adjustments Estimate. The main adjustments that led to this overall increase in the budget are summarised below, and further details are given in Section 4:

¹ At the time of going to print, the proclamation determining the 2017 salary adjustment relating to public office bearers had not been signed, hence this amount remains unchanged from the 2017/18 EPRE.

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- *Roll-overs:* An amount of R27.246 million was rolled over from 2016/17 under Programme 2: Transport Infrastructure, as explained below:
 - R2 million was allocated against *Goods and services* for the specifically and exclusively appropriated funds relating to the planning of the cross-border crime fighting structure between the border of South Africa and Mozambique. The work was done, but the invoices were not received by the department before the end of the year.
 - R25.246 million was allocated against *Buildings and other fixed structures* for the construction of bus lanes on main road P577 in the eThekweni Metro. This project is being implemented by the department and is co-funded by the Metro. The Metro transferred funds to the department late in March 2017, and the department could not offset the funds against expenditure, as it was financial year-end and the books were already closed.
- *Virement between programmes:* The following virements were undertaken between programmes:
 - Savings of R12 million were identified in Programme 4: Transport Regulation, against *Machinery and equipment* due to the slower than anticipated filling of approved vacant posts (lengthy internal recruitment processes), because there was less demand for computer equipment, office equipment and two-way radios for law enforcement motor vehicles, among others.
 - The total savings of R12 million were moved to Programme 1: Administration, against *Goods and services* to cater for higher than budgeted costs relating to the maintenance and rehabilitation of departmental buildings such as the Ulundi cost centre, Ladysmith departmental offices, Pietermaritzburg head office and the Durban departmental offices. Some of the maintenance and rehabilitation includes upgrade of electrical facilities, roof replacements, painting, supply of water tanks and connection to plumbing, supply and installation of generators, repairs and renovations to cracks in departmental offices, office partitioning, refurbishment of offices, passages, reception/security area, and installation of a new lift, etc. The high expenditure was due to outstanding commitments from 2016/17 paid in 2017/18.

The department undertook further virements between sub-programmes and economic categories within programmes, and details are provided under Section 4 below. All of these virements are permissible in terms of the PFMA and the Treasury Regulations. Although *Machinery and equipment* decreased, *Payments for capital assets* in aggregate increased and, therefore, Legislature approval is not required.

- *Shifts:* The department did not undertake shifts across programmes. However, major shifts were undertaken between economic classifications within Programmes 1 and 2, as explained in Section 4.
- *Other adjustments:* An amount of R200 million was allocated to Programme 2, against *Goods and services* relating to disaster relief in respect of the flood damage that occurred in the province on 10 October 2017. This allocation was based on a provisional costing submitted by the department. These funds are specifically and exclusively allocated for this purpose and may therefore not be used for any other purpose.

Tables 12.1 and 12.2 reflect a summary of the 2017/18 adjusted appropriation of the department, summarised according to programme and economic classification.

Details of the economic classification are given in *Annexure – Vote 12: Transport*.

Table 12.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	335 052	-	-	12 000	-	-	12 000	347 052
2. Transport Infrastructure	7 177 883	27 246	-	-	-	200 000	227 246	7 405 129
3. Transport Operations	1 437 403	-	-	-	-	-	-	1 437 403
4. Transport Regulation	861 447	-	-	(12 000)	-	-	(12 000)	849 447
5. Community Based Programmes	35 239	-	-	-	-	-	-	35 239
Total	9 847 024	27 246	-	-	-	200 000	227 246	10 074 270
Amount to be voted								227 246

Table 12.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	5 121 230	2 000	-	(237 418)	7 000	200 000	(28 418)	5 092 812
Compensation of employees	1 762 017	-	-	(5 016)	(212 328)	-	(217 344)	1 544 673
Goods and services	3 359 213	2 000	-	(232 402)	219 328	200 000	188 926	3 548 139
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	1 099 193	-	-	1 623	-	-	1 623	1 100 816
Provinces and municipalities	4 986	-	-	-	-	-	-	4 986
Departmental agencies and accounts	6 058	-	-	(1 559)	-	-	(1 559)	4 499
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	1 071 439	-	-	1 865	-	-	1 865	1 073 304
Non-profit institutions	-	-	-	-	-	-	-	-
Households	16 710	-	-	1 317	-	-	1 317	18 027
Payments for capital assets	3 626 601	25 246	-	235 000	(7 000)	-	253 246	3 879 847
Buildings and other fixed structures	3 424 685	25 246	-	250 000	-	-	275 246	3 699 931
Machinery and equipment	193 759	-	-	(15 160)	-	-	(15 160)	178 599
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	8 157	-	-	160	(7 000)	-	(6 840)	1 317
Payments for financial assets	-	-	-	795	-	-	795	795
Total	9 847 024	27 246	-	-	-	200 000	227 246	10 074 270
Amount to be voted								227 246

4. Changes to programme purposes and service delivery measures

The department made no changes to the purpose of their programmes, which conform to the sector specific programme and budget structure for the Transport sector for 2017/18.

The non financial information currently reflected in the 2017/18 *EPRE* largely corresponds to the department's 2017/18 APP.

It is noted, however, that there are a few discrepancies between the *EPRE* and the APP. According to the department, when the *EPRE* was finalised, it was still in the process of finalising the APP. As such, some of the targets were amended and these changes were not brought into the *EPRE*. The department is now aligning the non financial information to the APP information.

4.1 Programme 1: Administration

The purpose of this programme is to provide overall management and administrative, strategic, financial and corporate support services in order to ensure that it delivers on its mandate in an integrated, efficient, effective and sustainable manner. This includes goods and services utilised for governance, management, research and administration, as well as for general office services such as cleaning and security services.

Tables 12.3 and 12.4 reflect a summary of the 2017/18 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R12 million, are provided in the paragraphs following the tables.

Table 12.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	14 652	-	-	-	-	-	-	14 652
2. Management	11 716	-	-	-	-	-	-	11 716
3. Corporate Support	283 604	-	-	10 733	-	-	10 733	294 337
4. Departmental Strategy	25 080	-	-	1 267	-	-	1 267	26 347
Total	335 052	-	-	12 000	-	-	12 000	347 052
Amount to be voted								12 000

Table 12.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
Current payments	297 280	-	-	16 559	7 000	-	23 559	320 839
Compensation of employees	141 536						-	141 536
Goods and services	155 744			16 559	7 000		23 559	179 303
Interest and rent on land							-	-
Transfers and subsidies to:	11 447	-	-	(1 559)	-	-	(1 559)	9 888
Provinces and municipalities	92						-	92
Departmental agencies and accounts	6 052			(1 559)			(1 559)	4 493
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	5 303						-	5 303
Payments for capital assets	26 325	-	-	(3 000)	(7 000)	-	(10 000)	16 325
Buildings and other fixed structures							-	-
Machinery and equipment	19 325			(3 000)			(3 000)	16 325
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets	7 000				(7 000)		(7 000)	-
Payments for financial assets							-	-
Total	335 052	-	-	12 000	-	-	12 000	347 052
Amount to be voted								12 000

Virement – Programme 1: Administration: R12 million

The main appropriation of Programme 1 was increased by R12 million as a result of the following virements, which affected the sub-programmes: Corporate Support and Departmental Strategy under this programme:

