

Vote 12

Transport

R thousand	2019/20			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	10 835 098	10 967 567		132 469
MEC remuneration ¹	1 978	1 978		
Total amount to be appropriated	10 837 076	10 969 545		132 469
<i>of which:</i>				
Current payments	6 029 778	6 039 624		9 846
Transfers and subsidies	1 195 658	1 317 867		122 209
Payments for capital assets	3 611 640	3 611 697		57
Payments for financial assets	-	357		357
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 of Transport (DOT)'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 2019/20 financial year

The main appropriation of DOT was R10.837 billion in 2019/20. During the year, the department's budget increased by R132.469 million to R10.970 billion, which is the amount to be appropriated in the 2019/20 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 2019 salary adjustment relating to public office bearers had not been signed, hence this amount remains unchanged from the 2019/20 EPRE.

- *Roll-overs*: An amount of R2.469 million was rolled over from 2018/19. The amount is allocated to Programme 2: Transport Infrastructure, against *Goods and services*. This amount was approved by National Treasury in respect of the EPWP Integrated Grant for Provinces, and relates to the late receipt of invoices for March for the construction of local road L1578 in the eThekweni Metro.
- *Virement between programmes*: The following virements were undertaken between programmes:
 - o Savings of R36.477 million were identified in Programme 4: Transport Regulation, as follows:
 - R12 million was realised against *Compensation of employees* resulting from non-filling of posts due to lengthy internal recruitment processes, difficulty in finding suitable candidates, high staff turnover, as well as internal promotions which resulted in further vacancies. These posts include Chief Provincial Inspectors, Administrative Officers, Principal Provincial Inspectors, Vehicle Technical Compliance Officers, among others.
 - R24.395 million was realised against *Goods and services* resulting from lower than budgeted computer services costs due to the phasing out of the Traffic Management (Trafman) system and the phasing in of the new Opus system in line with the Integrated Traffic Contravention Management System (ITCMS). The Trafman servers were hosted by the outgoing service providers and the servers of the new Opus system are being hosted in-house. The savings resulted from the servers being hosted internally, which is cheaper than when they were hosted externally. Also, due to the challenges with the department's network, the new system was not fully phased in the first half of the year and, as such, the costs were lower than budgeted. In addition, the savings were realised from lower than budgeted travel and subsistence costs, and property payments in respect of security and cleaning services, as well as minor maintenance of Road Traffic Inspectorate (RTI) offices.
 - R82 000 was realised against *Machinery and equipment* from savings associated with non-filling of posts, such as the non-purchase of computer equipment and office furniture.
 - o The savings of R36.477 million were moved to Programme 3: Transport Operations, as follows:
 - R36.395 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* in respect of spending pressure relating to the Public Transport Operations grant (PTOG) due to under-funding of the grant and high claims for bus subsidies paid to bus operators because of increases in the fuel price (which fluctuates). The claims from the bus operators are linked to an escalation clause that includes labour and fuel indices, among others. This is a Schedule 4 grant (supplementary grant), and the department must therefore absorb the resultant spending pressures against its equitable share.
 - R82 000 was moved to *Machinery and equipment* to cater for higher than budgeted office equipment such as laptops.

The department undertook further virements between sub-programmes and economic categories within programmes, and details of these are provided under Section 4. All of these virements are permissible in terms of Section 43 of the PFMA, Section 6.3 of the Treasury Regulations, as well as the National Treasury guidelines. The increase in *Transfers and subsidies to: Public corporations and private enterprises* was approved by Provincial Treasury in line with Section 6.3.1(b).

- *Shifts*: The department did not undertake shifts across programmes. However, some shifts were undertaken within economic categories within programmes, as explained in Section 4.
- *Other adjustments*: The department received an additional amount of R130 million to cater for the shortfall in respect of existing learner transport services, where 58 908 learners are transported, including the additional 2 933 learners in the Nquthu area following a court decision. These funds are specifically and exclusively allocated for this purpose, as specified in the KZN Adjustments Appropriation Act, 2019. These funds may therefore not be used for any other purpose. The funds are allocated to Programme 3, against *Goods and services*. The allocation is in line with the request for additional funding submitted by DOT in conjunction with the Department of Education (DOE) and fully compensates the department for the shortfall.

Tables 12.1 and 12.2 reflect a summary of the 2019/20 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	412 788	-	-	-	-	-	-	412 788
2. Transport Infrastructure	7 824 765	2 469	-	-	-	-	2 469	7 827 234
3. Transport Operations	1 572 919	-	-	36 477	-	130 000	166 477	1 739 396
4. Transport Regulation	987 413	-	-	(36 477)	-	-	(36 477)	950 936
5. Community Based Programmes	39 191	-	-	-	-	-	-	39 191
Total	10 837 076	2 469	-	-	-	130 000	132 469	10 969 545
Amount to be voted								132 469

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	6 029 778	2 469	-	(120 414)	(2 209)	130 000	9 846	6 039 624
Compensation of employees	1 871 946	-	-	(201 231)	-	-	(201 231)	1 670 715
Goods and services	4 157 832	2 469	-	80 817	(2 209)	130 000	211 077	4 368 909
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	1 195 658	-	-	120 000	2 209	-	122 209	1 317 867
Provinces and municipalities	6 076	-	-	-	-	-	-	6 076
Departmental agencies and accounts	4 810	-	-	441	-	-	441	5 251
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	1 168 099	-	-	120 000	-	-	120 000	1 288 099
Non-profit institutions	-	-	-	-	2 209	-	2 209	2 209
Households	16 673	-	-	(441)	-	-	(441)	16 232
Payments for capital assets	3 611 640	-	-	57	-	-	57	3 611 697
Buildings and other fixed structures	3 423 709	-	-	-	-	-	-	3 423 709
Machinery and equipment	186 016	-	-	57	-	-	57	186 073
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	1 915	-	-	-	-	-	-	1 915
Payments for financial assets	-	-	-	357	-	-	357	357
Total	10 837 076	2 469	-	-	-	130 000	132 469	10 969 545
Amount to be voted								132 469

4. Changes to programme purposes and service delivery measures

The department made no changes to the purpose of their programmes, which largely conform to the sector specific programme and budget structure for the Transport sector for 2019/20.

