

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

FOURTH QUARTERLY PERFORMANCE REPORT FOR 2014/2015 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 Fourth Quarterly Performance Report for 2014/2015 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 2014/2015 financial year.

2. METHOD OF WORK

The Honourable Speaker of the Legislature referred the 4th Quarterly Performance Report for 2014/2015 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 wanted to determine whether the department executed its mandate in terms of the APP and if there was value for money. The Committee met with the department on 30 July 2015 to deliberate on the department's 4th Quarterly Performance Report for 2014/2015 and the Research Section briefed the Committee on the 4th Quarterly Performance Report on the same day. The Committee considered the draft Committee Report on the 2014/2015 on 11 August 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 thanked the Committee for the opportunity to present an overview on the department's 4th quarterly performance report for the 2014/2015 financial year.

The MEC thanked that the fourth quarter provided them with the last chance to make amends of what they could not get right in the previous nine months of the financial year. She also indicated that it was a high pressured period which did not only need calm minds but also decisive actions that would ensure achievement of all their planned outputs.

The department was still obliged to ensure that value for money was realized on all expenditure incurred during the remaining three months. She reported that programmes had to work smarter and double their efforts in an endeavour to achieve what was planned. The MEC further assured the Committee that the allocated resources would be utilized for the intended purpose.

Members of the Committee were informed that the AG's reported that the department performance on the 4th quarter and 2014/15 financial year was satisfactory. The department was given a vote of confidence in terms of its finances and performance information for the 2014/15 financial year.

The MEC indicated that the department will be able to spend 99.9% of the budget and achieved 78% of our planned outputs by year end. She further reported that their information was found to be reliable and useful; hence the unqualified audit opinion with minimal matters of emphasis.

She thanked the Committee for the guidance at all time and indicated that the positive attitude towards assisting the department has an impact in their performance as confirmed by AG.

5. OBSERVATIONS AND COMMENTS

The Head of Department (HOD) and his management team made a presentation to the Committee on the department's 4th Quarterly Performance Report for the 2014/2015 financial year.

6. ANALYSIS OF THE FIRST QUARTERLY PERFORMANCE REPORT FOR 2014/2015

6.1. PROGRAMMES AND SUB-PROGRAMME PLANS

6.1.1. BREAKDOWN OF PROGRAMME RECEIPTS AND PAYMENTS FOR THE FOURTH QUARTER OF 2014/2015

The Department of Public Works, Roads and Transport received a total adjusted appropriation of R4 241 591 000 for the 2014/15 financial year. Total actual expenditure as at the end of the fourth (4th) quarter of 2014/15 financial year amounted to R4 241 161 000 or 100% of the department's adjusted appropriation.

Table 1: 2014/2015 Actual Expenditure v/s Main Appropriation

Budget Allocation	Adjusted Appropriation	Actual Expenditure	% Actual V/S Allocation	(Over)/Under Expenditure	% (Over)/Under Expenditure
R'000	2014/15	2014/15	2014/15	2014/15	2014/15
Administration	233,955	227,404	97.2%	6,551	2.8%
Public Works Infrastructure	626,699	590,618	94.2%	36,081	5.8%
Transport Infrastructure	2,256,614	2,369,863	105.0%	-113,249	-5.0%
Transport Operations	1,067,724	993,908	93.1%	73,816	6.9%
Community Based Programme	56,599	59,368	104.9%	-2,769	-4.9%
Total	4,241,591	4,241,161	100.0%	430	0.0%

Table 2: Allocation v/s Expenditure per Economic Classifications

Budget Allocation	Adjusted Appropriation	Actual Expenditures	% Actual V/S Allocation	(Over)/Under Expenditure	% (Over)/Under Expenditure
R'000	2014/15	2014/15	2014/15	2014/15	2014/15
Compensation of Employees	862,586	839,217	97.3%	23,369	2.7%
Goods and Services	1,488,839	1,410,186	94.7%	78,653	5.3%
Transfers and Subsidies	642,247	642,976	100.1%	-729	-0.1%
Payments for Capital	1,247,919	1,347,691	108.0%	-99,772	-8.0%

Assets					
Payment for Financial Assets		1,091		-1,091	
Total	4,241,591	4,241,161	100.0%	430	0.0%

6.1.2. 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 achieved 75% or 9 out of the 12 planned targets in the 4th quarter of the 2014/15 financial year. Total adjusted appropriation for this programme for the 2014/15 financial amounts to R233 955 000 and as at the end of the 4th quarter of the 2014/15 financial year, actual expenditure amounted R227 404 000 or 97.2%. The Committee was informed that the department had 2.2% people with disabilities that were employed and 2.0% of them were employed at SMS positions. The Committee was also informed that the department had 50 learners enrolled on learnership programmes and 108 interns were also enrolled for on-job experiential programmes. The Accounting Officer further indicated that R6 000 000 of revenue was collected in the 4th Quarter.

