

REPORT OF THE PORTFOLIO COMMITTEE ON PUBLIC WORKS, ROADS AND TRANSPORT AND COMMUNITY SAFETY, SECURITY AND LIAISON

FIRST QUARTERLY PERFORMANCE REPORT FOR 2016/2017 FINANCIAL YEAR OF THE DEPARTMENT OF PUBLIC WORKS, ROADS AND TRANSPORT

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 Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature (the Rules), 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 First (1st) Quarterly Performance Report for 2016/2017 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 monitor the budget allocated to the department for the 2016/2017 financial year.

2. METHOD OF WORK

The Speaker of the Legislature referred the 1st Quarterly Performance Report for 2016/2017 to the Committee for deliberations and report back to the House, in accordance with Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature.

The Committee sort to determine whether the department executed its mandate in terms of its Annual Performance Plan (APP) and if there was value for money. The Committee met with the department on 30 August 2016 to deliberate on the department's 1st quarterly

Performance Report for 2016/2017 financial year. The Committee considered the draft Committee Report on the 2016/2017 on 07 September 2016.

3. BRIEF OUTLINE ON STRATEGIC GOALS AND OBJECTIVES

3.1. Outcome Oriented Goals

The department is directly linked to **Outcome 6** which states "an efficient, competitive and responsive economic infrastructure network". **Outcome 6** is linked to eight outputs, namely:

- Output 1 Improving competition and regulation
- Output 2 Ensure reliable generation, distribution and transmission of electricity
- Output 3 Ensure the maintenance and strategic expansion of our road and rail network and the operational efficiency, capacity and competitiveness of our sea ports
- Output 4 Maintenance and supply of availability of our bulk water infrastructure
- Output 5 Communication and information technology
- Output 6 Develop a set of operational indicators for each segment

4. OBERVATIONS AND COMMENTS

The department has a budget allocation of R4 647 031 000.00 for the 2016/17 financial year. The total expenditure of the department at the end of the 1st quarter of the 2016/17 amounted to R1 089 613 000.00, which is 23.4%. The expenditure is below the benchmark norm by 1.6%. The spending pattern per Programme indicates the highest expenditure is in Programme 4 at 28.5%.

4.1. Programme 1: Administration

The Table 1 below illustrates that programme 1 had five (5) planned targets and the department only managed to achieve two (2) targets (**40%**). Furthermore, the department

has indicated that it has overachieved on the collection of revenue by R300 000.00 due to the interest accrued on its bank balance.

Table 1: Planned targets & achieved targets vs spending

Sub-programme	Performance Indicator	Planned	Achieved	Deviation	Spending Pattern
Corporate Support	Percentage of performance agreements signed	100% (3400)	99.7% (3275 out of 3285)	0.3% (10)	
	% of Invoice received & paid within 30 days	100%	78%	22%	
	Total amount of revenue collected	R5 700 000	R 6 000 000	None	
	Value of infrastructure contracts awarded to HDI contractors expressed as a percentage of the total value of contracts awarded	60%	65%	None	
	Value of infrastructure contracts awarded to WOE's expressed as a percentage of the total value of contracts awarded	35%	17%	18%	25.3%

The department has been allocated a budget amounting to R249 926 000.00 and managed to utilise R63 108 000.00 which in overall translate to 25.3%.

On the sub-programmes, it is noted that the department materially under-spent its budget on Office of the MEC and Management of the department by 9.1% and 8.2% respectively. While sub-programme corporate support has immaterially over-spent its budget by 0.8%.

Table 2 below indicates that three (3) targets have not been achieved whilst the budget for the quarter has been over-spent.