- Savings of R12 million were realised under Programme 4, against *Machinery and equipment* due to the non-filling and late filling of approved vacant posts, because items such as computer equipment and office equipment, as well as two-way radios for law enforcement motor vehicles were not required, as explained. These savings were moved to Programme 1, under the sub-programme: Corporate Support, and against *Goods and services* to cater for the higher than budgeted costs relating to the maintenance and rehabilitation of departmental offices, as detailed previously. However, savings of R1.267 million were identified from *Compensation of employees* under the sub-programme: Corporate Support due to delays in the filling of approved vacant posts. These savings were moved to the same category under the sub-programme: Departmental Strategy to offset higher than budgeted salary costs.
- In addition to the above virements to Programme 1, the following virements were undertaken across economic categories within the sub-programme: Corporate Support:
 - Savings of R1.559 million were identified against *Transfers and subsidies to: Departmental agencies and accounts*. This relates to the Construction Education and Training Authority (CETA) and the Transport Education and Training Authority (TETA) skills development levies. The levies are linked to the department's salary costs and hence fluctuate according to the department's salary bill. The savings are mainly due to non-filling of approved vacant posts as a result of lengthy internal recruitment processes.
 - Savings of R3 million were realised against *Machinery and equipment* due to the non-filling of approved vacant posts, resulting in computer and office equipment and furniture not being required, among others.
 - The total savings of R4.559 million were moved to *Goods and services* to cater for the higher than budgeted costs of the maintenance and rehabilitation of departmental buildings, as explained.

The above virements are permissible in terms of the PFMA and Treasury Regulations. The decrease against *Transfers and subsidies to: Departmental agencies and accounts* does not require Legislature approval in respect of Treasury Regulation 6.3.1(a). Also, the decrease against *Machinery and equipment* does not require Legislature approval, as *Payments for capital assets* for the Vote as a whole increased.

Shifts – Programme 1: Administration

An amount of R7 million was shifted from *Software and other intangible assets* to *Goods and services* within the sub-programme: Corporate Support in respect of Microsoft software licences. The licence renewals were processed against computer services in *Goods and services*. The purpose of the funds remains unchanged.

4.2 Programme 2: Transport Infrastructure

The purpose of this programme is to promote accessibility and the safe, affordable movement of people, goods and services through the delivery and maintenance of transport infrastructure that is sustainable, integrated and environmentally sensitive, and which supports and facilitates social empowerment and economic growth. This programme includes all expenditure of a current and capital nature relating to the planning, design, construction, rehabilitation, maintenance and repair of all infrastructure, supporting all modes of transport. Tables 12.5 and 12.6 reflect a summary of the 2017/18 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R227.246 million, are given in the paragraphs following the tables.

Table 12.5 : Programme 2: Transport Infrastructure

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support Infrastructure	260 771	2 000					2 000	262 771
2. Infrastructure Planning	27 683			927			927	28 610
3. Infrastructure Design	42 691			(1 049)			(1 049)	41 642
4. Construction	3 424 685	25 246		250 000			275 246	3 699 931
5. Maintenance	3 422 053			(249 878)		200 000	(49 878)	3 372 175
Total	7 177 883	27 246	-	-	-	200 000	227 246	7 405 129
Amount to be voted							227 246	

Table 12.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	3 600 928	2 000	-	(250 560)	-	200 000	(48 560)	3 552 368
Compensation of employees	950 205				(212 328)		(212 328)	737 877
Goods and services	2 650 723	2 000		(250 560)	212 328	200 000	163 768	2 814 491
Interest and rent on land							-	-
Transfers and subsidies to:	12 534	-	-	-	-	-	-	12 534
Provinces and municipalities	4 070						-	4 070
Departmental agencies and accounts	1						-	1
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	8 463						-	8 463
Payments for capital assets	3 564 421	25 246	-	250 000	-	-	275 246	3 839 667
Buildings and other fixed structures	3 424 685	25 246		250 000			275 246	3 699 931
Machinery and equipment	138 579			(160)			(160)	138 419
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets	1 157			160			160	1 317
Payments for financial assets				560			560	560
Total	7 177 883	27 246	-	-	-	200 000	227 246	7 405 129
Amount to be voted							227 246	

Roll-overs – Programme 2: Transport Infrastructure: R27.246 million

The main appropriation of Programme 2 increased by R27.246 million due to roll-overs from 2016/17, which increased the sub-programmes: Programme Support Infrastructure and Construction, as follows:

- R2 million was allocated to the sub-programme: Programme Support Infrastructure, against *Goods and services* for the specifically and exclusively appropriated funds relating to the planning of the

cross-border crime fighting structure between the border of South Africa and Mozambique. The planning was undertaken by the service provider, but the invoices were not submitted to the department for payment by year-end.

- R25.246 million was allocated to the sub-programme: Construction, against *Buildings and other fixed structures* for the construction of bus lanes on main road P577 in the eThekweni Metro, as explained earlier. This project is being implemented by the department and is co-funded by the Metro.

Virement – Programme 2: Transport Infrastructure

The following virements were undertaken within Programme 2, which affected all sub-programmes except the sub-programme: Programme Support Infrastructure:

- Savings of R250 million were realised under the sub-programme: Maintenance against *Goods and services* due to the following:
 - Various maintenance projects were delayed due to emerging contractors finding it difficult to acquire the plant necessary to undertake the projects.
 - Road blading contracts were delayed due to winter weather conditions. Blading is largely dependent on the availability of water for successful implementation. Also, the drought in the Midlands and Northern regions of the province resulted in certain Traditional Councils refusing to give permission for water usage for road construction purposes in rural areas, as this poses a threat or risk to their livestock.
 - High staff turnover of Zibambele contractors due to resignations and retirements.

This amount of R250 million was moved to the Construction sub-programme, against *Buildings and other fixed structures* for higher than budgeted spending on various construction projects carried over from the previous year, as follows:

- District road D887 in Empangeni – The contract was awarded in 2015/16 and scheduled for completion in 2016/17. The main contractor experienced delays as local suppliers were demanding sub-contracting. The project was thus only completed in the first half of 2017/18.
 - Main road P577 in eThekweni Metro – The sidewalks were scheduled to be completed in 2016/17 but, due to delays in finalising the Bus Rapid Transit (BRT) section, some activities were carried over to 2017/18.
 - Main road P237 in Mtubatuba – The contract was awarded in 2016/17 and scheduled for completion in 2016/17. The project was delayed due to challenges with the procurement of material (bitumen). Also, the appointed contractor experienced delays due to local suppliers demanding sub-contracting. The project was only completed in 2017/18.
 - Main road P68-1 in Port Shepstone – The project was meant to be completed in 2016/17. However, due to shortages of bitumen resulting from an unscheduled shut down at the South African Petroleum Refineries (SAPREF) between February and March 2017, which affected the supply of bitumen for reseal projects, the project was only completed in the first half of 2017/18.
 - Main road P80 in eThekweni – The contractor commenced work in February 2017 instead of June 2017, as envisaged. This was earlier than expected due to the severely poor road condition. Also, more work was done on the road, such as the addition of bus bays, access road, and large intersections and connections.
- Savings of R560 000 were identified within the sub-programme: Infrastructure Design from *Goods and services* due to savings associated with the non-filling of approved vacant posts, such as stationery, etc. These savings were moved to *Payments for financial assets* to defray expenditure pressures relating to thefts and losses written off. These are usually not budgeted for due to their unpredictable nature.
 - Savings of R160 000 were identified under the sub-programme: Maintenance, against *Machinery and equipment* due to savings associated with non-filling of approved vacant posts, as explained. These

savings were moved within the same sub-programme to *Software and other intangible assets* to cater for the Civil Engineering Designer software licences. This is a civil design and documentation solution used by infrastructure professionals to manage project performance, for more consistent data and processing.

