

REPORT OF THE PORTFOLIO COMMITTEE ON PUBLIC WORKS, ROADS AND TRANSPORT; COMMUNITY SAFETY, SECURITY AND LIAISON 2016/17 BUDGET VOTE OF THE DEPARTMENT OF PUBLIC WORKS, ROADS AND TRANSPORT (VOTE 8)

1. INTRODUCTION

The **Portfolio Committee on Public Works, Roads and Transport; Community Safety, Security and Liaison** (the Committee) has a Constitutional mandate, in terms of Section 114(2) (b) of the Constitution of the Republic of South Africa (Act 108 of 1996) read with Rules 119 and 131 of the Mpumalanga Provincial Legislature to oversee the performance of the **Department of Public Works, Roads and Transport** (the department) and hold it accountable through various measures.

The consideration and scrutiny of the 2016/17 Budget Vote of the department is the tool the Committee use to determine whether the department has proper plans and programmes to realise its strategic objectives and ultimately to deliver basic services to the citizens of Mpumalanga.

The Committee tables this report, in accordance with the provisions of the Rules and Orders of the Mpumalanga Provincial Legislature as an account of its oversight work done for consideration and adoption in order to pass the Budget Vote 08 for the 2016/17 financial year.

2. METHOD OF WORK

The Honourable Speaker of the Legislature referred the following documents to the Committee for deliberations and report back to the House, in accordance with Rule 190 (4) of the Rules and Orders of the Mpumalanga Provincial Legislature:

- Budget Statement 2016/17
- Annual Performance Plan (APP) 2016/17
- Organisational Structure

- Cost per Head
- Strategic Plan 2015/2020

The Committee was briefed by the Research Section on the overall efficiency of the Strategic Plan 2015/2020 and the Annual Performance Plan (APP) for the 2015/16 financial year to meet the strategic objectives of the department with the budget allocated for the 2015/16 financial year on 12 April 2016. The Committee met with the department on 14 April 2016 to deliberate on the department's budget documentation. The Committee considered the draft Committee Report on the Budget Vote 08 on 20 April 2016.

3. STRUCTURAL COMPLIANCE ON THE FRAMEWORK FOR STRATEGIC PLANS AND ANNUAL PERFORMANCE PLANS

3.1 Strategic Plan (2015-2020)

The department attached the new Strategic Plan, Outcomes Oriented Goals and Strategic Objectives (2015-2020) together with its APP; and these documents are in compliant with the relevant Framework for Strategic Plans and Annual Performance Plans.

3.2 Annual Performance Plan (2016/17)

The department's Annual Performance Plan is in compliant with the requirements set out in the National Treasury's Framework for Strategic Plans and Annual Performance Plans.

3.3 Alignment of the Strategic Plan (2015-2016) and Annual Performance Plan (2016/17)

The department's Strategic Plan (2015-2020) and the Annual Performance Plan (2015/16) are clearly aligned to each other and each programme is clearly aligned to its strategic objective as articulated in the Strategic Plan.

4. BRIEF OUTLINE ON STRATEGIC GOALS AND OBJECTIVES

4.1. Outcome Oriented Goals

The committee noted that the department oversees the implementation of **National Outcome 6** which focuses on building an integrated and modern infrastructure network in the province by

improving efficiencies, collaborations, integrated planning, strengthening co-operations, exploring alternative infrastructure solutions and funding mechanisms. This will in turn lead to improve services and socio-economic outcomes as mentioned in national outcomes 4 and 7.

Outcome 6 is linked to five outputs, namely:

- **Outcome 1** ▪ **Improved quality of basic education**
- **Outcome 2** ▪ **A long and healthy life for all South Africans**
- **Outcome 3** ▪ **All People in South Africa are and feel safe**
- **Outcome 13** ▪ **An inclusive and responsive social protection system**
- **Outcome 14** ▪ **Nation Building and Social Cohesion**

5. BROAD OVERVIEW BY THE MEMBER OF THE EXECUTIVE COUNCIL (MEC)

The MEC for the Department of Public Works Roads and Transport, Hon DG Nhlengethwa, indicated that the documents she was presenting (Strategic Plan 2015 – 2020 and APP 2015/16) take into account all the relevant policies, legislation and other mandates for which the department is responsible for. The new financial years also provides the department with an opportunity to better the lives of the people of Mpumalanga. The department has learned lessons in the 2015/16 financial year and they will improve in the 2016/17 financial year.

