



Province of the
EASTERN CAPE

Department of Roads and Transport

ANNUAL REPORT OF VOTE 10

DEPARTMENT OF ROADS AND TRANSPORT

YEAR ENDED 31 MARCH 2006



Quality Service Delivery through Transportation Excellence

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FOREWORD BY MEMBER OF EXECUTIVE COUNCIL



MEC Thobile Mhlahlo

At the end of the financial year and in the review process of the Annual Performance Plan, one has to reflect on the department and on the transport system as a whole. It is a universally accepted axiom that transportation is a prerequisite to the socio-economic development of any country and thus plays a crucial role in the economic growth and development of a society. Transport is an input sector that serves growth sectors like tourism, manufacturing and agriculture. All elements of our transport policy, whether they relate to safety and security, public access, the realignment of transport subsidies, or the recapitalisation of the taxi industry, must therefore be conscious efforts to improve the transportation or travel environment of our society.

The review reflects the short-term performance for a sustainable transportation system going towards 2010. The overall initiative incorporates both national and provincial macro and micro socio-economic principles that are enshrined in our statutory instruments and developmental strategies. The Provincial Growth and Development Plan (PGDP) emphasises that transportation services and infrastructure form the foundation for sustainable development as well as providing mobility and accessibility for the population that is dependent on it for movement. This is why this Department's Strategic Plan and Annual Performance Plan are deliberately geared to prioritise and address major structural deficiencies in the transportation sector and the provincial economy.

To this end the migration of the Roads component from the Public Works Department to the Department of Roads & Transport gave impetus to overcome challenges that confront us in terms of roads and transport planning and prioritization of roads. This is grounded on the principle that transport and roads planning strategies should be coordinated and housed under one umbrella to ensure that they talk to each other, and thus positively respond to the overall economic growth and development strategies of our province.

In order to attain our transportation system goals and objectives, the Annual Performance Plan 2005-2006 proposed to:

- Respond adequately to observed needs of the majority of our people at district level;
- Undertake pragmatic and cost-effective transportation improvements based on what is realistically possible given resources, time and capacity, and ensure adequate consultation with our critical stakeholders;
- Ensure that land use/transportation integrated development is consistent with longer term objectives, keeping a fair balance between transportation demand and supply, between transportation needs of the present and future generations, between urban and rural development; and between providing new infrastructure and maintaining/maximising utilisation of existing infrastructure facilities;
- Emphasize cost effective project implementation as the most preferred option for effective service delivery especially to our economic and spatially captive stakeholders;
- Ensure coordinated implementation of various transportation policies and advising Provincial Government and national Department of Transport on the need for policy changes;
- Create favourable conditions for increased involvement of the private sector towards improved and more efficient service delivery;
- Set a multi-year service delivery improvement agenda towards 2008.



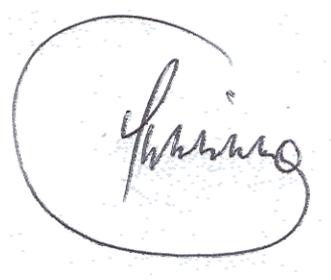
Meanwhile, there are also many existing challenges, including the HIV/AIDS epidemic, the fostering of moral values, creating conditions for the flourishing of cultural expression in line with the principles of a caring society. Consequently, our transport policies and strategies are of necessity pro-active and dynamic. They are able to adapt to changing circumstances as well as being able to forge new power relations. They must assist social processes for change, bringing the formerly excluded into the forefront of development initiatives.

This annual report attempts to record and report to the public to what extent the Department has been able to execute its Strategic Plan and Annual Performance Plan for the 2005/06 financial year.

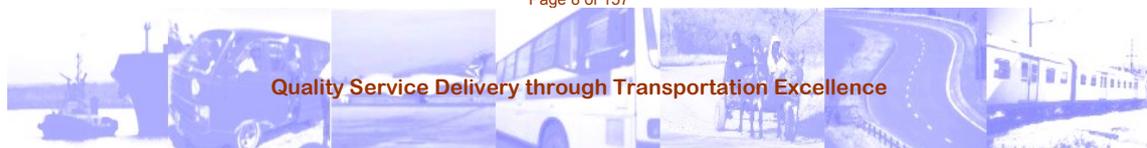
Cognizance has been taken of the issues raised by the Auditor-General in his audit report and the Accounting Officer is currently instituting remedial measures as part of the continuous quality improvement plan for the Department.

The Annual Report together with the Auditor-General's report and Annual Financial Statements are hereby presented to the Legislature and all other interested stakeholders.

Yours in Transportation Excellence!



THOBILE MHLAHO
MEC: PROVINCIAL SAFETY LIAISON, ROADS & TRANSPORT



1 GENERAL INFORMATION

1.1 SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY BY THE HEAD OF DEPARTMENT

In accordance with the provisions of Section 40(1)(d) of the Public Finance Management Act, 1999 (Act 1 of 1999) as amended, the Annual Report for the fiscal year ended 31 March 2006 is hereby submitted to the Member of the Executive Council Responsible for Roads & Transport in the Province of the Eastern Cape.



DR. M.C. ANNANDALE-DE VILLIERS
SUPERINTENDENT-GENERAL
DEPARTMENT OF ROADS & TRANSPORT
PROVINCE OF THE EASTERN CAPE
REPUBLIC OF SOUTH AFRICA

1.2 INTRODUCTION BY THE HEAD OF THE DEPARTMENT

This section will deal with highlights and documentation published by the Department.

1.2.1 HIGHLIGHTS



Dr. M.C. Annandale-De Villiers
Superintendent-General

After the completion of the twelve (12) months it is prudent for the department to reflect on its performance as a collective. The strategic thrust and pillars of the Department of Roads & Transport are primarily developed to set the scene for an effective and efficient transportation system and road network as a catalyst and a prerequisite to promote and facilitate socio-economic growth and development of the province. More specifically the focus is to encapsulate public transport, road traffic management and provincial road development and maintenance as pillars and cornerstones of the provincial Department of Roads & Transport in terms of Schedule 4 of the

South African Constitution.

The Department also participated as a member of the Economic Growth & Infrastructure Cluster and contributed towards the Accelerated Shared Growth Initiative of South Africa (ASGISA) and therefore the socio-economic development of the Province.

The performance of the four (4) programmes is reflected in Part 2 of the Annual Report. Further quantification of the non-financial information and alignment into monetary value is reflected in the Appropriation Statement in Part 4 of the Annual Report.

Hereunder is a high level summary of performance from the 4 programmes:



1.2.1.1 ADMINISTRATION

The Administration programme must ensure the support and enablement of the line function programmes. The following results are reported under this programme:

During the year under review a new Head of Department was appointed with effect from 1 September 2005.

The strategic review was conducted during the same month which also took into account the transfer of Roads function from the Department of Public Works.

The Employment Equity Plan was approved.

The Department launched an awareness campaign on a Broad Based Black Economic Empowerment (BBBEE) Charter for the transport sector during the last quarter of the year in Alice Dale.

Information Technology connectivity has been improved by connecting traffic stations via wide area network (WAN). A firewall was installed and the departmental intranet was developed and maintained.

The functioning of departmental bid committees resulted in the awarding of 238 contracts worth R735 million.

The Department collected from Nelson Mandela Metropolitan Municipality the amount of R134 million (91%) of its arrears on revenue debt of R147 million.

An HIV/AIDS policy for the department was launched during October 2005.

The effective monitoring resulted in a reduction in the costs of ad hoc vehicle rentals.

1.2.1.2 PUBLIC TRANSPORT

The Public Transport programme must facilitate provision of a reliable and cost effective Public Transportation system in all parts of the Province.

The Department promoted the use of Public Transport through the various Transport Month activities in October 2005.

A single legal entity, Africa's Best 350 Ltd (AB350), which attempted to unite the small bus operators of the Transkei, was registered as a service provider. The Interim Contract between Algoa Bus Company and the national Department of Transport, operating in the Nelson Mandela Bay Metropolitan Municipality was maintained and the company transported more than 18,2 million passengers during the year under review.

The Eastern Cape Province together with other provinces commenced with the implementation of the National Taxi Recapitalisation Program. The first operating license was issued during October 2005 in East London.

The department provided both technical assistance and funding (R3,184,238.22) to all district municipalities in the preparation of their Integrated Transport Plans ITP's).

An amount of R13,707,000.00 was disbursed to municipalities towards the improvement of Public Transport facilities identified in their Transport Plans.

1.2.1.3 TRAFFIC MANAGEMENT

The Traffic Management programme must ensure traffic management, safety and law enforcement.

The number of highway patrol vehicles increased from 268 in 2004-05 to 281 during the year under review. Although thirty (30) new traffic officers were appointed this year, the number of traffic officers only marginally increased from 310 to 319, year indicating a high turn-over rate in this category.

The Department appointed the South African Post Office as the Registering Authority for the



registration and collection of motor vehicle license fees in the Nelson Mandela Bay Metropolitan Municipality. This initiative was launched in November 2005.

1.2.1.4 ROADS INFRASTRUCTURE

The Roads Infrastructure programme must ensure the provision and maintenance of roads infrastructure facilities.

The Department completed 7 road designs for the following roads: N10 to Alicedale, T15 Phase 2 - Mount Frere to Mount Fletcher, T15 Phase 3 - Mount Frere to Mount Fletcher, Phase 1 - Greenville Hospital, Phase 1 - Madwaleni Hospital, Rietvlei Hospital Road and Zithulele Hospital.

The designs of the Xuka and Bholotwa bridges were completed.

On the promotion of SMME's and BEE through capital expenditure on roads, the amounts of R172 million and R42 million were spent on local resources and local labour respectively.

From the total local labour employed of 2,105 persons there were 556 males, 472 females and 1,077 youth and disabled.

The Department upgraded and rehabilitated 152 km of road from gravel to tar road. Sixty (60) km of road were resealed. 18,652 km of gravel roads were bladed and 509 kilometres of road were re-gravelled. R675 million of conditional grant for roads was spent on 475 kilometres of road which translates into eleven (11) projects of which six (6) are located in the former Transkei (see details under Programme 4).

1.2.2 DOCUMENTATION

The key documents produced by the department during the year under review are as follows:

- Strategic Plan and Annual Performance Plan.
- Concept document for Community Transportation (Extended Public Works Program).
- Employment Equity Plan.
- Human Resource Plan.
- Integrated Transport Plan.
- Provincial Land Transport Framework.
- Rural Transport Plan.
- Skills Development Plan.
- Supply Chain Management Plan.
- Traffic Counting Implementation Plan.

No new Bills were submitted during the year under review.

For the year under review there were no visits abroad.

1.3 INFORMATION ON THE DEPARTMENT

The Head Office is situated in King William's Town with district offices located as follows:

POSTAL & CONTACT DETAILS CHIEF FINANCIAL OFFICER	PHYSICAL ADDRESS
<p>Chief Financial Officer: Mr. D.S. Skweyiya</p> <p>Postal Address Private Bag X0023 BHISHO 5605</p> <p>Contact Details Tel.: (043)604-7403 Fax: (043)642-6233</p>	<p>Street Address Stellenbosch Park Cowan Close Schornville KING WILLIAM'S TOWN 5601</p>



POSTAL & CONTACT DETAILS CHIEF FINANCIAL OFFICER	PHYSICAL ADDRESS
E-mail: denzil.skweyiya@dot.ecprov.gov.za	
ALFRED NZO DISTRICT	
<p>District Manager: Mr. G.S. Conjwa</p> <p>Postal Address Private Bag X3561 KOKSTAD 4700</p> <p>Contact Details Tel.: (039)797-8500 Fax: (039)797-8512 E-mail: sindisa.conjwa@dot.ecprov.gov.za</p>	<p>Street Address 86 Main Street KOKSTAD 4701</p>
AMATHOLE DISTRICT	
<p>District Manager (Acting): Mr. P. Ximiya</p> <p>Postal Address Private Bag X9064 EAST LONDON 5200</p> <p>Contact Details Tel.: (043)742-0473 Fax: (043)742-0428 E-mail: phakamile.ximiya@dot.ecprov.gov.za</p>	<p>Street Address Cnr. Cambridge & Hill Streets EAST LONDON 5201</p>
CACADU DISTRICT	
<p>District Manager: Mr. P. Mente</p> <p>Postal Address Private Bag X6010 PORT ELIZABETH 6000</p> <p>Contact Details Tel.: (041)405-2700 Fax: (041)487-1534 E-mail: phakamisa.mente@dot.ecprov.gov.za</p>	<p>Street Address Golden Mile Building 5 Downing Street North End PORT ELIZABETH 6001</p>
CHRIS HANI DISTRICT	
<p>District Manager: Ms. M. Mlakalaka</p> <p>Postal Address Private Bag X7185 QUEENSTOWN 5320</p> <p>Contact Details Tel.: (045)807-3712 Fax: (045)839-3723 E-mail: nophuti.mlakalaka@dot.ecprov.gov.za</p>	<p>Street Address Creamery Road QUEENSTOWN 5320</p>
OR TAMBO DISTRICT	
<p>District Manager: Mr. M. Vuso</p> <p>Postal Address Private Bag X5036 MTHATHA 5100</p> <p>Contact Details Tel.: (047)531-1003/029 Fax: (047)532-4831</p>	<p>Street Address Botha Sigcau Building Cnr. Owen & Duham Steets MTHATHA 5099</p>



POSTAL & CONTACT DETAILS	PHYSICAL ADDRESS
CHIEF FINANCIAL OFFICER	
E-mail: mkuseli.vuso@dot.ecprov.gov.za	
UKHAHLAMBA DISTRICT	
District Manager: Ms. L. Giyose	Street Address 29 Queens Terrace ALIWAL NORTH 9750
Postal Address Private Bag X1001 ALIWAL NORTH 9750	
Contact Details Tel.: (051)633-3091 Fax: (051)633-2323 E-mail: litha.giyose@dot.ecprov.gov.za	
PROVINCIAL TRANSPORT REGISTRAR	
Provincial Transport Registrar: Mr. L. Dinte	Street Address Cnr. Cambridge & Hill Streets EAST LONDON 5201
Postal Address Private Bag X9064 EAST LONDON 5200	
Contact Details Tel.: (043)742-0473 Fax: (043)742-0428 E-mail: lisedi.dinte@dot.ecprov.gov.za	
PROVINCIAL OPERATING LICENSE BOARD	
Chairperson: Mr. K. Padayachy	Street Address Golden Mile Building 5 Downing Street North End PORT ELIZABETH 6001
Postal Address Private Bag X6010 PORT ELIZABETH 6000	
Contact Details Tel.: (041)405-2711 Fax: (041)487-1534 E-mail: mthuthuzeli.siwa@dot.ecprov.gov.za	

Mayibuye Transport Corporation, a Schedule 3 D public entity in terms of the Public Finance Management Act (PFMA), also falls under the executive authority's control.

1.4 MISSION STATEMENT & VISION

The MISSION of the Department is to:

'Facilitate and regulate the provision of safe and affordable multi-modal transport system which is integrated with land-use to ensure optimal mobility of people and goods in the Province of the Eastern Cape in support of provincial growth and development.'

The VISION of the Department during the previous year was ***'the provision of an efficient, safe, affordable, sustainable and accessible transport system in the Province of the Eastern Cape'*** and after a strategic review from National Treasury has been changed to:

'Quality Service Delivery through Transportation Excellence'

1.5 LEGISLATIVE MANDATE

The Department derives its existence and operations from the following legislative mandates:



- Aviation Act (Act 74 of 1962) as amended.
- Basic Conditions of Employment Act (Act No. 94 of 1997).
- Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996).
- Criminal Procedure Act, 1997 (Act No. 51 of 1977).
- Eastern Cape Roads Act (Act No. 3 of 2002).
- Employment Equity Act, 1998 (Act No. 55 of 1998).
- Fraud and Corruption Act (Act 12 of 2004).
- Inter Governmental Relations Framework Act (Act No. 13 of 2005).
- Labour Relations Act (Act No. 65 of 1995).
- National Land Transport Transition Act, 2000 (No. 22 of 2000) (NLTTA).
- National Road Traffic Act, 1996 (Act No. 93 of 1996).
- National Transport Policy 1996.
- Occupational Health and Safety Act (Act No. 85 of 1993).
- Passenger Transportation (Interim Provisions) Act, 1999 (No. 11 of 1999).
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).
- Promotion of Access to Information Act (Act No. 2 of 2000).
- Provincial Road Traffic Act (Act No. 3 of 1999).
- Public Finance Management Act, 1999 (No. 1 of 1999) (PFMA).
- Public Service Act, 1994 (Act No. 200 of 1994).
- Regulations emanating from the above legislation.
- Road Traffic Act, 1989 (Act No. 29 of 1989).
- Road Traffic Management Act (Act No. 20 of 1998).
- Road Transportation Act, 1997 (Act No. 74 of 1977).
- Skills Development Act, 1998 (Act No. 97 of 1998).
- Skills Development Levy Act, 1999 (Act No. 9 of 1999).
- South African Civil Aviation Authority Act, 1998 (Act 40 of 1998).
- State Information Technology Act (SITA) (Act No. 88 of 1998).
- Urban Transport Act, 1977 (No. 78 of 1977).

Mayibuye Transport Corporation is a Schedule 3D (in terms of the PFMA) public entity established in terms of the Ciskeian Corporations Act (Act 12 of 1981). It delivers bus passenger transport services in the erstwhile Border and Ciskei areas. The Corporation is funded through an annual grant-in-aid (paid in monthly instalments) from the Department of Roads & Transport. During the year under review, the department was represented on the Executive Board of Directors of the Corporation by Mr. J.B. Mtila, Chief Director: Public Transport. The Corporation is compelled to provide the department with monthly reports on its activities together with the budget for how the grant-in-aid will be spent.

The Corporation is also compelled to provide the executive authority with an annual report and audited annual financial statements, which is submitted to the Eastern Cape Provincial Legislature under separate cover.

2 PROGRAMME PERFORMANCE

The strategic focus of the Department of Roads and Transport for the year 2005/6 was anchored around the following strategic performance areas:

- Promote and facilitate the provision of an accessible transportation system in identified areas, including rural and sparsely populated areas of the province, and review of public transport subsidies;
- Consider and pursue integrated transportation planning and the provision of efficient and cost effective public passenger multi-modal transportation systems;



- Ensure a safe, well developed and maintained provincial road network that meets provincial transport and socio-economic needs;
- Facilitate taxi industry transformation and recapitalisation;
- Revitalise railway transportation for both freight and passenger services: Kei Rail, East London-King William's Town, and Port Elizabeth-Motherwell-Coega;
- Promote private participation on a PPP basis in those areas which do not constitute the core business of the Department;
- Reduce the rate of accidents on our provincial roads;
- Build institutional capacity and develop human resources; and
- Intensify the fight against HIV/AIDS in the transport sector.

2.1 VOTED FUNDS

Appropriation (R'000)	Main Appropria- tion	Adjusted Ap- propriation	Actual Amount Spent	Under Expen- diture
	R1,724,571	R 680	R1,718,615	R5,956m
Responsible MEC	MEC for Provincial Safety Liaison, Roads & Transport			
Administering Dept.	Department of Roads & Transport, Province of the Eastern Cape			
Accounting Officer	Head of Department (Superintendent-General)			

2.2 AIM OF THE VOTE

The aim of the department is to facilitate and regulate the provision of safe and affordable multi-modal transport system which is integrated with land-use to ensure optimal mobility of people and goods in the Province of the Eastern Cape in support of provincial growth and development.

2.3 SUMMARY OF PROGRAMMES

The department operated with the following key programmes:

Programme	Sub-programmes
1. Administration	1.1 Office of the MEC
	1.2 Management
	1.3 Corporate Support
	1.4 Programme Support
	1.5 Government Fleet Management Services
2. Public Transport	2.1 Programme Support
	2.2 Planning
	2.3 Infrastructure
	2.4 Empowerment & Institutional Management
	2.5 Operator Safety & Compliance
	2.6 Regulation and Control
	2.7 Civil Aviation
3. Traffic Management	3.1 Programme Support
	3.2 Safety Engineering
	3.3 Traffic Law Enforcement
	3.4 Road Safety Education
	3.5 Transport Administration & Licensing



4. Roads Infrastructure	4.1	Programme Support
	4.2	Planning & Design
	4.3	Construction
	4.4	Maintenance
	4.5	Mechanical
	4.6	Financial Assistance

2.4 SERVICE DELIVERY ENVIRONMENT FOR 2005/06

Herewith an overview, revenue and expenditure of the service delivery environment:

2.4.1 OVERVIEW

The service delivery environment can be viewed as part of the broader development agenda and be compared to the veins and arteries of an organic system. Simply put, if arteries are blocked, essential oxygen will not flow to the system and it will eventually die.

This then translates into the critical challenge to continue to redress the imbalances of the past through the implementation of the objectives of Accelerated Shared Growth Initiative for SA (ASGISA) which also forms part of the Provincial Growth & Development Plan (PGDP), where transport infrastructure investment remains critical in our plans and budget allocations confirm this commitment.

Simultaneously, insufficient resources to address infrastructure and services backlogs, particularly in the former homeland areas, continue to impact on the redress we can offer. As a result poverty and inequality in the Eastern Cape is severe and widespread.

With a total budget of R1,7 billion the department functioned in terms of four programmes. These four programs comprised of administration followed by the core functions namely public transport, traffic management and roads infrastructure.

The lack of skills is an immediate issue and the department has already embarked on an accelerated recruitment program to seek these much needed skills in order to get new blood into the system. One of the main service delivery impediments faced by the department is the lack of technical skills. The department since 2003 (to date) spent a total of R2.3 million on 85 bursaries for previously disadvantaged youth to study careers in the transport sector, which include Aviation, Transport Economics, Civil- and Mechanical Engineering, Information Technology etc. The process was accelerated and this year alone, we spent R1.3 million to fund a further 34 bursaries. This initiative has its own challenges due to poor performance of our scholars, particularly in Mathematics and Science. In this regard, we have established Incubator Schools in Maths and Science. A Pilot Project, in partnership with high performing schools, business sector and institutions of higher learning was implemented where about 150 Grade 8 to 12 learners are benefiting in the Nelson Mandela Bay Metropolitan area. During the year under review, we expanded this programme to the King Sabata Dalindyebo municipal area in partnership with Walter Sisulu University. For the first time in their lives, children from rural areas have access to state-of-the-art laboratories at Walter Sisulu University every weekend and during school holidays. The new financial year will see the expansion of this project to the Nkonkobe area in partnership with the University of Fort Hare.

The department has fully introduced the Supply Chain Management System (SCMS). In preparation for the national adoption of the transportation sector BBBEE charter, the department has launched the draft charter on 24 February 2006 and thus created awareness and understanding amongst the transportation industry. Through this BBBEE charter we will further ensure that the department's operations are transformed to be wholly and totally BBBEE compliant.

The five (5) year contract between the Department and Fleet Africa Eastern Cape to provide transport for provincial departments is expiring in August 2008. As at 31 March 2006, the remaining months before expiry is twenty nine (29). Since the implementation of the contract two years ago, the fleet management system has improved and the number of complaints re-



ceived on vehicle misuse has reduced. Our campaign to stop the misuse of the Government Fleet was very successful with a large number of vehicles being confiscated and disciplinary action taken by the departments concerned.

Another core function in accelerating growth lies with the provision of public transport services.

In the previous financial year, the refurbishment of the East London/Mthatha railway line was completed. Since the start of the refurbishment process, R105 million has been spent, about 1,900 people employed, of which 40% were women, 15% youth and 1% disabled. The East London to Mthatha railway line is now ready for operations and the department is vigorously engaging its National counterparts to ensure that a regular train service will become evident next year. During the year under review the plans for this Kei Development Corridor Economic Initiative that entails appropriate "packaging" of all linked mega- and Provincial Growth & Development Plan (PGDP) projects of scale and impact in this corridor and region.

Visible and decisive advances have been made in the industry through operators restructuring themselves in the former Transkei region through the establishment of a single legal entity called Africa's Best 350 Ltd. Currently these operators get subsidies from government as individuals. They came together to establish this single legal entity, which is a 100% black owned company in which all the bus operators may be shareholders. The state's role is to subsidise the 166 identified routes for seven years.

We have made progress in the restructuring of Mayibuye Transport Corporation and the department has applied to the National Minister of Transport for a negotiated contract. The department also committed R5 million in this financial year for the recapitalisation of the Mayibuye fleet. The Department also disburse funds from National Department of Transport to Algoa Bus Company. The funds are in a form of subsidy to transport passengers in the Nelson Mandela Bay Metropolitan Municipality and its surroundings.

The first phase of the Taxi Recapitalisation project has started in the province with the process of converting permits into operating licences and tax awareness campaigns. Already 6,929 applications have been received and 3,045 operating licences have been approved by the transportation board and will be formally issued in the new financial year.

We are promoting the use of bicycles in an effort to reduce the number of school children walking unacceptable long distances to access learning centres and reinforced the Shova Lula Bicycle project to reach as many rural areas as possible. On the 28 February 2006, a further 150 bicycles were handed over to Grade 11 and 12 learners from Sterkspruit in the Ukhahlamba District.