Table 2: Financial performance of sub-programme 1

R Thousands	Allocated Budget 2016/17	Actual to the end of Jun 2016	Outcome as % Budget
Sub-Programme			
Office of MEC	8 301	1 321	15.9%
Management of the Department	5 913	995	16.8%
Corporate Support	235 712	60 792	25.8%
TOTAL	249 926	63 108	25.3%
Economic Classification:			
Compensation of employees	174 146	41 688	23.9%
Goods and services	72 279	21 092	29.2%
Total transfers and subsidies	2 024	232	11.5%
Payments for capital assets	1 477	96	0.0%
Total	249 926	63 108	25.3%

The department was requested to provide the list of the ten (10) officials who did not comply with signing of the performance agreement and the corrective measures taken against the officials. The department reported that letters were written to the heads of the relevant sections and three (3) officials have since submitted their performance agreements.

With regard to the reason for the deviation on awarding contracts to woman owned enterprise (WOEs), the department indicated that the indicator was revised from the previous financial year, where the department only measured contracts awarded for building infrastructure projects. Currently, the department measures all infrastructure projects including transport and road infrastructure. The value of contracts for roads infrastructure projects were high and no responsive bids were received from Women Owned Enterprises thus resulting in lower percentage achieved.

4.2. Programme 2: Public Works Infrastructure

The programme has seven (7) planned targets and only one (1) target was achieved.

Table 3: Planned and achieved targets vs spending

Sub-programme	Client Department	Planned	Achieved	Deviation	Spending Patten
Design	Total	363	305	58	
No of infrastructure designs ready for tender	DoE	352	301	51	5.4%
	DoH	6	3	3	
	DSD	5	1	4	
	Total	152	89	63	
Construction	Total	152	89	63	
No of capital infrastructure projects completed	DoE	126	78	48	23.4%
	DoH	22	11	11	
	DCSSL	1	0	1	
	DCSR	3	0	3	
	Total	152	69	83	
No of capital infrastructure projects completed within agreed time period	Total	152	69	83	
	DoE	126	60	66	
	DoH	22	09	13	
	DCSSL	1	0	1	
	DCSR	3	0	3	
No of capital infrastructure projects completed within agreed budget	Total	152	87	65	
	DoE	126	76	50	
	DoH	22	11	11	

	DCSSL	1	0	1	
	DCSR	3	0	3	
Property Management					
No of immovable assets verified in the Assets register(IAR)		120	120	None	
No of conditional assessments conducted on state-owned buildings		20	15	05	21.8%
No of kilowatts saved to reduce energy usage for building portfolio		2 000 000	0	2 000 000	

The department was allocated a budget of R834 234 000.00 for programme 2 and managed to utilise an amount of R167 445 000.00, which translates to 20.1% for the 1st quarter for the 2016/17 financial year.

Table 4: Financial performance of sub-programme 2

R Thousands	Allocated Budget 2016/17	Actual to the end of Jun 2016	Outcome as % Budget
Sub-Programme			
Programme Support	4 088	958	23.4%
Design Public Works	79 929	4 331	5.4%
Construction Public Works	24 626	5 753	23.4%
Maintenance Public Works	27 370	4 149	15.2%
Property Management	698221	152254	21.8%
TOTAL	834 234	167 445	20.1%
Economic Classification:			
Compensation of Employees	299 374	67 193	22.4%
Goods and Services	402 019	90 818	22.6%
Total Transfers and Subsidies	131 048	9 365	7.1%
Payments For Capital Assets	1 793	69	0.0%
Total	834 234	167 445	20.1%

The following was noted with regard to planned targets and spending performance:

4.2.1. Design

The department did not achieve its planned targets for the sub-programme design. It has planned to have 363 designs ready for tender in the 1st quarter but only 305 planned designs are said to have been achieved by the department leaving the balance of 58 designs unachieved. There is no correlation between the achieved and unachieved targets against the spending of the sub-programme.

The Committee noted that there were 58 designs not achieved as planned and the department indicated the following reasons:

- Seven (7) designs cancelled as the schools already have toilets.

The department explain that the DPWRT usually relies on the need analysis performed by the Department of Education for target setting. The seven (7) projects listed were erroneously included on the plans.