The department continues to strive for delivery of services in a manner that supports socio-economic development. The number of infrastructure projects to be implemented by the department has increased from almost 200 to above 600 in the current financial year. This overstretches the limited human capacity available to the department. The Committee must note that the province does not have the IDT option but we are working with the Provincial Treasury, Office of the Premier in developing an efficient and effective infrastructure delivery model.

The department is also partnering the Department of Education to ensure accessibility and safe transportation of learners. Going forward, this service will be rendered as per the guidelines articulated in the National Learner Transport Policy. The primary objectives of the policy are to provide uniform approach for provision, monitoring and evaluation of learner transport services.

With regard to the provincial roads infrastructure, the department has made a commitment to a timely and effective maintenance and a rehabilitation programme. The MEC reported that the

HOD will articulate the department's massive programme for transport infrastructure, which will include the Municipal Support Programme that will be intensified to focus on improving access to various polling stations in the rural areas. In doing so, the department will remove one factor that discourages high voters turnout.

The department will facilitate the creation of 60 313 work opportunities by the Province through a number of public employment schemes (e.g. Siyatentela), that subscribes to the EPWP principles. She concluded by indicating that the department looks forward to the guidance of the Committee during the implementation of the departmental plans for 2016/17.

5.1 Budget allocation – 2016/17

The Department of Public Works, Roads and Transport has been appropriated a total of R 4 647 031 000.00 for the 2016/17 financial year. Resource allocation for the Department of Public Works, Roads and Transport was informed by the department's mandate and government priorities as set out in the Medium Term Strategic Framework (2015-2020), the NDP, and MEGDP.

5.2 Budget per programme

Budget Allocation R'000	Outcomes 2014/15 R'000	Adjusted Appropriation 2015/16 R'000	Main Appropriation 2016/17 R'000	Growth percentage 2016/17
Administration	227 405	236 998	249 926	5.5%
Public Works Infrastructure	590 618	712 092	834 234	17.2%
Transport Infrastructure	2 369 864	2 318 625	2 356 993	1.7%
Transport Operations	993 908	1 066 165	1 131 319	6.1%
Community Based Programme	59 366	66 169	74 559	12.7%
Total	4 241 161	4 400 049	4 647 031	5.6%

6. Programme Analysis

6.1 Programme 1: Administration

The purpose of this programme is provide the Department with administrative, strategic, financial and corporate support services in order to ensure that it delivers on its mandate in an integrated, efficient and sustainable manner.

Budget Allocation R'000	Main Appropriation 2015/16 R'000	Main Appropriation 2016/17 R'000	Growth percentage 2016/17
Office of the Mec	7 480	8 301	1.5%
Management of the Department	5559	5 913	10.3%
Corporate Support	222 597	235 712	5.5%
Total	236 663	249 926	5.6%

This programme has seen a 5.5% budget increase in the 2016/17 budget from R 236 663 000.00 in 2015/16 to R 249 926 000.00 in 2016/17 financial year, on a year on year growth and it should also be noted that the programme is 5% of the overall budget of R 4 647 000 000.00 in 2016/17 thus allowing a 95% of the funding to be directed to service delivery. The Committee also noted that the APP of the department indicated that they will be filling the critical posts in the 2016/17 financial year especially on technical matters e.g. Artisans, Boilermakers and Mechanics.

On empowering and encouraging employees to develop themselves through education and re-skilling purposes through bursary incentives. The department indicated that the awarding of bursaries is centralized and budgeted for by the Department of Education. The Department of Public Works, Roads and Transport only empowers employees through short-courses and skills development workshops based on employees' personal development plans, which are submitted annually.

6.2 Programme 2: Public Works Infrastructure

The overall objective of this programme is to provide a balanced and equitable provincial government building infrastructure by promoting accessibility that is sustainable, integrated and environmentally sensitive which supports economic development and social empowerment.