With regard to the Bhisho and Mthatha Airports, the Department strives to:

- Ensure that airports contribute to the socio-economic development of the area.
- Reduce the financial cost on the Provincial Government.
- Enhance usage out of the airports.
- Involve the private sector, particularly the SMMEs, by outsourcing services or airports' management.

The presence of the SAPS Air-wing at the Bhisho Airport has already improved the activity at the airport. We are also exploring the possibility to make the spare airspace capacity at the airport available for training of pilots by 43 Air-school of Port Alfred. In the new financial year the Bhisho Airport will be refurbished in order to attract the necessary air traffic.

Traffic management remained one of our most visible programs to achieve effective practical co-operation between the three spheres of government in ongoing road traffic and road safety management.

During the 2005/06 festive season law enforcement was executed in all six districts in partnership with municipalities, SAPS, SANDF and the emergency medical and rescue services. Despite constraints, this department is still committed to ensure that we provide a safe pas-



sage for all road users in this province. In strengthening our efforts to curb unsafe road usage, we have purchased eight Draeger machines for alcohol testing to add to the current eleven machines. Another 36 speed checking machines have also been purchased. The aim is that each traffic officer should at least have one state-of-the-art speed checking device.

Compared to other Provinces, this department is behind in its overload control strategy. In this regard a third weigh bridge will be constructed near Queenstown in the near future.

Out of the nine (9) vehicle testing stations targeted for the next few years, the department has managed to build and complete two for King Sabata Dalindyebo and Engcobo municipalities. The construction of the Umzimvubu Municipality vehicle testing station in Mount Frere has commenced and due for completion in the next financial year. The department has further allocated an amount of R971,000 to the Great Kei Municipality for the building of a Driving Licence Testing Centre at Komga and this facility is due for completion during the next financial year.

Motor vehicle registrations and licensing in the Nelson Mandela Bay Metropolitan Municipality is being done by the South African Post Office (SAPO). SAPO has already opened 31 outlets within the metropolitan area and some sites are open after hours, on weekends and public holidays to enhance service delivery.

Since 1 April 2005 the department is managing the roads function. The Roads Programme has the largest budget namely R1.481 billion out of a total of R1.725 billion. The major projects currently undertaken are but a drop in the ocean compared to the real backlog. Of the 5,200 km of provincial surfaced roads, 2,800 km are in a poor condition and 25,000 km of the 38,400 km gravel roads are in a poor condition. Therefore in the next year the budget trend will be focussed more on maintenance than the building of new roads.

The existing surfaced roads are also to receive attention over the MTEF, with major rehabilitation projects being designed and implemented on 462 km of the network to the value of R207 million.

Final proclamation of the Provincial road network unfortunately had to be held back pending the finalisation of the National harmonised classification system. The National Department of Transport is currently refining the guidelines in terms of the RISFSA (Road Infrastructure Strategic Framework for South Africa).

As far as the implementation of the PGDP projects is concerned, the Department is pleased to announce that good progress is being made on the Ugie/Langeni road. This multi-million rand road is by far the most difficult engineering project being undertaken anywhere in the country at present! The design of the first phase of the PGDP Wild Coast meander has commenced with the upgrading of the road from Tombo Store on the R61 to Isilimela Hospital. The feasibility study of the remainder of the route will be processed in the new financial year.

The growth of traffic and more especially heavy vehicles on the R72 or so-called Coastal Route between East London and Port Elizabeth has been astronomical. This road links the East London IDZ with Coega and as such this trend is expected to continue. Long sections of the road have already exceeded their design life and the Department has allocated funding for upgrade projects on its 5 year strategic capital plan.

The first of these will be the 25 km section from Fonteinskloof to the N2 at Nanara. As an interim holding measure two contracts for the patching and re-sealing of large sections are using a new innovative design not before used by the Department. The debate on whether the R72 and the R61 road should be National Roads has already been re-opened with our national counterparts.

The Department's 2005/06 capital programme was responsible for the creation of 40,000 person-days of employment per month.

Greater emphasis will be placed on the collection of data for the various road management systems to enable us to implement an integrated roads management system.



2.4.2 REVENUE COLLECTION

A target of R153 million at the beginning of the financial year as per the white book was set which was revised upwards with R41 million in November 2005 to R194 million by Provincial Treasury.

The department managed to collect R321 million (2004/05: R116 million) as its own revenue, against a revised target of R194 million (2004/05: R109 million). This is an over-collection, but relates to the recovery of revenue which was not paid over by the Nelson Mandela Bay Metropolitan Municipality since 2000, relating to vehicle license fees.

Departmental Revenue	Actual Collection 2004/05	Budgeted Collection 2005/06	Actual Collection 2005/06	% Deviation from Target
Current revenue	116,426	194,062	315,441	62%
Tax revenue	105,832	191,881	303,589	58%
Non-tax revenue	10,594	2,181	11,852	443%
Capital revenue			3,554	
Sale of capital assets	0.00	0.00	3,554	
Financial transactions in assets and liabilities		0.00	2,595	
Departmental revenue	116,426	194,062	321,590	65.7%

2.4.3 EXPENDITURE

	Funds beginning of year	Additional	Devoted	Adjusted Voted Funds	Expenditure	(Over) / Under	% of spending
2005-06	1,713,695	10,876		1,724,571	1,718,615	5,956	99.7%
2004-05	312,507		-9,921	302,586	289,005	13,581	95.5%

The provincial legislature appropriated an amount of R1,713,695,000 for 2005-06 (2004-05: R312 507) to the department. The R1,713,695,000 (2004-05:R312,507,000) was revised to R1,724,571,000 (2004-05: R302,586,000).

The 1st adjusted estimates was passed in November 2005 for additional funding of R11,960m of which R11,552m was a roll-over from 2004-05 and R408,000 adjustments for Resolution 7 employees from other provincial departments and all amounted to an adjusted budget of R1,725, 655,000.

The 2nd and the last adjusted estimate made in February 2006, decreased the budget by a net amount of R1,084,000 resulting to an adjusted appropriation of R1,724,571,000.

The department heeded the call from the Executive Council not to overspend the Voted funds as well as the under-spending not to exceed 1%.

The expenditure of R1,718,615,000 reflects a 99.7% spending (2005: 95.5%). Room for improvement exists to spend the funds more evenly during the year and the department is set to achieve the targeted improvement.

2.4.3.1 Issues requiring ongoing attention

The major issue affecting the optimization of revenue collection is the delay by some registering authorities, as the Department's budget allocation for the following year depends on it reaching the revenue target set for it by the Provincial Treasury. Registering authorities would have to be visited regularly and where continued delays are experienced, the necessary steps need to be taken in terms of the relevant Service Level Agreements.



2.5 ORGANISATIONAL ENVIRONMENT FOR 2005/06

The organisational environment is reflected in the following overview, vacancies and procurement indicators:

2.5.1 OVERVIEW

Since 1 April 2005, the Roads function was incorporated into the Department of Roads & Transport. The integration of the Roads function brought with it numerous challenges with regard to the transfer of staff and the integration of systems. A project task team endeavoured to make the transfer as smoothly as possible.

In order to tailor the Department into a more efficient and effective service delivery vehicle, the organisational structure has been reviewed extensively. The revised organogram has been approved by the executive authority in June 2006. Post evaluation will be done and new critical posts will be identified for priority recruitment of suitable staff. Through the new organisational structure employment equity will also be addressed further.

The Department is in the fortunate position in that the majority of its management have been with the Department for a number of years, ensuring continuity in the implementation of its strategies and projects.

A new corporate identity has been developed for the Department to enhance integration and to build pride in the common institution. Through the new corporate identity a spirit of greater professionalism will be built within the Department and also in the relationship between the department and its stakeholders.

The training of staff is continuing through formal training courses and continued mentoring and on-the-job training within the Department. The organisational environment will be further illustrated in the following tables:

2.5.2 SUMMARY OF POST VACANCIES & SUPERNUMERARIES

Staff Categories	Number			Average Annual change
	2004 (without Roads)	2005 (without Roads)	2006 (including Roads)	
Total staff complement	1081	1102	3395	67%
Number of professional and managerial posts	197	197	205	4%
Number of professional and managerial posts filled	88	118	160	26%
Number of excess staff	18	9	0	0

Note: In line with Resolution 7 of 2000 all staff had been absorbed and there were no excess.

2.5.3 KEY EXPENDITURE INDICATORS

Category of expenditure	Percentages or Rands (000's)			Average Annual change
	2004 (without Roads)	2005 (without Roads)	2006 (with Roads)	
Personnel expenditure as % of total expenditure	42.86%	49.68%	18.27%	63%
Expenditure on maintenance of road infrastructure as a % of total expenditure	18.63%	25.35%	24.70%	3%

2.5.4 PROCUREMENT INDICATORS

Category of expenditure	Percentages or Rand (000's)				Average Annual change
	2003	2004	2005	2006	



Category of expenditure	Percentages or Rand (000's)				Average Annual change
	2003	2004	2005	2006	
Encouragement of Small Business					
Number of contracts to SMME's		110	140	71	- 49.3%
Total value of contracts to SMME's		325,080	561,441	86,879,435	15.4%
% of total contracts to SMME's by value	2%	0.9%	4.2%	13%	8.8%
Encouragement of Black Economic Empowerment					
Total value of contracts awarded			735,303,125	670,047,208	-9%
Number of contracts to BEE			86	32	-63%
Total value of contracts to BEE			5,190,809	12,620,619	70%
% of total contracts to BEE by value			0.7%	1.9%	
% of total budget to BEE			1.7%	0.7%	

Note: Although the number of contracts with SMME and BEE service providers decreased the value of those contracts increased by 15.4% for SMME's and by 70% for BEE's when compared to the previous year.

2.6 KEY POLICY DEVELOPMENTS FOR 2005/06

During the year under review the Department underwent a major restructuring with the incorporation of the Roads component. This necessitated a complete review and update of its Strategic Plan which was duly performed during September 2005.

The department addressed the following major policy areas during the year under review:

- The national Department of Transport initiated a process that will culminate in a Road Infrastructure Strategic Framework for South Africa (RISFSA). The ultimate aim of RISFSA is to provide a plan of action for improved road infrastructure delivery. RISFSA recognises all road authorities and aims to institutionalize the co-ordination between the different authorities to promote the integration of transport service delivery. This will include the assignment of roads to the most appropriate authority which will be done in conjunction with a capacity enhancement process. The Department of Roads & Transport is involved in this process to ensure that the Eastern Cape benefits from RISFSA and that the needs in the province are addressed appropriately.
- The Taxi Recapitalisation Project is a project that is guided by the national Department of Transport. The Department of Roads & Transport in the Eastern Cape needed to ensure that minibus taxi operators are registered with the South African Revenue Services and the Provincial Transport Registrar. Without being registered at the said institutions operators would be unable to apply for the conversion of their area-based permits to route-based operating licenses. This process is progressing well and by end March 2006, 7,302 applications (out of potentially 11,431 permits) for conversion were received while 664 scrapping applications were received for the scrapping of the old taxi vehicles.
- Operation EMISA is a project initiated by the Road Traffic Management Corporation and jointly pursued by all nine provinces. The objective of Operation EMISA is encourage traffic officers, the media and the motoring public to reduce traffic accidents and fatalities and enhancing the public image of traffic officers.
- The Rural Transport Plan (Strategic Framework) was approved by the Executive Council, paving the way for its implementation.
- The Provincial Land Transport Framework that was adopted in 2002 needs to be reviewed in terms of the National Land Transport Transition Act (Act 22 of 2000). In order to initiate this process, a draft report was circulated for comment.



- The use of light delivery vehicles (bakkies) in rural areas passenger transport vehicles for learners and rural communities was raised in the Provincial Legislature as a policy issue. The department addressed a proposal on the modification of bakkies to the national Department of Transport and the national Parliament to amend the relevant legislation to allow the use of modified bakkies that conform to prescribed safety requirements as public transport vehicles.

2.7 DEPARTMENTAL RECEIPTS

The Department had a revenue budget of R153 million at the beginning of the financial year which was increased in November 2005 by R41 million thus totalling R194 million. An amount of R321 million was collected as own revenue. The increase was mainly due to the collection of arrears from the Nelson Mandela Metropolitan Municipality.

The sources of departmental receipts were as follows:

SOURCE	2004/05	2005/06	% DEVIATION
Equitable Share	877,266	726,971	-17.1%
Conditional Grants	609,002	675,330	10.9%
Own Revenue	116,426	321,590	176.2%
	1,602,730	1,723,891	7.6%

2.8 DEPARTMENTAL PAYMENTS

The primary aim is to explore how actual expenditure differed from planned expenditure and how this may have impacted on service delivery. The secondary aim is to provide the department with an opportunity to report on measures that were adopted to improve the efficiency and economy of spending on each programme.

Programmes	Voted for 2005/06	Virement	Total voted	Actual Expenditure	Variance
Administration	108,801	(1,570)	107,231	107,123	108
Public Transport	127,699	1,570	129,269	129,181	88
Traffic Management	120,681	(7,200)	113,481	113,346	135
Roads Infrastructure	1,367,390	7,200	1,374,590	1,368,965	5,625
Total	1,724,571	-	1,724,571	1,718,615	5,956



2.9 PROGRAMME PERFORMANCE

This part of the Annual Report gives details in terms of programme performance:

2.9.1 ADMINISTRATION



D.S. Skweyiya
Chief Financial Officer

2.9.1.1 PURPOSE

To render strategic leadership and direction; effective financial, human resources, development and asset management support services; organisational development and information technology support; facilitate procurement of transport services.

2.9.1.2 STRATEGIC OBJECTIVES

- To provide strategic leadership to the Department.
- To promote sound management of human resource administration, human resource development, special programmes and labour relations.
- To render effective advice on organisational development.
- To render effective provisioning administration service and asset management.
- To manage financial information systems, budgeting and expenditure controls.
- To manage and maximize revenue collection.
- Effectively organize and deliver IT solutions/systems to support business operations, improve productivity, and support/drive business growth.
- To promote effective management of information and technology as a strategic resources.
- To facilitate delivery of services by providing transport to user Departments in order for them to execute their objectives for the enhancement of service delivery within the Eastern Cape community at large.
- To ensure that appropriate and adequate fleet management control measures are developed and sustained.

2.9.1.3 SUB-PROGRAMMES

The programme has the following sub-programmes:

Sub-programme 1.1: Office of the Member of the Executive Council (MEC)

- To provide overall strategic leadership and policy decisions to all divisions in the Department from which the strategic objectives will flow.

Sub-programme 1.2: Management

- To provide strategic direction of the Department and overall management to ensure that the policy, projects, communications strategy and commitments set by the Executive Authority are accomplished.



Sub-programme 1.3: Corporate Support

- To manage financial, human, information, assets and supply chain management systems and resources.

Sub-programme 1.4: Programme Support

- To provide support, for the entire programme, which pertain to activities of the senior management and secretaries as a strategic resource and to develop work improvement procedures and methods

Sub-programme 1.5: Government Fleet Management Services

- To determine and supply suitable vehicles to user Departments and facilitating general hire (pool) vehicle replacement and to complete the restructuring of the Government Fleet Management Garages; as well as implementing provincial and national policies on the provision of government transport by completing the investigation of the PPP strategy.

2.9.1.4 SERVICE DELIVERY OBJECTIVES, INDICATORS & ACHIEVEMENTS

2.9.1.4.1 Sub-programme 1.1: Office of the MEC

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Setting of strategic leadership and policy for the year.	Review and approves strategic and annual performance plans and annual report and intervenes where necessary.	Foreword in the Strategic Plan and Annual Report.	Gave strategic direction to the department.	None
Provide support for the entire sub-programme.	Attendance of management and budget meetings. Review and deliver policy speech.	Policy direction.	Gave direction through policy speech.	None
Attends community outreach programs to inform the public about programs for which the department seeks to address their needs as well as attending Legislature and Executive Council meetings.	Ensures that his annual program incorporates community outreach and draws information from the department to disseminate in these meetings. Attendance of Legislature and Executive meetings.	Attendance of Legislature, Executive Council meetings and community outreach programs.	Legislature, Executive Council, Imbizo's and Transport MINMEC Legotla attended with policy input.	None





Mrs. Mbeki, mother of Pres. Thabo Mbeki, is flanked by MEC Thobile Mhlahlo and Min. Jeff Radebe at the opening of the Dutywa-Ngcobo Road

2.9.1.4.1.1 Specific challenges & response

Challenge 1:

The infighting within the taxi groups in the Buffalo City area and the location of taxi ranks was an issue that challenged the provincial authority and it was widely reported in the media.

Response to Challenge 1

The location of taxi ranks was discussed with the Buffalo City Municipality as the land belongs to the local authority. The municipality could not make any further land available for taxi ranks.

Challenge 2

The use of light delivery vehicles (bakkies) in rural areas passenger transport vehicles for learners and rural communities became more and more of a challenge.

Response to Challenge 2

The department addressed a proposal on the modification of bakkies to the national Department of Transport and the national Parliament to amend the relevant legislation to allow the use of modified bakkies that conform to prescribed safety requirements as public transport vehicles.

Challenge 3

Migration of the roads function from Public Works has increased the spending trends by more than 30%. This is due to the fact that the funding for roads function includes roads infrastructure, maintenance of roads and rehabilitation thereof. The funding in terms of the Division of Revenue Act for Infrastructure projects alone amounted to R675,330m which is 200% more than the previous budget of the former Department of Transport.

Response to Challenge 3

The implementation plan of this migration was scheduled to start with effect from 1 April 2005 to minimise the risks of misallocations. A large percentage of back-logs in respect of camping allowances was settled before the end of March 2006.

Challenge 4

The conditions of the buses operated by the Mayibuye Bus Transport Corporation resulted in the Cabinet decision to capitalise transfers to this Institution to an amount of R15 million to keep this public entity's operations safe.



Response to Challenge 4

Funding for recapitalisation of the buses in Mayibuye transport Corporation has been raised through the virement within the programme by utilising the savings against funding for other bus subsidies.

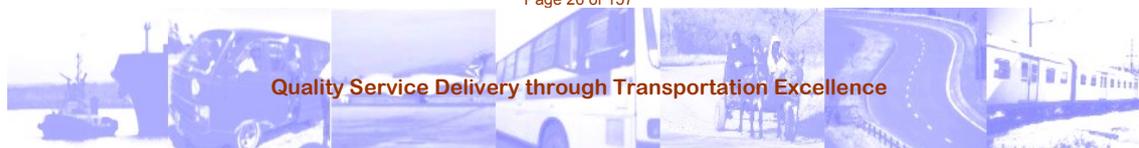
2.9.1.4.1.2 Issues requiring ongoing attention

From a policy perspective, the use of bakkies in rural and certain urban centres needs to be monitored closely until the necessary legislative amendments have been made and implemented.

2.9.1.4.2 Sub-programme 1.2: Management

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Development of policies that guide the functioning of the office of the HOD.	A policy to guide how internal and external clients access the office of the HOD.	A policy document.	Various policies have been introduced during the October Transport Month (see documentation in 1.2.2).	None
Develop clear measures to provide logistical support and quality & timely reporting as required by pre-scripts.	A document detailing anticipated logistical requirements is drawn.	Policy document.	New strategic direction introduced and performance targets developed.	None
Calls for strategic planning sessions to identify and prioritise business to be carried out by the department in a given period.	Identification of clear and measurable targets that address the PGDP and are achievable using available financial resources.	Strategic Plan document.	Strategic review completed in September 2005.	None
Attends departmental, provincial and national meetings and committees to direct or share experiences and decide about policy directions.	Minutes of monthly management meetings and committees. Attends committees and meetings that are a requirement of this function.	Attend all scheduled National and Provincial meetings.	Various presentations made to National department on backlogs. Presentations also made to the Select Committee on Finance at the NCOP.	None
Communication Strategy document in place.	Strategy document developed and implemented.	Communication strategy document.	Extensive media reporting and communication strategy developed.	Internal newsletter and website developed.



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Institutionalized days organized and attended (Jointly with affected Directorates).	Institutionalized days observed.	At least 2 institutionalised days are observed.	An October Transport month and other institutionalised days were observed in co-operation with OTP.	None
Supplements produced and circulated.	2 Supplements per annum.	At least 2 supplements produced.	Transport Dossier of achievements produced.	None



Screenshot of Departmental Newsletter

2.9.1.4.2.1 Specific challenges & response

Challenge 1:

Extent of meetings that have to be attended both provincially and nationally.

Response to Challenge 1

Synchronised diary with national and provincial events.

2.9.1.4.2.2 Issues requiring ongoing attention

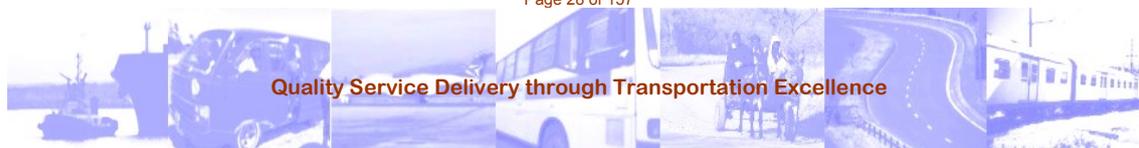
Building a strong team to manage the Department and ensure the full integration of the Roads function in the department.



2.9.1.4.3 Sub-programme 1.3: Corporate Support

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for achievement
Human Resource Management				
Development and implementation of human resource policies and systems.	Integrated human resource plan and review to incorporate Roads.	An Integrated Human Resource Plan is approved.	Plan has been developed.	Organogram needs to be finalised.
	Employment Equity Plan.	Approved Employment Equity Plan.	Plan approved.	None
	Resettlement policy.	Approved resettlement policy.	Policy approved.	None
	Recruitment and Retention policy.	Approved Recruitment and Retention Policy.	Policy produced.	Policy not approved due to incorporation of the Roads Branch to department.
	Policy on incentives.	Approved policy on incentives.	Focus was on payment of arrear benefits of employees of Roads Branch. The extent of the backlog was not anticipated.	Policy not produced.
Human Resource Development				
Implementation and monitoring on HRD strategy.	Staff members have personal development plans.	Employees have Personal Development Plans linked to their performance agreements.	80%+ of employees had signed Personal Development Plans.	Heads of Business units clearly identify areas of development in line with the Annual Performance Plan, however, there is still room for improvement in terms of identifying training needs
Implementation and monitoring on HRD strategy.	Development of a workplace skills plan.	Development of the WSP involves all stakeholders concerned.	The workplace skills plan has been completed and submitted to TETA by 30 June 2005. Was presented to the management committee and critical areas for development were prioritised.	None



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for achievement
	120 learnerships and 20 internships are engaged.	At least 120 learners from various districts within the province access learnerships on transport qualifications. The department is able to give workplace learning to at least 20 learners.	67 Learners participated in various learnership programmes. The number for internships was increased by 17.	Engaged 10 learners on a transport learnership PARTIALLY funded by TETA.
Implement Skills development initiatives.	Maths and Science Project is initiated to prepare learners to study scarce skills in the department e.g. Engineering.	At least a new maths and science project is started in a new district with at least 100 learners.	Project in Cacadu District with 150 learners.	Although we targeted 100 learners at the Cacadu District project there are 150 learners since ENGEN has joined in as a partner.
Implement Skills development initiatives.	Allocation of bursaries to external students to address scarce skills.	The Department allocates bursaries to external students to address scarce skills.	34 learners are studying in institutions of higher learning and have been granted bursaries for civil engineering, pilot studies, avionics, mechanical engineering and transport economics (R1.3 million committed)	None
	Implementation of ABET and FET programmes.	The department grants an opportunity to departmental employees who do not have an NQF level 1 qualification to do ABET and to those without a Matric or NQF4 equivalent to obtain such qualifications.	65 departmental employees are participating in ABET and 21 in FET.	None



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for achievement
Information Technology				
Development of Network Infrastructure, WAN Access to Internet, e-mail, BAS, PERSAL, LOGIS, Trafman by all the districts and traffic workstations.	98% WAN availability. All Traffic stations access to Trafman. All districts access to Transversal systems. All VTS centers access to NATIS.	98% Network infrastructure in place – Traffic Management to implement Trafman. All district offices connected. NATIS falling under National department of Transport.	Connected Traffic Stations: Mt Frere Bizana Grahamstown Butterworth Umzimkulu Lusikisiki Port Elizabeth All district offices connected.	East London lacks proper Network Infrastructure due to change in accommodation.
Cost effective communication tool for both internal and external citizens.	Video conference system call centre.	Video conference system call centre.	Feasibility study done and specifications developed.	Implementation in next financial year.
IT Systems Development: Computerized document management, workflow and task control.	Electronic Document Management System.	Electronic Document Management System.	Draft Manual File Plan completed and circulated to Programme Managers. Hardware and software has been procured.	Implementation is awaiting an approved File Plan by archives.
An effective communication system of the Department. Web site Intranet.	Departmental Intranet.	Departmental Intranet.	Fully functional share-point portal in place. Departmental website default on opening PC's.	None
Implementation of Information System Security Infrastructure.	Installation of fire wall. Disaster Recovery Plan.	Firewall installed Disaster Recovery Plan in place.	Firewall Installed. Risk Assessment Backup Strategy. Development of Policies. Implementation of a backup solution in Head Office.	None
Existence of one consolidated domain name system for users.	Single domain name system.	Project scoping and planning. Importing of Roads users into DOT server.	Consolidated IT infrastructure in place.	None
Development of an MISP to incorporate Roads.	Departmental MISP in place.	Departmental MISP in place.	MISP in place.	None