- Eight (8) the planning duration was extended as the projects are now only for planning and design in the 2016/17 financial year.

The department reported that more extensive and detailed investigations were required on the projects; hence the first quarter targets could not be realized.

- 23 designs are behind schedule since the principal agent declined the appointment.

It was indicated that the Principal Agent declined the appointment due to commitments in other Provinces and therefore could not be able to deliver on the projects allocated to them by the Department.

- 16 Designs required for electrical upgrade are behind schedule.

The department indicated that the appointments of electrical term-contractors were delayed by the department.

- There are no reasons provided for the remaining four (4) designs not completed.

4.2.2. Construction

The department planned to complete 152 capital infrastructure projects in the 1st quarter and only 89 were achieved. 63 designs were not achieved as planned and the department indicated the following reasons:

DoE (126 targets planned and only 78achieved)

- Tekwane North SS – Non availability of services i.e. electricity, water, and sewer.
- Trichardsfontein PS – outstanding works, electricity connection and identified snag items.

- Derby PS – The project was withdrawn as the school is located in a farm.
- 5 sanitation schools projects behind schedule (DG Mashego, Emoneni, Magodongo, Tabane and Thekiso schools).
- 15 storm damaged projects were withdrawn for connection in 2016/17 financial year due to insufficient Budget.
- 17 storm damaged projects are behind schedule as they were awarded for a longer duration.
- Nine (9) projects are still under procurement.
- Three (3) projects have not yet been awarded (Thabana, Mareheng & Vezimfundo schools).

DOH (22 targets planned and 11 achieved)

- Eight (8) rehabilitation renovation and repair projects were not completed as they were awarded later than planned and for longer duration.
- Two (2) projects (Allenmanskop B clinic and Anderson Street- Ehlanzeni district office) was affected by non- payment.
- One (1) project (boiler installation at Standerton Hospital was completed ahead of schedule.

DCSR (three (3) targets planned and none achieved)

- Acornhoek Library – was delayed due to late delivery of materials and payments.
- Mgobodzi Library – works was delayed due to a dispute between the main and subcontractor overpayments.
- Thusville Library – is behind schedule due to outstanding electrical works.

DCSSL (one (1) target planned and none achieved)

- The Traffic college phase 2D (Civil Works) is behind schedule.

4.2.3. Property Management

The department planned three (3) targets for the 1st quarter but only one (1) was achieved at a spending of 21.8%. It was indicated that the reason for not achieving the five (5) outstanding state owned- buildings was because monitoring was being provided for the pilot projects as part of practical training to conduct conditional assessment.

Furthermore, the department planned a number of 2000 000 kilowatts saved to reduce energy usage for building portfolio and this target was not achieved as because the supplier delayed in the delivery of the required material.

4.3. Programme 3: Transport Infrastructure

The department, had six (6) planned targets and the department managed to achieve two (2) or 33% planned targets as per APP for the quarter under review and was allocated a budget of R 2 356 993 000.00.

Table 5: Planned and achieved targets vs spending

Sub-programme		Planned	Achieved	Deviation	Spending Pattern
Design Roads	No of infrastructure designs ready for tender	1	0	1	45.5%
Construction Roads	No of kilometres of gravel roads upgraded to surfaced roads	19	2	17	26.2%
	No of lane –km of surfaced roads rehabilitated (No of square metres of surfaced roads rehabilitated)	21 (90 300)	35 (150 500)	14 (60 200)	
Maintenance Roads	No of kilometres of gravel roads re-gravelled	15	0	15	16.1%
	No of square meters of blacktop patching	14 574	28 078	13 504	
	No of kilometres of gravel roads bladed	5 050	4 943	107	