The non financial information currently reflected in the 2019/20 *EPRE* does not fully correspond to the department's 2019/20 *APP*. This is because when the *EPRE* was finalised, the *APP* was still in the process of being finalised. 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 2019/20 adjusted appropriation of Programme 1, 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 after the tables.

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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	17 962			178			178	18 140
2. Management of the Department	22 397			(4 169)			(4 169)	18 228
3. Corporate Support	335 567			3 991			3 991	339 558
4. Departmental Strategy	36 862						-	36 862
Total	412 788	-	-	-	-	-	-	412 788
Amount to be voted								-

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	382 690	-	-	(4)	-	-	(4)	382 686
Compensation of employees	170 717			(7 677)			(7 677)	163 040
Goods and services	211 973			7 673			7 673	219 646
Interest and rent on land							-	-
Transfers and subsidies to:	10 826	-	-	-	-	-	-	10 826
Provinces and municipalities	87						-	87
Departmental agencies and accounts	4 810			441			441	5 251
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	5 929			(441)			(441)	5 488
Payments for capital assets	19 272	-	-	-	-	-	-	19 272
Buildings and other fixed structures							-	-
Machinery and equipment	19 272						-	19 272
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets				4			4	4
Total	412 788	-	-	-	-	-	-	412 788
Amount to be voted								-

Virement – Programme 1: Administration

Several virements were undertaken within Programme 1, which resulted in no change to the main appropriation. These virements, which affected all sub-programmes, are as follows:

- R4.173 million was realised as savings under the sub-programme: Management of the Department against *Compensation of employees* due to non-filling of posts including Director: Inter/Intra Governmental Relations, Deputy Directors: Risk Management, Deputy Director: Integrity Management, etc. The savings were moved to the sub-programme: Corporate Support against *Goods and services* in respect of higher than budgeted fleet services costs due to the substantial increase in fuel costs, as well as for the maintenance and repair of departmental office buildings, which was under-budgeted for.
- R4 000 was realised as savings under the sub-programme: Corporate Support, from *Compensation of employees* due to non-filling of posts, and was moved to the sub-programme: Management of the Department against *Payments for financial assets* in respect of thefts and losses written off.
- R178 000 was realised as savings under the sub-programme: Corporate Support from *Transfers and subsidies to: Households* due to lower than budgeted staff exit costs, and was moved to the same category under the sub-programme: Office of the MEC for higher than budgeted staff exit costs.
- R3.500 million was realised as savings within the sub-programme: Departmental Strategy from *Compensation of employees* due to non-filling of posts, and was moved to *Goods and services* to cater for the development of a Change Management Strategy for culture change within the department. This project was higher than budgeted for.
- R441 000 was realised as savings within the sub-programme: Corporate Support from *Transfers and subsidies to: Households* resulting from lower than budgeted staff exit costs, and was moved to *Transfers and subsidies to: Departmental agencies and accounts* which was under-budgeted for. This

relates to the Construction Education and Training Authority (CETA) and the Transport Education and Training Authority (TETA) skills development levies that were under-budgeted for.

The above virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Transfers and subsidies to: Departmental agencies and accounts* was approved by Provincial Treasury in line with Treasury Regulations. The decrease against *Transfers and subsidies to: Households* in respect of staff exit costs does not require Legislature approval in terms of the PFMA, as the amount is not gazetted to be transferred to any institution.

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 2019/20 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 R2.469 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	583 201			69 939			69 939	653 140
2. Infrastructure Planning	32 415			32			32	32 447
3. Infrastructure Design	38 293			29	7 000		7 029	45 322
4. Construction	3 423 709						-	3 423 709
5. Maintenance	3 747 147	2 469		(70 000)	(7 000)		(74 531)	3 672 616
Total	7 824 765	2 469	-	-	-	-	2 469	7 827 234
Amount to be voted								2 469

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	4 245 474	2 469	-	(353)	-	-	2 116	4 247 590
Compensation of employees	943 319			(170 353)			(170 353)	772 966
Goods and services	3 302 155	2 469		170 000			172 469	3 474 624
Interest and rent on land							-	-
Transfers and subsidies to:	12 521	-	-	-	-	-	-	12 521
Provinces and municipalities	5 307						-	5 307
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	7 214						-	7 214
Payments for capital assets	3 566 770	-	-	-	-	-	-	3 566 770
Buildings and other fixed structures	3 423 709						-	3 423 709
Machinery and equipment	141 146						-	141 146
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets	1 915						-	1 915
Payments for financial assets				353			353	353
Total	7 824 765	2 469	-	-	-	-	2 469	7 827 234
Amount to be voted								2 469

Roll-overs – Programme 2: Transport Infrastructure: R2.469 million

The department received a roll-over of R2.469 million for the EPWP Integrated Grant for Provinces approved by National Treasury. This amount relates to the late receipt of invoices for March for the construction of local road L1578 in the eThekweni Metro. This is allocated to the sub-programme: Maintenance against *Goods and services*.