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for achievement
IT systems development: Linked GIS database to all other business process systems.	GIS linked to TRAFMAN, NATIS, Provincial GIS and other internal business systems.	GIS linked to TRAFMAN, NATIS, Provincial GIS and other internal business systems.	Seamless integration investigated.	Outside the departmental scope. National Treasury, SITA and nDOT to facilitate the integration.
Organisational Development				
Job Evaluation of dept posts.	Evaluation of all posts in the structure of department.	Prioritising the evaluation of management posts followed by evaluating posts on request totalling a target of 120.	25 posts evaluated.	Job evaluation slowed down and development of new organogram accelerated.
Job profiles of employees are developed.	Development of Job Profiles.	Develop job descriptions for new jobs.	Developed 95 job descriptions for new jobs.	None
Development of organisational structure and staff establishment.	Evaluate implementation of current organogram.	Engaged in the implementation of the new organisation and staff establishment structure to accommodate the Roads function from PWD.	Organogram presently in the PERSAL system. Personnel from PWD accommodated in the Department of Roads & Transport.	None
Supply Chain Management				
Maintenance and update of asset registers including Roads.	Existence of Asset registers including Roads.	Updated Asset registers.	Asset registers Transport Branch have been completed and updated. A consultant was appointed to compile the Asset Register for Roads Assets.	Stock Count has been conducted with Roads Assets but not marked during the stocktaking period.
	Asset disposal.	Asset disposal.	Disposal Committee embarked on a verification exercise in all the District Offices and Traffic Control Stations. 6 Public Auction centres were identified.	Although assets have been verified they have not been disposed of pending the appointment of Auctioneers.
	Inventory stock count.	Inventory stock count to be done in March 2006.	Stocktaking has been conducted for the 2005-06 financial year.	None

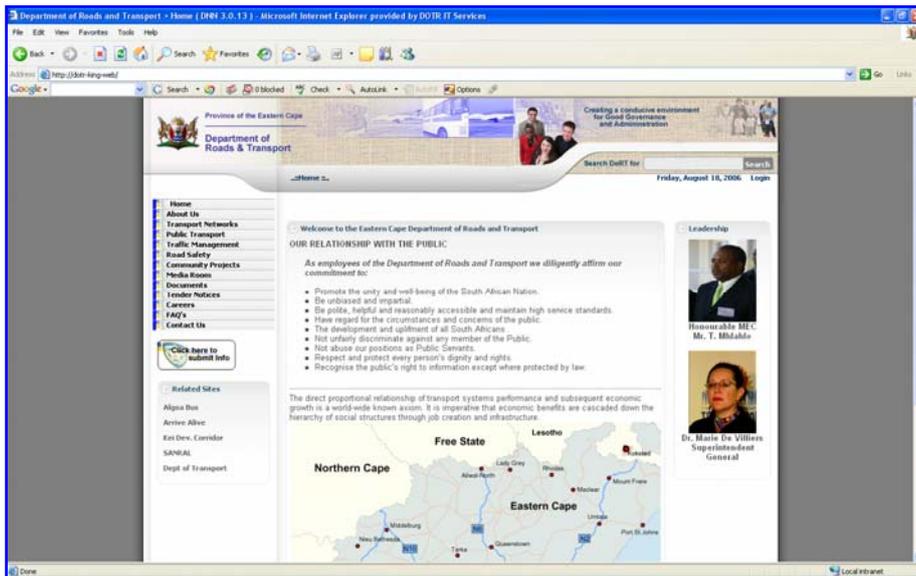


Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for achievement
Introduction of Supply Chain Management.	Capacity building arranged for SCM.	Workshops attended by procurement committee members and procurement unit.	Six (6) workshops / training sessions attended by one hundred and ninety (190) procurement committee members, senior managers and supply chain management practitioners from head office and districts.	None
Implement Supply Chain Management.	Establishment of New institutions. Bid committee reports.	Establishment of new committees are as follows: a) Cross Functional Team b) Specification Committee c) Bid Evaluation Committee d) Bid Award Committee	Specifications, Departmental Bid Evaluation, Bid Award, District Cross Functional and District Adjudicating Committees established. Committees comprised of Administrators, Financial Experts, Engineers and Legal Personnel. 238 contracts were awarded to the value of R735,303,125. All committee members and officials responsible for signing orders were appointed in writing. The department complies with the regulatory documents and reports submitted monthly to Provincial Treasury.	None
Budget Management				
Management of budget, monitoring of expenditure and timely reporting.	MTREF budgets and monthly monitoring reports; suspense accounts cleared; monthly In-Year, quarterly and annual reports to HOD, MEC and Treasury with prescribed dates and 30 day payment.	Produce targeted quality reports. Reduce 30 day payment of suppliers to 25 days. 100% clearance of suspense accounts.	Quality budget documents submitted within the set timeframes. In-Year monthly reports were produced in time. Payment cycle reduced from a backlog of 45 days to 31 days. Cleared all inter-departmental debt	There were challenges in producing the quarterly reports on non financial data. 70% of debt and dishonoured cheques have been cleared and the rest are in the process of recov-



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for achievement
			accounts. 75% clearance of other suspense/ledger accounts achieved.	ery.
Revenue Collection				
Effective revenue and debt collection.	Signed SLA with designated MVRA's.	All MVRA's have signed SLAs.	All MVRAs have signed the Service Level Agreement with the exception of the Nelson Mandela Metropole.	R11 million in arrear set-offs still outstanding from NMMM.
	Collection of arrear vehicle licence fees. Collection of current revenue from Registering Authorities.	50% 100%	91% of the remaining amount has been paid over in April 2006.	Negotiations are still going on with other Municipalities.
Special Programmes Unit				
Lay counsellors.	8 lay counsellors trained.	8 lay counsellors trained.	4 Lay counsellors trained.	Remaining 4 counsellors to be trained.
Peer Educators trained and have a plan in place.	Three districts have Peer Educators trained 3 each and the fourth have trained 2 Peer Educators.	11 Peer Educators trained.	Peer educators trained as follows: 2 Alfred Nzo 3 OR Tambo 2 Ukhahlamba 1 Chris Hani 1 Amathole.	None
HIV & AIDS policy approved.	HIV & AIDS policy launched.	Policy launched.	Policy launched.	None
Employees and transport sector aware of HIV & AIDS Policy.	Presentations made to Driver Of The Year 2005 competition (DOTY).	3 Presentations during the Driver of the Year competition.	Presentations done during the Driver of the Year competition in Amathole, Ukhahlamba and Chris Hani.	None
Interim Wellness Committee in place.	Interim Wellness Committee has a secretariat that drives the process.	Interim Wellness Committee with secretariat is in place and drives the process.	Committee established and Wellness Plan implemented.	None





Screenshot of Department's Website

2.9.1.4.3.1 Specific challenges & response

Challenge 1:

The Department operated on an organisational structure not fully aligned to the new strategic plan.

Response to Challenge 1

To concentrate efforts to realign the organisational structure to the Department's core functions including the Roads Component.

Challenge 2

Update and identify Roads assets in terms of Treasury Directives on Accounting policy in respect of prior years.

Response to Challenge 2

Constantly update and identify Roads assets in terms of the National Treasury Directives on Accounting Policy during the 2006/07 financial year.

2.9.1.4.3.2 Issues requiring ongoing attention

In addition to the two challenges mentioned above, the Roads function impacted on the Supply Chain Management (SCM) as the SCM was tested in the decision of awarding contracts. As a result a court judgement was delivered subsequent to the year end which pronounced changes in the conditions set for bids.



The collection of revenue arrears in respect of motor vehicle license fees from the Nelson Mandela Bay Metropolitan Municipality (NMBMM) attracted the attention of the Executive Council (EXCO). The implementation of the EXCO decision made it possible to collect 91% of arrear debt from NMBMM which amounted to R134 million, leaving a balance of R11 million that still needs to be settled by NMBMM.



MEC Mhlahlo at the Maths & Science Project Launch at the Walter Sisulu University

2.9.1.4.4 Sub-programme 1.4: Programme Support

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Management and monitoring of human resource activities and budget for the programme.	Budget and reliable In-Year-Monitoring (IYM) reports signed.	Signed budget submissions and IYM reports.	Achieved as planned. Budget spent. Included in 99.7% budget spending for entire department.	None
Strategic input into Strategic Plan.	Programme input to Strategic Plan.	Prepared Strategic Plan for signature.	Achieved as planned. OTP survey indicated very few gaps to be filled.	None
Develop / improve work procedures and methods.	Existence of reliable programme business plans in line with SP and programme business units.	Annual Performance Plans of the programme linked to APP of the department.	Detailed APP of the directorates developed.	None
Ensuring delivery of service by the programme.	Performance agreement and reviews for the programme / directorates. Reports on the monitor-	Signed PA, reviews & reports for APP on service delivery.	Achieved as planned and in addition a minus 1% of Vote's underspending was	Reviews not all achieved as planned due to lack of adequacy of personnel.



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
	ing of service delivery to internal and external clients.		achieved in line EXCO's decision.	

2.9.1.4.4.1 Specific challenges & response

Challenge 1:

Performance agreement and reviews not done at indicated times.

Response to Challenge 1

Beefing up personnel resources to balance departmental time management.

2.9.1.4.4.2 Issues requiring ongoing attention

Prioritizing performance agreements and reviews at scheduled dates as well as systems description and controls in roads

2.9.1.4.5 Sub-programme 1.5: Government Fleet Management Services

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Ensure and monitor compliance of the Fleet Management agreement.	Ensuring the functionality of all the forums namely the transport officers' forum, steering committee forum.	Ensure all forums meet monthly.	Convened all monthly meetings.	None
Management of the risk areas such as abuse, misuse, over utilization.	Establish risk control procedure manual in accordance with all relevant role players.	Procedure manual in place.	Risk advisory committee established.	Management of misuse of vehicles by departments is still a provincial challenge.
Develop skills of all transport officers to enable them to manage the agreement effectively and efficiently.	Set up training schedule with modules.	Set up training schedule.	All transport officials trained.	None
Support user departments in an advisory capacity.	Engagement with all user departments and attending departmental meetings.	Attend departmental meetings to advise.	Departments assisted through steering and technical committee.	Departments do not have regular internal transport meetings.
Communications flow from nDOT to all departments.	Development of circulars and forwarding to all user departments.	Circulate all National Department of Transport circulars timely.	All circulars circulated.	None





Delivery of new vehicles

2.9.1.4.5.1 Specific challenges & response

Challenge 1:

Vehicle abuse.

Response to Challenge 1

Monitoring reports of misuse and advise provincial departments of need for corrective actions.

Challenge 2

Non-payment of bills on due dates and disputes on bills.

Response to Challenge 2

Reconcile bills timely and comply with the provision of the Service Level Agreement.

2.9.1.4.5.2 Issues requiring ongoing attention

Revision of Public Private Partnership (PPP) agreement to consider continuity or alternatives of the province's PPP Fleet Management.

2.9.1.5 RECONCILIATION OF BUDGET WITH PLAN

Programme 1: Administration	Year -2 (actual) 2003/04	Year -1 (actual) 2004/05	Base Year (actual) 2005/06	Nominal Average Annual Change (%)	2006/07 Budget	2007/08 Target	2008/09 Target
Sub- Programme 1.1: Office of the MEC		1,462	997	(31.8)	2,583	2,713	2,859
Sub- Programme 1.2: Management	5,854	3,349	2,987	(10.8)	3,437	3,610	3,830



Programme 1: Administration	Year -2 (actual) 2003/04	Year -1 (actual) 2004/05	Base Year (actual) 2005/06	Nominal Average Annual Change (%)	2006/07 Budget	2007/08 Target	2008/09 Target
Sub-Programme 1.3: Corporate Support	55,182	67,434	95,727	(41.95)	111,233	116,130	123,574
Sub-Programme 1.4: Programme Support		463	2,590	459.39	3,150	3,308	3,480
Sub-Programme 1.5: Government Fleet Management Services	33,767	3,236	4,145	28.09	5,564	5,842	6,194
Sub-Programme 1.5: Organisational Development	391	5,245	<i>This sub-programme was discontinued and was incorporated into sub-programme 1.3: Corporate Support.</i>	(100.00)			
Total payments and estimates	95 194	81 189	106 446	31.10	125 967	131 603	139 937

2.9.1.5.1 Reasons for variance

There are no material variances in amounts voted or in sub-programs, all are less than 0.5%. See Appropriation Statement.

2.9.2 PUBLIC TRANSPORT



J.B. Mtshali
Chief Director: Public Transport

2.9.2.1 PURPOSE

To plan, regulate and facilitate the provision of public transport services and infrastructure facilities in order to enhance mobility of all communities, particularly those without access or with limited access.

2.9.2.2 STRATEGIC OBJECTIVES

- Promote and facilitate the provision of accessible transportation systems in identified areas.
- Consider and pursue integrated transport planning.
- Facilitate public transport transformation and ensure regulation and compliance.
- Revitalize rail and air transportation for both freight and passenger services.
- Ensure compliance with the regulatory framework.



- Promote private participation and Black Economic Empowerment.

2.9.2.3 SUB-PROGRAMS

The programme has the following sub-programmes:

Sub-Programme 2.1: Programme Support

- To provide support for the programme pertaining to activities of the senior management and secretaries as a strategic resource and to develop work improvement.

Sub-Programme 2.2: Planning

- To undertake and promote the development of strategic multimodal transport plans and monitor their implementation.

Sub-Programme 2.3: Infrastructure

- To provide public transport infrastructure other than roads through co-operation with district and local municipalities.

Sub-Programme 2.4: Empowerment & Institutional Management

- To transform and empower the public transport sector into a sustainable and economically viable industry.

Sub-Programme 2.5: Operator Safety & Compliance

- To ensure that all public transport is registered.

Sub-Programme 2.6: Regulation & Control

- To facilitate the provision of reliable, safe, affordable and efficient mini-bus taxi services.

Sub-Programme 2.7: Civil Aviation

- To improve management of provincial airports.

2.9.2.4 SERVICE DELIVERY OBJECTIVES, INDICATORS & ACHIEVEMENTS

2.9.2.4.1 Sub-Programme 2.1: Programme Support

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Ensure that programme strategic objectives are aligned with PGDP.	Programme budget aligned with PGDP and aligned with Treasury sector specific guidelines.	Programme budget aligned with PGDP.	Programme budget aligned with PGDP as reflected in the projects of the sub-programmes.	None



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Management of human resources of the programme.	Effective performance management and assessment.	Effective performance management and assessment of performance of employees.	Performance and Work Plan Agreements signed. Two quarterly performance reviews done.	Four quarterly reviews need to be done.
Monitor, evaluate and quality control of programme activities.	High quality output on strategic objectives and project implementation.	High quality output on strategic objectives and project implementation.	Reflected in sub-programme specific reports reflected hereunder.	See sub-programme reports.
Ensure implementation of financial governance reforms aligned to the spirit and guidelines of PFMA.	Level of compliance required by Auditor-General on regulatory measures.	Level of compliance required by Auditor-General on regulatory measures.	Achieved, as the programme had very few audit queries.	None

2.9.2.4.1.1 Specific challenges & response

Challenge 1:

The biggest challenge remains the efficient operation of the Performance Management & Development System of employees due to time constraints.

Response to Challenge 1

Efforts in this area will be increased and structured in order to improve performance in efficiently using PMDS as a management tool.

2.9.2.4.1.2 Issues requiring ongoing attention

Compliance with the PFMA and ensure that there are no audit queries in management letters.

2.9.2.4.2 Sub-Programme 2.2: Planning

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Review White Paper on Transport Policy.	Transport Policy.	Submit updated Provincial Transport Policy to MEC.	Policy update not finalised.	Finalisation of the update had to await the outcome of the Provincial Transport Summit held on 20-21 April 2006.
Prepare and facilitate Implementation of Rural Transport.	Rural Transport Development Plan.	Identify pilot projects for implementation.	Rural Transport Plan (Strategic Framework) approved by EXCO on 3 August 2005.	Pilot Projects to be undertaken as part of new Community Transportation Programme.



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Preparation of Provincial Land Transport Framework (PLTF).	Updated Provincial Land Transport Framework.	Submit updated PLTF to Minister of Transport.	First draft completed.	Finalisation of the update had to await the outcome of the Provincial Transport Summit held on 20-21 April 2006.
Guide and monitor the preparation of integrated transport plans (ITP's) in the Province.	Integrated Transport Plans.	Submit ITP's to DOT.	Submitted ITP's to DOT.	None
Transport Infrastructure plans from different authorities.	Integrated 5-year Transport Infrastructure Implementation Plan.	Submit Plan to EXCO for approval.	Plan developed and needs ratification by Management.	To be aligned with Treasury requirements.
Support and participation from relevant rail and planning authorities.	Provincial Rail Committee.	Inauguration of Provincial Rail Committee.	Committee inaugurated on 11 August 2005. Committee meeting once a month.	None

2.9.2.4.2.1 Specific challenges & response

Challenge 1:

Recruitment and retention of appropriately qualified technical staff remains a serious challenge.

Response to Challenge 1

Continue with efforts to recruit suitably qualified and experienced technical staff and liaise with Human Resources Management to implement the Scarce Skills Strategy.

Challenge 2

Lack of necessary information.

Response to Challenge 2

Continued effort to collect new and update available information and store information in an easily retrievable manner.

2.9.2.4.2.2 Issues requiring ongoing attention

The lack of transportation planning capacity at both provincial and local level to implement the requirements of the National Land Transport Transition Act and reliable data upon which to base medium and longer term planning will continue to receive attention. Plans to improve transport infrastructure and services need to be properly co-ordinated in order to ensure efficient utilisation of all modes of transport. Giving effect to the well accepted principle of integrated land use / transport planning remains a major challenge.

2.9.2.4.3 Sub-Programme 2.3: Infrastructure

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Transport Plans from Municipalities.	No of plans received and approved.	Consider 9 Plans for approval and allocate R13,707,000 for implementation.	Considered and approved 6 Plans and allocated R13,707,000 for implementation.	No response from 1 core city and 2 district municipalities.
No. of kilometres of road of implemented remedial measures.	Km	Complete markings on 700 km of road.	Completed markings on 984 km of road.	None
Refurbish existing railway line & stations.	Km refurbished.	Refurbishment complete.	Refurbishment completed in 2004/05.	No refurbishment in 2005/06.
Implement train control system.	%Equipment installed/tested.	100% complete.	20 % complete.	Lease agreements for high mast sites still under consideration by Spoornet.
Zamukulungisa siding development.	% construction complete.	100% complete.	Construction could not start.	Delayed by relocation of communities from the construction site.
Zimbane alternative housing development.	% design & construction complete.	Bulk services complete (excluding houses).	Bulk services 80% complete.	Additional funding had to be secured before electrical contract could be awarded.
Re-introduction of rail freight services & operation of line.	Operational business plan completed.	Commence operations on the refurbished line.	Draft business plan completed towards testing private sector interest.	Regular operations had not commenced. New developments at national level with regard to branch lines.
Economic Initiative.	Investor's conference & IIDP.	Host Investor conference.	Planning for conference 30 % complete. Promotional trip on 20/10/2005. First time since 1997.	Slow down due to the realignment of the Economic Cluster.
Planning & implementation of commuter services (Buffalo City).	% Planning complete.	BC ITP complete.	BC Public Transport Framework Plan completed.	Regional Rail Plan under preparation by SARCC.
Planning & implementation of commuter services (Nelson Mandela).	% Planning complete.	Detail Design Complete.	NMMM Public Transport Plan 70 % complete.	Regional Rail Plan under preparation by SARCC.

2.9.2.4.3.1 Specific challenges & response

Challenge 1:

The removal of illegal occupants on the proposed Zamakulungisa siding site remains a challenge.



Response to Challenge 1

The MEC's for Local Government & Housing and Roads & Transport assisted in identifying alternatives through the Minister of Provincial and Local Government Affairs.

Challenge 2

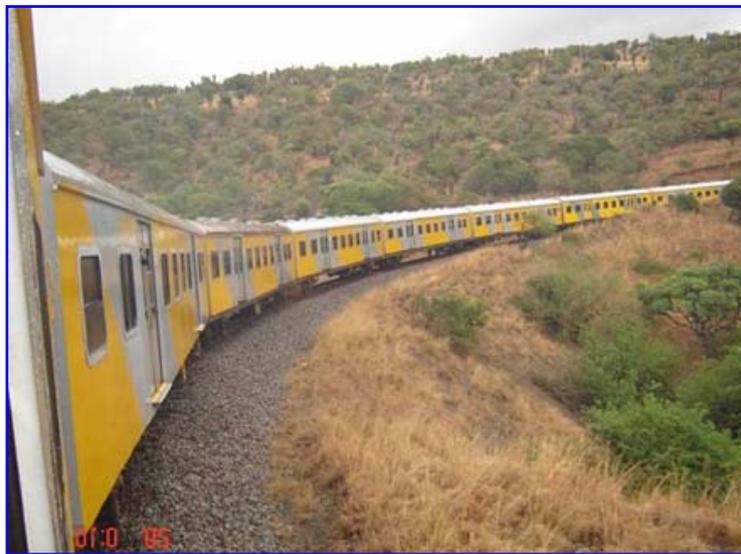
Recruitment and retention of appropriately qualified technical staff remains a serious challenge.

Response to Challenge 2

Continue with efforts to recruit suitably qualified and experienced technical staff and liaise with Human Resources Management to implement the Scarce Skills Strategy.

2.9.2.4.3.2 Issues requiring ongoing attention

The identification of a suitable operator for Kei Rail will receive attention during the next financial year.

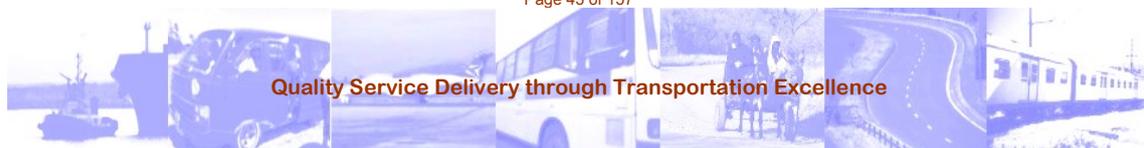


Kei Rail Trip on 20/10/2005. This was the first time since 1997 that a train travelled on the rail

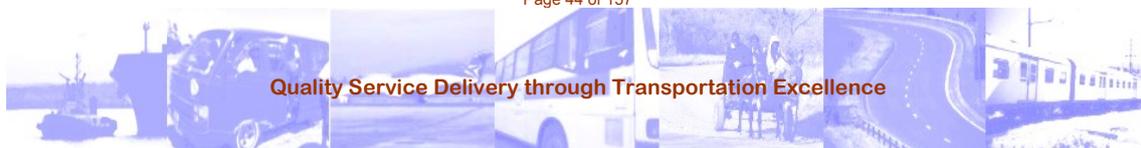
2.9.2.4.4 Sub-Programme 2.4: Empowerment & Institutional Management

The sub-programme includes the empowerment of the bus industry, the minibus taxi industry as well as non-motorized transport. The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Unite small bus operators into a single legal entity.	Registered single legal entity for small bus operators.	Registered single legal entity for small bus operators.	Single legal entity registered as Africa's Best 350 Ltd.	None



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Enter into a negotiated contract with the single legal entity to service 166 routes identified through Route Viability Study.	Signed contract between Dept. & legal entity to render subsidized bus services.	Signed Contract with single legal entity to render subsidized bus services.	Contract not signed.	Complexity of the transaction prevented signing of contract. Commercial financing could not be finalised.
Appoint Supervising & Monitoring Firm (SMF) to monitor the services.	Signed contract with SMF & services monitored effectively.	Signed contract with SMF & services monitored effectively.	Contract not yet signed.	SMF can only be appointed once the contract with the Single Legal Entity has been signed and comes into effect.
Manage the contract effectively & efficiently	Services rendered I.T.O the signed contract.	Services rendered by Single Legal Entity.	Services by Single Legal Entity not yet started.	Contract not yet signed.
Subsidised bus services rendered by private partner i.t.o. the contract.	Signed contract between the Dept & a private partner that will take over the operations of MTC.	Signed contract with private partner to operate MTC services.	The department developed an internal turnaround strategy for Mayibuye. Recapitalisation of the fleet to the tune of R15 million started.	Service delivery improvement plan and SLA to be developed.
Properly designed and rationalised service in the NMMM area.	Appoint consultants to update the service design that was done in 2002/03 in conjunction with NMMM.	Completed and approved service design Signed Negotiated Contract with Algoa Bus Company.	R400,000 approved for the study.	NMMM needed to complete their Integrated Transport Plan (ITP) and Public Transport Plan (PTP). Design needs to be done in terms of the PTP according to the NLTTA.
Signed Negotiated Contract with Restructured Algoa Bus Company (BEE owned) after 3 years of 5-year contract period.	Sign Negotiated Contract with Algoa Bus Company. Signed contract with SMF to monitor contracted services. Services & restructuring of company done I.T.O contract.	Negotiated Contract signed. Appointed SMF. Proper monitoring of services.	Algoa services continued in terms of the Interim Contract and the Department lodged a preliminary application for a Negotiated Contract with the national Department of Transport.	Contract could not be signed due to the services that could not be redesigned as indicated above. SMF can only be appointed once the service design has been completed and the contract has been signed.