The Committee noted the following on Programme 1:

- a. The Committee wanted to ascertain whether the department had paid of invoices within 30 days; since it is indicated they have achieved 100%. The Committee further asked on what systems have the department put in place in ensuring that invoices are paid in time.

The department responded that they did not pay invoices on certain amounts and some invoices were not submitted on time, other invoices could not be paid due to unavailability of funds. The Accounting Officer indicated that the department had over commitments and was unable to process payments in time. There is an amount of

R57 000 000 that the department could pay at the end of the quarter, and that most invoices were paid timeously.

- b. The Committee wanted to know whether the Accounting Officer had ensured that all officials had signed their performance contracts. In response, the Accounting Officer indicated that performance agreements have not yet been signed by 19 officials, 50 newly appointed Transport Officers and 1 Senior Manager have not yet sign their agreements. He further indicated that disciplinary actions will be taken against those officials who failed to sign their performance agreements.

The Committee asked the department whether they intend using or employing the trained students in future and whether they were on a database of the department. The Accounting Officer indicated that they will use them if the department if there are vacancies within the department because they have spent lot of money for their training. The Committee was also informed that they have interns database in place. The Accounting Officer also acknowledged the comment made by the Committee that they must also trace whether the trained people are employed and they will provide assistance were is required.

- c. The Committee wanted to know who are the main contributors of the R6 000 000 revenue collected in the fourth quarter and what was the department's target. The Accounting Officer indicated that there were two (2) main contributors which were; auctioning of cars and licences from taxis and buses, furthermore, the targeted amount was R21 000 000 and the department had over-achieved in the fourth quarter.

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 achieved 75% or 9 out of 12 targets planned for the 4th quarter of the 2014/15 financial year. Out of the total adjusted appropriation of R626 699 000 for the 2014/15

financial year, actual expenditure as at the end of the 4th quarter amounted to R590 618 000 which is 94.2% of the total adjusted budget. As at the end of the 2014/15 financial year, out of 10 performance indicators, 7 or 70% were achieved and 3 or 30% were not achieved.

During the 4th Quarter of the 2014/2015 financial year, this programme had 23 projects that were completed within the agreed budget and 100% of contracts were awarded to HDI contractors as percentage of the total value of contracts awarded. The Committee was informed that 53% of contracts were awarded to women owned enterprises and nine (9) properties are receiving facilities management. Members of the Committee were also informed that 600 assessments were conducted on state owned buildings. The following were indicated as challenges that led to underperformance:

- Delays in payment
- Late commencement of work
- Poor contractor performance
- Site related issues and work put on hold

The Committee noted the following on Programme 2:

- a. The Committee raised a concern that the department did not achieve the planned targets. The MEC acknowledged that all planned targets were not achieved and also reported that they will put more efforts in ensuring that the planned targets are achievable as planned.
- b. The Committee wanted to know whether the department had a good working relationship with the other departments because is the implementing agency on Government projects.

The Committee was informed that the department has a good working relationship and they are working closely with all entities that are client departments, it was also mentioned that there is a forum coordinated in the Premiers Office which ensures that departments meet regularly to discuss whether projects of government are implemented accordingly. The Accounting Officer further indicated that client departments submit their plans late. In principle, sister departments should make submissions of their plans two (2) years prior but they submit them six months prior

and this affects the departments planning, hence most government projects are not completed on the specified timeframe.

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 achieved 80% or 8 out of 10 planned targets for the 4th quarter of the 2014/15 financial year. In addition, out of 10 performance indicators for the 2014/15 financial year, the department managed to achieve 8 or 80% for the period under review. At the end of the 4th quarter of the 2014/15 financial year, actual expenditure for this programme amounted to R2 369 863 000 or 105% out of the total adjusted appropriation of R2 256 614 000.

The Accounting Officer indicated the following as achievements by the department in the 4th quarter of the 2014/15 financial year;

- 9km of gravel roads were upgraded to surface roads.
- 227 178m of surfaced roads were resealed.
- 103km of gravel roads were re-gravelled.
- 32 128m of blacktop patching.
- 5 475 of surfaced roads were assessed.
- 2 066km of gravel roads were assessed.

The Committee was also informed that the department had challenges for blading of gravel roads; which were reduced due to budget pressures within the programme.