Virement – Programme 2: Transport Infrastructure

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

- R70 million was realised as savings under the sub-programme: Maintenance against *Compensation of employees (Maintenance and repair: Current)* from non-filling of posts, including Control Engineering Technicians, Driver Operators, Director: Engineering Services, Deputy Directors: Regional Mechanics, Drivers (extra heavy motor vehicles), Road Workers, etc. The savings were moved to the sub-programme: Programme Support Infrastructure against *Goods and services* in respect of the annual escalation of approximately R115 million for the implementation of the Infrastructure Delivery Management System (IDMS) that was under-budgeted for during the 2019/20 budget process. This is a comprehensive programme for Infrastructure Asset Management that is essential for the successful management of the province's road infrastructure assets. The department signed a five-year contract with the service provider at a total cost of R2.676 billion at R535.277 million per year, based on a gap analysis for professional engineers that indicated skills scarcity in the department. The department has indicated that a directorate has been included in the proposed organisational structure and that, going forward, after the five-year contract has come to an end, the function will be undertaken by in-house staff.
- In addition to the above virement from the sub-programme: Maintenance, the following virements were undertaken across economic classification within the sub-programme:
 - R100 million was realised as savings from *Compensation of employees* due to non-filling of posts, as mentioned above, to *Goods and services* in respect of repairs to roads damaged by storms in April 2019 in the eThekweni Metro, Ugu, iLembe, King Cetshwayo and Zululand Municipalities. Detailed assessments were conducted that verified 111 roads were damaged at an estimated cost of R199.888 million. The balance of the R99.888 million will be absorbed within *Goods and services* due to slower progress with road maintenance projects, such as betterment and gravelling, re-gravelling, drain cleaning, and road blading, that were delayed because the panel of service providers took longer than anticipated to be awarded. The delays were caused by appeals and SCM related challenges.
 - R329 000 was realised as savings against *Compensation of employees* due to non-filling of posts, as mentioned above, and was moved to *Payments for financial assets* in respect of thefts and losses written off.
- R61 000 was realised as savings against *Machinery and equipment* from the sub-programme: Programme Support Infrastructure due to computer equipment and office furniture that were lower than budgeted. These savings were moved to the same category under the sub-programmes: Infrastructure Planning (R32 000) and Infrastructure Design (R29 000) for the purchase of laptops, that was higher than budgeted.
- R24 000 was realised as savings within the sub-programme: Programme Support Infrastructure from *Compensation of employees* due to savings realised from non-filling of posts, as mentioned above, and was moved to *Payments for financial assets* in respect of thefts and losses written off.

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

Shifts – Programme 2: Transport Infrastructure

The following shifts were undertaken within Programme 2, for which the original purpose of the funds remains unchanged:

- R7 million was shifted within *Compensation of employees* from the sub-programme: Maintenance to the sub-programme: Infrastructure Design in Programme 2 to correctly place the budget of some staff relating to the road design function.
- R20.500 million was shifted within the sub-programme: Construction, within *Buildings and other fixed structures* from *Other fixed structures* to *Buildings* in respect of the construction of the

uMzimkhulu Public Transport facility (R9 million), and the rehabilitation and reconfiguration of a departmental building for regional staff at the Town Hill licensing centre in Pietermaritzburg (R11.500 million). The department inadvertently budgeted for these against *Other fixed structures* instead of *Buildings*. It should be noted that this shift is within Programme 2 and within *Buildings and other fixed structures*, hence it is not visible in Tables 12.5 and 12.6, but is only visible in Annexure 12.A.

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.

Two annual targets are not reported on at mid-year. As indicated in Table 12.7, several outputs were adjusted under the 2019/20 Revised target column, to align the targets in the *EPRE* to the department's tabled 2019/20 APP. Also, one target is no longer valid and is shown in the table as "n/a" in the 2019/20 Revised target column. The words reflected in bolded italics were not included in the *EPRE* and these are now corrected.

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

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
2. Transport Infrastructure				
2.1. Infrastructure planning	• No. of kilometres of surfaced roads visually assessed as per the applicable TMH manual	3 950	Annual	
	• No. of kilometres of gravel roads visually assessed as per the applicable TMH manual	7 900	Annual	
2.2. Construction	• No. of kilometres of gravel roads upgraded to surfaced roads	90	8	60
	• No. of square metres of surfaced roads rehabilitated	2 000 000	861 008	2 500 000
	• No. of kilometres of new gravel access roads constructed	250	12	200
	• No. of square metres of non-motorised transport facility constructed	60 000	7 241	25 000
	• No. of new major vehicle bridges constructed	7	-	16
	• No. of new pedestrian bridges constructed	10	-	3
2.3. Maintenance	• No. of square metres of surfaced roads resealed	2 250 000	374 582	500 000
	• No. of kilometres of roads re-gravelled	2 300	223	2 200
	• No. of square metres of blacktop patching (including pothole repairs)	400 000	857 838	750 000
	• No. of kilometres of gravel roads bladed	90 000	26 608	
	• No. of kilometres maintained by Zibambebe contractors	21 500	n/a	n/a

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 2019/20 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R166.477 million, 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	39 703			(17 986)			(17 986)	21 717
2. Public Transport Services	1 431 519			74 881		130 000	204 881	1 636 400
3. Transport Safety and Compliance	101 697			(20 418)			(20 418)	81 279
Total	1 572 919	-	-	36 477	-	130 000	166 477	1 739 396
Amount to be voted								166 477

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	404 651	-	-	(83 605)	-	130 000	46 395	451 046
Compensation of employees	53 756			(8 601)			(8 601)	45 155
Goods and services	350 895			(75 004)		130 000	54 996	405 891
Interest and rent on land							-	-
Transfers and subsidies to:	1 168 156	-	-	120 000	-	-	120 000	1 288 156
Provinces and municipalities	13						-	13
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	1 168 099			120 000			120 000	1 288 099
Non-profit institutions							-	-
Households	44						-	44
Payments for capital assets	112	-	-	82	-	-	82	194
Buildings and other fixed structures							-	-
Machinery and equipment	112			82			82	194
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	1 572 919	-	-	36 477	-	130 000	166 477	1 739 396
Amount to be voted								166 477

Virement – Programme 3: Transport Operations: R36.477 million

The main appropriation of Programme 3 was increased by R36.477 million, as follows:

- Savings of R36.477 million were identified under Programme 4, against *Compensation of employees* (R12 million), *Goods and services* (R24.395 million) and *Machinery and equipment* (R82 000), as explained earlier.
- These savings were moved to Programme 3, as follows:
 - R36.395 million was moved to the sub-programme: Public Transport Services against *Transfers and subsidies to: Public corporations and private enterprises* in respect of higher than budgeted bus subsidies paid to bus operators due to under-funding of the grant and the increase in fuel prices. The subsidies are linked to an escalation clause that includes labour and fuel indices.
 - R82 000 was moved to the sub-programme: Transport Safety and Compliance against *Machinery and equipment* in respect of higher than budgeted office equipment such as laptops.
- In addition to the above virements to Programme 3, the following virements were undertaken within the sub-programme: Public Transport Services, across economic categories:
 - R4.601 million was realised as savings against *Compensation of employees* ascribed to non-filling of posts including Chief Director: Public and Freight Transport Management, Deputy Directors: Conflict Mediation and Resolution, Regulation and Support, etc.
 - R40.518 million was realised as savings against *Goods and services* due to slow progress with the development of the public and freight transportation framework for the province, because of the change in scope in the project to include the learner transport framework, when the function moved back to the department in 2018/19. This resulted in delays due to ongoing discussions on the scope of the project. The project is now anticipated to be completed in 2020/21. Also, the plan to provide security services at public transport facilities in Ladysmith was cancelled, because the municipality is able to provide the services themselves, and this resulted in the savings.

The total savings of R45.119 million were moved against *Transfers and subsidies to: Public corporations and private enterprises* in respect of the higher than budgeted bus subsidies paid to bus operators, as explained.

- In addition to the above virements, the following virements were undertaken across economic categories within Programme 3, affecting two sub-programmes:
 - Savings of R20.500 million were identified under the sub-programme: Transport Safety and Compliance, against *Goods and services* mainly due to the implementation of cost-cutting on catering, communications, travel and subsistence, venues and facilities, among others.
 - Savings of R17.986 million were identified under the sub-programme: Programme Support Operations, as follows:
 - R4 million against *Compensation of employees* ascribed to non-filling of posts, as mentioned.
 - R13.986 million against *Goods and services* due to savings realised from delayed installation of a fleet tracking system in some of the departmental fleet, used by the law enforcement personnel for their day-to-day activities. The savings resulted from delays in the procurement of motor vehicles due to delays in the transversal contract issued by National Treasury. This means that only a certain number of vehicles were available for the installation of the tracking system, hence the savings realised.

The total savings of R38.486 million were moved to the sub-programme: Public Transport Services, against *Transfers and subsidies to: Public corporations and private enterprises* in respect of higher than budgeted bus subsidies paid to bus operators, as explained.

These virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Transfers and subsidies to: Public corporations and private enterprises* was approved by Provincial Treasury in line with the Treasury Regulations.

Other adjustments – Programme 3: Transport Operations: R130 million

The department received an additional amount of R130 million allocated to the sub-programme: Public Transport Services, against *Goods and services* in respect of learner transport services to cater for the shortfall on the existing learner transport services, where 58 908 learners are transported, including the additional 2 933 learners in the Nquthu area following a court decision. These funds are specifically and exclusively allocated for this purpose, as specified in the KZN Adjustments Appropriation Act, 2019. These funds may therefore not be used for any other purpose.

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, most of the outputs were adjusted under the 2019/20 Revised target column, to align the targets in the *EPRE* to the department's tabled 2019/20 APP. Also, the wording of the indicator reflected in bold italics changed from the *EPRE*, and this is amended for alignment to the APP. Note that the preliminary output for learners transported has been amended from the original target of 47 740 learners in the APP to 58 908 learners, in line with the number of learners provided by DOE.

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

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
3. Transport Operations				
3.1. Public Transport Services	<ul style="list-style-type: none"> • No. of routes subsidised • No. of kilometres subsidised • No. of trips subsidised • Subsidy per passenger 	1 702	2 074	2 074
		41 888 710	20 429 172	41 620 660
		1 198 870	586 376	1 191 196
		R23.10	R20.49	R22.90

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

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
	• No. of Provincial Regulatory Entity (PRE) hearings conducted (annual)	460	419	
	• No. of public transport operators that are compliant with public transport provisions	70 000	-	61 000
	• No. of learners transported	47 747	58 908	47 740
	• No. of schools receiving transport services	320	332	332
3.2. Transport Safety and Compliance	• No. of road safety awareness progs conducted	6	6	
	• No. of schools involved in road safety education progs	1 320	852	1 246
	• No. of crossing patrols provided	200	355	174

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 2019/20 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 R36.477 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	10 028				910		910	10 938
2. Transport Administration and Licensing	156 497			(6 396)			(6 396)	150 101
3. Operator Licences and Permits	71 205			91	(910)		(819)	70 386
4. Law Enforcement	749 683			(30 172)			(30 172)	719 511
Total	987 413	-	-	(36 477)	-	-	(36 477)	950 936
Amount to be voted								(36 477)

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	957 772	-	-	(36 395)	(2 209)	-	(38 604)	919 168
Compensation of employees	686 692			(14 600)			(14 600)	672 092
Goods and services	271 080			(21 795)	(2 209)		(24 004)	247 076
Interest and rent on land							-	-
Transfers and subsidies to:	4 155	-	-	-	2 209	-	2 209	6 364
Provinces and municipalities	669						-	669
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions					2 209		2 209	2 209
Households	3 486						-	3 486
Payments for capital assets	25 486	-	-	(82)	-	-	(82)	25 404
Buildings and other fixed structures							-	-
Machinery and equipment	25 486			(82)			(82)	25 404
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	987 413	-	-	(36 477)	-	-	(36 477)	950 936
Amount to be voted								(36 477)