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Most critical areas for facilitation of subsidised public transport services identified. Further contract development for this purpose in a phased approach.	Appoint consultants to review Current Public Transport Records to identify seat availability & needs. When needs have been identified to do Route Viability Studies in the most critical areas.	Public Transport services designed in areas with most critical needs.	Administered contracts with 79 small operators.	Lack of staff capacity within the Directorate due to heavy workload to administer contracts.
Capacitate the Taxi Industry through training in disciplines like generic business in management, customer care and professional driving.	Updated data base of trainees. Procurement processes towards engaging suitable service providers are in place. Training needs had been identified.	Updated data base of trainees. Procurement processes towards engaging suitable service providers are in place. Training needs had been identified.	Database updated. Training needs have been identified, but not all training could be provided during 2005/06.	Procurement processes need to be finalized with Human Resource Development directorate.
Readiness for the Taxi Recapitalisation Project roll-out.	Taxi Operators register as tax payers. Permits are converted into Operating Licenses.	All taxi operators to register as taxpayers. All permits to be converted to Operating Licenses.	Approximately 40% have registered. Out of 12,208 permits 7,318 applications for conversion have been received. 5,218 applications approved.	Response from operators very slow, despite several road shows. Conversion application period extended to 31 May 2006.
	Dedicated law enforcement on public transportation.	Integrated law enforcement strategy.	Law enforcement done through traffic officers.	Working closely with SAPS, but it needs to be expanded.
Readiness for the Taxi recapitalisation project Roll-out.	Availability of the requisite Office infrastructure.	Operating License Board Offices to be operational in all 6 Districts.	OLB Offices running in 5 Districts.	Ukhahlamba office could not be opened due to office space and logistic challenges.
	Registered public transport associations and operators.	All operators and associations to be registered with Provincial Transport Registrar.	Achieved, but register is updated as operators leave the industry and new ones enter.	None



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Rural scholars and workers do not walk unacceptable distances to access learning centres and work places.	No learner below the age of ten should walk more than five kilometres to access a learning centre.	Continuous project to minimize unacceptably long walking distances.	583 bicycles have been distributed to centres in Amathole, Alfred Nzo & Chris Hani Districts.	Continuing roll-out of Shova Kalula project.
	Pedestrian/cycle paths.	Infrastructure to be provided.	Not started.	The implementation of this project will be done in terms of needs identified in ITP's.

2.9.2.4.4.1 Specific challenges & response

Challenge 1:

Staff capacity remains a challenge as there is not enough trained and qualified staff to implement projects within stated timeframes.

Response to Challenge 1

The implementation of a new organisational structure and the recruitment of appropriately qualified staff would alleviate the service delivery pressures.

Challenge 2

Budgetary constraints for the filling of critical posts as identified on the new organisational structure.

Response to Challenge 2

Funding for the filling of critical posts would have to be found if we are going to accelerate and improve service delivery.

2.9.2.4.4.2 Issues requiring ongoing attention

The Taxi Recapitalization Program would have to receive continuous attention and communication with minibus taxi stakeholders would have to be improved to ensure all operators are ready for the roll-out of this program.

Rural Learners on Bicycles – Promoting Non-Motorised Transport



2.9.2.4.5 Sub-Programme 2.5: Operator Safety & Compliance

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Enforcement of public transport legislation.	Populating the component of the Road Transportation Inspectorate. Personnel identified and deployed as Transport Inspectors undergo training	Establishment of Road Transportation Inspectorate and train personnel.	Personnel redeployed to this sub-programme, but still need to be trained.	Specialised, accredited training providers have been identified and training will start in the new financial year.

2.9.2.4.5.1 Specific challenges & response

Challenge 1:

Filling of more posts of Road Transportation Inspectors and their training.

Response to Challenge 1

Constant liaison with Human Resource Management and approach Provincial Treasury for funding of further posts as provided for on the new organogram.

2.9.2.4.5.2 Issues requiring ongoing attention

Staff that have been redeployed to this sub-programme will need to be trained and then redeployed to district offices. At present there is an imbalance with regard to the distribution of this sub-programme's staff.



Minibus Taxis in Oxford Street, East London on Car-Free Day hosted by the Department

2.9.2.4.6 Sub-Programme 2.6: Regulation & Control

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Ensure that land passenger Transport Operations are conducted i.t.o. permits/operating licences.	An Operating License Board and Secretariat to issue, amend, cancel Permits/ Operating Licenses issued i.t.o. the Act in order to eliminate a backlog of 20,000 radius based permits.	12,208 permits to be converted to Operating Licenses.	8,097 applications for conversion received and 6,573 thereof approved for conversion.	Board considering 1,524 applications for conversion Operators have not as yet applied for conversion for the remaining 4,111 permits. 2,792 permits from the 15,000 not convertible due to their being attached to LDVs and other public transport modes (i.e. bus, tourist services and metered taxis).
Provisional registration of taxi operators and their associations.	Compile a Provincial Register of 14,500 operators and 100 Associations and verify 18,000 vehicles.	7,000 operators to be provisionally registered i.t.o. the NLTTA; 96 associations to be provisionally registered i.t.o. the NLTTA and 5000 vehicles to be verified.	1,000 operators have been provisionally registered i.t.o. the NLTTA; 96 associations have been provisionally registered.	No linkage between the Registration Administration System (RAS) and the NATIS for verification process. RAS is managed by the national DOT.





MEC Mhlahlo symbolically handing over the first Operating License to Mr. N. Goniwe representing the Taxi Industry

2.9.2.4.6.1 Specific challenges & response

Challenge 1:

Elimination of illegal operators remains a challenge.

Response to Challenge 1

Service providers to be identified and accredited for the scrapping of minibus taxis as part of the Taxi Recapitalisation Program.

2.9.2.4.6.2 Issues requiring ongoing attention

The liaison with the Operating License Boards would have to receive constant attention in order to regulate long distance inter-provincial public transport effectively. Co-operation from local authorities is also crucial in this regard.

2.9.2.5 Sub-Programme 2.7: Civil Aviation

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
The two Airports of Bhisho and Mthatha to remain compliant with CAA Regulations.	Mthatha Airport showing an increase in passenger volumes. Revenue collection to improve.	Increase passengers by 10%.	Passengers increased by 11% Revenue collected R692,707.00.	None



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Investigate options for the restructuring of the Mthatha and Bhisho Airports.	Appointment of specialist to do a detailed feasibility study on both airports and advise the department on the best option for the proposed restructuring and improvement of the airstrip utilisation.	Call for Expression of Interest done in October 2005.	Four companies short listed and bid report submitted to SCM. The revival of the airport has started. The SAPS Air Wing has started operating from the airport.	The bids received are not affordable. The Department will do an internal turn-around strategy.
Revive utilization of Airstrips for the promotion of Tourism.	More tangible links between Mthatha Airport and coastal airstrips.	12 airstrips to be visited.	10 airstrips visited.	Transport to airstrips was a problem.



Bhisho Airport Terminal Building



Mthatha Airport Terminal Building

2.9.2.5.1 Specific challenges & response

Challenge 1:

To attract more airlines to operate between Bhisho, Mthatha and Port Elizabeth.

Response to Challenge 1

Internal turn-around plan and upgrading of Bhisho Airport will make the use of the airport more attractive and safe and will attract more activity.

2.9.2.5.2 Issues requiring ongoing attention

Airstrips, belonging to private individuals and local authorities throughout the Province will require increased monitoring in order to integrate such airstrips into transport infrastructure to be used for the promotion of tourism and accessibility for emergency and relief purposes.



2.9.2.6 RECONCILIATION OF BUDGET WITH PLAN

Programme 2: Public trans- port	Year -2 (actual) 2003/04	Year -1 (actual) 2004/05	Base Year (actual) 2005/06	Nominal Average Annual Change (%)	2006/07 Budget	2007/08 Target	2008/09 Target
Sub- Programme 2.1: Pro- gramme Sup- port		2,063	2,859	38.58	4,348	4,565	4,846
Sub- Programme 2.2: Planning	70,424	936	1,690	80.55	7,458	7,580	7,737
Sub- Programme 2.3: Infrastruc- ture		41,838	35,718	(14.62)	72,594	83,657	89,493
Sub- Programme 2.4: Empow- erment & Insti- tutional Man- agement	53,736	42,743	69,054	61.55	65,101	68,106	81,758
Sub- Programme 2.5: Operator Safety & Com- pliance		4,030	1,751	(56.55)	3,687	3,871	4,074
Sub- Programme 2.6: Regulation & Control		7,372	5,959	(19.16)	6,527	6,855	7,233
Sub- Programme 2.7: Civil Avia- tion	11,497	10,728	12,150	13.25	11,246	11,808	12,483
Total payments and estimates	135,657	109,710	129,181	17.74	170,961	186,442	207,624

2.9.2.6.1 Reasons for variance

There are no material variances in amounts voted or in sub-programs, all are less than 0.5%. See Appropriation Statement.

2.9.3 TRAFFIC ADMINISTRATION



H.C. Reynolds
Chief Director: Traffic Administration

2.9.3.1 PURPOSE

The objective of the programme is to ensure adequate road safety and safety engineering on the provincial roads and ensure that all vehicles registered in the province are licensed each year and that all drivers are appropriately authorised to drive their vehicles whilst also promoting road safety awareness.



2.9.3.2 STRATEGIC OBJECTIVES

- To promote and facilitate traffic safety by actively pursuing the ideals and objectives of Road to Safety Strategy, which embraces the “Arrive Alive” campaign.
- To maximise traffic control and law enforcement.
- To enhance the management of the National Traffic Information System (NaTIS) and the Traffic Management System (TRAFMAN).
- Ensuring road safety engineering standards on existing and new provincial road network by undertaking road safety audits and promoting proper signage on provincial roads.

2.9.3.3 SUB-PROGRAMMES

The program has the following sub-programmes:

Sub-programme 1: Programme Support

- Administrative support for programme.

Sub-programme 3.2: Safety Engineering

- Responsible for Safety and Traffic Engineering.

Sub-programme 3.3: Traffic Control

- Mainly deals with law enforcement and all issues governed by the National Road Traffic Act 93/1996. The services are rendered in six districts and head office. In the districts there are traffic stations that execute traffic law enforcement, regulate and control vehicular motor traffic. This is the most sensitive programme known to the public because of the day-to-day interaction with motorised and non-motorised communities. This programme engages in all aspects of traffic control and road safety with a view of promoting a smooth movement of persons and goods in our province.

Sub-programme 3.4: Traffic Safety Education

- Traffic Safety Education
 - To facilitate and promote traffic safety education and mass communication programs and projects.
- Community Education
 - To implement and monitor community based programs.

Sub-programme 3.5: Traffic Administration and licensing

- To ensure that all vehicles in the province are registered and licensed.

Sub-programme 3.6: Overload control

- To regulate and control overloading and abnormal load control on all roads in the province

2.9.3.4 SERVICE DELIVERY OBJECTIVES, INDICATORS & ACHIEVEMENTS.

2.9.3.4.1 Sub-Programme 3.1: Programme Support

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Ensure that programme strategic objectives are aligned with PGDP.	Programme budget aligned with PGDP and aligned with Treasury sector specific guidelines.	Programme budget aligned with PGDP.	Programme budget aligned with PGDP as reflected in the projects of the sub-programmes.	None
Management of human resources of the programme.	Effective performance management and assessment.	Effective performance management and assessment of performance of employees.	Performance and Work Plan Agreements signed. Two quarterly performance reviews done.	Four quarterly reviews need to be done, but time constraints prevented this.
Monitor, evaluate and quality control of programme activities.	High quality output on strategic objectives and project implementation.	High quality output on strategic objectives and project implementation.	Reflected in sub-programme specific reports reflected hereunder.	See sub-programme reports.
Ensure implementation of financial governance reforms aligned to the spirit and guidelines of PFMA.	Level of compliance required by Auditor-General on regulatory measures.	Level of compliance required by Auditor-General on regulatory measures.	Achieved, as the programme had very few audit queries.	None

2.9.3.4.1.1 Specific challenges & response

Challenge 1:

Not enough support staff to assist with admin in this programme.

Response to Challenge 1:

The new departmental organogram makes provision for filling of support staff but currently posts are not funded.

2.9.3.4.1.2 Issues requiring ongoing attention

The support programme needs to be strengthened to be of assistance to rest of programme staff to ensure smooth running of chief directorate.

2.9.3.4.2 Sub-Program 3.2: Safety Engineering

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Km of roads assessed and road safety index determined.	km	350	235	-115 Process underway.
Km of road speed limits Evaluated.	Km	1000	150	-850 Process started late.



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
No of permanent counters operational.	No.	18	3	-15 Delayed pending specialist analysis of 7-day counts.
7-day Counts.		21	22	+1
48 hour counts.		100	0	-100 ¹ Progress stalled.
Km of pedestrian and cycle paths designed.	km	100	0	-100 ² Funding re-allocated to Traffic Counting.
Proportion of identified routes sign-posted.	%	50	90 Lake Wild Coast Jikeleza.	None
Information Kiosks.	No.	2	3 Wild Coast Jikeleza.	None

Note:

¹ The tender for the 48-hour counts could only be rewarded in November 2005 as a result of various factors. Counting cannot be done in December/January due to the distorted traffic patterns caused by holiday traffic. March is again a holiday month and it was decided to concentrate on the permanent traffic counting stations and start with the 48-hour counts in the new financial year.

² The contract for the permanent counting stations spilled over from the previous financial year and further funds had to be made available to cater for this.



One of the road signs designed and erected by the Department

2.9.3.4.2.1 Specific challenges & response

Challenge 1:

Limited staff resources delay the successful completion of some planned projects.

Response to Challenge 1

Department will continue to find ways to attract technical staff to the sub-programme.



2.9.3.4.2.2 Issues requiring ongoing attention

Performance against targets would need to be reviewed.

2.9.3.4.3 Sub-Program 3.3: Traffic Law Enforcement

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Unit	%
Input						
² Number of traffic officials per km of surfaced road in province	1:150 (per shift)	1:532 (for 1 shift)	1:450 (per shift)	1:517 (per shift)	0.87	⁴ -13%
³ Number of officers per patrol vehicle	1,100:275 (4:1) (4 / vehicle / day)	310:281 (1.10:1)	366:275 (1.33:1)	319:268 (1.19:1)	0.89	⁵ -11%
Process						
Number of hours speed checks operated		9,360	9,500	8,324	-1,176	⁶ -12%
Number of roadblocks held		5,690	5,800	5,121	-679	⁷ -11.7%
Output						
Number of unroad-worthy vehicles impounded		500		681	131	⁸ 26.2%
Number of licenses suspended		400		590	190	⁹ 47.5%
Number of licenses confiscated		150		97	-53	¹⁰ -35%
Efficiency						
Number of registered vehicles per traffic officer		1:1,688		1:1,847	159	¹¹ 9%
Outcome						
Number of accidents reported		32,408		27,524	4,884	¹² -15.1%
Number of accidents involving mini-buses or buses		4,380		2,250	1,692	¹³ -48.6%
Number of fatalities		1,109		1,433	324	¹⁴ 29.21%
Number of serious injuries		10,648		8,250	2,398	¹⁵ -22.5%

Notes:

¹ Only statistics are required in this table and as such no performance measure could be set, thus where possible, realistic targets are set.

² There is 55,000 km of surfaced road in the Province. This would require 1,100 traffic officers that will work in 3 shifts of 8-hours (366 officers per shift) to cover the roads 24 hours per day. At the end of March 2006, only 319 traffic officers were employed, thus allowing only one shift per day.

³ Ideally, traffic officers should be paired on patrol duties for security reasons. At present the component has a sufficient number of patrol vehicles, but a shortage in traffic officers.

⁴ Even though the number of Traffic officers showed a slight improvement, the number of kilometers of surfaced roads also increased slightly, and as such it was not possible to attain the set target. However, we will continue to strive for an improvement in this regard.



⁵ The ideal number of patrol vehicles was calculated at 275, but due to a number of accidents and vehicles coming to the end of its economic life, the sub-programme had a shortage of about 8 patrol vehicles at the end of the year under review.

⁶ Due to some personnel shortages and a shorter Arrive Alive campaign over December/January fewer speed checks were held.

⁷ Due to some personnel shortages and a shorter Arrive Alive campaign over December/January fewer road blocks were held. The number of road blocks held compared to the set target was actually not very significant.

⁸ A concentrated effort was made to focus more on unroadworthy vehicles and the marked increase in the number of such vehicles that were impounded shows that this effort bore the required results.

⁹ The increase in the number of licenses that were suspended indicates that the justice system is taking traffic offences more seriously than was the case in the past.

¹⁰ The decrease in the number of licenses that were confiscated may indicate that the challenge of forged licenses is decreasing.

¹¹ The increase in the number of registered vehicles per traffic officer may indicate the improvement of the province's economy.

¹² When the increase in the number of vehicles by 9% is taken into account, the number of accidents actually decreased more dramatically than indicated by the 15% reflected in the table above.

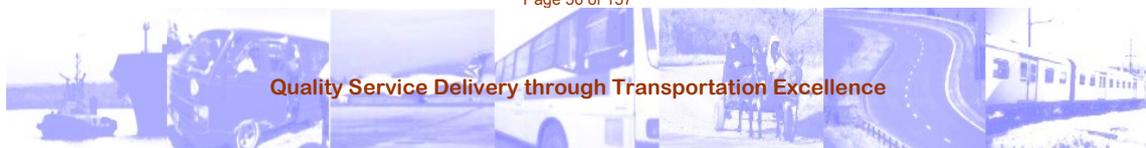
¹³ The dramatic decrease in the number of accidents involving public transport vehicles shows that concerted efforts in public transport law enforcement is paying dividends.

¹⁴ The increase in the number of fatalities indicated that although the number of accidents decreased some of those accidents were very serious.

¹⁵ Although the number of fatalities increased, the number of serious injuries decreased almost proportionately.



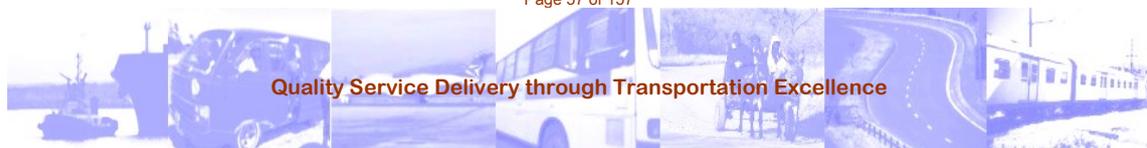
Traffic Officer Drill Squad in action

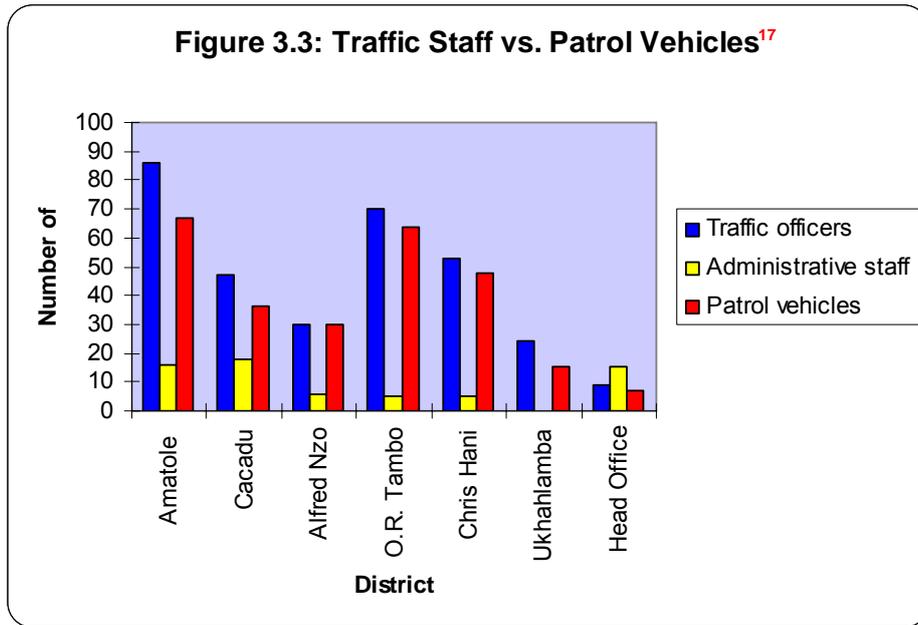


Resources for traffic management by region

District of Province	Number			
	2002/03	2003/04	2004/05	2005/06
Region 1: Amatole				
Traffic officers	79	86	94	86
Administrative staff	13	34	29	16
Patrol vehicles	50	32	73	67
Region 2: Cacadu				
Traffic officers	23	22	33	47
Administrative staff	4	4	18	18
Patrol vehicles	26	26	36	36
Region 3: Alfred Nzo				
Traffic officers	46	36	41	30
Administrative staff	9	13	6	6
Patrol vehicles	42	27	37	30
Region 4: O.R. Tambo				
Traffic officers	71	73	69	70
Administrative staff	10	6	5	5
Patrol vehicles	31	39	64	64
Region 5: Chris Hani				
Traffic officers	59	52	49	53
Administrative staff	4	11	11	5
Patrol vehicles	31	23	48	48
Region 6: Ukhahlamba				
Traffic officers	16	16	16	24
Administrative staff	1	1	0	-
Patrol vehicles	11	11	16	15
Head Office				
Traffic officers	12	7	8	9
Administrative staff	14	15	15	15
Patrol vehicles	2	2	7	7
Entire Province				
Traffic officers	310	292	310	319
Administrative staff	55	102	84	75
Patrol vehicles	193	193	281	268

Total vehicle population of the province numbers: 589,266





¹⁷ Although it appears that there is large inequity among the districts in terms of the ratio of traffic officers versus patrol vehicles and administrative, the size of the patrol area within a district needs to be taken into account as indicated in Figure 3.3 (also see 2.9.3.4.2 here below).

2.9.3.4.3.1 Specific challenges & response

Challenge 1: Increase in number of fatalities.
Response to Challenge 1 Arrive Alive Road Safety and continuous Law Enforcement campaigns
Challenge 2: Moving violations and alcohol related infringements increased.
Response to Challenge 2 Arrive Alive Road Safety and Law Enforcement campaigns.
Challenge 3: Not enough Vehicle Testing Stations in the province.
Response to Challenge 3 To construct Vehicle Testing Stations in previously disadvantage areas to improve vehicle fitness and roadworthiness.
Challenge 4: Not enough Driving Licence Testing Centres in the province.
Response to Challenge 4 To assist Great Kei District Municipality in constructing a driving Licence Testing Centre to improve driver quality, knowledge and skills.

2.9.3.4.3.2 Issues requiring ongoing attention

Inequity with regard to resources in the different districts will continue to receive attention as and when more staff is appointed.





New Traffic Officers inducted

2.9.3.4.4 Sub-Program 3.4: Road Safety Education

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Traffic Safety Education

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Unit	%
Input						
Number of staff providing road safety education programmes at schools.	Number	42	50	42	-8	-16%
Number of staff providing road safety education programmes to public transport operators.	Number	13	30	13	-17	-56%
Process						
Schools involved in road safety education programmes.	Percentage	14%	35%	35%	0	0
Number of courses run for public transport operators.	Number	4	5	4	-1	-20%
Output						
Scholar programmes and projects.	Number of projects and programmes implemented in schools.	9	9	9	0	0



Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Unit	%
Quality						
Informed teachers and learners.	Number of schools reached.	358	1,800	1,933	133	7%
Efficiency						
Performance is measured according to number of projects and programmes and set targets and time frames.	Set targets and time frames.	Reached 1,800 schools.	Reach 1,800 schools per annum.	Reached 1,933 schools in 2005/06.		
Outcome						
Number of pedestrians killed	Statistics of pedestrians involved in road accidents from National Department of Transport.	90	81	103	-23	25%
Number of child pedestrians killed.	Statistics of pedestrians involved in road accidents from National Department of Transport.	93	10% reduction.	136	53	39%

Note: The reason for not reaching the said targets is due to a shortage in personnel that emanates from a deficit on the personnel budget. The posts of Road Safety Officers have been listed as critical posts, but could not be filled due to them being unfunded. The sub-programme addressed this by filling additional vacancies for Road Safety Officers at district level with effect from 1 April 2006.



