

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

**SECOND QUARTERLY PERFORMANCE REPORT FOR 2014/15 OF THE  
DEPARTMENT OF PUBLIC WORKS, ROADS AND TRANSPORT (VOTE 08)**

## **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 218 and 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 Second Quarterly Performance Report for 2014/15 of the department is the tool used by the Committee 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 2014/15 financial year.

## **2. METHOD OF WORK**

The Honourable Speaker of the Legislature referred the Second Quarterly Performance Report for 2014/15 to the Committee for deliberations and report back to the House, in accordance with Rule 218 and Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature.

The Committee was briefed by the Research Section on the overall performance of the department for the period July – September 2014 compared to the strategic objectives as reflected in the Annual Performance Plan (APP) for the 2014/15 financial year. The Committee

wanted to determine whether the department executed its mandate in terms of its APP and if there was value for money. The Research Section briefed the Committee on the Second Quarterly Performance Report for the 2014/15 financial year on 11 March 2015. The Committee met with the department on 24 March 2015 to deliberate on the department's Second Quarterly Performance Report for 2014/15. The Committee considered the draft Committee Report on the Budget 2014/15 Vote 08 on 31 March 2015.

### **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

#### **3.2. Millennium Development Goals (MDGs)**

The department has a responsibility towards the realising of the following goals:

- Goal 1 Eradication of extreme poverty and hunger
- Goal 2 Promotion of gender equality and women empowerment
- Goal 3 Combat HIV/Aids, malaria and other diseases
- Goal 4 Develop Global Partnership for development

#### 4. OVERVIEW BY THE MEC

The MEC, Hon DG Nhlengethwa, gave a brief overview of the department's performance for the period under review. The MEC made the following remarks:

- The MEC welcomed the insightful research analysis provided to the department that are meant to improve the department's systems and to ensure maximum service delivery.
- The department is determined in ensuring that all service providers are paid within the 30 days stipulation.
- The department is determined to improve the condition of the roads in the province. To date, 42 000 square meters black top patching, including fixing of potholes, was executed and 9km of gravel roads were upgraded to surface road.
- The department is still faced with challenges of poor workmanship and poor quality material used by contractors in the construction of projects. However, the department strengthened its monitoring system and implemented harsh penalties to non-complying contractors; and in some instances, some contractors' services have been terminated.
- Transport is the heartbeat of the economy; and without transport workers, learners and suppliers will not be able to carry out their daily activities. The department is committed to ensure that the vehicles that transport workers and learners are roadworthy.
- To strengthen road safety, the department continues to conduct joint operations with other law enforcement agencies. To date 574 public transport roadblocks were conducted in this regard.
- The department held an EPWP summit with relevant stakeholders. Emanating from the engagement a Protocol Agreement has been entered into whereby all stakeholders committed themselves to achieve the EPWP job opportunity targets for the 2014/15 financial year. The figures submitted to the National Department of Public Works for verification indicate that the department will exceed the number of 51 000 job opportunities by the end of the financial year.

## 5. PROGRESS REPORT ON THE IMPLEMENTATION OF HOUSE RESOLUTIONS: FIRST QUARTERLY PERFORMANCE REPORT FOR 2014/15

The department submitted its progress report on the First Quarterly Performance for 2014/15; however, it was not submitted in time to be analyzed. The documentation will be analyzed by the researcher and if there is a need to meet with the department a meeting will be convened.

## 6. OBSERVATIONS AND COMMENTS

The Head of Department (HOD) made a presentation to the Committee on the department's Second Quarterly Performance Report for the 2014/15 financial year.

## 7. ANALYSIS OF THE SECOND QUARTERLY PERFORMANCE REPORT FOR 2014/15

### 7.1. SUMMARY OF THE SECOND QUARTERLY PERFORMANCE REPORT

The department of Public Works Roads and Transport received a total appropriation of R4 193 637 000.00 for the 2014/15 financial year. Total actual expenditure as at the end of the second quarter of 2014/15 financial year amounted to R2 109 005.00 or 50% of the department's main appropriation.