Budget Allocation R'000	Adjusted Appropriation 2015/16 R'000	Main Appropriation 2016/17 R'000	Growth percentage 2016/17
Programme Support	4 736	4 088	-13.7%
Design	18 500	79 929	332.0%
Construction	21 940	24 626	12.2%
Maintenance	22 345	27 370	22.5%
Property Management	644 571	698 221	8.3%
Total	712 092	834 234	17.2%

A year on year growth of **17.2%** has been seen from the budget for this programme from **R712 092 000.00** adjusted allocation to **R834 234 000.00** main allocations from 2015/16 to 2016/17 financial year. A total of **R698 221 000.00** out of the total of **R834 234 000.00** appropriated budget for the 2016/17 financial year is allocated to the property management sub-programme, which makes **83.7%** of the total allocated budget for the programme. Furthermore, the programme has seen a budget increase per economic classification on compensation of employees, goods and services as well as transfers and subsidies by **11.1%**, **28.7%** and **5.3%**, **respectively** while payments of capital assets has seen a decrease by **69.9%** for the 2016/17 financial year. The increase in this programmes budget is said to be motivated by the need to address the backlog on building maintenance which will include the Riverside Government complex and other shared buildings as well as improving the province's building infrastructure as set out in the 2015 MTSF.

In the 2015/16 financial year under property management, there was a target of ten (10) leases in respect of office accommodation and there is a target of seven (7) leases in respect of office accommodation while there is a budget increase of 8.3% for the sub-programme. The Committee requested the department to provide clarity as to why the targets decreased when the budget for the sub-programme has increased by 8.3%.

The department indicated that budget allocated to the sub-programme does not only refer to signing of lease agreements for office accommodation. Other activities included in the budget are the maintenance of Riverside Government Complex, tele-communication services, municipal services, payment of rates and taxes and maintenance of VIP accommodation.

6.3 Programme 3: Transport Infrastructure

The overall objective 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.

Budget Allocation R'000	Adjusted Appropriation 2015/16 R'000	Main Appropriation 2016/17 R'000	Growth percentage 2016/17
Programme Support	1 783	1 737	-2.6%
Infrastructure Planning	47 934	67 712	41.3%
Design	49 243	37 188	-24.5%
Construction	1 266 045	1 298 343	2.6%
Maintenance	953 620	952 013	-0.2%
Total	2 318 625	2 356 993	1.7%

The allocation for this programme has seen a budget increase of 1.7% on a year on year growth from R2 318 000 000.00 adjusted budget in 2015/16 to R2 356 000 000.00 in 2016/17. Sub-Programme: Construction takes 55% of the total budget allocated for this programme and has seen a 2.6% increase from 2015/16 to 2016/17 financial year.

According to the APP for the 2016/17 financial year, under infrastructure planning sub-programme, there is an indication of a decrease of a target for number of kilometres of surfaced roads visually assessed as per the applicable TMH manual, from 3500 in the 2015/16 financial year to 2000 in the 2016/17 financial year. However, there is an increase of budget under the sub-programme by 41.2% for 2016/17 financial year. The department was requested to clarify

on why targets have decreased, when the budget for the sub-programme has increased by 41.2%.

The Committee was informed that the target was reduced based on the baseline information from the 2015/16 financial year, where the department was only able to assess 2 495km of gravel roads. The budget increase for the Infrastructure Planning sub-programme also relate to other operational activities such as payment for professional services for coal haulage, the Road Asset Management System (RAMS), the Maintenance Management System (MMS) and training of operators.

6.4 Programme 4: Transport Operations

The overall objective 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, CBOs, NGOs and the private sector in order to enhance the mobility off all communities particularly those currently without or with limited access.

This programme is also responsible for the running the scholar transport services for the province as well as the provincial public transport operations, which includes subsidising bus commuters in the province. In addition, the public transport inspectorate and non-motorised transport services are also housed in this programme.

Budget Allocation R'000	Adjusted Appropriation 2015/16 R'000	Main Appropriation 2016/17 R'000	Growth percentage 2016/17
Programme Support	2 182	3 712	70.1%
Public Transport Services	987 957	1 050 678	6.3%
Transport Safety and Compliance	33 715	41 148	22.0%
Transport Systems	17 260	13 913	-19.4%
Infrastructure Operations	25 051	21 868	-12.7%
Total	1 066 165	1 131 319	6.1%

This programme has seen a budget baseline increase of 6.1% or R65 154 000.00 from the 2015/16 adjusted budget allocation of R1 066 000 000.00 to R1 131 000 000.00 in 2016/17.