Training scholar patrols – a vital link in keeping children safe in traffic



Community Education

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
5 Scholar programmes and projects.	36 Percent coverage of schools involved in Road Safety Education.	35%	30%	-5% Due to lack of staff to implement Road Safety Projects and the increased number of schools in the Province.
Mass communication and Arrive Alive campaigns in accident prone and targeted rural areas.	90 campaigns based on 6 themes are run.	90 Campaigns.	120 Campaigns.	33.3%
3 Community Based Programmes and projects in accident prone and targeted rural areas namely:- a) Stray Animal b) Pedestrian Safety and Visibility c) Driver Education Project (Doty).	Conduct at least 24 community education workshops. Conduct at least 24 community education workshops At least 12 courses are run for targeted professional drivers.	80 workshops. 24 workshops.	90 workshops. 36 workshops.	12.5% 50%

2.9.3.4.4.1 Specific challenges & response

Challenge 1:

Insufficient funds to implement Road Safety Education Projects particularly the Arrive Alive Campaign and Scholar Programmes. This has restricted the effective implementation and the impact of Road Safety Programmes. Furthermore, it has created a major hindrance to the Department's ability to realise its strategic goal of creating road safety awareness.

Response to Challenge 1:

Funds were sourced from other Directorates through virement.

Challenge 2:

2.1 Lack of staff

The number of schools that are serviced by Road Safety Officers is 5,145. Compared to other provinces, this is the largest number. The Directorate has 42 Road Safety Officers providing road safety education programmes in schools. Each road safety officer has to service 125 schools per year. This number excludes other projects which also need to be implemented.

2.2 Lack of resources and vehicles

Road Safety Officials are unable to travel to widespread areas that are mostly rural due to the shortage of resources such as road safety equipment and subsidised vehicles. The situation requires them to spend more hours on travelling than service delivery.

Response to Challenge 2:

Filling of the critical post as per the organogram should be speedily implemented.



Challenge 3:

Measures to extend services by using community structures such as Transportation in urban and rural areas are constrained by the lack of compensation measures for Forum members e.g. transport, meals and other expenses.

Response to challenge 3:

Attempts are being made by the Directorate to source major funding for Road Safety Projects and form partnerships with private companies. The Transportation Forums in future will be funded by the new Community-Based Transportation Programme.

2.9.3.4.4.2 Issues requiring ongoing attention

The resources of this program need ongoing attention and monitoring. Programs delivered by municipalities need review.

2.9.3.4.5 Sub-Programme 3.5: Traffic Administration and Licensing

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	% Deviation from Target	
					Unit	%
Quality						
Number of licence fraud cases prosecuted.		5	No Target set as it could not be predicted.	11		
Efficiency						
% of licenses paid on time.		94%	95%	96%		1%
Administration costs as % of total license revenue.		15%	15%	15%		0%



Launch of SA Post Office as Motor Vehicle License Registering Authority in the Nelson Mandela Bay Metropolitan area



2.9.3.4.5.1 Specific challenges & response

<p>Challenge 1: Inadequate security systems.</p>
<p>Response to Challenge 1: The Best Practice Model has been adopted to reduce fraud and corruption. This will be implemented at the Provincial Helpdesk and Registering Authorities in the Province.</p>
<p>Challenge 2 : Inadequate office space / area.</p>
<p>Response to Challenge 2: The department is in the process of seeking suitable office space area for the provincial helpdesk.</p>
<p>Challenge 3: Lack of quality service by Registering Authorities.</p>
<p>Response to Challenge 3: Service Level Agreements will be developed with quality indicators.</p>

2.9.3.4.5.2 Issues requiring ongoing attention

Service Level Agreements with Registering Authorities need to be revised. Clear standards must be set and monitored.

2.9.3.4.6 Sub-Programme 3.6: Overload Control

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Unit	%
Input						
Number of weigh bridges.		2	2	2	-	0%
New weigh bridges to be constructed.		1	1	0	-1	100%
Process						
Hours weigh-bridges to be operated.		440	1,300	1,360	816	4.6%
Number of transport vehicles inspected.		2003	2200	1395	805	36.5% ²
Output						
% of vehicles overloaded (i.e. over the 5% tolerance).		41.00%	30.00%	27.10%	%	2.90%



Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Unit	%
Efficiency						
Number of hours weighbridges operated as % of total hours in year.		5.03%	25.00%	15.43%	%	9.57% ²
Number of vehicles inspected per hour.		5	5	1.55	3.45	-31% ²

Note:

¹ Only statistics are required in this table and as such no performance measure could be set, thus where possible, realistic targets are set.

² Not enough skilled staff to perform this function.



Heavy vehicle being inspected at the Kinkelbos Traffic Control Centre near Port Elizabeth

2.9.3.4.6.1 Specific challenges & responses

Challenge 1: Not enough weighbridges in the province currently.
Response to Challenge 1: The department is embarking on a strategy to erect at least one weighbridge per district when funds suffice. Currently the third weighbridge for the province is in the planning stage and will be in the Queenstown area.

2.9.3.4.6.2 Issues requiring ongoing attention

- Shortage of skilled technical staff.
- More in service training needed.
- The unacceptable road user behaviour and high road accident fatalities require substantial funding to be invested in Road Safety Programmes in order to change the current situation.



- The use of LDVs as mode of transportation particularly in rural areas. The challenge is that there is an increasing number of road fatalities attributed to the informal modes of transport such as LDVs. This requires ongoing attention because, presently, most of road safety programmes focus on legally designated public transport modes.
- The extension of Road Safety services to the most remote areas with limited accessibility to information and resources requires ongoing attention.
- To compile an acceptable Organogram for the Helpdesk.
- To appoint an System Security Officer for NaTIS.
- To appoint a NaTIS Training Officer.

2.9.3.5 RECONCILIATION OF BUDGET WITH PLAN

Programme 3: Traffic Ad- ministration	Year -2 (actual) 2003/04	Year -1 (actual) 2004/05	Base Year (actual) 2005/06	Nominal Average Annual Change (%)	2006/07 Budget	2007/08 Target	2008/09 Target
Sub- Programme 3.1: Pro- gramme Sup- port		941	2,452	160.57	3,665	4,014	4,258
Sub- Programme 3.2: Safety En- gineering		1,867	3,236	73.32	3,400	3,729	3,970
Sub- Programme 3.3: Traffic Law Enforcement	69,903	75,222	85,432	13.57	80,027	96,172	108,277
Sub- Programme 3.4: Road Safety Educa- tion	7,147	10,690	10,793	0.96	14,720	15,456	16,229
Sub- Programme 3.5: Transport Administration & Licensing		9,386	11,336	20.77	13,450	14,790	15,773
Sub- Programme 3.6: Overload Control			97	100.00	5,230	242	259
Total payments and estimates	77,050	98,106	113,346	15.53	120,492	134,403	148,766

2.9.3.5.1 Reasons for variance

There are no material variances in amounts voted or in sub-programs, all are less than 0.5%. See Appropriation Statement.



2.9.4 ROADS INFRASTRUCTURE



A.C. Cocks
Chief Director: Roads Infrastructure

2.9.4.1 PURPOSE

The Objective of the programme is to promote accessibility and safe, affordable movement of people, goods and services through the delivery and maintenance of roads infrastructure that is sustainable, integrated and environmentally sensitive, and which support and facilitates social and economic growth through socially just, developmental and empowering processes.

2.9.4.2 STRATEGIC OBJECTIVES

- To provide cost effective planning and management of the Provincial road network.
- To provide road infrastructure designs that maximizes mobility, accessibility and job creation.
- To construct and upgrade quality provincial roads maximizing economic empowerment opportunities and poverty alleviation.
- To maintain provincial roads maximizing economic empowerment opportunities and poverty alleviation.
- To provide an efficient plant fleet in support of the in-house construction and maintenance units.

2.9.4.3 SUB-PROGRAMMES

The program consists of the following sub-programmes

Sub-programme 4.1: Programme Support

- To provide for overall management and support of the branch; to manage the activities of the professional components strategically; to render an administrative support service to the professional components.

Sub-programme 4.2: Planning and design

- To provide policy and legislative framework for roads; to provide network planning for proclaimed roads ; to integrate roads and spatial/development planning; To provide geometric , material, structural and traffic engineering designs of provincial proclaimed roads; to provide laboratory, survey, drafting, expropriation, computer data services; to provide management information systems for the provincial road network.

Sub-programme 4.3: Construction

- To construct, upgrade and rehabilitate provincial proclaimed roads through contracts and in-house resources.

Sub-programme 4.4: Maintenance

- To maintain provincial proclaimed roads to acceptable standards and hence reduce vehicular operational costs, enhance safety and improve accessibility.

Sub-programme 4.5: Mechanical

- To effect repairs and maintenance of the yellow fleet and procurement of the parts.



Sub-programme 4.6: Financial Assistance

- To construct, upgrade and rehabilitate provincial proclaimed roads.

2.9.4.4 SERVICE DELIVERY OBJECTIVES, INDICATORS & ACHIEVEMENTS

2.9.4.4.1 Sub-Programme 4.1: Programme Support

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Ensure that programme strategic objectives are aligned with PGDP.	Programme budget aligned with PGDP and aligned with Treasury sector specific guidelines.	Programme budget aligned with PGDP.	Programme budget aligned with PGDP as reflected in the projects of the sub-programmes.	None
Management of human resources of the programme.	Effective performance management and assessment.	Effective performance management and assessment of performance of employees.	Performance and Work Plan Agreements signed. Two quarterly performance reviews done.	Four quarterly reviews need to be done, but time constraints prevented this.
Monitor, evaluate and quality control of programme activities.	High quality output on strategic objectives and project implementation.	High quality output on strategic objectives and project implementation.	Reflected in sub-programme specific reports reflected hereunder.	See sub-programme reports.
Payment of District Municipality commitments.	Payments made on time.	Payments made by June 2005.	Payments made on time.	None
Ensure implementation of financial governance reforms aligned to the spirit and guidelines of PFMA.	Level of compliance required by Auditor-General on regulatory measures.	Level of compliance required by Auditor-General on regulatory measures.	Financial governance aligned to new procedures.	None

2.9.4.4.1.1 Specific challenges & response

Challenge 1:

Finalization of organogram.

Response to Challenge 1

Evaluation and filling of posts to be prioritised.

2.9.4.4.1.2 Issues requiring ongoing attention

Rationalisation of monitoring, evaluation and reporting systems and addressing the backlogs in various areas of the programme.



2.9.4.4.2 Sub-Programme 4.2: Planning and Design

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target Reasons for non achievement
Plan and design 13 Major roads and 2 bridges.	Plans and designs in terms of PGDP.	7 road designs complete.	<ul style="list-style-type: none"> N10 to Alicedale T15 II T15 III Greenville Hospital phase I Madwaleni Hospital phase I Rietvlei Hospital Zitulele Hospital 	None
		3 new road designs started.	<ul style="list-style-type: none"> Ugie Langeni phase III T15 Phase I contract documentation Sulenkama Hospital 	None
		2 new bridge designs started.	<ul style="list-style-type: none"> Xuka Bridge Bolotwa Bridge 	None
Quality control on all maintenance and construction in projects.	Materials quality control on all work.	Materials quality control on all projects exercised.	Materials quality control on all projects exercised.	None

2.9.4.4.2.1 Specific challenges & response

Challenge 1:

Insufficient operational budget for planning and design of projects (under-expenditure reflected in AFS relates to Personnel Expenditure).

Response to Challenge 1

Stricter prioritisation of design projects.
Implementation of road management systems.

Challenge 2

Inability to attract experienced technical staff

Response to Challenge 2

- Implement scarce skills policy.
- Head hunting.
- Increase bursary allocation.
- Implement mentoring programme.



2.9.4.4.2 Issues requiring ongoing attention

The total allocation for 05/06 financial year was R24,572m a R5,8m increase from the 2004/05 financial year. However there was an over allocation of R3,2 million in personnel leaving a meagre R2,6 m increase in operational expenditure. This sub programme needs adequate budget to do proper forward planning & designs of both construction and maintenance of the province's roads and this is not possible at the current level of funding.

The appointment of consultants using the tendering process has been made for the Wild Coast Meander Phase I (R61 Tombo to Isilimela Hospital). SANRAL has been commissioned to do the implementation of the R72 Fonteinskloof - Nanara, Middledrift – Alice and Alice – Fort Beaufort roads.

The departmental materials control section is at the moment assisted by a yearly contract with private laboratory to monitor materials on construction sites and regional maintenance units. The department made an effort to recruit technical staff through advertisement but the exercise has not produced results yet. This control and monitoring function will be done by internal resources once staff can be recruited.

The Survey section continues to process applications on roads de-proclamations and expropriation of land for road building. Limited office and storage space remains a constraint in establishing a registry of roads related plans by this section which is the custodians of such information.

2.9.4.4.3 Sub-Programme 4.3: Construction

Promotion of SMME's and BEE through capital expenditure on roads

Project Name	Contract Amount (R'000)	Local Labour Tendered (R'000)	Labour Goals (% of Contract Amount)	Local Resource Goal Tendered (R'000)	Local Resource Goal (% of Contract Amount)	Total local Labour Employed	Male	Female	Youth	Disabled	Total Expenditure on Local Labour as at 31/03/06	Total Expenditure on Local Resources as at 31/03/06
Sterskspruit to Telle Bridge	142,179	8,000	8%	16,000	16%	174	48	19	106	1	6,503,147	11,977,453
Idutywa to Engcobo Phase 2	189,532	16,634	12%	34,367	25%	661	130	164	366	11	11,896,376	55,657,234
Flagstaff to Holy Cross	136,859	9,700	7%	22,000,000	33%	373	127	79	167	0	7,997,258	23,346,987
Ugie to Langeni Phase 1	194,756	8,450	6%	41,600	30%	260	76	69	115	0	2,974,412	7,653,643
Ugie to Langeni Phase 2	293,563	17,400	8%	65,200	30%	210	65	46	98	1	2,532,722	8,998,324
N2 to Kei Mouth	254,750	18,000	10%	68,0100	38%	390	98	87	205	0	8,565,591	53,324,876
Dimbaza to Middledrift	155,747	Departmental staff		10,857	10%	40	12	8	20	0	1,743,216	11,357,567
						2108	556	472	1077		342,212,722	172,316,084



The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure or Indicator	Year 2004/05		Base year (estimate) 05/06		Year 06/07	Year 07/08	Year 08/09
		(target)	(actual)	(target)	(actual)	(target)	(target)	(target)
Input								
Construction as % of Programme 3 budget	Percentage	70%	67%	70%	54%	56%	61%	61%
Process								
Projects started on schedule	Percentage	100	100	2	2	100%	100%	100%
¹ Projects started more than 3 months late	Percentage	0	0	0	1	0	0	0
% Difference between actual and planned expenditures: Capital Projects. • 1 st quarter • 2 nd quarter • 3 rd quarter • 4 th quarter	% Deviation	25% 50% 75% 100%	18% 42% 78% 99%	25% 50% 75% 100%	22% 52% 85% 99.85%	25% 50% 75% 100%	25% 50% 75% 100%	25% 50% 75% 100%
Output								
Upgrade to surfaced roads	No of km	425	296	165	152	332	134	123
Heavy rehabilitation of surfaced roads	No of km ²	5.068	4.144	0.97	0.45	4.032	1.232	2.98
Light rehabilitation of surfaced roads	No of km ²	0	0	0	0	0	0	0
Upgrade to gravel roads	No of Km.	0	0	0	0	0	0	0
Construction of bridges < 2m	No.	5	3	1	0	1	2	
Efficiency								
Projects completed on schedule	Percentage	100%	88%	100%	92%	100%	100%	100%
² Projects completed more than 3 months later than scheduled	Percentage	0%	8%	0%	12%	0%	0%	0%

Note:

¹ One project started late due to court action by the contractor



². Projects finishing more than 3 months late were due to adverse weather, adverse ground conditions and in one case, labour unrest. Penalties were applied in all cases where contractual extensions were not granted.

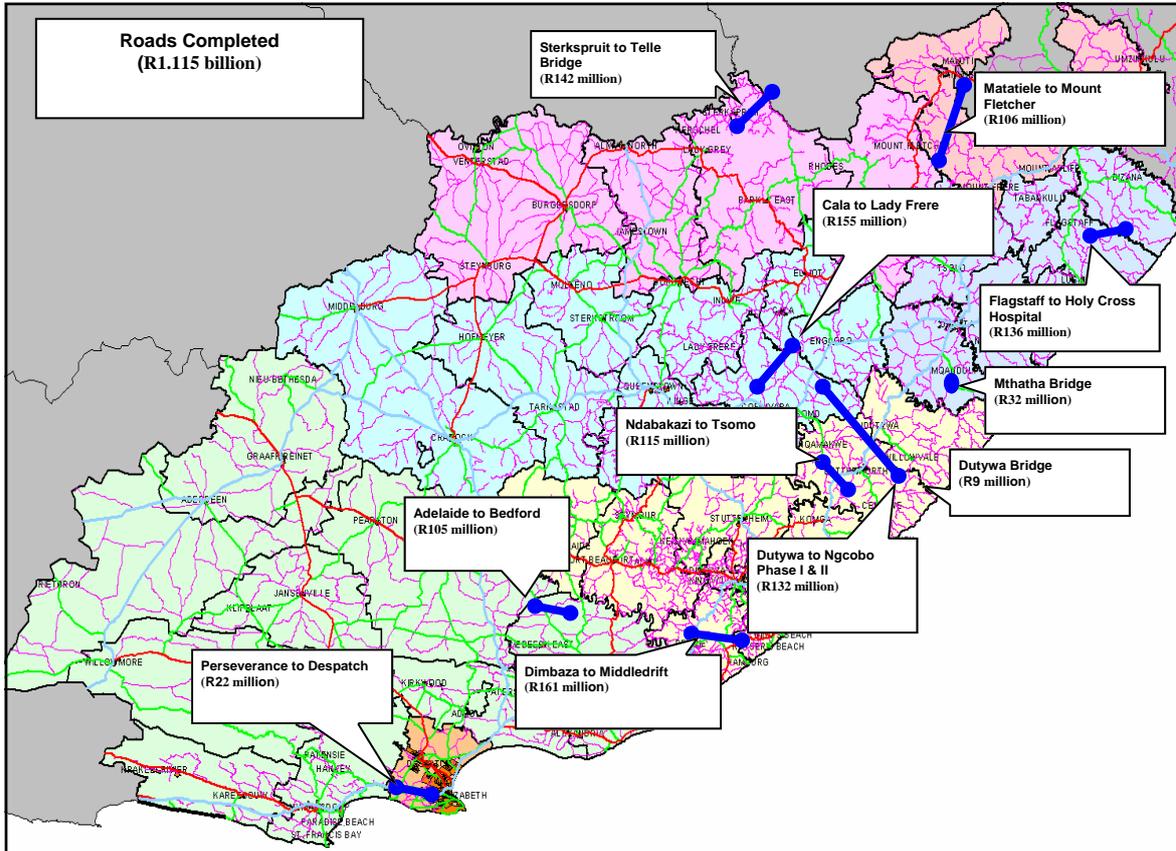


The Ugie/Langeni Road: A real engineering challenge!

2.9.4.4.3.1 Equitable share: Annual expenditure on capital projects

Activity / Sub activities	Starting Date	Ending Date	Length of road km	% Completion as at 31 Mar 06	Contract Amount	2005/2006 Budget	Actual Expenditure as at 31/03/06	Description	Comments/Remarks
Peddie to Bira	Sep-05	Mar-07	23	1%	100,000,000	960,000	960,000	Upgrade	Design
Dimbaza Middledrift	Feb-03	Nov-05	23	100%	185,000,000	50,579,000	50,579,000	Rehabilitation	Completed
Klipplaat to Jansenville	Aug-05	Jul-08	17	19%	150,000,000	3,870,000	3,870,000	Upgrade	On track
Peddie to Bira	Sep-05	Mar-07	23	1%	100,000,000	960,000	960,000	Upgrade	Design
Dispatch to Perseverance	Jan-04	May-05	4	100%	25,000,000	4,828,000	3,828,000	Rehabilitation	Completed
Sterkspruit Tele Bridge	Feb-03	Jun-05	22	100%	142,000,000	20,922,000	20,922,000	Upgrade	Completed
Idutywa Eng-cobo I	Sep-02	Feb-05	30	100%	156,000,000	6,605,000	6,605,000	Upgrade	Completed
Idutywa Eng-cobo II	Sep-02	Jun-05	32	100%	220,000,000	11,571,000	11,571,000	Upgrade	Completed
Bambisane Hospital	Oct-02	Nov-03	8	100%	40,000,000	787,000	787,000	Upgrade	Completed
Cintsa Bridge	Oct-05	Jul-07	2	1%	20,000,000	1,511,000	1,511,000	Upgrade	Design
Bedford Adelaide	Nov-02	Jun-04	23	100%	110,000,000	1,017,000	1,017,000	Rehabilitation	Completed
Middledrift to Alice	Aug-06	Oct-08	23	0%	200,000,000	20,000,000	20,000,000	Rehabilitation	Design
Fonteinskloof Nanaga	Jan-07	Nov-09	30	0%	25,000,000	15,000,000	13,994,346	Rehabilitation	Design
Maclear Mt. Fletcher Phase 2	Jun-06	Oct-08	21	0-10%	120,000,000	22,000,000	22,000,000	Upgrade	Handover in June06
Matatiele Mt Fletcher	Sep-02	Oct-04	63	100%	110,000,000	2,955,000	2,955,000	Rehabilitation	Completed
Flagsaff Holy Cross	Sep-02	Aug-05	35	100%	132,000,000	14,943,000	14,943,000	Upgrade	Completed
			931		1,835,000,000	178,508,000	176,502,346		





Capital projects completed

2.9.4.4.3.2 Specific challenges & response

Challenge 1:

Lack of experienced Professional/technical staff especially at supervisory levels

Response to Challenge 1

Prioritise filling of critical posts, implement scarce skills policy, use managed contracts in interim.

Challenge 2

Slow unresponsive procurement cycle

Response to Challenge 2

Streamline procurement processes

Challenge 3

Inappropriate delegations

Response to Challenge 3

Review financial delegations and business processes



2.9.4.4.3.3 Issues requiring ongoing attention

The Roads Branch delivered Capital Projects by making extensive use of the Reconstruction and Development Programmes (RDP) principles and objectives. All the Capital Projects sought to maximise the absorption of local labour in our contracts and the participation of Affirmable Business Enterprises (ABE) as both subcontractors and primary contractors. To realise this, extensive use of Targeted Procurement 1 (TP1) and Targeted Procurement 4 (TP 4) is allowed for in our Tender Documents.

TP 1 is used to bring into the mainstream of the Construction Industry ABE's, either as Manufacturers, Emerging Contractors/Entrepreneurs, Service Providers, etc. A minimum participation goal of 25% (of contract value) is prescribed; failing which the tender would be declared non-responsive and would be rejected. We made use of TP 4 to make sure that communities participate in our contract. A minimum participation of 12% (of contract value) would be prescribed for local labour participation

On average we have managed to achieve a local labour participation goal of $\pm 15\%$. This percentage excludes the labour that could participate as a result of engaging ABE's.

In each contract, an amount is set aside for Training of local labourers and Interns. The Training for local labourers was generic and concentrated on life skills that are related to activities on site. So far we have had only one Learnership Programme on the Dimbaza to Middledrift project. However, we have now started with an EPWP project, upgrading the road between Jansenville and Klipplaat.

Each project has at least four Interns and/or students undergoing practical training. Interns that give satisfactory performances will be trained until they register as Professional Engineers/Technologists/Technicians. The aim is that they will be absorbed into the Departmental structure.

Four managers of the Directorate attended the National Qualification Framework 7(NQF 7) training course. This will assist the Directorate to design and manage Labour Intensive projects that are done in-house by the Construction Units.

2.9.4.4.4 Sub-Programme 4.4: Maintenance

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Unit	%
Input						
Maintenance as % of Programme 4 budget	Percentage	28%	39%	31%	8	20%
Process						
Projects started on schedule	Percentage	95%	95%	20%	75	79%
Projects started more than 3 months late	Percentage	5%	5%	80%	75	1500%
% difference between actual and planned expenditures:	% deviation					
o 1 st quarter		+10%	R82,24m	R54,26m	-R27,98m	-34,0%
o 2 nd quarter		25	212,92	119,35	-93,57	-43,9%
o 3 rd quarter		-3%	350,47	225,08	-125,39	-35,8%
o 4 th quarter		+1%	429,87	424,25	-5,62	-1,3%
Output						



Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Unit	%
Reseal tarred roads	Number of km ²	0	0.7km ²	0.06km ²	40	-40%
	Number of km	0	100km	60km		
Perform blacktop patching	Number of km ²	0,044	0,05474	0,04668	0,008	-15%
	Number of m ²	44,000	54,740	46,680		
Blade Gravel Roads	Number of km	24,301	28,033	18,652	9,381	-33%
Re-Gravel roads	Number of km	848	947	509	438	-46%
Blade unsurfaced dirt roads	Number of km	n/a	n/a	n/a	n/a	n/a
Efficiency						
Projects completed on schedule	Percentage	98%	95%	95%	0	0
Projects completed more than 3months later than scheduled	Percentage	2%	5%	5%	0	0

Note:

The slow start to maintenance projects relates to districts, as it took some time for all the requirements of supply chain management procurement system to be put in place. Adverse weather conditions also contributed.

Notwithstanding these and other internal constraints, road maintenance remains under-funded by an estimated 25%. If the targeted output was achieved, there would have been a substantial overspending.