The Committee noted the following on Programme 3:

- a. The Committee raised a concern that some of the contractors are not paid on time and government projects are delayed and wanted to know what measures were put in place to ensure that contractors are paid on time.

The Accounting Officer acknowledged the comment made by the Committee and indicated that the department has plans in place that will ensure that contractors are paid on time.

PROGRAMME 4: TRANSPORT OPERATIONS

Programme purpose and budget allocation

This 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 achieved 66.7% or 10 out of its 15 planned targets for the 4th quarter of the 2014/15 financial year. Out of the 16 performance indicators for the 2014/15, the department has achieved 12 or 75%. Actual expenditure as at the end of the 4th quarter for this programme amounted to R993 908 000 or 93.1% out of R1 067 724 000 adjusted allocation for this programme in the 2014/15 financial year.

The Committee noted the following on Programme 4:

- a. The Committee raised a concern on what causes delays in the appointment of the service provider; when the AO promised during the 2nd and 3rd quarter reporting; that appointments would be made and the projects would be completed during the 2014/15 financial year.

The Accounting Officer indicated that the department did not have enough budget at the time; hence they had to review some of their plans. The Committee was informed that the projects would be completed during the 2015/16 financial year.

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.

With regard to **Programme 5**, the actual expenditure as at the end of 4th quarter of the 2014/15 financial year amounted to 104.9% or R59 368 000 out of the total adjusted allocation of R56 599 000 for the 2014/15 financial year; with a total over expenditure of R2 769 000. During the 2014/15 budget adjustment period, this programme received an additional funding of R2 772 000.

The Accounting Officer indicated that the department created work opportunities on the EPWP. The Committee was also informed that the Department has created 2 052 jobs in the fourth quarter; however; the annual target was achieved through Siyatentela programmes. The Accounting Officer further indicated that there was less number of jobs created during the 4th quarter.

The Committee noted the following on Programme 5:

- a. The Committee acknowledged the Community Workers Programme (CWP) programme provided by the department, however; of concern to the Committee was that the department must constantly advise the CWP employees of when their contracts will come to an end.

The MEC indicated that some CWP employees are aware of the contract end dates but it becomes difficult for them to accept when the term ends and are not happy with the fact that their contracts are not extended; especially on the Sakhabakhi programme, she further indicated that there was a challenge on the Siyatentela Project, where the initial term of contract was twelve (12) months but had to be reduced to eight (8) months so that more employees can be accommodated and there is more job creation.

7. FINDINGS

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

- 7.1. A total of 70 employees in the department have not yet signed their Performance Agreements with the employer.
- 7.2. Out of a total of 53 targets planned for the 4th quarter of the 2014/15 financial year, the department has achieved 31 or 59% set targets and 22 or 41% of the targets were not achieved.
- 7.3. Not all projects of the department were completed as planned and only 23 were completed in the 4th quarter of the 2014/15 financial year.
- 7.4. Some of the contractors and service providers were not paid on time due to unavailability of funds (within 30 days of receipt of invoices).
- 7.5. There were delays in appointment of some of the service providers.

8. RECOMMENDATIONS

The Committee made the following recommendations:

- 8.1. The Accounting Officer must ensure that all employees have signed their performance agreement as required by the Public Service Act and take disciplinary action against the implicated officials.
- 8.2. The Accounting Officer must ensure that all targets that are planned are achieved and that there is monitoring the departmental performance on a quarterly basis.
- 8.3. The Accounting Officer develop plans which will ensure that the clients departments submit their project plans on time; to ensure that those projects are completed by the stipulated timeframe.
- 8.4. The Accounting Officer must ensure that all service providers are paid within 30 days and ensure that the Financial Management section has enough capacity to perform their duties.
- 8.5. The Accounting Officer must ensure that service providers are appointed on time so that service delivery cannot be compromised.

The Committee moves that the House adopts the report on the Department of Public Works, Roads and Transport 4th quarterly performance report for the 2014/15 financial year.

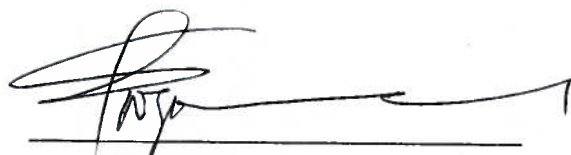
9. CONCLUSION

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 Fourth Quarterly Performance Report for the 2014/2015 financial year.

In addition, the Chairperson extends a word of thanks to the MEC, 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.

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



HON P NGOMANA

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

18 | 08 | 2015
DATE