**Table 1** below is a summary of actual expenditure per programme for the period under review.

**Table 2** below is a summary of expenditure per Economic Classification for the period under review.

**Table 1: 2014/15 Actual Expenditure per Programme for the period under review**

Budget Allocation	Annual Budget Amount	Actual Expenditure 2 <sup>nd</sup> Quarter	Cash Flow Projections Amount 2 <sup>nd</sup> Quarter	% Spent
R'000				
Administration	238.324	119.185	123.441	50%
Public Works Infrastructure	633.057	287.733	325.774	45%
Transport Infrastructure	2.196.807	1.172.146	968.476	53%
Transport Operations	1.071.622	500.996	542.304	47%
Community Based Programme	53.827	28.945	26.816	54%
<b>TOTAL</b>	<b>4.193.637</b>	<b>2.109.005</b>	<b>1.986.811</b>	<b>50%</b>

**Table 2: 2014/15 Actual Expenditure per Economic classification for the period under review**

Budget Allocation	Annual Budget Amount	Actual Expenditure 2 <sup>nd</sup> Quarter	Cash Flow Projections Amount 2 <sup>nd</sup> Quarter	% Spent
R'000				
Compensation of Employees	893.403	430.616	445.568	48%
Goods and Services	1.518.782	645.570	681.052	43%
Transfers and Subsidies	642.247	330.939	315.086	52%
Payments for Capital Assets	1.139.205	701.880	545.105	62%
<b>TOTAL</b>	<b>4.193.637</b>	<b>2.109.005</b>	<b>1.986.811</b>	<b>50%</b>

**7.1.1. General and factual observations from the department's second performance report and comparative analysis**

- 7.1.1.1. Out of a total of 51 planned targets planned for the second quarter of the 2014/15 financial year, the department has achieved 26 or 51% and 49% or 25 targets were not achieved.
- 7.1.1.2. Out of a cumulative total of 89 planned targets for both the first and second quarter of the 2014/14 financial year, the department has achieved 48 or 54% of the planned targets; and 41 or 46% of the planned targets for the first half of the financial year were not achieved.
- 7.1.1.3. Out of a total of 48 planned targets for the second quarter of the 2013/14 financial year, the department achieved 31 or 65% of the planned targets; and 17 or 35% of those targets were not achieved in the second quarter.
- 7.1.1.4. Out of 89 targets planned for the 2012/13 financial year, only 45 or 51% of those targets were achieved; and 44 or 49% of the planned targets were not achieved.
- 7.1.1.5. Out of a total of 57 targets planned for the 2013/14 financial year, the department achieved 31 or 54%.

**The Committee noted the following on the general performance of the department in the Second Quarter:**

- a. There is an over-commitment on Programme 3: Transport Infrastructure due to insufficient funds allocated in the 2014/15 budget to implement multi-year roads infrastructure projects.
- b. In order to address the budget deficit the department developed detailed implementation plans at programme level to ensure the achievement of targets. However, challenges such as the delays in the filling of funded vacant posts, revision of project lists, labour unrests and inclement weather resulted in the department not achieving 100% of its planned targets.
- c. A number of reforms have been introduced in recent years to improve the overall performance of the department; some of these reforms are:
  - o Adjustment of the APP to accommodate accruals.
  - o Development of acceleration plans where necessary.
  - o Establishment of various governance structures.
  - o Development of a Performance Information Plan.
  - o Adoption of the Infrastructure Delivery Management System (IDMS).
  - o Performance audit by the Internal Audit unit.

Notwithstanding the afore-mentioned reforms, it was noted that matters such as the revision of project lists, labour unrest and inclement weather are difficult to pre-empt; and that it continues to impact on the full implementation of the planned targets.

- d. Critical posts were filled in order to increase internal capacity on programme implementation, reporting and performance management.
- e. In order to improve performance, specific systems and monitoring tools have been developed. The following was noted:
  - o Performance reviews are conducted on a monthly and quarterly basis.
  - o Programme performance is a standing item in the agendas of MANCO, the Audit Committee and sectional meetings.
  - o Project implementation is discussed at various infrastructure governance structures (e.g. PPICC, JOC, POMM).
  - o Corrective actions and acceleration plans have been developed to improve performance during the remainder of the financial year.
  - o Standard Operating Procedures (SOPs) for building infrastructure have been developed.

## **7.1.2. ANALYSIS PER PROGRAMME**

### **PROGRAMME 1: ADMINISTRATION**

#### **Programme purpose and budget allocation**

**The purpose of this programme is to 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.**

**Programme 1** has achieved 57% or 4 out of the 7 planned targets for the second quarter of the 2014/15 financial year. During the same period under review in 2013/14 financial year, the programme achieved 50% or 3 out of the 6 planned targets for the quarter. As at the end of the 2013/14 financial year, the department achieved 9 out of 10 planned targets or 90% for Programme 1.

The total appropriated budget for the 2014/15 financial amounts to R238 324 000.00 and as at the end of the second quarter of the 2014/15 financial year, actual expenditure amounts R119 185 000.00 or 50%.

#### **The Committee noted the following on Programme 1:**

- a. The Committee commended the department on its appointment of 2.2% of Persons with Disabilities in the department; this achievement is beyond the set target of 2%.
- b. The Committee commended the department on the 100% of payment of invoices within the stipulated 30 days period.
- c. The Committee expressed concern on the fact that only 97% of the performance agreements were signed by officials; and the Committee wanted clarity on the reasons for this irregularity since the signing of agreements is compulsory.