Noticeable service delivery improvements achieved in areas where area wide road maintenance contracts were in operation. These included

Grass cutting	3,208 Km
Vegetation control	1,647 Km
Minor rehabilitation	26 Km
Road signs erected	975 units
Road fencing erected	239 Km
Road markings	1,222 Km
Gabions construction/repaired	1,422 units
Minor structures	401 units

2.9.4.4.1 Specific challenges & response

Challenge 1:

Slow start on maintenance projects.

Response to Challenge 1

More resources have been directed to maintenance, from the capital programme.

Challenge 2

Lack of supervisory staff in the districts, together with an unreliable plants fleet.

Response to Challenge 2

Recapitalisation of the yellow fleet.

Challenge 3

To find suitable qualified Professionals and Technical staff to fill vacant posts.



Response to Challenge 3

Recruitment of Technikon students.
Give recognition to serving staff.
Implement scarce skills policy.

Challenge 4

Shortage of suitable road-building materials (gravel).

Response to Challenge 4

Invest in a borrow-pit management system and alternative methods of road maintenance.

Challenge 5

Cumbersome Supply Chain Management processes delay implementation of projects.

Response to Challenge 5

Review the procurement process.
Review the financial delegations.

2.9.4.4.2 Issues requiring ongoing attention

- Filling of critical vacant posts.
- Implementation of approved organogram.
- Lobbying for an increased roads maintenance budget allocation.

2.9.4.4.5 Sub-programme 4.5: Mechanical

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target
				%
Fleet maintenance by in-house resources.	Regional workshops providing cost effective fleet maintenance.	PE and Umtata workshop operational for normal maintenance.	Workshop personnel utilised and maintenance carried out. 6 General assistants trained to level 2 welding.	20%
Fleet maintenance by outsourced contracts.	Specialised maintenance carried out timorously.	Outsourced work carried out on time and to quoted price.	4 preventative maintenance contracts extended. 5 term contracts for spares and repairs approved.	10%



Measurable Objective	Performance Measure	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target
				%
¹ Effective radio telephone system.	24 hour network coverage to all traffic and roads operatives.	All repeaters maintained and installations carried out as required.	Repeaters operational but Telkom links not effective.	40%
² Sale of redundant plant.	Hold one sale per regional workshop.	Sale in July 2005.	Board of survey completed.	50%

Note:

¹ The repeater links provided by Telkom under new legislation were not effective due to vandalism and weather damage.

² Although a board of survey was completed, new requirements of asset disposal through the Supply Chain Management system delayed the sale of plant.

Fleet statistics

PLANT TYPE	NO. OF ITEMS
GWC – caravans, cars	126
GWB – mini/busses	44
GWF – fuel tanker truck	4
GWG – graders	115
GWH – haulers (TLBs, Dozers, Tractors)	144
GWK – compressors movable	15
GWL – loaders	41
GWM – lowbeds	15
GWP – platforms	127
GWR – rollers	42
GWS – sweepers	6
GWT – tippers	147
GWV – bakkies	240
GWW – water carts	64
GWX – trailers (water, fuel)	181
TOTAL	1,311

2.9.4.4.5.1 Specific challenges & response

<p>Challenge 1: Shortage of skilled personnel such as mechanics.</p>
<p>Response to Challenge 1 Employment of skilled personnel to be prioritized.</p>
<p>Challenge 2 The plant has aged and maintenance intensive.</p>
<p>Response to Challenge 2 Re-capitalisation of the fleet needs to be prioritised.</p>



Challenge 3

Insufficient budget to buy new plant.

Response to Challenge 3

A trading account to be implemented (maintenance and construction to rent plant) to ensure adequate funding for new purchases.

2.9.4.4.5.2 Issues requiring ongoing attention

The Section formed a training committee to look at the development of artisans. Six General Assistants attended the Level 2 course on Gas Welding and Cutting at East Cape Training Centre, in the 2005/2006 financial year. The General Assistants were from Lusikisiki and East London.

Four (4) out of five (5) Preventative Maintenance Contracts were extended for a period of twelve (12) months, which expires in August 2006. The two way radios consultant appointment was, also, extended and it will expire at the end of 2006.

The following term contracts were approved and put in place:

- Repairs to tyre casings (1 per District for 5 Districts).
- Supply of automotive batteries (1 per District for 5 Districts).
- Supply of spares (covering the province).
- Repairs by non agents (covering the province).
- Repairs by Agents (covering the province).

A Board of Survey completed its task of boarding obsolete and redundant plant vehicles and minor equipment. 343 items in all will go on sale early in the 06/07 financial year.

Eighteen bakkies and nine 25-seater busses were bought for the use by the Maintenance and Construction units.

There are four Preventative Maintenance contracts that have ran for a period of three years and were extended for a period of twelve months. These contracts are fully utilized and will expire in the next financial year.

- Filling of critical vacant posts.
- Implementation of approved organisational structure.
- Re-capitalisation of the yellow fleet.

2.9.4.4.6 Sub-Programme 4.6: Financial Assistance (Conditional Grants)

The sub-programme has been able to demonstrate results against its measurable objectives as indicated below:

2.9.4.4.6.1 Financial Assistance: Annual expenditure on capital projects (Conditional Grants)

Activity / Sub activities	Starting Date	Ending Date	Length of road km	% Completion as at 31 Mar 06	Contract Amount	2005/2006 Budget	Actual Expenditure as at 31/03/06	Description	Comments/ Remarks
Cala to Lady Frere Phase II	May-04	Oct-06	28	69%	130,000,000	81,499,000	81,499,000	Upgrade	On track
Disaster	Apr-03	Mar-04		100%	5,000,000	5,000,000	4,260,000	Reconstruction	All pro-



Activity / Sub activities	Starting Date	Ending Date	Length of road km	% Completion as at 31 Mar 06	Contract Amount	2005/2006 Budget	Actual Expenditure as at 31/03/06	Description	Comments/ Remarks
Reconstruction									jects completed
Maclear Mt. Fletcher Phase 3	Jun-04	May-06	20	95%	150,000,000	58,311,000	58,311,000	Upgrade	95% complete
Adelaide to Fort Beaufort	Jul-04	Jun-06	38	90%	180,000,000	111,648,000	111,648,000	Rehabilitation	90% complete
Ndabakazi Tsomo	Feb-02	Oct-04	53	100%	123,000,000	14,000	14,000	Rehabilitation	Completed
Ugie to Langeni I	May-04	Oct-06	33	70%	220,000,000	101,462,000	101,462,000	Upgrade	On track
Ugie to Langeni II	Aug-04	May-07	18	40%	340,000,000	155,419,000	155,419,000	Upgrade	2 months behind schedule
Umtata-Qokolweni	Jan-05	Jan-07	20	50%	130,000,000	54,677,000	54,677,000	Upgrade	On track
N2 - Kei Mouth	May-03	Oct-06	45	75%	285,000,000	101,844,000	101,844,000	Upgrade	On track
Alice to Fort Beaufort	Mar-07	Nov-09	21	0%	20,000,000	5,215,000	5,710,346	Rehabilitation	Design
Traffic control Centre-Kinkelbos	Jul-03	May-04		100%	15,000,000	485,654	485,654	New	Completed
			276	8	1,598,000,000	675,574,654	675,330,000		

2.9.4.4.6.2 Specific challenges & response

Challenge 1

Lack of experienced Professional/technical staff especially at supervisory levels.

Response to Challenge 1

Prioritise filling of critical posts, implement scarce skills policy, use managed contracts in interim.

Challenge 2

Slow unresponsive procurement cycle.

Response to Challenge 2

Streamline procurement processes.

Challenge 3

Inappropriate delegations.

Response to Challenge 3

Review financial delegations and business processes.



2.9.4.4.6.3 Issues requiring ongoing attention

- Filling of critical vacant posts.
- Implementation of approved organisational structure.
- Roads Infrastructure Plan to be integrated with Transportation Plan.

2.9.4.5 RECONCILIATION OF BUDGET WITH PLAN

Programme 4: Roads Infra- structure	Year -2 (actual) 2003/04	Year -1 (actual) 2004/05	Base Year (actual) 2005/06	Nominal Average Annual Change (%)	2006/07 Budget	2007/08 Target	2008/09 Target
Sub- Programme 4.1: Pro- gramme Sup- port			16,390	100.00	17,183	18,155	19,408
Sub- Programme 4.2: Planning & Design	45,163	18,718	20,973	12.04	18,816	19,606	20,876
Sub- Programme 4.3: Construc- tion	548,919	857,189	176,503	(79.40)	99,132	85,839	58,679
Sub- Programme 4.4: Mainte- nance	333,030	406,345	424,250	4.40	549,806	628,882	700,774
Sub- Programme 4.5: Mechani- cal	47,079		55,519		54,825	57,566	61,454
Sub- Programme 2.6: Financial Assistance	457,128		675,330		742,057	984,943	1,055,321
Total payments and estimates	1,431,319	1,282,252	1,368,965	6.76	1,481,819	1,794,991	1,916,512

2.9.4.5.1 Reasons for variance

There are no material variances in amounts voted or in sub-programs, all are less than 0.5%. See Appropriation Statement.

2.10 SERVICE DELIVERY RESULTS

The following service delivery results are reported against the required guidelines:

2.10.1 Construction of Road Infrastructure by District

Regions of Province	2004/05	2005/06	2006/07	2007/08	Total
Amatole					
Surfaced roads (excluding highways) (no of km ²)	3.4	2.4	1.9	1.6	9.3
Surfaced roads (excluding highways) (no of km)	283	200	158	133	774
Bridges with span > 2 metre (no.)	1	0	0	0	1
O.R. Tambo					
Surfaced roads (excluding highways)	1.13	1.2	1.2	0.9	4.43



Regions of Province	2004/05	2005/06	2006/07	2007/08	Total
(no of km ²)					
Surfaced roads (excluding highways) (no of km)	94	100	100	75	369
Alfred Nzo					
Surfaced roads (excluding highways) (no of km ²)	0.88	0	0.42	0	1.3
Surfaced roads (excluding highways) (no of km)	73	0	35	0	108
Bridges with span > 2 metre (no.)	0	0	0	1	1
Chris Hani					
Surfaced roads (excluding highways) (no of km ²)	1.08	0.52	0	0	1.6
Surfaced roads (excluding highways) (no of km)	90	43	0	0	133
Ukhahlamba					
Surfaced roads (excluding highways) (no of km ²)	1.91	1.04	0.52	0.47	3.94
Surfaced roads (excluding highways) (no of km)	159	87	43	39	328
Cacadu					
Surfaced roads (excluding highways) (no of km ²)	0.05	0.61	0.4	0.4	1.46
Surfaced roads (excluding highways) (no of km)	4	51	33	33	121
Bridges with span > 2 metre (no.)	1	0	0	0	1
Whole Province					
Surfaced roads (excluding highways) (no of km ²)	8.45	5.77	4.44	3.37	22.03
Surfaced roads (excluding highways) (no of km)	704	481	370	281	1,836
Bridges with span > 2 metre (no.)	2	0	0	1	3

2.11 TRANSFER PAYMENTS.

Transfer payments were made to the following institutions:

NAME OF INSTITUTION	AMOUNT TRANSFERRED (R'000)
Nelson Mandela Metropole	7,942
Buffalo City Municipality	5,290
Amatola District Municipality	13,807
Ukhahlamba District Municipality	500
Alfred Ndzo District Municipality	300
Cacadu District Municipality	4,916
Great Kei Municipality	971
Mt Frere Municipality	5,715
	39,441

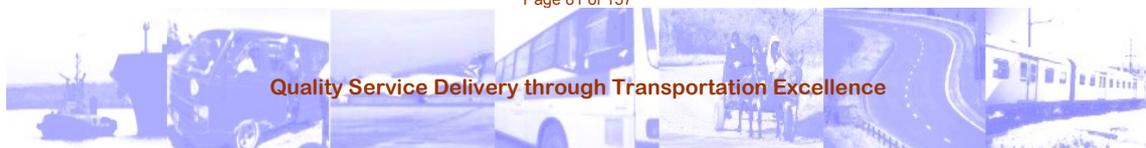
2.11.1 Service provided:

The maintenance of proclaimed roads within the boundaries of the municipalities.



2.11.2 Monitoring and control:

- A Service Level Agreement is entered into between the Accounting Officer and the Municipal Manager, stipulating all service levels.
- Projects are monitored on an ongoing basis by the District Roads Engineer within which region the Municipality is located, as well as senior officials from Head Office who visit the regions from time to time.
- Officials from Department of Roads and Transport have representation on both the Metropolitan Transport Advisory Board (MTABS). Board meetings take place on a bi-monthly basis, to report back, inter alia, on expenditure trends and progress.



3 AUDIT COMMITTEE COMMENTS ON THE 2005/6 ANNUAL REPORT FOR THE EASTERN CAPE DEPARTMENT OF ROADS AND TRANSPORT – VOTE 10

1. Overview

We are pleased to present our report for the financial year ended 31 March 2006.

2. Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and meets as often as it deems necessary as per the approved terms of reference.

During the period under review, there were two meetings held.

Name of the Member	Numbers of meetings attended
Mr. V.G. Magan (Chairperson) appointed 5-12-2005	2
Ms. L. Steele (Member) appointed 5-12-2005	2
Ms. H.N. Jaxa (Member) appointed 5-12-2005	2

3. Audit Committee Responsibility

The audit committee reports that it has completed with its responsibilities arising from Section 381(a) of the Public Finance Management Act and treasury regulations 3.1.13. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with its charter and has discharged its responsibilities as contained therein.

4. The effectiveness of internal control

Although there were some areas of improvement, the department remains challenged to ensure that a sound system of internal control exists. Instances of non compliance were reported by shared internal audit unit during the period under review.

The qualification of opinion received from the Auditor General for the year under review emphasizes the need to maintain effective, efficient and transparent system of internal control.

4.1 Internal Audit

There is a Shared Internal Audit Services unit in compliance with section 38 (1) of the PFMA and it is administered by the Office of the Premier.

During the year under review internal audit performed certain assignments. Reports presented to management highlighted certain internal control weaknesses where management had failed to comply with certain prescripts and/or legislation. Management acknowledged the findings of internal audit. Management was appraised of the areas where internal audit found controls which were previously reported as weak, to have improved.



5. Governance

5.1 Risk Management

A risk assessment was undertaken during the period under review. Management has acknowledged these risks and a plan is underway to implement controls to mitigate these risks..

5.2 Fraud Management

The committee is advised that the department is in the process of updating and implementing the he said plan.

6. Submission of in year management and monthly/ quarterly reports in terms of the Public Finance Management Act and the Division of Revenue Act

We have been advised that the monthly/ quarterly in-year management reports were compiled and submitted timeously as required in terms of legislation.

7. Evaluation of Financial Statements

The department has complied with National Treasury requirements for the submission of the annual financial statements. The annual financial statements have been prepared in compliance with the applicable laws and regulations. Accounting policies have been appropriately applied.

The Audit Committee has

- Perused the Auditor General's management letter and management responses thereto,
- Noted the responses by management and made its own recommendations as required in terms of treasury regulations 3.1.12 and
- Noted the qualification of opinion from the Auditor General and remains committed to assist management in discharging their duties in terms of legislation.

The audit committee concurs and accepts the Auditor General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.

8. Appreciation

The committee expresses its sincere appreciation to the Honourable MEC, Accounting Officer, senior management team and the Auditor General.



Chairperson of the Audit Committee

Date: 23 August 2006



4 ANNUAL FINANCIAL STATEMENTS

4.1 REPORT OF THE ACCOUNTING OFFICER for the year 31 March 2006

Report by the Accounting Officer to the Executive Authority and Provincial Legislature of the Eastern Cape.

4.1.1 General review of the state of financial affairs

Herewith some strategic issues and decisions:

4.1.1.1 Strategic issues and important decisions of the department

The Member of the Executive Council, for the Department of Transport in the Province of the Eastern Cape delivered his policy speech, the updated Strategic Plan and the Annual Performance Plan (Business Plan) for the financial year 2005-06, to provincial Legislature in March 2005. The strategic plan was updated to take into account the transfer of roads function from the Department of Public Works to the Department of Roads and Transport as was reported in the Annual Report of 2004-05.

The policy speech of the Executing Authority recalled the adopted Reconstruction and Development Programme (RDP) as a policy to pursue the broad objectives contained in the 'Freedom Charter', which the latter was celebrating its 50th year. The Transport sector is central to close the gap of marginalising the black people especially in the rural areas by facilitating an efficient and effective transportation system which underpins the development of economy.

The Department continues with its Kei Rail project, restructuring the provincial airports and providing bursaries and learnerships in particular for the Mathematics and Science subjects with an effort to increase the number of black engineers. Whilst in August 2004, promulgation was passed for the transfer of the Roads function into the department; the budget to carry out the infrastructure projects became effective from 1 April 2005. Inroads were made to launch the Broad Based Black Economic Empowerment charter awareness on 24 February 2006, in Alicedale, a small 'dorp' between Grahamstown and Port Elizabeth.

The Department cited its programmes which are set to carry out its goals and objectives as mandated by the Executive Council of the province, which appropriated funds for 2005-06. The programmes are consistent with the budget programme structure of Roads and Transport sector as agreed by provincial and national Public Works, Roads and Transport departments.

Following the transfer of Roads function, the Roads Infrastructure programme became the 4th budget programme of the Department. It follows that the following four (4) departmental programmes and the budget thereof are set to carry out the core business and activities of the department to deliver services to the communities:

1. Administration
2. Traffic Management and
3. Public Transport
4. Roads infrastructure

The objectives of the departmental programmes indicate how the department intended to continue with its commitment of transforming the department in transport related matters:

Administration	To render effective financial, human resources and management support services. To provide efficient and sustainable government transport services to user provincial departments.
Public Transport	To formulate, promote and implement integrated transport planning and policies. To provide reliable, safe, affordable and efficient public passenger multi-modal transport systems; and regulation of air traffic control and navigational services.
Traffic Management	To facilitate and promote traffic safety and traffic control.
Roads Infrastructure	To ensure a safe, well developed and maintained proclaimed provincial road network.



Following the government policy objectives, the strategic performance planning in government is guided by political priorities as cited by the State President, Premier and Member of the Executive Council. The successful implementation of the strategic performance plan for the department, in line with the Provincial Growth and Development Plan (PGDP) is a collective approach led by the Executing Authority on a policy formulating level and the Accounting Officer on an administration level. The senior managers provide strategic collective leadership in policy implementation and monitoring through the four departmental programmes.

4.1.2 Significant events and major projects during the year

The Department set its own revenue collection target of R153m at the beginning of the financial year as per the white book. Legislature revised the revenue target by an increase of R41m in November 2005 to R194m due to the progressive increase in the collection of arrears from the registering authority: Nelson Mandela Metropole. The increase followed a similar decrease in amount (R40m) in November 2004 during the 2004-05 financial year, in which the original target of R149m was decreased to R109m due to unpaid collection not made by Nelson Mandela Metropolitan Municipality (NMMM).

The department managed to collect R321m (2005:R116m) as its own revenue, against a revised target of R194m (2005:R109m). The collection of revenue increased by 177% at R321m for the year under review compared to the R116m of the previous financial year 2003-04. The analytical review, presented in the following table indicates various comparisons between the revenue targets and actual collection.

4.1.2.1.1 Comparison of revenue targets and actual collection of revenue

	Comparison of Revenue Targets				Comparison of actual collection of Revenue			
	2006	2005	Increase	In %	2006	2005	Increase	In %
Original target	R154m	R149m	R5m	3%	R321m	R116m	R285m	177%
Revised target	R195m	R109m	R86m	78%				
Revision	R41m	-R40m						

4.1.2.1.2 Comparison of actual collected revenue against revenue targets

	2006				2005			
	Targets	Actual	Variation	%	Targets	Actual	Variation	%
Original target	R154m	R321m	+R167m	108%	R149m	R116m	-R33m	-22%
Revised target	R195m	R321m	+R126m	65%	R109m	R116m	+R7m	6%
Revision	+R41m		R41m		R40m		R26m	

The favourable position was achieved through vigorous and consistent recovery methods. The collection of revenue exceeding its target is due to the NMMM settling 92% of its arrear debts. This success was also made possible by a collective approach and co-operations of various provincial departments and in particular the provincial Treasury to implement the decision of the Executive Council.

4.1.3 Spending Trends

4.1.3.1 Overview of the voted funds

All the amounts from this sub-heading until the end of the accounting officer's report letter are reflected in R'000 for ease of reading, unless indicated otherwise.

Voted funds and expenditure for 2005 and 2006 financial years

Description	Comparison of Funding and Expenditure			
	2005/2006	2004/2005	Increase	Increase in %
Voted Funds	1 713 695	312 507	1 401 188	448%
Add: Additional	10 876	-9 921	20 797	209%
Adjusted Voted Funds	1 724 571	302 586	1 421 985	469%
Expenditure	1 718 615	289 005	1 429 610	78%
Under (Over) spending	5 956	13 581		
Under (Over) spending %	0.3%	4.5%		

Comparative figures between the years are indicative of the absorption of roads function with an amount of more than a billion rand brought to the Department, hence huge percentage (%) differences. During 2005, the



Department de-voted a net amount of R9,921m to assist reducing the provincial bank overdraft. The additional funding in 2006 includes a rollover from the underspending of R13,581m from the previous year.

The provincial legislature appropriated an amount of R1, 713,695,000 for 2005-06 (2004-05: R312 507,000) to the department. The R1,713,695,000 (2004-05: R312,507,000) was revised to R1,724,571m (2004-05: R302, 586). The 1st adjusted estimates was passed in November 2005 for additional funding of R11,960m of which R11,552 was a roll-over from 2004-05 and R408,000 adjustments for employees deployed from other provincial departments and all amounted to an adjusted budget of R1,725,655.

The 2nd and the last adjusted estimate made in February 2006 decreased the budget by a net amount of R1, 084,000 resulting to an adjusted appropriation of R1, 724,571m. The change was due to the Department of Roads and Transport funding the Department of Education R2,197m for staff deployed in Transport and R1,113m was additional funding received in order to settle the amounts on rates owed to the Nelson Mandela Metropole.

The total expenditure for the financial year amounted to R1,718,615 (2004-05: R289,005). The amount that was not spent from the vote is R5,956m (2005: R13,581m) which is less than 1% of the Voted funds compared to 4% of 2005. The unspent amount of R5,956m is before the inclusion of non-voted funds and expenditure of local and foreign aid assistance.

The department heeded the call from the Executive Council not to overspend the Voted funds as well as the underspending not to exceed 1%.

The expenditure of R1,718,615 reflects a 99.7% spending (2005: 95.5%). This is the reflection of consistency and hard work in rendering a sound management of the budget, a product of a collective approach and constructive reviews of dynamic budgeting. A room for improvement exists to spend the funds evenly during the year and the department is set to undergo the improvement.

4.1.3.2 Impact on Programmes and service delivery

The spending trends of the programmes and explanations are reflected in the income statement and notes to income statement. The expenditure of all programmes is within the voted funds, which is consistent with a benchmark of the prior years. The Vote and the programmes did not overspend the allocated budget. This is reflected by the performance of the enabling (supporting) programme: Administration as well as the three (3) service delivery programmes at the 'coal face' namely, Public Transport, Traffic Management and Roads Infrastructure and all spent more than 99.5% of budget allocation.

4.1.3.3 Expenditure per standard item - overview of actual amounts between current and previous years

The expenditure per standard item is disclosed in the Income Statement and Notes to the Annual Financial Statements.

4.1.4 Services rendered by the department

4.1.4.1 List of services rendered

A new program of managing the construction and maintenance of the roads was introduced in April 2005 as a result of the transfer of the roads function. The department still manages the Public/ Private Partnership (PPP) contract for the provision and maintenance of motor vehicles in the province through the service provider: Fleet Africa. The department still remains the custodian of the function and is managing the agreement on behalf of the Eastern Cape. (Refer to paragraph 7 below) There are no other new services rendered by the department, except as indicated above.

In line with the Provincial Growth and Development Plan for 2004 to 2010, the department remains focused on its core business, ensuring the provision and access of roads and public transport services to communities in the various modes of transportation.

4.1.4.2 Tariff Policy

The following are the main sources of own revenue that are consistent with prior years:

1. Motor vehicle license fees.



2. Vehicle Number Plates.
3. Fees from issued permits.
4. Auction-proceeds from sale of obsolete vehicles and equipment.
5. Levies for staging of road events.
6. Traffic Fines.
7. Airport landing fees.

The tariffs are determined as follows:

4.1.4.3 Motor Vehicle License Fees

The major source of own collected revenue arise from motor vehicle licence fees as a result of fees charged on vehicles using public roads. The fee is applicable to all annual registrations and renewals of motor vehicle licenses and trailers. While not directly earmarked for road works, the revenue generated from this process provides an important contribution to the provincial fund as own revenue.

Vehicle licence fees are determined according to the mass and category of each vehicle as specified in the National Road Traffic Act, 1996 (Act 93 of 1996). The Executive Authority approved the 10% annual increase, instead of two years on 19 October 2004. The last increase was in April 2006.