Table 5.1 Financial Performance of sub-programme 3

R Thousands	Allocated Budget 2016/17	Actual to the end of Jun 2016	Outcome as % Budget
Sub-Programme			
Programme Support	1 737	412	23.7%
Infrastructure Planning	67 712	15 375	22.7%
Design Roads	37 188	16 919	45.5%
Construction Roads	1 298 343	340 415	26.2%
Maintenance Roads	952013	153294	16.1%
TOTAL	2 356 993	526 415	22.3%
Economic Classification:			
Compensation of Employees	400 000	94 147	23.5%
Goods and Services	655 998	93 800	14.3%
Total transfers and Subsidies	10 098	1 243	12.3%
Payments for Capital Assets	1 290 887	337 225	0.0%
Total	2 356 983	526 415	22.3%

Out of the total allocated budget, the department managed to utilise R 526 415 000.00, which translates to 22.3% for the 1st quarter of 2016/17 financial year.

4.3.1. Design Roads

The department planned to design one road for the quarter under review, which were not achieved due to a delay in the appointment of the consultant. There is no correlation between the budget spent for the sub-programme and target performance.

4.3.2. Construction Roads

The department planned one (1) target for the sub-programme, which was not achieved. The following are reasons for non- achievement:

- There were two (2) gravel roads to be upgraded to surfaced roads in the 1st quarter, however, there was non-achievement due to:
 - o Access road D3968 between R40 junction and Merry Pebble is behind schedule due to budgetary constrains.
 - o There is no reason for the other project.

4.3.3. Maintenance Roads

Two (2) targets were planned for this sub-programme and only one (1) target was achieved. The department planned to improve the provincial road network by rehabilitated surfaced roads, the planned lane-km for the 1st quarter is 21km and 35km was achieved. The department reported that part of the total progress on rehabilitation was carried over from 2015/16.

4.4. Programme 4: Transport Operations

The programme had six (6) planned targets and the department has managed to implement only five (5) or 83% of its planned targets. The department was allocated a budget of R1 131 319 000.00 and managed to utilise an amount of R322 446 000.00, which translate to 28.5% for the 1st quarter for the 2016/17 financial year

Table 6: Planned and achieved targets vs spending

Sub-programme			Planned	Achieved	Deviation	Spending Patten
Public Transport	No of kilometres subsidised		6 692 235	6 718 107	+25 872	
Operations	No of trips subsidised		205 304	208 427	+3 123	

	No of scholar transport routes monitored	341	341	-	28.9%
Transport Safety and Compliance	No of roadside checks conducted	642	714	+72	28.9%
Transport System	No of PRE hearings conducted	12	15	+3	20.5%
Infrastructure Operations	No of projects completed	1	0	0	16.7%

The department has materially spent its budget above treasury benchmark norm by 3.5%.

Table 6.1 Financial Performance of sub-programme 4

R Thousands	Allocated Budget 2016/17	Actual to the end of Jun 2016	Outcome as % Budget
Sub-Programme			
Programme Support	3 712	515	13.9%
Public Transport Operations	1 050 678	303 541	28.9%
Transport Safety and Compliance	41 148	11 873	28.9%
Transport Systems	13 913	2 855	20.5%
Infrastructure Operations	21868	3662	16.7%
TOTAL	1 131 319	322 446	28.5%
Economic Classification:			
Compensation of Employees	66 745	15 920	23.9%
Goods and Services	414 498	147 701	35.6%
Total Transfers and Subsidies	575 732	137 751	23.9%
Payments for Capital Assets	74 344	21 074	0.0%
Total	1 131 319	322 446	28.5%

The Committee requested the department to explain the status regarding the Marite foot-bridge project, since the revised completion date was 30 July 2016. The department reported that the project was at 100% completion.

4.5. Programme 5: Community Based Programme

The programme had ten (10) planned targets for the 1st quarter of the 2016/17 financial year. However the department did not report on this programme due to lack of figures. The department has constantly indicated that it takes 3 months for the National Department of Public Works, Road and Transport to publish validated figures.