It was reported that 60 out of 3610 officials did not sign their performance agreements by the end of the second quarter; and that these officials are all on level 6 – 12. It was indicated that letters were written to these officials in terms of the Provincial

Performance Management and Development Policy Framework; giving them three days to respond to the non-compliance. It is envisaged that disciplinary steps are to be taken if these officials do not respond accordingly.

## **PROGRAMME 2: PUBLIC WORKS INFRASTRUCTURE**

### **Programme purpose and budget allocation**

**This programme is responsible 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.**

**Programme 2** has achieved 50% or 7 out of its 14 targets planned for the second quarter of the 2014/15 financial year. During the same period in the 2013/14 financial year, this programme achieved 67% or 8 out of 12 planned for the second quarter. Out of the total appropriation of R633 057 000.00 for the 2014/15 financial year, actual expenditure as at the end of the second quarter amounted to R287 733 000.00 which is 45% of the total budget.

### **The Committee noted the following on Programme 2:**

- a. The department did not achieve 7 of the 14 the planned targets. It was claimed that performance on the outstanding projects could not be evaluated because the projects were still under construction. The Committee wanted clarity on the reasons for these delays.

It was reported that the targeted projects were not completed by the end of the second quarter due to challenges experienced in the slow progress by contractors, payment delays, termination of contractors; poor quality material used and site-related issues.

- b. The Committee wanted to ascertain why the target for the number of condition assessments conducted on state owned buildings could not be achieved.



The department was requested to fund its budget shortfall from this Programme. It was decided to divert some of the funds from the 'condition assessment budget' target and therefore delay the appointment of the service provider who will conduct the assessment, to be only appointed in the next financial year. The funds taken from this target was used under Programme 3: Transport Infrastructure for the upgrading of gravel roads to surfaced roads. The challenge was that the projects in Programme 3 were multi-year projects; that already commenced in the 2013/14 financial year. These projects were ongoing in the 2014/15 financial year and, in order to ensure the continuation of these projects, their budgets had to be augmented from within the department since funding for these specific projects were insufficient in the current budget.

### **PROGRAMME 3: TRANSPORT INFRASTRUCTURE**

#### **Programme purpose and budget allocation**

**The purpose of the 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.**

**Programme 3** has achieved 29% or 2 out of its 7 planned targets for the second quarter of the 2014/15 financial year. For the same period under review in the 2013/14 financial year, this programme achieved 71% or 5 out of the 7 planned targets.

Actual expenditure for this programme amounted to R1 172 146 000.00 or 53% out of the total appropriation of R2 196 807 000.00 for the second quarter of the 2014/15 financial year.

#### **The Committee noted the following on Programme 3:**

- a. The department did not achieve the target on the number of kilometres of gravel roads upgraded to surfaced roads. The reason provided is the budget shortfall of R193 000 000.00 on the multi-year projects; and the Committee wanted clarity on this matter.

The department had to utilise some of its allocated budget to off-set the budgetary constraints experienced in the department. These budgetary constraints arose due to insufficient funds received for multi-year road infrastructure projects. Provincial Treasury was already aware at the beginning of the financial year that the allocated budget for the multi-year road infrastructure projects was insufficient. The budget shortage was discussed at both MTEC 1 and 2. Arising from this the department engaged in a reprioritisation exercise where some critical projects were funded.

#### **PROGRAMME 4: TRANSPORT OPERATIONS**

##### **Programme purpose and budget allocation**

**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, 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 of the scholar transport services for the province as well as the provincial public transport operations.**

**Programme 4 has achieved 92% or 12 out of its 13 planned targets for the second quarter of the 2014/15 financial year. In the same period during the 2013/14 financial year, this programme achieved 100% or 15 out of its 15 planned targets. Actual expenditure for this programme as at the end of the second quarter amounts to R500 996 000.00 out of R1 071 622 000.00 allocated to this programme for the 2014/15 financial year; and the actual expenditure accounts for 47% of the total appropriated budget.**

##### **The Committee noted the following on Programme 4:**

- a. The only target not achieved in this programme relates to the number of learners transported by the scholar transport due to reconfiguration of routes and unavailability of the service. The department has indicated that penalties were implemented against operators who did not render the services as per their contracts.

It was further noted that the reconfiguration of routes *per se*, does not impact negatively on learners.

Routes are reconfigured based on the number of learners that are eligible for scholar transport in a specific area. The number of learners fluctuates based on the school intake per academic year. This has an impact on the number and/or type of vehicle(s) required for the transport, hence the reconfiguration of routes. The closure of schools and construction of new boarding schools also requires reconfiguration of routes. The reconfiguration is done in conjunction with the Department of Education.