4.1.4.4 Vehicle Licence Number Plates

- Ordinary licence number plates are sold by registered private businesses and the department charges royalties at R5.30 per plate. The Department entered into a service level agreement (SLA) with the private company 3M (Pty) Ltd after almost two and a half (2 ½) years when the company stopped the collection as a result of unsigned SLA. The monies were not collected from February 2003 until the signed SLA. An amount of R1,886,589.00 was paid over to the Department in March 2006 by 3M.
- The second category of licence number plates is the specific plates or numerical alpha and is sold at R605 per set. This revenue is collected by and payable directly to the Department of Roads and Transport.
- The third category of licence number plates is the personalised plate, which is sold at R2,118 per set. The department also collects the revenue from this category.
- The vehicle number plates in line with the motor vehicle license fees are also increasing annually by 10% as per the approval of the Executive Authority on 25 May 2004. The first 10% increase was gazetted in the provincial gazette on 19 October 2005. The increases reflected above takes into account the second 10% increase effected in April 2006.

4.1.4.5 Road Traffic Fines

All fines issued in the area of jurisdiction of district councils and municipalities should be apportioned to them in terms of the Road Traffic Act, 1996 (Act 93 of 1996.) The Road Traffic Act No. 3 of 1999 of the Eastern Cape, which came into operation on the 12 April 2001, provides that all the fines imposed in respect of any offence in terms of this Act, shall be paid into an account designated by the MEC for Finance by notice in the government gazette.

4.1.5 Free Services

There were no free services rendered during the year under review.

4.1.6 Inventories

The inventories on hand at year-end are categorised as follows:

■ Construction, work in progress:	R 3,296	(2005: R0)
■ Fuel, oil and gas:	R14,315	(2005: R16)
■ Stationary:	R 2,568	(2005: R1,931)



■ Consumables:	R 576	(2005: R0)
■ Parts and other maintenance:	R16,721	(2005: R1,329)
■ Other inventories:	R 628	(2005: R693)

The costing method used is FIFO and the inventory disclosed is for all stores.

The categories with no prior year balances are new as a result of the transfer of roads function to the department.

4.1.7 Capacity constraints

An interim organisational structure, as a result of the transfer of Roads function to the Department, is in place as at March 2005. The interim structure has been revised and is awaiting approval within the 1st quarter of the 2006-07 financial year. The Department is still constrained by non-filling of critical posts which hampers the Department to deliver on its mandate as prescribed by various legislations particularly the Public Finance Management Act, Public Service Act, National Road Traffic Act and National Land Transport Transition Act. (NLTTA). An aggressive approach in 2005-06, to neutralise the constraints has been taken by the Department and the results will be evidenced in the 2006-07 financial year.

New challenges filtered to the department in respect of the outstanding personnel allowances for former roads personnel namely camping and promotions. The maintenance of roads remains the critical issue due to inadequate funding. As an interim measure the department prioritised the budget on the maintenance of roads rather than on construction. The Kei rail project is not progressing as expected due to the main challenge of the relocation of Zamukulungisa residents from the rail siding.

4.1.8 Utilisation of donor funds

■ Arrive Alive Funds

National Department of Transport, through the Arrive Alive project, manages the Road Accident Fund (RAF) which funds the provincial departments of Transport to promote the reduction of road accidents in an effort to reduce claims from the RAF. The Department participates in the national Arrive Alive programmes. To access these funds, submission of Arrive Alive Business Plans is required. The funds and expenditure thereof are reflected by the line item: Local and foreign aid assistance, which is part of the income and expenditure in the Income Statement. The residual is disclosed as part of the current assets / liabilities in the balance sheet.

The opening balance of R621,208 is brought forward from the previous year. No additional funding for the year was received from the National Department of Transport. An amount of R357,200 was spent from the balance of the previous year. Thus a balance of R264,008 is disclosed as part of equity in the balance sheet of the Annual Financial Statements.

■ Driving License Testing Centres (DLTC)

The opening balance of R432 136.32 from 2004-05 financial year is brought forward to 2005-06. The national Department of Transport made a further donation of R2m in March 2006 to assist in building or revamping Driving Licence Testing Centres in the province. Thus the balance of R2,432,136.32 is disclosed as part of equity in the balance sheet.

■ Algoa Bus Funds

The Algoa Bus Company exists as a private bus company that renders passenger services in the Eastern Cape serving the Nelson Mandela Metropolitan area. The National Department of Transport subsidises Algoa Bus Company by depositing monies into the departmental bank account.

The department acts as a conduit for Algoa on behalf of National Department of Transport. Monthly reports are prepared to account for the funds received and paid over. An opening balance of R10,533,496.60 from the previous year was added to an amount of R90m (2005:R83m) which was received during 2005-06. Claims amounting to R85,854,394.50 were paid over to Algoa Bus Company. The remaining balance of R14,679,102.10 (2005: R10,533,496.60) which is payable in subsequent financial year is disclosed in the Annual Financial Statements.



■ Kei Rail Project

The department received R28m in the 2003/4 financial year from national Department of Transport. The purpose of funding was to augment the provincial voted funds to sustain the Kei Rail project, being a refurbishment of the rail line between East London and Mthatha. A balance of R3,394,714 was brought forward from 2004-05. The department during the financial year utilised R1,570,819 from R3,394,714 and the remainder of R1,823.894 is reflected in the Annual Financial Statements.

4.1.9 Public entities

4.1.9.1 Establishment

Mayibuye Transport Corporation is listed in Schedule 3D of the Public Finance Management Act, No.1 of 1999. The corporation was formed in terms of the Ciskei Corporations Act. The Eastern Cape Corporations Transitional Act, 12 of 1995, repealed certain sections of the Act. Those sections deal more particularly with the management of the corporation. Its existence is still under the Ciskei Corporations Act.

This public entity is still undergoing a restructuring process in respect of its form of existence.

4.1.9.2 Functions

The Corporation exists as a parastatal bus operation, which provides passenger services in the Eastern Cape regions of the province formerly known as Border and Ciskei.

4.1.9.3 Financial arrangements

Mayibuye is funded by means of a grant-in-aid, which is reflected under transfer payments in the income statement. An amount of R25m was provided for this purpose during the year under review. An additional amount of R15m was made during the year, of which R14m was for capital investments and R1m for its current operations. The total amount of R40m was transferred during the financial year. For the utilisation of funds the Corporation submits its budget, business plan, management reports, financial statements and audited financial statements in compliance with the relevant provisions of the Public Finance Management Act.

4.1.10 Other organisations to which transfer payments have been made

Transfer payments were made through grant in aid to the following local authorities and other agencies in respect of the facilitation of the public transport plans and related infrastructure in compliance with the provisions of the National Land Transport Transition Act (NLTTA.)

- East London Metropolitan.
- Port Elizabeth Metropolitan.
- Mthatha Metropolitan.
- The six (6) District Councils and
- South African National Roads Agency.

The details and amounts of the above are disclosed in the 'Notes to the Annual Financial Statements' -Note: Transfer payment.

4.1.11 Public/Private Partnerships (PPP)

The department entered into a Public, Private Partnership (PPP) on 4 August 2003 with Fleet Africa-Eastern Cape (FAEC), a subsidiary of Super Group Company. Through this PPP, the fleet management of motor vehicles of the entire provincial departments has been outsourced for a period of five (5) year.

A second review of the contract as per its provision was carried out in July 2005. No changes have been made. The reviewing is under-going a second phase in July till September 2006. The contract expires in August 2008 and has twenty eight (28) months remaining at March 2006.



4.1.12 Corporate governance arrangements

4.1.12.1 Risk Management

Risk assessment was performed during the last quarter of the financial year, as was in the previous year to re-identify risks in the department. The assessment was led by the provincial Shared Internal Audit Service. Subsequently a risk plan was produced which identified new risks and set out an implementation time frames over a three year period.

The Shared Internal Audit Service (SIAS) which is located in the Office of the Premier and the Department jointly produced the revised plan.

The risk management focused on the accounting cycles, statutory and compliance requirements over short-term and long-term phases. It takes its analysis from the programmes of the department.

4.1.12.2 Fraud Prevention

The Department continues to participate in the provincial Anti-Fraud steering committee that is tasked to identify risks pertaining to fraud and implement the management controls from the identified potential and existing risks. The objective is to create a fraud free environment or minimised fraudulent activities. A toll free number is maintained for the public to report cases of misuse of motor vehicles in the province.

4.1.12.3 Audit Committee and Internal audit

The Province has a shared audit committee and internal audit unit located at the Office of the Premier. Visibility and interaction by the unit with the department was noticed. Internal audit reports were received and reviewed by the Department. It is in the best interest of the department to obtain reports from the Audit Committee on regular basis as an area for improvement. The Audit Committee recently convened a meeting with the provincial departments to introduce its new members and chart the way forward in terms of its duties and interactions with the departments.

4.1.13 Discontinued activities/activities to be discontinued

There are no discontinued activities in 2005-06. However, expression of interest was made in the media for the restructuring of the Bhisho and Mthatha airports as part of the rationalization process. Various expressions were received from potential service partners in the last quarter of the financial year under review. The outcome of the expression of interest is expected during the second quarter of the financial year 2006-07.

4.1.14 New / proposed new activities

A community based programme (CBP) with a major focus on the expanded public works programme has been created with funding and is effective from 1 April 2006. It now forms the 5th budget programme in the Department. The CBP also entails the training programmes, empowerment, poverty eradication / community development as well as emerging contractor development.

4.1.15 Asset management

The Department updates its asset register with new acquisitions and disposals on quarterly basis. The update of the asset register is now targeted to be done monthly and reconciled to Basic Accounting System (BAS) information in the 2006-07 financial year. The capturing of asset information for the previous years is progressing well except the challenges associated with the transfer of roads function in particular the costing of roads assets for the prior years.

4.1.16 Events after the reporting date

None.

4.1.17 Performance information

The Statement of Financial Performance as well as Note 1 from the Notes to the Annual Financial Statements, reflects details of the budgeted amount and the expenditure thereof. Revenue collection is also disclosed in



Note 3 of the Annual Financial Statements. The service delivery performance is documented in Part 2 of the Annual Report. Part 2 is a reflection of the output and results as captured in the Annual Performance Plan at the beginning of the financial year 2005-06.

4.1.18 SCOPA resolutions

Reference to previous audit report and SCOPA resolutions	Subject	Findings in progress
Audit report 2005 par.3 and Audit report 2004 par.4.1.1	Outstanding Motor vehicle registration fees from Nelson Mandela Metropole (NMMetro)	Out of a balance of R142m from NMMetro, R11m remain outstanding at 31.03.2006. NMMetro is replaced by SAPO to collect revenue.
Audit reports from 2002 to 2004	Unauthorised expenditure for the previous years: 2000,2001 and 2002 totalling R8.701m	Scopa resolved to condone R1,676m for 2000 and is awaiting legislation. The rest of the years are in progress during 2006-07 Scopa sittings.

4.1.19 Other-Progress with financial management improvement

The debts from provincial departments were settled in full at year end. The Nelson Mandela Metropole (NMM) settled its arrear revenue payable to the Department. Out of the R142m balance at 31 March 2005 the NMM now owes R11m at 31 March 2006, which is subject to reconciliation of records by the Metro. The above events improved the working capital of the department as well that of the province. The collection of arrears was also made possible by the provincial treasury in implementing the decision of the Executive Council.

4.2 Approval

The attached annual financial statements set out on pages 97 to 137 have been approved by the Accounting Officer.



DR. M.C. ANNANDALE-DE VILLIERS
HEAD AND ACCOUNTING OFFICER OF THE DEPARTMENT
31 May 2006

(As per the actual transcript of the Auditor-General's report provided by the Office of the Auditor General)



4.3 Report of the Auditor-General

REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL LEGISLATURE OF THE EASTERN CAPE PROVINCE ON THE ANNUAL FINANCIAL STATEMENTS OF VOTE 10 – DEPARTMENT OF ROADS AND TRANSPORT FOR THE YEAR ENDED 31 MARCH 2006

1. AUDIT ASSIGNMENT

The annual financial statements as set out on pages 97 to 137, for the year ended 31 March 2006, have been audited in terms of section 188(1)(a) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 40(2) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). The fixed asset opening balances have not been audited because of the timing of guidance from National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These annual financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these annual financial statements, based on the audit.

2. SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette no. 28723 of 10 April 2006 and General Notice 808 of 2006, issued in Government Gazette no. 28954 of 23 June 2006. These standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

3. BASIS OF ACCOUNTING

The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as described in note 1.1 to the annual financial statements.

4. QUALIFICATION

Due to a lack of a proper framework for performing independent reconciliations and checks the following significant weaknesses were identified on:

4.1 Asset register

Asset registers were not properly maintained at head office and at the various districts of the department. Some assets had not been included in the asset registers. It was also not possible to carry out proper audit tests on the asset register as these registers lacked detail (for example asset and serial numbers). Audit tests could not be performed due to lack of asset numbers that could not be found on some furniture and equipment. In addition the asset registers include assets which have been declared obsolete or unserviceable. According to the adjusted Annexure 4 to the annual



financial statements the opening balance is R2,688 billion instead of R34 million. Included in this amount is an amount of R2,654 billion which should have been disclosed as additions in respect of roads immovable assets. No evidence that the value of movable assets transferred to the department were included in asset registers as well as Annexure 4 to the financial statements.

4.2 Personnel transfers

A signed document for staff and their personnel records as proof of handing-over which occurred as a result of the transfer of Roads function to the Department of Roads and Transport could not be furnished for audit purposes. This is contrary to Chapter 5 Section 42 (1) (b) of the Public Finance Management Act which states that the accounting officer for the transferring department provide the accounting officer for the receiving department or other institution with substantiating records, including personnel records of staff to be transferred. Management comments also indicate that some employees were in the department's payroll whilst these employees were still working for the department of Public Works and also outstanding employees to be transferred. In addition the adjusted disclosure note no.19 the comparative figure of housing guarantees was changed from R5,6 million to R7,9 million. Completeness and accuracy of employee benefits provision and housing guarantees amounting to R144,5 million and R6 million respectively, as disclosed in the annual financial statements could not be confirmed.

4.3 Motor vehicle fees misstated

The opening balance of R142 million due by Nelson Mandela Metropolitan municipality was understated by an amount of R5 449 240 which was subsequently received during the period under review. The closing balance of R8 million was adjusted in order to reconcile with the confirmed balance of R11 million although this confirmed amount is still under investigation by the said municipality. This is also confirmed by paragraph 15 of the accounting officer's report. The amount of R11 million as disclosed in the financial statements could not be confirmed.

5. QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the department at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as described in note 1.1 to the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

6. EMPHASIS OF MATTER

Without further qualifying the audit opinion, attention is drawn to the following matters:

6.1 Lack of sufficient implemented controls in terms of the policy framework

Management did not adequately and effectively monitor the department's activities and financial processes that resulted in the preparation of the annual financial statements in respect of the following significant instances:

(a) Leave

Despite clear directives (Part V (F) (b) of the Public Service Regulations, 2001), Leave records were found to be in an unsatisfactory state, with leave records that had not been regularly updated or that did not exist and leave forms not filed timeously or filed at all. Significant backlogs of information (leave applications and service terminations) that had not been captured on the Personnel



and Salary System, as well as the data errors within the system are an indication that sufficient measures had not been taken to ensure that Personnel and Salary System is accurate.

(b) Unauthorised expenditure

The department incurred unauthorised expenditure of R8 701 000 during the previous year. Although the unauthorised expenditure is properly disclosed in the financial statements, it has not yet been approved by the legislature. This matter was reported in paragraph 4.2.1 of the 2003/2004 audit report.

(c) NATIS registering authorities

Payments of NATIS revenue to the department were not made in accordance with the conditions of service level agreement and as a result an amount of R26,5 million was outstanding at year end as per disclosure note 24.

(d) Delays and non-submission of documentation

A significant number of payment vouchers and other documents, in support of transactions and the annual financial statements of the department could not be produced during the audit. Payment vouchers that could not be obtained and those submitted at the close of the audit amounted to R591 840 and R1 171 083 respectively.

During the audit of the financial year under review, the non-submission of documentation was continuously brought to the attention of the department. Notwithstanding this, the department has failed to satisfy the requirements of section 41 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) by ensuring that such information, records and documents, as are required, were made available for audit purposes.

(e) Internal control weaknesses

The following internal control weaknesses were identified:

- (a) Trip authorities and log books were not properly completed with regard to kilometres travelled and not reconciled with one another.
- (b) In some instances payment vouchers were not signed by authorising officials.
- (c) Budget reports were not included in some payment vouchers and as a result available funds could not be confirmed.
- (d) Payments were not always made within the period prescribed by section 38 (1) (f) of the Public Finance Management Act, 1999 (Act No. 1 of 1999).
- (e) In some instances ledger cards and bin cards were not reconciled resulting in differences in quantity of stock items
- (f) The department has operated with inadequate staff resources. Some critical posts have not been filled. This situation has negative results in service delivery and segregation of functions
- (g) The audit revealed that certain cancelled receipts were not captured in the system due to lack of training.
- (h) Creditors' reconciliations were submitted for audit purposes prior authorization by the immediate supervisor whilst other accounts like telephone were not reconciled.
- (i) Allocations of transfer payments for National Roads Agency services were overspent by a material amount which is regarded as control shortcomings.
- (j) Immaterial differences between travelling and subsistence claim amounts and actual payments were identified.



- (k) The department's action plan for forensic NATIS report was obtained and most of the matters addressed therein were completed during the period 2006/2007. Therefore it was not possible to verify effectiveness of the action plan during the period under review.

6.2 Internal Audit

In compliance with section 38(1)(a)(ii) of the PFMA, the Eastern Cape Provincial Administration has a shared Internal Audit unit and Audit Committee that are administered by the Office of the Premier. An Executive Committee decision was taken in April 2003 to outsource the internal audit and audit committee functions of the Departments of Education, Public Works, Social Development and Health. The shared Internal Audit unit continues to provide internal audit services to the remaining departments. The following issues relating to the shared service are highlighted:

- (a) The Audit Committee was evaluated as ineffective in the past. During the year under review, the Audit Committee was disbanded and a new Committee elected. The new committee however only came into effect during November 2005 and had its first effective meeting in January 2006. As a result Internal Audit functioned for most of the year without the effective oversight needed.
- (b) Cognisance is taken of the improvements made by the shared services during the year under review. However, after consideration of various factors, no reliance was placed on the internal audit service.
- (c) Although the Internal Audit Quarterly Report was submitted to the Audit Committee, no evidence could be found or provided that the Audit Committee reported and made recommendations, based on the reports, to the relevant accounting officers as prescribed by Treasury Regulation 3.1.9.

6.3 Independent management reconciliations

Due to lack of independent management reconciliations the following weaknesses were identified:

Royalties on vehicle license number plates

As per the accounting officer's report paragraph 2.2.2, the department received R1 886 589. No evidence could be provided that the amount has been reconciled to revenue collected. The amount has been outstanding since 2003. Consequently correctness, accuracy and completeness of this amount could not be verified.

6.4 Performance information

In terms of section 40(3)(a) of the PFMA, the annual report and annual financial statements of the department must fairly present its performance against predetermined objectives. The department's reported objectives are aligned to the strategic plan but are not aligned to the annual budget.

6.5 Material changes to the annual financial statements

Management did not adequately and effectively monitor the department's compliance to treasury guidelines on the preparation of financial statements.

In terms of section 55(1)(c) of the PFMA, the Eastern Cape Department of Roads and Transport is required to submit the annual financial statements for audit purposes two months after the financial



year-end. This was adhered to but due to adjustments, material changes were made to the financial statements submitted on 31 May 2006.

6.6 Audit report issued after 31 July

Due to delays in the submission of documentation to be considered for audit purposes, the audit report of the Department of Roads and Transport has been issued after the PFMA deadline of 31 July.

7 APPRECIATION

The assistance rendered by the staff of Eastern Cape Department of Roads and Transport during the audit is sincerely appreciated.



SM Ngqwala for Auditor-General

East London

Date: 22 August 2006



A U D I T O R - G E N E R A L



4.4 Statement of Accounting Policies and Related Matters

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2005.

4.4.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

4.4.1.1 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4.4.1.2 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

4.4.1.3 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

A comparison between actual and budgeted amounts per major classification of expenditure is included in the appropriation statement.

4.4.2 Revenue

4.4.2.1 Appropriated funds

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund, unless approval has been given by the National/Provincial Treasury to rollover the funds to the subsequent financial year. These rollover funds form part of retained funds in the annual financial statements. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

4.4.2.2 Departmental revenue

All departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.



4.4.2.2.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the statement of financial performance when received.

4.4.2.2.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the statement of financial performance when the cash is received.

4.4.2.2.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

4.4.2.2.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

4.4.2.2.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

4.4.2.3 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

4.4.2.4 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the financial statements.

4.4.2.5 Local and foreign aid assistance

Local and foreign aid assistance is recognised in the financial records when notification of the donation is received from the National Treasury or when the department directly receives the cash from the donor(s). The total cash amounts received during the year is reflected in the statement of financial performance as revenue.

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. A receivable is recognised in the statement of financial position to the value of the amounts expensed prior to the receipt of the funds.

A payable is raised in the statement of financial position where amounts have been inappropriately expensed using local and foreign aid assistance, unutilised amounts are recognised in the statement of financial position.



4.4.3 Expenditure

4.4.3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance.

All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system.

4.4.3.1.1 Short term employee benefits

Short term employee benefits comprise of leave entitlements (capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the notes to the financial statements. These amounts are not recognised in the statement of financial performance.

4.4.3.1.2 Long-term employee benefits

4.4.3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

4.4.3.1.2.2 Post employment retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

4.4.3.1.3 Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used on a capital project.

4.4.3.1.4 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures.



4.4.3.1.5 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

All other losses are recognised when authorisation has been granted for the recognition thereof.

4.4.3.1.6 Unauthorised expenditure

When discovered unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is recognised in the statement of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the statement of financial performance on the date of approval.

4.4.3.1.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

4.4.3.1.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

4.4.4 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

4.4.5 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year)..

4.4.5.1 Assets

4.4.5.1.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.4.5.1.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

4.4.6 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party.

Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.



4.4.7 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.4.8 Loans

Loans are recognised in the statement of financial position at the nominal amount. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4.9 Inventory

Inventories on hand at the reporting date are disclosed at cost in the disclosure notes.

4.4.10 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

4.4.11 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures to the financial statements.

4.4.12 Accruals

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the system.

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

4.4.13 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or

A contingent liability is a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the disclosure notes.

4.4.14 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.



4.4.15 Net Assets

4.4.15.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

4.4.15.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made and recognised in a previous financial year becomes recoverable from a debtor.

4.4.16 Related party transactions

Related parties are departments that control or significantly influence the department in making financial and operating decisions. Specific information with regards to related party transactions is included in the disclosure notes.

4.4.17 Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department.

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

4.4.18 Public private partnerships

A public private partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:

- Performs an institutional function on behalf of the institution; and/or
- acquires the use of state property for its own commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- receives a benefit for performing the institutional function or from utilizing the state property, either by way of:
 - o consideration to be paid by the department which derives from a Revenue Fund;
 - o charges fees to be collected by the private party from users or customers of a service provided to them; or
 - o a combination of such consideration and such charges or fees.

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.