The department was required to clarify on why the performance indicators and planned targets have drastically decreased when the budget for the sub-programme has increased by 6.3%. The department indicated that seven (7) performance indicators were removed from the Public Transport Services sub-programme, in line with the Customized Performance Indicators (CPIs) set by the National Department of Transport. The budget increase relates to the escalation in Bus subsidies which is allocated in terms of DORA.

The Committee noted that Sub-programme: Transport Safety and Compliance has seen a 22% increase. The department was required to clarify the increase in the 2016/17 financial year, while it still remained with one (1) performance indicator as similar to that of the 2015/16 financial year. It was indicated that the budget allocated under the sub-programme is not only for 'roadside checks' but include other operational activities such as purchasing of law enforcement vehicles, uniform, firearms and equipment as well as construction of a pounding yard, which are included in the Operational Plan.

During the 2015/16 financial year, the department did not procure 6500 bicycles as planned, however, in 2016/17 financial year only 1000 bicycles will be procured. The department indicated that the target reduction was based on the budget received for the 2016/17 financial year. It was however reported that there is still a great need to provide bicycles to learners; however, due to limited budget allocation, the target had to be revised.

The APP of the department has indicated that the targets of distributing the 1000 bicycles will be done in two folds, where 500 will be distributed on the third quarter and another 500 in the fourth quarter of the financial year; while in the 2015/16 financial year, 6500 bicycles were targeted to be distributed in the first quarter. The Committee enquired on the reasons for the late distribution of bicycles as compared to the previous year. It was then indicated that the department was not able to procure the targeted 6500 bicycles in the 2015/16 financial year due to budget constraints. The department has however allocated budget for the bicycles in the 2016/17 financial year. During the first and second quarter, the beneficiary list will be finalised in order to procure and deliver the bicycles.

6.5 Programme 5: Community Based Programmes

The purpose of this programme is to manage the implementation of programmes and strategies that lead to the development and empowerment of communities and contractors. This includes the provincial management and co-ordination of the Expanded Public Works Programme.

Budget Allocation R'000	Adjusted Appropriation 2015/16 R'000	Main Appropriation 2016/17 R'000	Growth percentage 2016/17
Programme Support	1 918	1 855	-3.3%
Community Development	37 134	40 796	9.9%
Innovation and Empowerment	12 233	16 747	36.9%
EPWP Co-Ordination and Monitoring	14 884	15 161	1.9%
Total	66 169	74 559	12.7%

The total budget for this programme amounts to **R74.559 000.00** for the 2016/17 financial year, which is a **12.7%** increase from the **R 66.169 000.00** allocated for the 2015/16 financial year.

The EPWP integrated grant for provinces amounts to **R 20 500 000.00** which is to be utilised to incentivise the creation of job opportunities within the Province. Thus the department is committed to uproot the communities from the depth of poverty and for them to earn an income while doing productive work to aid in service delivery. To that effect a total of 60 313 work opportunities will be created between 1 April 2016 and 31 March 2017 through the Extended Public Works Programme (EPWP)

The department indicated that the 22% increase on the EPWP incentive grant will be used to identify other public employment schemes. The department was required to share with the Committee strategies in place to identify these other public employment schemes through utilisation of the 22% budget increase. The department indicated that the incentive grant has been increased as a result of an increase in reporting. The increase will be used for implementation of the NYS building maintenance programme.

The APP of the department indicates there is a pronouncement that there will be 60 313 job opportunities created by the department through other public employment schemes that will

utilise the 22% budget increment from EPWP incentive grant. The Committee wanted to know whether the 60 313 target excludes the 18 262 targets indicated the APP under sub-programme community development.

The department indicated that the target of 60 313 EPWP job opportunities includes the target of 18 262 job opportunities. The target of 18 262 refers to job opportunities to be created by the department only whereas the 60 313 is a provincial target.

The APP for 2016/17 of the department indicated that their planned targets for the year on performance indicator. Number of people with disabilities has increased from 1 152 to 1 206 with a budget increase of 1.9%. The department was required to share with the Committee on how possible is it for this targets to be achieved while the department had failed to achieve even half of the planned targets of the 2015/16 financial year. The department indicated that targets for people with disabilities are set by the National Department of Public Works. The targets for people with disabilities have never been achieved but Provinces are still required to report progress on the set targets.