In addition to the above virements, the department undertook further virements across sub-programmes, but within the same economic classification, contributing to the movements at sub-programme level.

These virements are permissible in terms of the PFMA and Treasury Regulations. The decrease against *Machinery and equipment* does not require Legislature approval, as *Payments for capital assets* for the Vote as a whole does not decrease.

Shifts – Programme 2: Transport Infrastructure

An amount of R212.328 million was shifted from *Compensation of employees* to *Goods and services* within the sub-programme: Maintenance for the payment of salaries of Zibambele contractors. The Zibambele contractors are not employees of the department, but are merely used by the department for routine road maintenance projects, and should therefore not be part of the department's personnel budget. The original purpose of the funds remains unchanged.

Other adjustments – Programme 2: Transport Infrastructure: R200 million

An additional amount of R200 million was allocated to the sub-programme: Maintenance, against *Goods and services* relating to disaster relief in respect of the flood damage that occurred in the province on 10 October 2017. This funding was specifically and exclusively allocated for this purpose.

Service delivery measures – Programme 2: Transport Infrastructure

Table 12.7 shows the original service delivery targets for Programme 2 as per the APP of Transport, as well as the actual achievement for the first six months of the year.

Eight targets have been adjusted, as reflected in Table 12.7 (under the 2017/18 Revised target column), to align the target in the *EPRE* to the department's tabled 2017/18 APP. Some of the targets are annual, and are not reported on at mid-year.

Table 12.7 : Service delivery measures – Programme 2: Transport Infrastructure

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target
2. Transport Infrastructure				
2.1. Infrastructure planning	• No. of kilometres of surfaced roads visually assessed as per the applicable TMH manual	3 750	Annual	3 950
	• No. of kilometres of gravel roads visually assessed as per the applicable TMH manual	8 445	Annual	7 900
2.2. Construction	• No. of kilometres of gravel roads upgraded to surfaced roads	101	39	85
	• No. of square metres of surfaced roads rehabilitated	2 157 256	598 672	1 800 000
	• No. of kilometres of new gravel roads constructed	215	Annual	200
	• No. of square metres of non-motorised transport facility constructed	25 000	22 245	
	• No. of new major vehicle bridges constructed	7	Annual	
	• No. of new pedestrian bridges constructed	13	Annual	
2.3. Maintenance	• No. of square metres of surfaced roads resealed	2 700 000	271 417	2 500 000
	• No. of kilometres of roads re-gravelled	2 200	500	
	• No. of square metres of blacktop patching (including pothole repairs)	240 000	262 499	
	• No. of kilometres of gravel roads bladed	100 000	33 642	95 000
	• Kilometres maintained by Zibambele contractors	26 650	21 155	21 095

4.3 Programme 3: Transport Operations

The purpose of this programme is to plan, regulate and facilitate the provision of integrated land transport services through co-ordination and co-operation with national planning authorities, community-based organisations (CBOs), non-governmental organisations (NGOs), and the private sector in order to enhance the mobility of all communities, particularly those currently without or with limited access. This includes all costs involved in public transport management and service delivery, including the planning, and co-ordination of the operator in the transport industry. The main functions of this programme include the development of policies and plans for public and freight transport service and supporting infrastructure, the regulation of public and freight transport services, and the enforcement of legislation in respect of public transport.

Tables 12.8 and 12.9 reflect a summary of the 2017/18 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in no overall change to the main appropriation, are given in the paragraphs following the tables.

Table 12.8 : Programme 3: Transport Operations

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support Operations	28 152			439			439	28 591
2. Public Transport Services	1 331 875						-	1 331 875
3. Transport Safety and Compliance	77 376			(439)			(439)	76 937
Total	1 437 403	-	-	-	-	-	-	1 437 403
Amount to be voted								-

Table 12.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	365 650	-	-	(16)	-	-	(16)	365 634
Compensation of employees	40 152			(16)			(16)	40 136
Goods and services	325 498						-	325 498
Interest and rent on land							-	-
Transfers and subsidies to:	1 071 496	-	-	16	-	-	16	1 071 512
Provinces and municipalities	12						-	12
Departmental agencies and accounts	5						-	5
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	1 071 439						-	1 071 439
Non-profit institutions							-	-
Households	40			16			16	56
Payments for capital assets	257	-	-	-	-	-	-	257
Buildings and other fixed structures							-	-
Machinery and equipment	257						-	257
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	1 437 403	-	-	-	-	-	-	1 437 403
Amount to be voted								-

Virement – Programme 3: Transport Operations

The following virements were undertaken within Programme 3, which affected the sub-programmes: Programme Support Operations and Transport Safety and Compliance:

- Savings of R439 000 were identified under the sub-programme: Transport Safety and Compliance, against *Compensation of employees* due to slower than anticipated filling of approved vacant posts as a result of lengthy internal processes. These savings were moved to the same category under the sub-programme: Programme Support Operations to provide for salary costs that were higher than budgeted.

- Savings of R16 000 were realised within the sub-programme: Transport Safety and Compliance from *Compensation of employees* due to slower than anticipated filling of approved vacant posts as a result of lengthy internal processes. These savings were moved to *Transfers and subsidies to: Households* to cater for higher than budgeted staff exit costs.

These virements are permissible in terms of the PFMA and Treasury Regulations.

Service delivery measures – Programme 3: Transport Operations

Table 12.10 shows the original service delivery targets for Programme 3 as per Transport's APP, as well as the actual achievement for the first six months of the year. As indicated in Table 12.10, five of the outputs were adjusted under the 2017/18 Revised target column, to align the targets in the *EPRE* to the department's tabled 2017/18 APP. Some of the targets are annual, and are not reported on at mid-year. Also, two targets are no longer valid and are shown in the table as "n/a" in the 2017/18 Revised target column.