Virement – Programme 4: Transport Regulation: (R36.477 million)

The main appropriation for Programme 4 was reduced by R36.477 million, as follows:

- Savings of R36.477 million were identified under the sub-programmes: Transport Administration and Licensing (R6.395 million) and Law Enforcement (R30.082 million), as follows:
 - R12 million was realised against *Compensation of employees* due to non-filling of posts including Chief Provincial Inspectors, Administrative Officers, Principal Provincial Inspectors, Vehicle Technical Compliance Officers, among others.
 - R24.395 million was realised against *Goods and services* resulting from lower than budgeted computer services costs in respect of the phasing out of the Trafman system and the phasing in of the new Opus system in line with the ITCMS, as well as savings realised from lower than budgeted travel and subsistence costs and the maintenance of RTI offices, as mentioned.
 - R82 000 was realised against *Machinery and equipment* from savings associated with non-filling of posts such as computer equipment and office furniture.
- The savings of R36.477 million were moved to Programme 3, as follows:
 - R36.395 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* in respect of higher than budgeted bus subsidies paid to bus operators, as explained.
 - R82 000 was moved to *Machinery and equipment* in respect of higher than budgeted office equipment such as laptops.

In addition to the above virements, the following virements were undertaken within Programme 4 which affected all sub-programmes, except the sub-programme: Programme Support Regulation:

- R1 000 was identified as savings from the sub-programme: Transport Administration and Licensing against *Transfers and subsidies to: Provinces and municipalities* due to lower than budgeted motor vehicle licences. The savings were moved to the same category under the sub-programme: Operator Licences and Permits in respect of higher than budgeted motor vehicle licences.
- R90 000 was moved from the sub-programme: Transport Administration and Licensing against *Transfers and subsidies to: Households* due to lower than budgeted staff exit costs to the same category under the sub-programme: Operator Licences and Permits in respect of higher than budgeted staff exit costs.
- R90 000 was moved from the sub-programme: Law Enforcement against *Machinery and equipment* due to lower than budgeted office equipment costs to the same category under the sub-programme: Transport Administration and Licensing to cater for higher than budgeted office equipment costs.
- R2.600 million was moved within the sub-programme: Operator Licences and Permits against *Compensation of employees* due to slower than anticipated filling of vacant posts to *Goods and services* in respect of higher than budgeted property payment costs.

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

Shifts – Programme 4: Transport Regulation

The following shifts were undertaken within Programme 4, for which the original purpose of the funds remains unchanged:

- R910 000 was shifted within *Compensation of employees* from the sub-programme: Operator Licences and Permits to the sub-programme: Programme Support Regulation in Programme 4 to correctly place the budget for some staff for the Public Transport Regulation Services function.
- R2.209 million was shifted within the sub-programme: Operator Licences and Permits from *Goods and services* to *Transfers and subsidies to: Non-profit institutions* in respect of operational costs for the South African National Taxi Council (SANTACO) KZN as per the MOA signed between the

department and the organisation. SANTACO is the official recognised representative of the mini taxi industry in the province. The transfer is to assist the organisation with the maintenance of 16 SANTACO offices by uplifting its operating and line functioning business standards and creating a more efficient and effective business orientated environment. The funding is in respect of rental, water, lights and maintenance of the 16 offices, which will be made on a monthly basis, and on condition that proof of payment of the previous month is submitted to the department. The funds were budgeted for under *Goods and services*, as the department originally used to pay for these services on behalf of the organisation. However, the department took the decision to transfer the funds instead.

The increase in transfers to *Transfers and subsidies to: Non-profit institutions* was approved by Provincial Treasury in line with the Treasury Regulations.

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.

As indicated in Table 12.13, three of the outputs were adjusted under the 2019/20 Revised target column, to align the target in the *EPRE* to the department's tabled 2019/20 APP.

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

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
4. Transport Regulation				
4.1. Transport Administration and Licensing	• No. of licence compliance inspections conducted	1 104	668	1 335
4.2. Traffic Law Enforcement	• No. of speed operations conducted	18 250	8 700	
	• No. of goal directed enforcement of public transport (Operation Shanela) undertaken	880	432	
	• No. of law enforcement officers employed	784	768	768
	• No. of vehicles stopped and checked	1 600 000	674 307	
	• No. of vehicles weighed	155 000	75 455	
	• No. of drunken driving operations conducted	220	383	44

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 2019/20 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in no change from the Main Appropriation, are provided in the paragraphs after 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		
1. Programme Support Community Based	8 732				4 511	4 511	13 243
2. Community Development	5 558				(4 511)	(4 511)	1 047
3. Innovation and Empowerment	18 236					-	18 236
4. EPWP Co-ordination and Monitoring	6 665					-	6 665
Total	39 191	-	-	-	-	-	39 191
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	Shifts	Other adjustments		
Current payments	39 191	-	-	(57)	-	-	(57)	39 134
Compensation of employees	17 462						-	17 462
Goods and services	21 729			(57)			(57)	21 672
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	-	-	-	-	-
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	-	-	-	57	-	-	57	57
Buildings and other fixed structures							-	-
Machinery and equipment				57			57	57
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	39 191	-	-	-	-	-	-	39 191
Amount to be voted								-

Virement – Programme 5: Community Based Programmes

The following virements were undertaken within Programme 5, within sub-programmes but across economic categories:

- Savings of R57 000 were realised from *Goods and services* due to lower than budgeted travel and subsistence costs, and were moved to *Machinery and equipment* in respect of computer equipment such as laptops that were not budgeted for.

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

Shifts – Programme 5: Community Based Programmes

The following shift was undertaken within Programme 5, for which the original purpose of the funds remains unchanged:

- R4.511 million was shifted within *Compensation of employees* from the sub-programme: Community Development to the sub-programme: Programme Support Community Based in Programme 5 to correctly place the budget for some staff relating to the Community Development function.