Table 7: Planned and achieved targets vs spending

Sub-programme	Planned	Achieved	Deviation	Spending Patten
Community Development	No of EPWP opportunities created by the provincial DPWRT	2 009		10.9%
	No of full time equivalents (FTEs) created by the DPWRT	655	Figures not yet validated by the National Department of Public Works,	
Innovation and Empowerment	No of Beneficiary empowered interventions	3		
	No of public bodies reporting on EPWP targets within the province	31		
EPWP Co-ordination & monitoring	No of Interventions implemented to support public in the creation of targeted number of work opportunities in the province	4		Roads and Transport.
	No of jobs created	6 334		
	No of full time equivalents (FTEs)	2 603		22.6%
	No of youths employed (18-35)	3 649		
No of women employed	3 649			
No of people with disabilities	133			

The department was allocated a budget of R74 559 000.00 and R 10 199 000.00 was utilised, translating to 13.7% expenditure for the 1st quarter of the financial year.

Table 7.1 Financial Performance of sub-programme 3

R Thousands	Allocated Budget 2016/17	Actual to the end of Jun 2016	Outcome as % Budget
Sub-Programme			
Programme Support	1 855	495	26.7%
Community Development	40 796	4 436	10.9%
Innovation and Empowerment	16 747	1 844	11.0%
EPWP Co-Ordination and monitoring	15 161	3 424	22.6%
TOTAL	74 559	10 199	13.7%
Economic Classification:			
Compensation of Employees	32 975	6 637	20.1%
Goods and Services	40 885	3 562	8.7%
Total Transfers and Subsidies	699	-	0.0%
Payments for Capital Assets		-	0.0%
Total	74 559	10 199	13.7%

Community development and innovation & empowerment sub-programme materially underspent its budget by 14.1% and 14% respectively. Although the department has indicated that there are no validated figures to report on, the financial performance does not

indicate that targets have been achieved. EPWP co-ordination and monitoring sub-programme have under spent by 2.4%.

5. FINDINGS

The Committee made the following findings:

- 5.1. Most of the planned targets for the 1st quarter were not achieved, however, fund allocated to the targets were spent.
- 5.2. Seven (7) officials did not comply with signing of Annual Performance Agreements.
- 5.3. The department does not comply with the standard for payment of invoices within 30 days.
- 5.4. The department did not achieve some of the planned targets under Programme 2 and the budget for those targets that were not achieved was spent on paying accruals for the 2015/16 financial year.

6. RECOMMENDATIONS

The Committee made the following recommendations:

- 6.1. Targets must be implemented within a specified timeframe and the budget must be spent accordingly in all programmes.
- 6.2. The department must ensure that the all officials comply with the Performance Management policy and ensure that consequence management is applied on officials who do not comply.
- 6.3. The department must ensure that all received and verified invoices are paid within the 30 days of receipt.
- 6.4. The department must find a mechanism of addressing continual increase of accruals and ensure that services are not affected by services the accruals within the department. The plan must be submitted to the Committee.

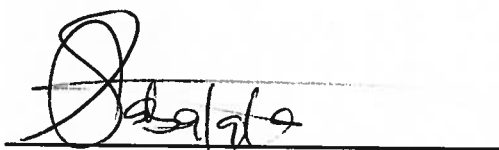
7. CONCLUSION

The Chairperson takes this opportunity to thank the Members of the Portfolio Committee for their active participation and constructive contributions during the deliberations on the Department of Public Works, Roads and Transport 1st Quarterly Performance Report for the 2016/2017 financial year.

In addition, the Chairperson extends a word of thanks to the HOD and senior management officials for availing themselves to deliberate on matters pertaining to the department.

The Chairperson would also like to thank the support staff for contributing to the production of this report. The Portfolio Committee tables this report to the House for adoption with its recommendations.

The department should provide the Committee with a progress report on the implementation of House Resolutions not later than the 30 September 2016.



HON GC SHABALALA

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

08/09/2016
DATE