Table 12.10 : Service delivery measures – Programme 3: Transport Operations

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target
3. Transport Operations				
3.1. Public Transport Services	<ul style="list-style-type: none"> • No. of vehicles subsidised • No. of routes subsidised • No. of vehicle kilometres subsidised • No. of kilometres operated per vehicle • No. of passengers per vehicle • No. of passengers per trip operated • No. of staff per vehicle • No. of subsidised passengers • No. of unsubsidised passengers • No. of trips subsidised • No. of trips monitored • % of trips monitored • Subsidy per passenger • No. of passenger trips subsidised • No. of schools receiving learner transport services • No. of learners transported • No. of Provincial Regulatory Entity (PRE) hearings conducted (annual) 	<p>1 320</p> <p>1 702</p> <p>41 888 710</p> <p>31 730</p> <p>4 340</p> <p>60</p> <p>2.2</p> <p>142 680</p> <p>24 210</p> <p>1 198 870</p> <p>839 210</p> <p>70%</p> <p>R14.50</p> <p>67 879 790</p> <p>316</p> <p>43 990</p> <p>440</p>	<p>1 351</p> <p>2 071</p> <p>10 640 090</p> <p>15 605</p> <p>annual</p> <p>491</p> <p>Annual</p> <p>121 776</p> <p>Annual</p> <p>300 873</p> <p>436 216</p> <p>75%</p> <p>R19.63</p> <p>28 169 746</p> <p>Annual</p> <p>Annual</p> <p>206</p>	<p>n/a</p> <p>n/a</p> <p>R18.50</p> <p>320</p> <p>47 740</p>
3.2. Transport Safety and Compliance	<ul style="list-style-type: none"> • No. of road safety awareness progs conducted • No. of schools involved in road safety education progs • No. of school children reached • No. of adults reached • No. of crossing patrols provided 	<p>9</p> <p>1 176</p> <p>286 000</p> <p>77 800</p> <p>143</p>	<p>18</p> <p>742</p> <p>208 790</p> <p>32 421</p> <p>191</p>	

4.4 Programme 4: Transport Regulation

The purpose of Programme 4 is to ensure the provision of a safe transport environment through the regulation of traffic on public infrastructure, law enforcement, implementation of road safety education and awareness programmes and the registration and licensing of vehicles and drivers. This includes all costs related to overall management of road traffic and safety in KZN.

Tables 12.11 and 12.12 reflect a summary of the 2017/18 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R12 million to the main appropriation, are provided in the paragraphs after the tables.

Table 12.11 : Programme 4: Transport Regulation

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support Regulation	2 410			5 399			5 399	7 809
2. Transport Administration and Licensing	133 770			(29)			(29)	133 741
3. Operator Licences and Permits	64 398			6 708			6 708	71 106
4. Law Enforcement	660 869			(24 078)			(24 078)	636 791
Total	861 447	-	-	(12 000)	-	-	(12 000)	849 447
Amount to be voted								(12 000)

Table 12.12 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	822 233	-	-	(1 536)	-	-	(1 536)	820 697
Compensation of employees	615 896						-	615 896
Goods and services	206 337			(1 536)			(1 536)	204 801
Interest and rent on land							-	-
Transfers and subsidies to:	3 716	-	-	1 301	-	-	1 301	5 017
Provinces and municipalities	812						-	812
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	2 904			1 301			1 301	4 205
Payments for capital assets	35 498	-	-	(12 000)	-	-	(12 000)	23 498
Buildings and other fixed structures							-	-
Machinery and equipment	35 498			(12 000)			(12 000)	23 498
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets				235			235	235
Total	861 447	-	-	(12 000)	-	-	(12 000)	849 447
Amount to be voted								(12 000)

Virement – Programme 4: Transport Regulation: (R12 million)

The main appropriation for Programme 4 was reduced by R12 million due to the following virements that affected the sub-programme: Law Enforcement:

- Savings of R12 million were identified under the sub-programme: Law Enforcement against *Machinery and equipment* due to savings associated with the non-filling of posts, resulting in less demand for computer equipment, office equipment, two-way radios for motor vehicles, etc. These savings were moved to Programme 1, against *Goods and services* to cater for higher than budgeted costs for the maintenance and rehabilitation of departmental buildings, as discussed earlier.
- In addition to the above virements to Programme 1, the following virements were undertaken within Programme 4 which affected all sub-programmes:
 - Savings of R6.679 million were moved from *Compensation of employees* under the sub-programme: Law Enforcement to the same category in the sub-programme: Operator Licences and Permits to provide for salary costs that were higher than budgeted.
 - Savings of R29 000 were identified in the sub-programme: Transport Administration and Licensing due to lower than budgeted staff exit costs. These savings were moved within the same category to the sub-programme: Operator Licences and Permits to cater for higher than budgeted staff exit costs.
 - Savings of R5.399 million were realised against *Goods and services* under the sub-programme: Law Enforcement due to savings associated with non-filling of vacant posts, in respect of items such as stationery, etc. These funds were moved to the same category in the sub-programme: Programme Support Regulation to provide for higher than budgeted costs relating to travel and subsistence for board members.

- o Savings of R1.536 million were identified in the sub-programme: Law Enforcement, against *Goods and services* due to the implementation of cost-cutting on travel and subsistence, as well as savings associated with the non-filling of vacant posts, such as stationery, etc. These savings were moved as follows:
 - R1.301 million was moved to *Transfers and subsidies to: Households* to cater for higher than budgeted staff exit costs.
 - R235 000 was moved to *Payments for financial assets* to defray expenditure pressures relating to thefts and losses written off.

In addition to the above virements, the department undertook further virements across sub-programmes, but within the same economic classification, contributing to the movements at sub-programme level.

These virements are permissible in terms of the PFMA and Treasury Regulations. The decrease against *Machinery and equipment* does not require Legislature approval, as it is within a programme and there is no reduction in *Payments for capital assets* for the Vote as a whole.

Service delivery measures – Programme 4: Transport Regulation

Table 12.13 shows the original service delivery targets for Programme 4 as per the APP of Transport, as well as the actual achievement for the first six months of the year. The targets are fully aligned to the department's tabled 2017/18 APP.

Table 12.13 : Service delivery measures – Programme 4: Transport Regulation

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target
4. Transport Regulation				
4.1. Transport Administration and Licensing	• No. of licence compliance inspections conducted	1 088	475	
4.2. Operator Licences and Permits	• No. of operator permits converted to licences	100	24	
4.3. Traffic Law Enforcement	• No. of speed operations conducted	18 250	7 563	
	• No. of hours weighbridges operated	15 000	6 338	
	• No. of goal directed enforcement of public transport (Operation Shanela) undertaken	880	541	
	• No. of kilometres patrolled	6 090 000	3 766 207	
	• No. of law enforcement officers employed	807	791	
	• No. of vehicles stopped and checked	1 600 000	562 752	
	• No. of heavy vehicles screened	3 200 000	2 159 582	
	• No. of vehicles weighed	155 000	78 083	
	• No. of drunken driving operations conducted	200	205	

4.5 Programme 5: Community Based Programmes

The purpose of this programme is to direct and manage the implementation of programmes and strategies that lead to the development and empowerment of communities and contractors. Tables 12.14 and 12.15 reflect a summary of the 2017/18 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in no overall change to the main appropriation, are given in the paragraphs following the tables.