Service delivery measures – Programme 5: Community Based Programmes

Table 12.16 shows the original service delivery targets for Programme 5 as per the APP of Transport, as well as the actual achievements for the first six months of the year.

As indicated in Table 12.16, most of the outputs were adjusted under the 2019/20 Revised target column, to align the target in the *EPRE* to the department's tabled 2019/20 APP.

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

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 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 	43 000	40 029	
		500	294	

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

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
5.2. EPWP Co-ordination and Monitoring	• No. of jobs created	63 000	44 600	58 260
	• No. of Full-Time Equivalents (FTEs)	20 000	8 535	19 000
	• No. of youth employed (18-35)	7 500	8 376	9 000
	• No. of women employed	41 000	39 783	42 000
	• No. of people living with disabilities employed	110	84	
	• No. of employment days created	4 600 000	1 963 075	4 370 000

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, 2019. 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.

Details of the main adjustments, which resulted in an overall increase of R130 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		
Learner Transport Services	218 201					130 000	130 000	348 201
Total	218 201	-	-	-	-	130 000	130 000	348 201
Amount to be voted								130 000

- *Other adjustments:* Additional funds of R130 million were allocated to Programme 3, against *Goods and services*, in respect of the learner transport services to cater for the shortfall on the existing learner transport services, where 58 908 learners are transported, including the additional 2 933 learners in the Nquthu area following a court decision. These funds are specifically and exclusively allocated for this purpose, as specified in the KZN Adjustments Appropriation Act, 2019. These funds may therefore not be used for any other purpose. This allocation fully compensates the department for the shortfall.

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.

The category *Non infrastructure* 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, as well as the four regions' staff who undertake maintenance projects for the department, among others, are paid from *Non infrastructure*.

Details of the main adjustments, which resulted in an overall increase of R2.469 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	5 463 121	2 469	-	(70 000)	-	-	(67 531)	5 395 590
Maintenance and repair: Current	2 616 223	2 469	-	(70 000)	-	-	(67 531)	2 548 692
Upgrades and additions: Capital	1 396 402	-	-	-	-	-	-	1 396 402
Refurbishment and rehabilitation: Capital	1 450 496	-	-	-	-	-	-	1 450 496
New infrastructure assets: Capital	576 811	-	-	-	-	-	-	576 811
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital	-	-	-	-	-	-	-	-
Infrastructure transfers: Current	-	-	-	-	-	-	-	-
Infrastructure: Payments for financial assets	-	-	-	-	-	-	-	-
Infrastructure: Leases	-	-	-	-	-	-	-	-
Non infrastructure	1 550 924	-	-	70 000	-	-	70 000	1 620 924
Capital infrastructure	3 423 709	-	-	-	-	-	-	3 423 709
Current infrastructure	2 616 223	2 469	-	(70 000)	-	-	(67 531)	2 548 692
Total	7 590 856	2 469	-	-	-	-	2 469	7 593 325
Amount to be voted								2 469

- *Roll-overs*: An amount of R2.469 million was rolled over in respect of the EPWP Integrated Grant for Provinces and this was approved by National Treasury. This amount relates to the late receipt of invoices for March for the construction of local road L1578 in the eThekweni Metro. This is allocated under Programme 2, against *Maintenance and repair: Current*.
- *Virement*: Savings of R70 million were identified within Programme 2 against *Maintenance and repair: Current* (salaries of maintenance staff in *Compensation of employees*) resulting from slow progress with road maintenance projects such as betterment and gravelling, re-gravelling, drain cleaning, and road blading, that were delayed because the panel of service providers took longer than anticipated to be awarded. The delays were caused by appeals and SCM related challenges. The savings were moved to *Non infrastructure (Goods and services)* for the under-budgeted annual escalation cost for the implementation of IDMS, as explained earlier.

The above virements are permissible in respect of the PFMA and Treasury Regulations.

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 (PTOG) 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 PTOG is under Programme 3 against *Transfers and subsidies to: Public corporations and private enterprises*.

It should be noted that, although not included in the conditional grant tables, the PTOG utilised for the payment of bus subsidies to bus operators is subsidised by an additional amount of R120 million moved from equitable share savings under Programme 2 and within Programme 3 to offset spending pressures arising from the under-funding of the grant since inception and due to the increases in fuel prices. As this is a supplementary grant to provinces, any spending pressure has to be absorbed from the department's equitable share. Tables 12.19 and 12.20 illustrate the adjusted appropriation of these grants. Details of the main adjustments, which resulted in an overall increase of R2.469 million in the conditional grant allocations, are provided in the paragraphs following the tables.

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	1 954 458	2 469	-	-	-	-	2 469	1 956 927
Provincial Roads Maintenance grant	1 882 781	-	-	-	-	-	-	1 882 781
EPWP Integrated Grant for Provinces	71 677	2 469	-	-	-	-	2 469	74 146
3. Transport Operations	1 168 099	-	-	-	-	-	-	1 168 099
Public Transport Operations grant	1 168 099	-	-	-	-	-	-	1 168 099
Total	3 122 557	2 469	-	-	-	-	2 469	3 125 026
Amount to be voted								2 469

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	1 954 458	2 469	-	-	-	-	2 469	1 956 927
Compensation of employees							-	-
Goods and services	1 954 458	2 469					2 469	1 956 927
Interest and rent on land							-	-
Transfers and subsidies to:	1 168 099	-	-	-	-	-	-	1 168 099
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	1 168 099						-	1 168 099
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	3 122 557	2 469	-	-	-	-	2 469	3 125 026
Amount to be voted								2 469

- *Roll-overs:* An amount of R2.469 million was approved for roll-over by National Treasury in respect of the EPWP Integrated Grant for Provinces. This amount relates to the late receipt of invoices for March for the construction of local road L1578 in the eThekweni Metro. This was allocated under Programme 2, against *Goods and services*.