It was also reported that the reconfiguration of routes does not require additional funding. The number of vehicles required in one area either increase or reduce as per the situation. Service providers are notified and their contracts are amended accordingly.

- b. Regular meetings are held with the operators to ensure compliance to the Departmental Scholar Transport Policy and their contract requirements.

When operators negate on their contracts, penalties are implemented; and these penalties have financial implications to operators. Multiple penalties could lead to the cancellation of a contract. Currently the penalties are based on the department's Scholar Transport Policy; however, it was noted that the national Department of Basic Education and national Department of Transport are in the process of developing norms and standards for learner transport. These anticipated standardized norms and standards will improve future management of this function.

- c. It was reported that all invoices relating to scholar transport contracts that commenced in 2009 and beyond; are paid up to date. The alleged outstanding invoices relate to scholar transport contracts that existed in the period prior to 2009. The department has commissioned an investigation into these allegations and it will be dealt with accordingly.

## **PROGRAMME 5: COMMUNITY BASED PROGRAMMES**

### **Programme purpose and budget allocation**

**This programme manages the implementation of programmes and strategies that lead to the development and empowerment of communities and contactors. This includes the provincial management and co-ordination of the Expanded Public Works Programme.**

**Programme 5** has achieved 10% or 1 out of 10 planned targets for the second quarter of the 2014/15 financial year. During the same period in the 2013/14 financial year, this programme achieved 0% or 0 out of its 8 planned target for that quarter. Actual expenditure as at the end of second quarter of the 2014/15 financial year amounted to 54% or R28 945 000.00 out of the total allocated budget of R53 827 000.00 for the 2014/15 financial year.

This programme is responsible for the coordination of the EPWP Programme.

### **The Committee noted the following on Programme 5:**

- a. The department did not report on the deliverables of some targets in this programme since the raw data is submitted to the National Department of Public Works for validation before it can be reported. The 25% expenditure reflected for this quarter relates to the coordination that was done during the quarter under review. It was reported that the validated figures for the second quarter have since been released and was reported in the third quarter report for 2014/15.
- b. The department did not perform well in terms of the creation of job opportunities for persons who are disabled in the EPWP Programme. The reason cited was that persons who are disabled who receive a social grant are registered on the national database; and the moment they want to enlist on the EPWP system they are not allowed to do so because of the grant they receive. The department undertook to prioritise the employment of persons who are disabled; and to involve the Desk in the Department of Social Development to overcome this challenge.

## **8. FINDINGS**

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

- 8.1. Out of a total of 51 planned targets planned for the second quarter of the 2014/15 financial year, the department has achieved 26 or 51% and 49% or 25 targets were not achieved.
- 8.2. Out of a cumulative total of 89 planned targets for both the first and second quarter of the 2014/15 financial year, the department has achieved 48 or 54% of the planned targets and 41 or 46% of the planned targets for the first half of the financial year were not achieved.
- 8.3. The department started the 2014/15 financial year with accruals which had a negative impact on the implementation of capital projects. The department implemented measures to minimise the impact but it is still envisaged that the department will have a shortfall by the end of the financial year.
- 8.4. In order to fund the deficit in the budget allocation for multi-year contracts the department had to revise its APP for the period under review.
- 8.5. 3% of the departmental staff on level 6 – 12 did not sign performance agreements as per the Provincial Performance Management and Development Policy Framework.

## **9. RECOMMENDATIONS**

**The Committee made the following recommendations:**

- 9.1. Although the Committee notes that the department has a budget deficit of R 193 000 000.00; particularly on multi-year projects, the department must ensure that they improve on the achievement of quarterly targets so that service delivery in the province can be visible and experienced by the communities in the province. Furthermore, the

department is reminded that government departments are encouraged to do more with the limited resources available to them.

- 9.2. Project managers in the department must execute their responsibility of monitoring the implementation of contracts to ensure adherence of the contract entered into by contractors.
- 9.3. The department must further engage with both National and Provincial Treasury in ensuring that sufficient funding is allocated on multi-year infrastructure projects.
- 9.4. The department must ensure that the 3% of the staff sign their performance agreements as per the Provincial Performance Management and Development Policy Framework; and proof must be provided in this regard.

The Committee moves that the House adopts the report on the Department of Public Works, Roads and Transport Second Quarterly Performance report for the 2014/15 financial year.

## **10. 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 Second Quarterly Performance Report for the 2014/15 financial year.

In addition, the Chairperson extends a word of thanks to the MEC, the HOD and senior management 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.

Unless otherwise stated a report detailing progress in the implementation of all recommendations in this report should be forwarded to the Committee by 30 April 2015 and thereafter on a quarterly basis.



HON RS MATHABE

CHAIRPERSON:

31.03.2015

DATE

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