Table 12.14 : Programme 5: Community Based Programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support Community Based	7 616			(1 000)			(1 000)	6 616
2. Community Development	8 551			(4 160)			(4 160)	4 391
3. Innovation and Empowerment	13 080			5 160			5 160	18 240
4. EPWP Co-ordination and Monitoring	5 992						-	5 992
Total	35 239	-	-	-	-	-	-	35 239
Amount to be voted								-

Table 12.15 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Other adjustments		
Current payments	35 139	-	-	(1 865)	-	(1 865)	33 274
Compensation of employees	14 228	-	-	(5 000)	-	(5 000)	9 228
Goods and services	20 911	-	-	3 135	-	3 135	24 046
Interest and rent on land	-	-	-	-	-	-	-
Transfers and subsidies to:	-	-	-	1 865	-	1 865	1 865
Provinces and municipalities	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	1 865	-	1 865	1 865
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
Payments for capital assets	100	-	-	-	-	-	100
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	100	-	-	-	-	-	100
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-
Total	35 239	-	-	-	-	-	35 239
Amount to be voted	-	-	-	-	-	-	-

Virement – Programme 5: Community Based Programmes

The following virements were undertaken within Programme 5, which affected all sub-programmes except the EPWP Co-ordination and Monitoring sub-programme:

- Savings of R5 million were identified from the sub-programmes: Programme Support Community Based and Community Development, against *Compensation of employees* due to slower than anticipated filling of approved vacant posts as a result of lengthy internal recruitment processes. These include posts such as Deputy Director: Technical Interventions and Secretary to Director: Departmental EPWP, etc. These savings were moved to the sub-programme: Innovation and Empowerment, as follows:
 - o R3.135 million was moved to *Goods and services* under the sub-programme: Innovation and Empowerment toward the higher than budgeted costs in respect of the pilot pothole patching programme that commenced toward the end of 2016/17. The programme was delayed in 2016/17 as a result of difficulty in finding a suitable mentorship contractor to undertake the training, development and mentoring of emerging contractors. The programme is now being undertaken in 2017/18. The programme entails the implementation of an incubator model where emerging contractors are subjected to a 24-month intensive training and development programme. The training relates to accredited technical training in road construction works (levels 2, 3 and 4). Programme 5 is specifically designed for the development and mentoring of emerging contractors and previously disadvantaged individuals. Although the department does all maintenance activities as part of their daily programme, the department also assists communities and emerging contractors through development programmes. This pilot project was specifically developed for targeted groups such as the youth, women, people with disabilities and military veterans, as the main road patching is undertaken by established contractors. The patching programme is being piloted in eThekweni and, if successful, will be rolled out to the rest of the province.
 - o R1.865 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* in the sub-programme: Innovation and Empowerment in respect of the Vukuzakhe Emerging Contractors Association (VECA) for the monitoring of the Vukuzakhe emerging contractors for compliance to norms and standards. The association is aimed at playing a pivotal role in the acceleration of empowerment and development of emerging contractors. The department has committed itself to working together with the association in fast-tracking the development of emerging contractors through the provision of training and development support. The transfer to VECA is based on the association meeting certain conditions as per the MOU

entered into between the association and the department. The department will transfer the funds in accordance with the requirements of the business plan. Also, at year-end, the association has to account for the transfer made to them by the department, as well as provide close-out reports.

In addition to the above virements, the department undertook further virements across sub-programmes, but within the same economic classification, contributing to the movements at sub-programme level.

These virements are permissible in terms of the PFMA and Treasury Regulations, and the increase in *Transfers and subsidies to: Public corporations and private enterprises* relating to the transfer to VECA was approved by Provincial Treasury.

Service delivery measures – Programme 5: Community Based Programmes

Table 12.16 shows the original service delivery target for Programme 5 as per the APP of Transport, as well as the actual achievement for the first six months of the year. One target pertaining to this programme has been adjusted, as reflected in Table 12.16 (under the 2017/18 Revised target column), to align the target in the *EPRE* to the department's tabled 2017/18 APP.

Table 12.16 : Service delivery measures – Programme 5: Community Based Programmes

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target
5. Community Based Programmes				
5.1. Community Development	<ul style="list-style-type: none"> No. of Zibambele contractors employed No. of small contractors trained through Vukuzakhe emerging contractor development programme 	42 190 353	42 309 110	500
5.2. EPWP Co-ordination and Monitoring	<ul style="list-style-type: none"> No. of jobs created No. of Full-Time Equivalents (FTEs) No. of youth employed (18-35) No. of women employed No. of people living with disabilities employed No. of employment days created 	72 200 26 066 20 000 45 000 350 5 995 200	45 721 9 372 8 487 40 440 4 2 155 579	

5. Specifically and exclusively appropriated allocations

Table 12.17 gives the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act, 2017. Note that conditional grants, as well as transfers to local government (which are also specifically and exclusively appropriated funds) are not included here, as these are discussed in Sections 8 and 9 below. Details of the main adjustments, which resulted in an overall increase of R202 million in respect of the department's specifically and exclusively appropriated funding, are provided in the paragraphs following the table.

Table 12.17 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 2: Cross-border crime fighting structure	48 000	2 000					2 000	50 000
2. Prog. 2: Flood damage						200 000	200 000	200 000
3. Prog. 3: Learner transport services	195 300						-	195 300
Total	243 300	2 000	-	-	-	200 000	202 000	445 300
Amount to be voted							202 000	

- Roll-overs:** A roll-over of R2 million was allocated to Programme 2, against *Goods and services* for the planning of the cross-border crime fighting structure commissioned by the Premier. This relates to the construction of a structure on the border between KZN and Mozambique, as mentioned. These funds are specifically and exclusively appropriated to the department and, therefore, cannot be used for any other purpose.

- *Other adjustments*: An amount of R200 million was allocated to Programme 2, against *Goods and services* relating to disaster relief in respect of the flood damage that occurred in the province on 10 October 2017. This allocation was based on a provisional costing submitted by the department. These funds are specifically and exclusively allocated for this purpose and may therefore not be used for any other purpose.

6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorship in excess of R100 000 during the current financial year.

7. Infrastructure

Table 12.18 gives a summary of infrastructure payments per main category of infrastructure. It should be noted that National Treasury introduced a new category in 2017/18, namely *Non infrastructure*. The category refers to items or projects that do not fall within the category of *Buildings and other fixed structures*, such as machinery, equipment, furniture and *Compensation of employees*. As such, the salaries for the Zibambele contractors are paid from *Non infrastructure*.

Details of the main adjustments, which resulted in an overall increase of R225.246 million in the main infrastructure budget, are provided in the paragraphs following the table.

Table 12.18 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	5 565 997	25 246	-	-	232 230	200 000	457 476	6 023 473
Maintenance and repair: Current	2 923 542			(250 000)		200 000	(50 000)	2 873 542
Upgrades and additions: Capital	1 470 913	25 246		250 000	703 772		979 018	2 449 931
Refurbishment and rehabilitation: Capital	1 171 542				(471 542)		(471 542)	700 000
New infrastructure assets: Capital	782 230				(232 230)		(232 230)	550 000
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for financial assets							-	-
Infrastructure: Leases							-	-
Non infrastructure²	498 511							498 511
<i>Capital infrastructure</i>	3 424 685	25 246	-	250 000	-	-	275 246	3 699 931
<i>Current infrastructure</i>	2 923 542	-	-	(250 000)	-	200 000	(50 000)	2 873 542
Total	6 846 738	25 246	-	-	-	200 000	225 246	7 071 984
Amount to be voted								225 246

- *Roll-overs*: An amount of R25.246 million was allocated to Programme 2, against *Upgrades and additions: Capital* in respect of the construction of bus lanes on Main Road P577 in the eThekweni Metro. This project is being implemented by the department and is co-funded by the Metro.
- *Virement*: The following virement was undertaken within Programme 2, in respect of the infrastructure budget, which is permissible in respect of the PFMA and Treasury Regulations:
 - o Savings of R250 million were identified under *Maintenance and repair: Current*, mainly because of delays in maintenance projects such as re-gravelling, blading and reseals, as detailed previously.
 - o These funds were moved to *Upgrades and additions: Capital* to fund various construction projects carried over from the previous year.
- *Shifts*: The infrastructure table included in the 2017/18 *EPRE* which corresponded to the department's input into the 2017/18 *Estimates of Capital Expenditure (ECE)* was found to be incorrect. As such, the Infrastructure unit at the Provincial Treasury has been working with the department to correct their infrastructure project list for 2017/18, and this has resulted in major shifts between the various *Capital infrastructure* categories, as follows:

² Note that *Non infrastructure* is a stand-alone item, and is therefore excluded from *Capital infrastructure* and *Current infrastructure*, but is included in the overall total.