7. FINDINGS

The following are the findings of the deliberations with the department:

- 7.1. The Province has a huge challenge of road maintenance and some roads not accessible.
- 7.2. The department will be filling the critical vacant funded positions during the 2016/17 financial year especially on technical matters.e.g artisans, boilmakers and mechanics
- 7.3. There has been a budget increase of 17.2% in programme Public Works Infrastructure to address the backlog on building maintenance which will include the Riverside Government complex and other shared buildings as well as improving the province's building infrastructure as set out in the 2015 MTSF.
- 7.4. The department does not have a clear strategy or plan on how to reduce the existing infrastructure backlog.
- 7.5. The department plans to procure 1000 bicycles targeted for learners from poor households from the previous financial year as they could not be purchased, due to budget constraints.

- 7.6. The department will create 60 313 EPWP Job Opportunities for the financial year 2016/17 for the entire Province, Which include the target of 18 262 job opportunities for the department.
- 7.7. The road from Mgobodzi to Shongwe Hospital is not accessible and well-constructed

8. RECOMMENDATIONS

The Committee made the following recommendations:

- 8.1. The department must ensure that roads remain suitable for all users by rehabilitating, maintaining and re-gravelling roads that are dilapidated and also ensure that there are officials in place to monitor the work done by contractors.
- 8.2. The department must ensure that critical funded posts are filled within the specified period and also ensure equity in the recruitment process.
- 8.3. The department must ensure that infrastructure projects are completed on time and that there is value for money on the work done by contractors as well as ensure that the budget allocated is spend as planned.
- 8.4. The department must ensure that departments adhere to the Infrastructure Delivery Management System (IDMS) which aim at improving planning, budgeting, procurement, delivery, maintenance, operation, monitoring and evaluation of built infrastructure.
- 8.5. The department must ensure that 1000 bicycles are procured for needy learners in schools during the 2016/17 and that budget is allocated for such, especially for those learners in rural areas.
- 8.6. The department must ensure that 60 313 EPWP job opportunities, including the departmental target of 18 262 job opportunities, are created as planned and that there is equal opportunity for all the citizens.
- 8.7. The department must give priority to roads maintenance and ensure that the road from Mgobodzi to Shongwe Hospital is accessible, provide the progress thereof to the Committee on quarterly basis.

The Committee moves that the House adopts this committee report with the above recommendations and approves the Annual Performance Plan 2016/17; the Strategic Plan

2015/20 and the total budget vote 08 appropriation of R 4 647 031 000 for the 2016/17 financial year.

A progress report must be submitted to the Legislature on or before the 27 May 2016

9. CONCLUSION

The Chairperson would like to acknowledge the Members of the Portfolio Committee for their constructive contributions during the deliberations on the Department of Public Works, Roads and Transport Budget for 2016/17.

The committee also extends a word of appreciation to the MEC, HOD and senior management officials for availing themselves to deliberate on matters pertaining to the department.

The Chairperson would also like to acknowledge the support staff of the committee for the support provided to the committee and in the production of this report.



HON GC SHABALALA

**CHAIRPERSON: PORTFOLIO COMMITTEE
ON PUBLIC WORKS, ROADS AND TRANSPORT;
COMMUNITY SAFETY, SECURITY AND LIAISON**

21/04/16

DATE

Addendum (A)

HOUSE RESOLUTIONS 2015/16

The Department of Public Works, Roads and Transport reported as follows on the progress made on the implementation of the House Resolutions as contained in the 2015/16 Budget Report:

HOUSE RESOLUTIONS	CURRENT SITUATION AT 31 MARCH 2016
<p>9.1 The Province inherited a huge backlog of roads infrastructure as well as a large amount of roads that were dilapidated and not in a good condition. Many communities lack access to main road networks and therefore were prohibited from full social integration with the remainder of South African society</p>	<ul style="list-style-type: none"> ▪ By the end of March 2016, the Department spent R472 000.00 on road maintenance and R 1,160 billion on construction. ▪ The Department rehabilitated 137 lane-km of surfaced roads, resealed 828 016m² of surfaced roads, regavelled 851km of gravel roads, patched 182 675m² of potholes and bladed 28 078km of gravel roads.
<p>9.2 There is illegal and uncontrolled access of heavy loaded vehicles. The above scenario, alongside many other factors, continues to exert pressure that is way beyond the bearing capacity of roads infrastructure. On the other side, government continues to pay out huge amounts in compensation on legal claims for pothole damages.</p>	<ul style="list-style-type: none"> ▪ There are overloading control centres along main corridors. The Traffic Management unit within the Department of Community Safety, Security and Liaison is monitoring compliance in terms of law enforcement. ▪ The construction of Bethal Weighbridge has been completed. ▪ In addition a Freight Databank is available on the Departmental website to assist planners/ policy makers/ researchers to track the movement of freight through specific corridors. This tool is updated every five years and the next cycle of updating is planned for 2016/17.

9.3 The department's maintenance of social infrastructure does not enjoy the level of priority commensurate to ensure a sustainable and reliable service. The reasons for this are linked to limited budget allocations and lack implementation of policy for maintenance

- A total of R95 000.00 was made available for building maintenance in 2015/16. The budget was used to maintain the 9 shared office buildings i.e. RGC, Anderson St in Mbombela, Louville in Ehlanzeni, Kwamhlanga, Siyabuswa and Piet Koornhof Buildings in Nkangala and the Batho Pele, Elukwatini and Jerry van Vuuren Buildings in Gert Sibande district.
- Minimum requirements for technical staff to conduct condition assessment of buildings was developed. A total of 27 officials managed to complete their formal training to conduct condition assessment.

9.4 It is envisaged that the appointment of the Chief Procurement Officer at Treasury will strengthen government's commitment in fighting fraud and corruption.

- All public entities are now required to align their procurement policies and publish their tenders on the eTender portal and Provincial Tender bulletin with the introduction of the Central Supplier Database. This electronic system will ensure that suppliers are rotated in line with the Constitutional principle of fairness and further prevent the abuse of the procurement processes.
- Provincial Treasury and the Office of the Premier have been given the responsibility to conduct a thorough assessment of the pricing and service models of service providers to ensure that government is not paying inflated rates.

9.5 To ensure the realization of key policy decisions, the department will focus on the following during the 2015/16 financial year: Fiscal discipline is required to deal with the current constraints. Efficiencies will need to be improved going forward. Adherence to stringent cost curtailment measures is non-negotiable. Revised spending plans across the whole

- The Department spent 99.8% of its budget by end of March 2016.
- Cost curtailment measures for the 2015/16 financial year were implemented to reduce spending on non-core areas.
- The rationalisation process for SMS level was finalised during the 2015/16 financial year whilst level 1-12 is planned for 2016/17 financial year.

<p>Department, aimed at greater efficiency, reduced waste and an improve composition of spending. A consolidation of the department's personnel numbers</p>	
<p>9.6 The department plans to procure 6500 bicycles targeting at learners from poor households who walk between 3km and 5km from home to the nearest school who therefore don't qualify for school transport as per the school transport policy.</p>	<ul style="list-style-type: none"> ▪ The Department of Education identifies beneficiaries and creates a list from which qualifying beneficiaries are drawn in line with the set criteria. The two departments verify the beneficiaries from the lists and come up with the final list/ target. ▪ A departmental monitoring team is tasked with verification of bicycles that have already been donated. The contents of the memorandum of agreement entered into between the Department of Education and the Department of Public Works, Roads and Transport concerning the issues around maintenance of the bicycles are discussed during verification sessions. ▪ Schools are also required to sign agreements upon receipt of the bicycles to maintain the bicycles.
<p>9.7 The department is targeting to have all planned projects completed within the agreed period and budget in the 2015/16 financial year.</p>	<ul style="list-style-type: none"> ▪ In terms of the IDMS, Departments are suppose the provide their infrastructure plans 2 years in advance. ▪ Several infrastructure governance structures have been put in place to enhance oversight on the delivery of building infrastructure (e.g. PPICC, Monthly POMM, JOC meetings, etc). ▪ The Provincial Treasury is tasked with championing implementation of IDMS. DPWRT has done several institutional re-arrangements in preparation for full implementation of the system.