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 R122.209 million in the transfers and subsidies budget, are provided in the paragraphs before and 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	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Administration	10 826	-	-	-	-	-	-	10 826
Provinces and municipalities	87	-	-	-	-	-	-	87
Motor vehicle licences	87						-	87
Departmental agencies and accounts	4 810	-	-	441	-	-	441	5 251
CETA and SETA (Skills dev. levies)	4 810			441			441	5 251
Households	5 929	-	-	(441)	-	-	(441)	5 488
Staff exit costs	1 852			(441)			(441)	1 411
External bursaries	4 077						-	4 077
2. Transport Infrastructure	12 521	-	-	-	-	-	-	12 521
Provinces and municipalities	5 307	-	-	-	-	-	-	5 307
Motor vehicle licences	5 307						-	5 307
Households	7 214	-	-	-	-	-	-	7 214
Staff exit costs	5 545						-	5 545
Claims against the state, land expr., injury on duty, etc	1 669						-	1 669
3. Transport Operations	1 168 156	-	-	120 000	-	-	120 000	1 288 156
Provinces and municipalities	13	-	-	-	-	-	-	13
Motor vehicle licences	13						-	13
Public corporations and private enterprises	1 168 099	-	-	120 000	-	-	120 000	1 288 099
Bus operators	1 168 099			120 000			120 000	1 288 099
Households	44	-	-	-	-	-	-	44
Injury on duty	44						-	44
4. Transport Regulation	4 155	-	-	-	2 209	-	2 209	6 364
Provinces and municipalities	669	-	-	-	-	-	-	669
Motor vehicle licences	669						-	669
Non-profit institutions	-	-	-	-	2 209	-	2 209	2 209
SANTACO	-				2 209		2 209	2 209
Households	3 486	-	-	-	-	-	-	3 486
Staff exit costs	3 486						-	3 486
5. Community Based Programmes	-	-	-	-	-	-	-	-
Total	1 195 658	-	-	120 000	2 209	-	122 209	1 317 867
Amount to be voted								122 209

- *Virement*: The following virements were undertaken against *Transfers and subsidies* resulting in an increase of R120 million:
 - o In Programme 1, savings of R441 000 were realised under *Households* due to lower than budgeted staff exit costs. These savings were moved to *Departmental agencies and accounts* because of under-budgeting in respect of the skills development levies for CETA and TETA.
 - o In Programme 3, the following virements were undertaken resulting in an increase of R120 million against *Public corporations and private enterprises* in respect of higher than budgeted bus subsidies paid to bus operators, as explained:
 - Savings of R8.601 million were identified within Programme 3, against *Compensation of employees* due to non-filling of posts, as mentioned.
 - Savings of R75.004 million were identified within Programme 3 against *Goods and services*, mainly due to slow progress with the development of the public and freight transportation framework for the province, as well as the implementation of cost-cutting on catering, communications, travel and subsistence, venues and facilities, among others.
 - Savings of R36.395 million were identified under Programme 4, against *Compensation of employees* (R12 million) due to non-filling of posts and *Goods and services* (R24.395 million) as a result of lower than budgeted computer services costs in respect of the phasing out of the Trafman system and the phasing in of the new Opus system in line with the ITCMS, as well as savings realised from lower than budgeted travel and subsistence costs and the maintenance of RTI offices, as explained earlier.

These virements are permissible in terms of the PFMA and Treasury Regulations, and the decrease against *Households* in respect of staff exist costs does not require Legislature approval in respect of the PFMA, as the amount is not gazetted for transfer to any institution. The increase in *Departmental agencies and accounts* and *Public corporations and private enterprises* was approved by Provincial Treasury in line with the Treasury Regulations.

- *Shifts*: In Programme 4, an amount of R2.209 million was shifted from *Goods and services* to *Non-profit institutions* in respect of operational costs for SANTACO KZN, as explained. This is a shift, as the purpose of the funds remains unchanged and the increase in transfers to *Non-profit institutions* was approved by Provincial Treasury in line with the Treasury Regulations.

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 2019/20

Tables 12.22 and 12.23 reflect actual payments as at the end of September 2019, 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 2018/19 Audited outcome.

Table 12.22 : Actual payments and revised spending projections by programme

R thousand	2018/19 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2019 - September 2019	% of budget	October 2019 - March 2020	% of budget	
1. Administration	391 945	412 788	206 566	50.0	206 222	50.0	412 788
2. Transport Infrastructure	7 102 727	7 827 234	2 734 680	34.9	5 092 554	65.1	7 827 234
3. Transport Operations	1 891 303	1 739 396	777 695	44.7	961 701	55.3	1 739 396
4. Transport Regulation	890 785	950 936	422 451	44.4	528 485	55.6	950 936
5. Community Based Programmes	52 606	39 191	14 483	37.0	24 708	63.0	39 191
Total	10 329 366	10 969 545	4 155 875	37.9	6 813 670	62.1	10 969 545

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

R thousand	2018/19 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2019 - September 2019	% of budget	October 2019 - March 2020	% of budget	
Current payments	5 787 763	6 039 624	2 626 878	43.5	3 412 746	56.5	6 039 624
Compensation of employees	1 409 789	1 670 715	758 402	45.4	912 313	54.6	1 670 715
Goods and services	4 377 974	4 368 909	1 868 476	42.8	2 500 433	57.2	4 368 909
Interest and rent on land	-	-	-	-	-	-	-
Transfers and subsidies to:	1 416 716	1 317 867	564 829	42.9	753 038	57.1	1 317 867
Provinces and municipalities	6 174	6 076	2 762	45.5	3 314	54.5	6 076
Departmental agencies and accounts	4 564	5 251	-	-	5 251	100.0	5 251
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	1 390 894	1 288 099	554 678	43.1	733 421	56.9	1 288 099
Non-profit institutions	-	2 209	-	-	2 209	100.0	2 209
Households	15 084	16 232	7 389	45.5	8 843	54.5	16 232
Payments for capital assets	3 122 501	3 611 697	963 848	26.7	2 647 849	73.3	3 611 697
Buildings and other fixed structures	2 935 171	3 423 709	952 770	27.8	2 470 939	72.2	3 423 709
Machinery and equipment	185 079	186 073	9 967	5.4	176 106	94.6	186 073
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	2 251	1 915	1 111	58.0	804	42.0	1 915
Payments for financial assets	2 386	357	320	89.6	37	10.4	357
Total	10 329 366	10 969 545	4 155 875	37.9	6 813 670	62.1	10 969 545