- o R471.542 million was moved from *Refurbishment and rehabilitation: Capital*.
- o R232.230 million was moved from *New infrastructure assets: Capital*.
- o The total funds of R703.772 million were moved to *Upgrades and additions: Capital* in order to re-align the infrastructure budget, as discussed above.

The above shifts are within *Capital infrastructure* and, are therefore evident only in this table.

- *Other adjustments*: An additional R200 million was allocated to the sub-programme: Maintenance, against *Maintenance and repair: Current* relating to disaster relief in respect of the flood damage that occurred in the province on 10 October 2017. This funding is specifically and exclusively allocated and cannot be used for any other purpose, as explained previously.

8. Conditional grants

The department receives national conditional grant allocations for the maintenance and construction of road infrastructure (Provincial Roads Maintenance grant), the subsidising of bus transport in the province (Public Transport Operations grant) and creating job opportunities through EPWP projects (EPWP Integrated Grant for Provinces). The Provincial Roads Maintenance grant and the EPWP Integrated Grant for Provinces are under Programme 2 and are classified against *Goods and services*, and the Public Transport Operations grant is under Programme 3 against *Transfers and subsidies to: Public corporations and private enterprises*.

Tables 12.19 and 12.20 illustrate the adjusted appropriation of these grants. No changes were made to the main conditional grant appropriation.

Table 12.19 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
2. Transport Infrastructure	1 862 615	-	-	-	-	-	-	1 862 615
Provincial Roads Maintenance grant	1 828 970						-	1 828 970
EPWP Integrated Grant for Provinces	33 645						-	33 645
3. Transport Operations	1 071 439	-	-	-	-	-	-	1 071 439
Public Transport Operations grant	1 071 439						-	1 071 439
Total	2 934 054	-	-	-	-	-	-	2 934 054
Amount to be voted								-

Table 12.20 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 862 615	-	-	-	-	-	-	1 862 615
Compensation of employees							-	-
Goods and services	1 862 615						-	1 862 615
Interest and rent on land							-	-
Transfers and subsidies to:	1 071 439	-	-	-	-	-	-	1 071 439
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	1 071 439						-	1 071 439
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	-	-	-	-	-	-	-	-
Buildings and other fixed structures							-	-
Machinery and equipment							-	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	2 934 054	-	-	-	-	-	-	2 934 054
Amount to be voted								-

9. Transfers and subsidies

Table 12.21 shows the summary of transfers and subsidies by programme and main category. Details of the main adjustments, which resulted in an overall increase of R1.623 million in the transfers and subsidies budget, are provided in the paragraphs after the table.

Table 12.21 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	unavoidable	Virement	Shifts	Other adjustments		
1. Administration	11 447	-	-	(1 559)	-	-	(1 559)	9 888
Provinces and municipalities	92	-	-	-	-	-	-	92
Motor vehicle licences	92	-	-	-	-	-	-	92
Departmental agencies and accounts	6 052	-	-	(1 559)	-	-	(1 559)	4 493
CETA and TETA	6 052	-	-	(1 559)	-	-	(1 559)	4 493
Households	5 303	-	-	-	-	-	-	5 303
Staff exit costs	1 579	-	-	-	-	-	-	1 579
External bursaries	3 724	-	-	-	-	-	-	3 724
2. Transport Infrastructure	12 534	-	-	-	-	-	-	12 534
Provinces and municipalities	4 070	-	-	-	-	-	-	4 070
Motor vehicle licences	4 070	-	-	-	-	-	-	4 070
Departmental agencies and accounts	1	-	-	-	-	-	-	1
TV and radio licences	1	-	-	-	-	-	-	1
Households	8 463	-	-	-	-	-	-	8 463
Staff exit costs	8 420	-	-	-	-	-	-	8 420
Claims against the state	43	-	-	-	-	-	-	43
3. Transport Operations	1 071 496	-	-	16	-	-	16	1 071 512
Provinces and municipalities	12	-	-	-	-	-	-	12
Motor vehicle licences	12	-	-	-	-	-	-	12
Departmental agencies and accounts	5	-	-	-	-	-	-	5
TV and radio licences	5	-	-	-	-	-	-	5
Public corporations and private enterprises	1 071 439	-	-	-	-	-	-	1 071 439
Bus operators (PTOG)	1 071 439	-	-	-	-	-	-	1 071 439
Households	40	-	-	16	-	-	16	56
Staff exit costs	8 420	-	-	56	-	-	56	8 420
Claims against the state	40	-	-	(40)	-	-	(40)	-
4. Transport Regulation	3 716	-	-	1 301	-	-	1 301	5 017
Provinces and municipalities	812	-	-	-	-	-	-	812
Motor vehicle licences	812	-	-	-	-	-	-	812
Households	2 904	-	-	1 301	-	-	1 301	4 205
Staff exit costs	2 634	-	-	1 301	-	-	1 301	3 935
Claims against the state	270	-	-	-	-	-	-	270
5. Community Based Programmes	-	-	-	1 865	-	-	1 865	1 865
Public corporations and private enterprises	-	-	-	1 865	-	-	1 865	1 865
VECA	-	-	-	1 865	-	-	1 865	1 865
Total	1 099 193	-	-	1 623	-	-	1 623	1 100 816
Amount to be voted								1 623

- *Virement*: The following virements were undertaken against *Transfers and subsidies* resulting in an increase of R1.623 million:
 - In Programme 1, savings of R1.559 million were realised under *Departmental agencies and accounts* resulting from lower than budgeted spending in respect of the skills development levy for CETA and TETA. These savings were moved to *Goods and services* to cater for higher than budgeted costs relating to maintenance and rehabilitation of departmental offices, as explained.
 - In Programme 3, savings of R16 000 were identified under *Compensation of employees* due to slower than anticipated filling of approved vacant posts. These savings were moved to *Households* to cater for higher than budgeted staff exit costs. In addition to this virement, the following virements were undertaken within *Households*:
 - Savings of R40 000 were moved from *Claims against the state* due to no claims being expected under this programme.
 - These savings were moved to *Staff exit costs* to cater for higher than budgeted costs.
 - In Programme 4, an amount of R1.301 million was moved from *Goods and services* due to savings associated with the non-filling of approved vacant posts. These savings were moved to *Households* to cater for higher than budgeted staff exit costs.
 - In Programme 5, an amount of R1.865 million was moved from *Compensation of employees* due to slower than anticipated filling of approved vacant posts. These savings were moved to *Public*

corporations and private enterprises in respect of VECA for the monitoring of emerging contractors, as discussed earlier.

These virements are permissible in terms of the PFMA and Treasury Regulations, and the increase in transfer to VECA in respect of *Public corporations and private enterprises* was approved by Provincial Treasury. The decrease against *Transfers and subsidies to: Departmental agencies and accounts* in respect of CETA and TETA for skills levies does not require Legislature approval in respect of Treasury Regulation 6.3.1(a)

10. Transfers to local government

The amounts against *Provinces and municipalities* in Table 12.21 cater for motor vehicle licences. These funds will not be transferred to any municipality, and therefore the table for transfers to local government has not been included.

11. Actual payments and revised spending projections for the rest of 2017/18

Tables 12.22 and 12.23 reflect actual payments as at the end of September 2017, projected payments for the rest of the financial year and the total revised spending in Rand value and as a percentage of the adjusted appropriation per programme and economic classification. The tables also show the 2016/17 audited outcome.

Table 12.22 : Actual payments and revised spending projections by programme

	2016/17 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2017 - September 2017	% of budget	October 2017 - March 2018	% of budget	
R thousand							
1. Administration	314 310	347 052	213 699	61.6	133 353	38.4	347 052
2. Transport Infrastructure	7 054 362	7 405 129	3 563 881	48.1	3 841 248	51.9	7 405 129
3. Transport Operations	1 370 460	1 437 403	757 730	52.7	679 673	47.3	1 437 403
4. Transport Regulation	778 062	849 447	388 349	45.7	461 098	54.3	849 447
5. Community Based Programmes	32 497	35 239	26 503	75.2	8 736	24.8	35 239
Total	9 549 691	10 074 270	4 950 162	49.1	5 124 108	50.9	10 074 270

Table 12.23 : Actual payments and revised spending projections by economic classification

	2016/17 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2017 - September 2017	% of budget	October 2017 - March 2018	% of budget	
R thousand							
Current payments	4 797 234	5 092 812	2 433 028	47.8	2 659 784	52.2	5 092 812
Compensation of employees	1 602 568	1 544 673	772 654	50.0	772 019	50.0	1 544 673
Goods and services	3 194 666	3 548 139	1 660 374	46.8	1 887 765	53.2	3 548 139
Interest and rent on land	-	-	-	-	-	-	-
Transfers and subsidies to:	1 033 393	1 100 816	567 429	51.5	533 387	48.5	1 100 816
Provinces and municipalities	5 093	4 986	2 703	54.2	2 283	45.8	4 986
Departmental agencies and accounts	3 986	4 499	4 493	99.9	6	0.1	4 499
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	1 011 085	1 073 304	552 198	51.4	521 106	48.6	1 073 304
Non-profit institutions	-	-	-	-	-	-	-
Households	13 229	18 027	8 035	44.6	9 992	55.4	18 027
Payments for capital assets	3 712 163	3 879 847	1 948 911	50.2	1 930 936	49.8	3 879 847
Buildings and other fixed structures	3 530 726	3 699 931	1 872 156	50.6	1 827 775	49.4	3 699 931
Machinery and equipment	180 095	178 599	76 602	42.9	101 997	57.1	178 599
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	1 342	1 317	153	11.6	1 164	88.4	1 317
Payments for financial assets	6 901	795	794	99.9	1	0.1	795
Total	9 549 691	10 074 270	4 950 162	49.1	5 124 108	50.9	10 074 270

The department spent 49.1 per cent of their adjusted appropriation in the first six months, which is slightly below the 50 per cent straight-line benchmark. The department is projecting to spend 50.9 per cent of the adjusted appropriation in the second half of the year, as follows:

- Mid-year spending against Programme 1 was at 61.6 per cent, well above the 50 per cent benchmark. This can be attributed to higher than budgeted costs in *Goods and services* relating to the maintenance and rehabilitation of departmental buildings and SITA costs, etc. The costs were carried over from 2016/17. The projections for the second half of the year are low, at 38.4 per cent due to the bulk of the spending occurring in the first half of the year, relating to 2016/17 commitments.
- Spending against Programme 2 was slightly below the 50 per cent straight-line benchmark, at 48.1 per cent. The programme over-spent at mid-year against construction projects, which was offset by under-spending in respect of maintenance projects, as detailed previously. The projections for the remaining half of the year, at 51.9 per cent, are in respect of maintenance and construction projects that are going to be undertaken. Also, the spending in the second half of the year includes the additional R200 million allocated for disaster relief relating to flood damage in the province.
- Spending against Programme 3 was above the straight-line benchmark of 50 per cent, at 52.7 per cent due to spending pressures with regard to learner transport services against *Goods and services*. The department is providing additional services as a result of the high demand for the services. The projections for the second half of the year are low at 47.3 per cent, and mainly relate to the payment of bus subsidies in respect of the PTOG, as well as various road safety campaigns. The department is required by NDOT to pay the PTOG invoices for both February and March 2018, in March, rather than in April in order to reflect the expenditure in the correct financial year. However, it seems that this is not taken into account as the projections in the second half of the year are low.
- Spending against Programme 4 was at 45.7 per cent at mid-year, below the 50 per cent straight-line benchmark. This was mainly attributed to slower than anticipated filling of critical vacant posts such as Chief Provincial Inspectors, Administrative Officers, Principal Provincial Inspectors, Vehicle Technical Compliance Officers, etc., attributed to lengthy internal recruitment processes. In addition, there was lower than projected spending on *Machinery and equipment* such as computer equipment, office equipment and two-way radios resulting from delays in procurement processes. The projections for the second half of the year seem fairly reasonable, at 54.3 per cent and cater for the anticipated delivery of new and replacement vehicles, as well as various law enforcement activities.
- Spending against Programme 5 was at 75.2 per cent, which is well above the 50 per cent straight-line benchmark. This can be attributed to the pilot pothole patching programme that commenced toward the end of 2016/17, as explained. The projections for the remaining six months appear low at 24.8 per cent, as the pilot pothole patching programme was largely paid for in the first half of the year.

With regard to economic classification, the following trends are noted:

- *Compensation of employees* reflects spending of 50 per cent at mid-year, in line with the straight-line benchmark and the projections for the remaining six months seem reasonable. The payment of Zibambele contractors, which used to be processed under this category, is now being undertaken under *Goods and services*, as explained. Also, journals will be undertaken to move April to July expenditure to *Goods and services*.
- Spending against *Goods and services* was slightly low, at 46.8 per cent at mid-year when compared to the 50 per cent straight-line benchmark, with under-spending against the maintenance budget. However, the low spending was partly offset by spending pressures with regard to learner transport services. The projections for the remaining six months appear reasonable at 53.2 per cent mainly for ongoing maintenance projects. The projections also include R200 million allocated for flood damage.
- Spending against *Transfers and subsidies to: Provinces and municipalities* was slightly high, at 54.2 per cent, at mid-year. This relates to the payment of motor vehicle licences.
- *Transfers and subsidies to: Departmental agencies and accounts* caters for the payment of the skills development levy, which is linked to the department's salary costs. Spending was at 99.9 per cent at mid-year, as the department made the full transfer to CETA and TETA.
- *Transfers and subsidies to: Public corporations and private enterprises* caters for claims in respect of bus subsidies relating to the PTOG, as well as transfer to VECA, as explained. Spending was at 51.4 per cent at mid-year, which is slightly above the straight-line benchmark of 50 per cent due to the increase in the payment of the subsidy which resulted from the re-negotiated contracts with bus operators. The projections for the remaining six months appear low, at 48.6 per cent. As explained,

the department is required by NDOT to pay the PTOG invoices for both February and March 2018, in March, rather than in April in order to reflect the expenditure in the correct financial year, but it seems that this is not taken into account as projections are low in the second half of the year.