The department spent 37.9 per cent of their adjusted appropriation in the first six months, which is below the 50 per cent straight-line benchmark, due to the delays with maintenance and construction projects. The department is projecting to spend 62.1 per cent of the adjusted appropriation in the second half of the year, due to additional funds received, mainly in respect of the R130 million for the shortfall for the learner transport services, as well as projects that will be undertaken. The department is projecting a balanced budget at the end of the year.

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	6 029 778	2 469	-	(120 414)	(2 209)	130 000	9 846	6 039 624
Compensation of employees	1 871 946	-	-	(201 231)	-	-	(201 231)	1 670 715
Salaries and wages	1 623 157	-	-	(200 554)	-	-	(200 554)	1 422 603
Social contributions	248 789	-	-	(677)	-	-	(677)	248 112
Goods and services	4 157 832	2 469	-	80 817	(2 209)	130 000	211 077	4 368 909
Administrative fees	3 006	-	-	(685)	-	-	(685)	2 321
Advertising	8 569	-	-	13	-	-	13	8 582
Minor assets	4 785	-	-	513	-	-	513	5 298
Audit cost: External	9 283	-	-	3 955	-	-	3 955	13 238
Bursaries: Employees	1 257	-	-	-	-	-	-	1 257
Catering: Departmental activities	4 497	-	-	244	-	-	244	4 741
Communication (G&S)	27 863	-	-	3 543	-	-	3 543	31 406
Computer services	101 042	-	-	(175)	-	-	(175)	100 867
Cons. & prof serv: Business and advisory services	661 581	-	-	5 223	(2 209)	-	3 014	664 595
Infrastructure and planning	27 828	-	-	38 976	-	-	38 976	66 804
Laboratory services	355	-	-	-	-	-	-	355
Scientific and technological services	-	-	-	-	-	-	-	-
Legal costs	20 675	-	-	648	-	-	648	21 323
Contractors	2 402 790	2 469	-	46 519	-	-	48 988	2 451 778
Agency and support / outsourced services	1 542	-	-	(277)	-	-	(277)	1 265
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl gov't motor transport)	201 923	-	-	5 096	-	-	5 096	207 019
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	3 310	-	-	3 490	-	-	3 490	6 800
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	512	-	-	126	-	-	126	638
Inventory: Fuel, oil and gas	3 984	-	-	-	-	-	-	3 984
Inventory: Learner and teacher support material	209	-	-	-	-	-	-	209
Inventory: Materials and supplies	22 569	-	-	(22)	-	-	(22)	22 547
Inventory: Medical supplies	-	-	-	9	-	-	9	9
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	21	-	-	21	21
Consumable supplies	11 118	-	-	(1 021)	-	-	(1 021)	10 097
Consumable: Stationery, printing and office supplies	30 573	-	-	(897)	-	-	(897)	29 676
Operating leases	83 558	-	-	(10 652)	-	-	(10 652)	72 906
Property payments	195 652	-	-	(8 261)	-	-	(8 261)	187 391
Transport provided: Departmental activity	222 725	-	-	(347)	-	130 000	129 653	352 378
Travel and subsistence	87 385	-	-	(10 648)	-	-	(10 648)	76 737
Training and development	5 443	-	-	3 618	-	-	3 618	9 061
Operating payments	4 697	-	-	477	-	-	477	5 174
Venues and facilities	8 202	-	-	1 505	-	-	1 505	9 707
Rental and hiring	899	-	-	(174)	-	-	(174)	725
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	1 195 658	-	-	120 000	2 209	-	122 209	1 317 867
Provinces and municipalities	6 076	-	-	-	-	-	-	6 076
Provinces	6 076	-	-	-	-	-	-	6 076
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	6 076	-	-	-	-	-	-	6 076
Municipalities	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	4 810	-	-	441	-	-	441	5 251
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	4 810	-	-	441	-	-	441	5 251
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	1 168 099	-	-	120 000	-	-	120 000	1 288 099
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	1 168 099	-	-	120 000	-	-	120 000	1 288 099
Subsidies on production	1 168 099	-	-	120 000	-	-	120 000	1 288 099
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	2 209	-	2 209	2 209
Households	16 673	-	-	(441)	-	-	(441)	16 232
Social benefits	10 883	-	-	(441)	-	-	(441)	10 442
Other transfers to households	5 790	-	-	-	-	-	-	5 790
Payments for capital assets	3 611 640	-	-	57	-	-	57	3 611 697
Buildings and other fixed structures	3 423 709	-	-	-	-	-	-	3 423 709
Buildings	-	-	-	-	20 500	-	20 500	20 500
Other fixed structures	3 423 709	-	-	-	(20 500)	-	(20 500)	3 403 209
Machinery and equipment	186 016	-	-	57	-	-	57	186 073
Transport equipment	89 965	-	-	-	-	-	-	89 965
Other machinery and equipment	96 051	-	-	57	-	-	57	96 108
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	1 915	-	-	-	-	-	-	1 915
Payments for financial assets	-	-	-	357	-	-	357	357
Total	10 837 076	2 469	-	-	-	130 000	132 469	10 969 545
Amount to be voted								132 469