- Spending against *Transfers and subsidies to: Households* was, at 44.6 per cent at mid-year, below the straight-line benchmark of 50 per cent. The expenditure against this category is mainly in respect of the payment of staff exit costs, injury on duty, claims against the state by individuals, among others.
- Spending *Buildings and other fixed structures* was slightly above target, at 50.6 per cent at mid-year due to costs carried over from the previous year relating to construction projects. The projections for the remaining six months include the virements of R250 million from *Goods and services (Maintenance and repair: Current)* to offset spending pressures. The projections for the second half of the year appear reasonable at 49.4 per cent. The projections also take into account the closure of the construction industry in December and January.
- Mid-year spending against *Machinery and equipment* was low, at 42.9 per cent when compared to the straight-line benchmark, as not all the new and replacement motor vehicles and mechanical plant that were ordered were delivered for payment. The projections in the remaining six months are fairly high, at 57.1 per cent due to the anticipated delivery of motor vehicles and plant during this period.
- The expenditure of R153 000 against *Software and other intangible assets* relates to the purchase of new and renewed licences such as Microsoft, etc. The projections in the second half of the year are in respect of the procurement of the Civil Engineering Designer software for infrastructure design.
- The expenditure of R794 000 against *Payments for financial assets* mainly relates to write-off of irrecoverable staff debts. This category is not usually budgeted for, hence the minor projection of R1 000 in the second half of the year.

The department is projecting a balanced budget at the end of the year. It is noted that, at mid-year, the department projected to over-spend by R102.294 million against its budget, which is mainly in respect of the higher than budgeted spending with regard to learner transport services for additional and emergency services provided at the request of the Department of Education. However, there is no evidence of reprioritisation undertaken in the 2017/18 Adjustments Estimate to offset the pressures. It is unclear, at this stage, how the department will offset the pressures.

Table 12.A : Summary by economic classification : Transport

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	5 121 230	2 000	-	(237 418)	7 000	200 000	(28 418)	5 092 812
Compensation of employees	1 762 017	-	-	(5 016)	(212 328)	-	(217 344)	1 544 673
Salaries and wages	1 579 915	-	-	(5 016)	(212 328)	-	(217 344)	1 362 571
Social contributions	182 102	-	-	-	-	-	-	182 102
Goods and services	3 359 213	2 000	-	(232 402)	219 328	200 000	188 926	3 548 139
Administrative fees	1 727	-	-	-	-	-	-	1 727
Advertising	8 674	-	-	-	-	-	-	8 674
Minor assets	12 912	-	-	-	-	-	-	12 912
Audit cost: External	8 153	-	-	-	-	-	-	8 153
Bursaries: Employees	1 124	-	-	-	-	-	-	1 124
Catering: Departmental activities	6 283	-	-	-	-	-	-	6 283
Communication (G&S)	35 408	-	-	-	-	-	-	35 408
Computer services	59 691	-	-	-	7 000	-	7 000	66 691
Cons & prof serv: Business and advisory services	109 183	-	-	3 135	-	-	3 135	112 318
Infrastructure and planning	210 317	2 000	-	-	-	-	2 000	212 317
Laboratory services	545	-	-	-	-	-	-	545
Scientific and technological services	-	-	-	-	-	-	-	-
Legal costs	22 426	-	-	-	-	-	-	22 426
Contractors	1 962 537	-	-	(251 536)	212 328	200 000	160 792	2 123 329
Agency and support / outsourced services	14 917	-	-	-	-	-	-	14 917
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl gov't motor transport)	80 844	-	-	-	-	-	-	80 844
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	10 807	-	-	-	-	-	-	10 807
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	1 016	-	-	-	-	-	-	1 016
Inventory: Fuel, oil and gas	9 966	-	-	-	-	-	-	9 966
Inventory: Learner and teacher support material	190	-	-	-	-	-	-	190
Inventory: Materials and supplies	86 886	-	-	-	-	-	-	86 886
Inventory: Medical supplies	1	-	-	-	-	-	-	1
Inventory: Medicine	962	-	-	-	-	-	-	962
Medias inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	7 700	-	-	-	-	-	-	7 700
Consumable: Stationery, printing and office supplies	17 328	-	-	-	-	-	-	17 328
Operating leases	35 984	-	-	-	-	-	-	35 984
Property payments	100 948	-	-	16 559	-	-	16 559	117 507
Transport provided: Departmental activity	251 233	-	-	-	-	-	-	251 233
Travel and subsistence	64 958	-	-	-	-	-	-	64 958
Training and development	6 912	-	-	-	-	-	-	6 912
Operating payments	7 855	-	-	-	-	-	-	7 855
Venues and facilities	12 512	-	-	-	-	-	-	12 512
Rental and hiring	209 214	-	-	(560)	-	-	(560)	208 654
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	1 099 193	-	-	1 623	-	-	1 623	1 100 816
Provinces and municipalities	4 986	-	-	-	-	-	-	4 986
Provinces	4 986	-	-	-	-	-	-	4 986
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	4 986	-	-	-	-	-	-	4 986
Municipalities	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	6 058	-	-	(1 559)	-	-	(1 559)	4 499
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	6 058	-	-	(1 559)	-	-	(1 559)	4 499
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	1 071 439	-	-	1 865	-	-	1 865	1 073 304
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	1 071 439	-	-	1 865	-	-	1 865	1 073 304
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	1 071 439	-	-	1 865	-	-	1 865	1 073 304
Non-profit institutions	-	-	-	-	-	-	-	-
Households	16 710	-	-	1 317	-	-	1 317	18 027
Social benefits	12 633	-	-	1 357	-	-	1 357	13 990
Other transfers to households	4 077	-	-	(40)	-	-	(40)	4 037
Payments for capital assets	3 626 601	25 246	-	235 000	(7 000)	-	253 246	3 879 847
Buildings and other fixed structures	3 424 685	25 246	-	250 000	-	-	275 246	3 699 931
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	3 424 685	25 246	-	250 000	-	-	275 246	3 699 931
Machinery and equipment	193 759	-	-	(15 160)	-	-	(15 160)	178 599
Transport equipment	175 573	-	-	(3 000)	-	-	(3 000)	172 573
Other machinery and equipment	18 186	-	-	(12 160)	-	-	(12 160)	6 026
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	8 157	-	-	160	(7 000)	-	(6 840)	1 317
Payments for financial assets	-	-	-	795	-	-	795	795
Total	9 847 024	27 246	-	-	-	200 000	227 246	10 074 270
Amount to be voted								227 246