4.5 APPROPRIATION STATEMENT for the year ended 31 March 2006

Appropriation per programme									
	Adjusted Appropriation	2005/06			2004/05			Final Appropriation	Actual Expenditure
		Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appro- priation		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Programme 1: Administration									
Current payment	101,149		(650)	100,499	101,034	(535)	100.5%	81,275	80,024
Transfers and subsidies	445			445	843	(398)	189.4%	349	-
Payment for capital assets	6,527		(920)	5,607	4,569	1038	81.5%	1,587	582
2. Programme 2: Public Transport									
Current payment	44,227		(5,588)	38,639	38,825	(186)	100.5%	39,896	35,407
Transfers and subsidies	55,744		12,458	68,202	69,110	(908)	101.3%	49,423	46,600
Payment for capital assets	27,728		(5,300)	22,428	21,246	1182	94.7%	28,547	27,703
3. Programme 3: Traffic Management									
Current payment	106,087		(5,237)	100,850	100,748	102	99.9%	91,912	97,905
Transfers and subsidies	7,978		(560)	7,418	7,758	(340)	104.6%	5,785	-
Payment for capital assets	6,616		(1,403)	5,213	4,840	373	92.8%	3,169	201
4. Programme 4: Roads Infrastructure									
Current payment	577,075		(53,728)	523,347	507,755	15,592	97.0%	-	-
Transfers and subsidies	179,258		33,149	212,407	208,975	3432	98.4%	-	-
Payment for capital assets	611,057		27,779	638,836	652,235	(13,399)	102.1%	-	-
Subtotal	1,723,891	-	-	1,723,891	1,717,938	5,953	99.7%	301,943	288,422
Statutory Appropriation									
Current payment	680			680	677	3	99.6%	643	583
TOTAL	1,724,571			1,724,571	1,718,615	5,956	99.7%	302,586	289,005
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				127,528				116,426	
Local and foreign aid assistance received				93,475				84,224	
Actual amounts per Statements of Financial Performance (Total revenue)				1,945,574				503,236	
Add:									
Local and foreign aid assistance					89,997				84,688
Actual amounts per Statements of Financial Performance (Total expenditure)					1,808,612				373,693



4.6 APPROPRIATION STATEMENT

for the year ended 31 March 2006

Appropriation per economic classification									
	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	347,024		(30,210)	316,814	313,453	3,361	98.9%	139,301	143,022
Goods and services	481,514		(34,993)	446,521	434,851	11,670	97.4%	73,782	68,540
Financial transactions in assets and liabilities					58	(58)	0.0%		1,774
Transfers and subsidies									
Provinces and municipalities	44,070		109	44,179	40,507	3,672	91.7%	13,430	
Departmental agencies and accounts								15,841	13,051
Public corporations and private enterprises	196,942		33,650	230,592	231,477	(885)	100.4%	26,286	33,549
Households	2,413		11,288	13,701	14,702	(1,001)	107.3%		
Payments for capital assets									
Buildings and other fixed structures	632,320		22,166	654,486	667,366	(12,880)	102.0%	27,500	27,562
Machinery and equipment	19,608		(2,010)	17,598	15,524	2,074	88.2%	5,803	924
Total	1,723,891			1,723,891	1,717,938	5,953	99.7%	301,943	288,422

Statutory Appropriation									
Details of direct changes against the National/Provincial Revenue Fund	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Member of executive committee / parliamentary officers/legislature	680			680	677	3	99.6%	643	583
Total	680			680	677	3	99.6%	643	583



**Details per programme 1: Administration
for the year ended 31 March 2006**

Programme per sub-programme	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual		Expenditure	Final	Actual
	Appropriation	Funds	R'000	Appropriation	Expenditure	Variance	as % of final appro- piation	Appropriation	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Office of the MEC Current payment	1,802			1,802	997	805	55.3%	870	879
1.2 Management Current payment	3,215			3,215	2,833	382	88.1%	4,459	3,349
Transfers and subsidies					5	(5)	0.0%	-	-
Payment for capital assets	163			163	149	14	91.4%	59	-
1.3 Corporate Support Current payment	88,064			88,064	90,707	(2,643)	103.0%	6,4219	66,989
Transfers and subsidies	445			445	834	(389)	187.4%	349	-
Payment for capital assets	5,988		(920)	5,068	4,186	882	82.6%	1,158	445
1.4 Programme Support Current payment	3,014			3,014	2,540	474	84.3%	916	441
Transfers and subsidies					4	(4)	0.0%	-	-
Payment for capital assets	122			122	46	76	37.7%	15	22
1.5 Organisational Development Current payment								6,181	5,175
Payment for capital assets								113	70
1.6 Government Motor Transport Current payment	5,054		(650)	4,404	3,957	447	89.9%	4,630	3,191
Payment for capital assets	254			254	188	66	74.0%	242	45
TOTAL	108,121	-	(1,570)	106,551	106,446	105	99.9%	83,211	80,606

Economic Classification	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual		Expenditure	Final	Actual
	Appropriation	Funds	R'000	Appropriation	Expenditure	Variance	as % of final appro- piation	Appropriation	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	6,2810			62,810	60,796	2,014	96.8%	51,939	51,583
Goods and services	38,339		(650)	37,689	40,180	(2,491)	106.6%	29,336	28,441
Financial transactions in as- sets and liabilities					58	(58)	0.0%		
Provinces and municipalities	202			202	210	(8)	104.0%	349	-
Households	243			243	633	(390)	260.5%		
Payment for capital assets									
Machinery and equipment	6,527		(920)	5,607	4,569	1,038	81.5%	1,587	582
Total	108,121	-	(1,570)	106,551	106,446	105	99.9%	83,211	80,606



**Details per programme 2: Public Transport
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual	Variance	Expenditure	Final	Actual
	Appropriation	Funds		Appropriation	Expenditure		as % of	Appropriation	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Programme Support									
Current payment	3,811		(848)	2,963	2,808	155	94.8%	2,393	2,052
Payment for capital assets	85			85	51	34	60.0%	76	11
2.2 Planning									
Current payment	2,621		(648)	1,973	1,690	283	85.7%	1,428	936
2.3 Infrastructure									
Current payment	3,203		(699)	2,504	2,756	(252)	110.1%	1,107	1,225
Transfers and subsidies	13,802		978	14,780	14,750	30	99.8%	13,082	13,051
Payment for capital assets	24,244		(5,000)	19,244	18,212	1,032	94.6%	27,500	27,562
2.4 Empowerment & Institutional Management									
Current payment	15,159		(1,790)	13,369	14,522	(1,153)	108.6%	14,275	9,194
Transfers and subsidies	41,942		11,480	53,422	54,360	(938)	101.8%	36,341	33,549
Payment for capital assets	167			167	172	(5)	103.0%	177	-
2.5 Operator Safety & Compliance									
Current payment	3,550		(1,430)	2,120	1,751	369	82.6%	5,071	4030
2.6 Regulation & Control									
Current payment	6,136		80	6,216	5,865	351	94.4%	6,063	7,354
Payment for capital assets	138			138	94	44	68.1%	28	18
2.7 Civil Aviation									
Current payment	9,747		(253)	9,494	9,433	61	99.4%	9,559	10,616
Payment for capital assets	3,094		(300)	2,794	2,717	77	97.2%	766	112
TOTAL	127,699	-	1,570	129,269	129,181	88	99.9%	117,866	109,710

Economic Classification	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual	Variance	Expenditure	Final	Actual
	Appropriation	Funds		Appropriation	Expenditure		as % of	Appropriation	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	25,513		(4,440)	21,073	(23,111)	(2,038)	109.7%	25,029	25,607
Goods and services	18,714		(1,148)	17,566	15,714	1,852	89.5%	14,867	8,026
Financial transactions in assets and liabilities									1,774
Transfers and subsidies to:									
Provinces and municipalities	13,772		978	14,750	14,753	(3)	100.0%	13,081	
Departmental agencies and accounts								15,841	13,051
Public corporations and private enterprises	41,942		11,480	53,422	54,308	(886)	101.7%	20,501	33,549
Households	30			30	49	(19)	163.3%		
Payment for capital assets									
Buildings and other fixed structures	24,244		(5,000)	19,244	18,212	1,032	94.6%	27,500	27,562
Machinery and equipment	3,484		(300)	3,184	3,034	150	95.3%	1,047	141
Total	127,699	-	1,570	129,269	129,181	88	99.9%	117,866	109,710



**Details per programme 3: Traffic Management
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Programme Support									
Current payment	3,221		(676)	2,545	1,979	566	77.8%	1,684	897
Transfers and subsidies				-	3	(3)	0.0%	-	-
Payment for capital assets	442			442	470	(28)	106.3%	690	44
3.2 Safety Engineering									
Current payment	3,392			3,392	3,228	164	95.2%	3,428	1,859
Transfers and subsidies					8	(8)	0.0%	-	-
3.3 Traffic Law Enforcement									
Current payment	72,759			71,674	73,662	(1,988)	102.8%	62,551	75,148
Transfers and subsidies	7,978		(1,085)	7,418	7,696	(278)	103.7%	5,785	-
Payment for capital assets	4,187		(560)	4,154	4,074	80	98.1%	377	74
3.4 Road Safety Education									
Current payment	14,819		(33)	11,932	10,531	1,401	88.3%	10,326	10,637
Transfers and subsidies				-	51	(51)	0.0%	-	-
Payment for capital assets	239		(2,887)	239	211	28	88.3%	102	53
3.5 Transport Administration & Licensing									
Current payment	11,694		(589)	11,105	11,251	(146)	101.3%	13,738	9,364
Payment for capital assets	1,748		(1,370)	378	85	293	22.5%	2,000	30
3.5 Overload Control Management									
Current payment	202		-	202	97	105	48.0%	185	-
TOTAL	120,681	-	(7,200)	113,481	113,346	135	99.9%	100,866	98,106

Economic Classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	79,954		(5,770)	74,184	70,555	3,629	95.1%	62,333	65,832
Goods and services	26,133		533	26,666	30,193	(3,527)	113.2%	229,579	32,073
Transfers and subsidies to:									
Departmental agencies and accounts	7,978		(560)	7,418	6,995	423	94.3%	5,785	-
Households					763	(763)	0.0%	-	-
Payment for capital assets									
Machinery and equipment	6,616		(1,403)	5,213	4,840	373	92.8%	3,169	201
Total	120,681	-	(7,200)	113,481	113,346	135	99.9%	100,866	98,106



**Details per programme 4: Roads Infrastructure
for the year ended 31 March 2006**

Programme per sub-programme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Programme Suport									
Current payment	1,200			1,200	1,598	(398)	133.2%		
Transfers and subsidies	15,064			15,064	14,792	272	98.2%		
4.2 Planning and Design									
Current payment	24,442		(2,300)	22,142	20,924	1,218	94.5%		
Transfers and subsidies	11			11	7	4	63.6%		
Payment for capital assets	119			119	42	77	35.3%		
4.3 Construction									
Current payment	58,500		(18,000)	40,500	38,373	2,127	94.7%		
Transfers and subsidies	106			106	259	(153)	244.3%		
Payment for capital assets	88,192		48,949	137,141	137,871	(730)	100.5%		
4.4 Maintenance									
Current payment	446,348		(38,200)	408,148	393,048	15,100	96.3%		
Transfers and subsidies	9,054		10,163	19,217	15,908	3,309	82.8%		
Payment for capital assets	1,503		1,000	2,503	15,294	(12,791)	611.0%		
4.5 Mechanical									
Current payment	46,385		4,772	51,157	53,812	(2,655)	105.2%		
Transfers and subsidies	23		816	839	840	(1)	100.1%		
Payment for capital assets	1,113			1,113	867	246	77.9%		
4.6 Financial Assistance									
Current payment	200			200		200	0.0%		
Transfers and subsidies	155,000		22,170	177,170	177,169	1	100.0%		
Payment for capital assets	520,130		(22,170)	497,960	498,161	(201)	100.0%		
TOTAL	1,367,390	-	7,200	1,374,590	1,368,965	5,625	99.6%		

Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	178,747		(20,000)	158,747	158,991	(244)	100.2%		
Goods and services	398,328		(33,728)	364,600	348,764	15,836	95.7%		
Transfers and subsidies									
Provinces and municipalities	22,118		(309)	21,809	18,549	3,260	85.1%		
Public corporations and private enterprises	155,000		22,170	177,170	177,169	1	100.0%		
Households	2,140		11,288	13,428	13,257	171	98.7%		
Payment for capital assets									
Buildings and other fixed structures	608,076		27,166	635,242	649,154	(13,912)	102.2%		
Machinery and equipment	2,981		613	3,594	3,081	513	85.7%		
Total	1,367,390		7,200	1,374,590	1,368,965	5,625	99.6%		



4.7 NOTES TO THE APPROPRIATION STATEMENT

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 8 (Transfers and subsidies) and Annexure 1 to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 7 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

There are no material variances in amounts voted or in programs, all are less than 0.5%. See Appropriation Statement.



4.8 STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
REVENUE			
Annual appropriation	1	1,723,891	301,943
Statutory appropriation	2	680	643
Departmental revenue	3	127,528	116,426
Local and foreign aid assistance	4	93,475	84,224
TOTAL REVENUE		1,945,574	503,236
EXPENDITURE			
Current expenditure			
Compensation of employees	5	314,130	143,605
Goods and services	6	434,851	68,540
Financial transactions in assets and liabilities	7	58	1,774
Local and foreign aid assistance	4	89,997	84,688
Total current expenditure		839,036	298,607
Transfers and subsidies	8	286,686	46,600
Expenditure for capital assets			
Buildings and other fixed structures	9	667,366	27,562
Machinery and equipment	9	15,524	924
Total expenditure for capital assets		682,890	28,486
TOTAL EXPENDITURE		1,808,612	373,693
SURPLUS		136,962	129,543
SURPLUS FOR THE YEAR		136,962	129,543
Reconciliation of Surplus for the year			
Voted Funds	14	5,956	13,581
Departmental Revenue	15	127,528	116,426
Local and foreign aid assistance	4	3,478	(464)
SURPLUS FOR THE YEAR		136,962	129,543



4.9 STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2006

	<i>Note</i>	2005/06 R'000	2004/05 R'000
ASSETS			
Current assets		70,111	43,362
Unauthorised expenditure	10	8,701	8,701
Cash and cash equivalents	11	60,026	289
Receivables	12	1,384	34,372
Non-current assets		56,761	56,761
Investments	13	56,761	56,761
TOTAL ASSETS		<u>126,872</u>	<u>100,123</u>
LIABILITIES			
Current liabilities		70,111	43,362
Voted funds to be surrendered to the Revenue Fund	14	5,956	13,581
Departmental revenue to be surrendered to the Revenue Fund	15	44,672	8,568
Payables	16	284	5,492
Local and foreign aid assistance unutilised	4	19,199	15,721
TOTAL LIABILITIES		<u>70,110</u>	<u>43,362</u>
NET ASSETS		<u>56,761</u>	<u>56,761</u>
Represented by:			
Capitalisation reserve		<u>56,761</u>	<u>56,761</u>
TOTAL		<u>56,761</u>	<u>56,761</u>



4.10 STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2006

	2005/06 R'000	2004/05 R'000
Capitalisation Reserves		
Opening balance	56,761	56,761
Closing balance	<u>56,761</u>	<u>56,761</u>
TOTAL	<u>56,761</u>	<u>56,761</u>



4.11 CASHFLOW STATEMENT

for the year ended 31 March 2006

	<i>Note</i>	2005/06 R'000	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2,136,080	503,236
Annual appropriated funds received	1.1	1,723,891	301,943
Statutory appropriated funds received		680	643
Departmental revenue received		318,036	116,426
Local and foreign aid assistance received	4	93,475	84,224
Net (increase)/decrease in working capital		27,780	(14,366)
Surrendered to Revenue Fund		(299,067)	(122,710)
Current payments		(839,036)	(298,607)
Transfers and subsidies paid		(286,686)	(46,600)
Net cash flow available from operating activities	17	<u>739,073</u>	<u>20,953</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(682,890)	(28,486)
Proceeds from sale of capital assets	3	3,554	-
Net cash flows from investing activities		<u>(679,336)</u>	<u>(28,486)</u>
Net increase in cash and cash equivalents		59,737	(7,533)
Cash and cash equivalents at the beginning of the period		289	7,822
Cash and cash equivalents at end of period	11	<u>60,026</u>	<u>289</u>



4.12 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2006

1 Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for the Department:

	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received 2004/05
	R'000	R'000	R'000	R'000
Programme 1: Admini- stration	106,551	106,551	-	83,211
Programme 2: Public Transport	129,269	129,269	-	93,079
Programme 3: Traffic Management	113,481	113,481	-	125,653
Programme 4: Roads In- frastructure	1,374,590	1,374,590	-	-
Total	1,723,891	1,723,891	-	301,943

Note

2005/06

2004/05

1.2 Conditional grants

Total grants received	<i>Annex 1A</i>	675,300
Provincial grants included in Total Grants received		675,300

2 Statutory Appropriation

Member of executive committee/parliamentary officers	680	643
	680	643

3 Departmental revenue to be surrendered to revenue fund

Description	Notes		
Tax revenue		303,589	105,832
Sales of goods and services other than capital assets	3.1	8,039	6,252
Fines, penalties and forfeits		3,800	3,174
Interest, dividends and rent on land	3.2	12	16
Sales of capital assets	3.3	3,554	-
Financial transactions in assets and liabilities	3.4	2,595	1,152
Total revenue collected		321,590	116,426
Less: Departmental Revenue Budgeted	15	194,062	-
Departmental revenue collected		127,528	116,462



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

3.1 Sales of goods and services other than capital assets

	2005/06	2004/05
Sales of goods and services produced by the department		
Other sales	8,039	6,252
Sales of scrap, waste and other used current goods		
Total	<u>8,039</u>	<u>6,252</u>

3.2 Interest, dividends and rent on land

Interest	12	16
Total	<u>12</u>	<u>16</u>

3.3 Sale of capital assets

Other capital assets	3,554	-
Total	<u>3,554</u>	<u>-</u>

3.4 Financial transactions in assets and liabilities Nature of loss recovered

Receivables	2,595	1,152
Total	<u>2,595</u>	<u>1,152</u>

4 Local and foreign aid assistance

4.1 Assistance received in cash: Other Local

Opening Balance	15,721	16,185
Revenue	93,475	84,224
Expenditure	89,997	84,688
Current	<u>89,997</u>	<u>84,688</u>
Closing Balance	<u>19,199</u>	<u>15,721</u>

Total

Opening Balance	15,721	16,185
Revenue	93,475	84,224
Expenditure	<u>89,997</u>	<u>84,688</u>
Current	<u>89,997</u>	<u>84,688</u>
Closing Balance	<u>19,199</u>	<u>15,721</u>

Analysis of balance

Local and foreign aid unutilised	19,199	15,721
Closing balance	<u>19,199</u>	<u>15,721</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

5 Compensation of employees

	<i>Note</i>	2005/06 R'000	2004/05 R'000
5.1 Salaries and Wages			
Basic salary		223,690	100,332
Performance award		2,051	64
Service Based		605	383
Compensative/circumstantial		8,840	3,462
Other non-pensionable allowances		30,618	16,053
		<u>265,804</u>	<u>120,294</u>
5.2 Social contributions			
5.2.1 Employer contributions			
Pension		29,143	15,234
Medical		19,074	8,042
Bargaining council		93	29
Insurance		16	6
		<u>48,326</u>	<u>23,311</u>
Total compensation of employees		<u>314,130</u>	<u>143,605</u>
Average number of employees		<u>4,011</u>	<u>1,126</u>

6 Goods and services

		R'000	R'000
Advertising		985	617
Attendance fees (including registration fees)		4	47
Bank charges and card fees		137	108
Bursaries (employees)		1,042	552
Communication		9,478	7,898
Computer services		10,617	8,945
Consultants, contractors and special services		97,940	6,131
Courier and delivery services		6	22
Entertainment		913	824
External audit fees	6.1	1,162	2,120
Equipment less than R5000		459	32
Government motor transport		358	-
Honoraria (Voluntarily workers)		7	-
Inventory	6.2	38,104	3,969
Legal fees		1,469	351
Maintenance, repairs and running cost		210,194	9
Operating leases		7,229	2,912
Printing and publications		468	722
Professional bodies and membership fees		4	3
Resettlement cost		593	3,174
Road laboratories		10	-
Subscriptions		2	-
Owned leasehold property expenditure		2,795	1,665
Transport provided as part of the departmental activities		-	18,496
Travel and subsistence	6.3	44,706	7,746
Venues and facilities		633	39
Protective, special clothing & uniforms		2,161	82
Training & staff development		3,375	2,076
		<u>434,851</u>	<u>68,540</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
6.1 External audit fees			
Regulatory audits		1,162	2,120
Total external audit fees		<u>1,162</u>	<u>2,120</u>
6.2 Inventory			
Construction work in progress		3,296	-
Other inventory		628	693
Fuel, oil and gas		14,315	16
Other consumables		576	-
Parts and other maintenance material		16,721	1,329
Stationery and printing		2,568	1,931
		<u>38,104</u>	<u>3,969</u>
6.3 Travel and subsistence			
Local		44,706	7,746
Total travel and subsistence		<u>44,706</u>	<u>7,746</u>
7 Financial transactions in assets and liabilities			
Debts written off	7.1	58	1,774
		<u>58</u>	<u>1,774</u>
7.1 Debts written off			
Nature of debts written off			
Transfer to debts written off			
First Auto costs		-	1,515
Salary related costs		58	202
Dishonoured cheques		-	57
		<u>58</u>	<u>1,774</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

8. Transfers and subsidies

	<i>Note</i>	2005/06 R'000	2004/05 R'000
Provinces and municipalities	<i>Annex 1E & 1F</i>	40,507	13,051
Public corporations and private enterprises	<i>Annex 1I</i>	231,477	33,549
Households	<i>Annex 1L</i>	14,702	-
		<u>286,686</u>	<u>46,600</u>

9. Expenditure for capital assets

Buildings and other fixed structures	<i>Annex 4</i>	667,366	27,562
Machinery and equipment	<i>Annex 4</i>	15,524	924
Total		<u>682,890</u>	<u>28,486</u>

10. Unauthorised expenditure

10.1 Reconciliation of unauthorised expenditure

Opening balance	8,701	8,701
Unauthorised expenditure awaiting authorisation	<u>8,701</u>	<u>8,701</u>

11. Cash and cash equivalents

Consolidated Paymaster General Account	60,026	289
	<u>60,026</u>	<u>289</u>

12. Receivables

		Less than one year	One to three years	Older than three years	Total	Total
Staff debt	12.1	827	131	249	1,207	969
Other Debtors	12.2	-	133	44	177	117
Claims recoverable	<i>Annex 6</i>				-	33,286
					<u>1,384</u>	<u>34,372</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2006

	<i>Note</i>	2005/06 R'000	2004/05 R'000
12.1 Staff Debt			
Debt account		698	336
Miscellaneous Personnel debts		509	633
		<u>1,207</u>	<u>969</u>
12.2 Other debtors			
Dishonoured cheques		88	117
Income tax		89	
		<u>177</u>	<u>117</u>
13. Investments			
Securities other than shares			
Mayibuye Transport Corporation	<i>Annex 2</i>	56,761	56,761
		<u>56,761</u>	<u>56,761</u>
Total non-current		<u>56,761</u>	<u>56,761</u>
Analysis of non current investments			
Opening balance		56,761	56,761
Closing balance		<u>56,761</u>	<u>56,761</u>
14. Voted funds to be surrendered to the Revenue Fund			
Opening balance		13,581	1,135
Transfer from Statement of Financial Performance		5,956	13,581
Paid during the year		<u>(13,581)</u>	<u>(1,135)</u>
Closing balance		<u>5,956</u>	<u>13,581</u>
15. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		8,568	13,717
Transfer from Statement of Financial Performance		127,528	116,426
Departmental revenue budgeted	3	194,062	-
Paid during the year		<u>(285,486)</u>	<u>(121,575)</u>
Closing balance		<u>44,672</u>	<u>8,568</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2006

16. Payables – current Description

	Notes	30 Days	30+ Days	2005/06 Total	2004/05 Total
Clearing accounts	16.1		282	282	5,211
Other payables	16.2		2	2	281
			284	284	5,492

16.1 Clearing accounts

Description		
Cheques payable	-	102
Bank Adjustment	-	91
Receipt Control account	-	28
Debt Receivable income	270	-
Debt receivable interest	12	-
Outstanding Payments: Dom	-	4,827
Unpaid/Recall BAS EBT Control account	-	163
	282	5,211

16.2 Other payables

Description		
Salaries and deductions	-	281
Sal: Bargaining Councils: CL	2	-
	2	281

17. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	136,962	129,543
Non-cash movements		
(Increase)/decrease in receivables – current	32,988	(19,357)
Increase/(decrease) in payables – current	(5,208)	4,991
Proceeds from sale of capital assets	(3,554)	-
Surrenders to Revenue Fund	(299,067)	(122,710)
Expenditure on capital assets	682,890	28,486
Other non-cash items	194,062	-
Net cash flow generated by operating activities	739,073	20,953

18. Reconciliation of cash and cash equivalents for cash flow Purposes

Consolidated Paymaster General account	60,026	289
	60,026	289



4.13 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

	<i>Note</i>	2005/06 R'000	2004/05 R'000
19. Contingent liabilities			
 Liable to	Nature		
Housing loan guarantees	Employees	6,081	7,896
Other departments (interdepartmental unconfirmed balances)		-	17
		<u>6,081</u>	<u>7,913</u>
20. Commitments			
 Current expenditure			
Approved and contracted		118,654	188,749
		<u>118,654</u>	<u>188,749</u>
 Capital expenditure			
Approved and contracted		59,046	14,017
 Total Commitments		<u>59,046</u>	<u>14,017</u>
21. Accruals			
 Listed by economic classification			
	30 Days	30+ Days	Total
Compensation of employees		18	703
Goods and services		2,936	6,795
Transfers and subsidies		10,811	853
Machinery and equipment		-	60
		<u>13,765</u>	<u>8,411</u>
 Listed by programme level			
Administration		2,012	2,179
Public Transport		11,264	4,627
Traffic Management		133	1,605
Roads Infrastructure		356	-
		<u>13,765</u>	<u>8,411</u>
22. Employee benefits			
Leave entitlement		13,691	64,332
Thirteenth cheque		10,064	4,614
Performance awards		-	-
Capped leave commitments		120,843	-
		<u>144,598</u>	<u>68,946</u>



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

23. Lease Commitments

23.1 Operating leases

	Machinery and equip- ment R'000	2005/06 Total R'000	2004/05 Total R'000
Not later than 1 year	119,327	119,327	90,704
Later than 1 year and not later than 5 years	126,102	126,102	92,457
Later than five years	41,886	41,886	63,285
Total present value of lease liabilities	<u>287,315</u>	<u>287,315</u>	<u>246,446</u>

24. Receivables for departmental revenue

Tax revenue	26,539	162,614
Total	<u>26,539</u>	<u>162,614</u>

25. Related party transactions

The department owns 100% shareholding in Mayibuye Transport Corporation worth R56,671 million. Other than that the department continues to give the Corporation grant-in-aid on a yearly basis and this year this amount totals R40 million, inclusive of R14 million capital funding.

The information is verifiable from the audited annual financial statements of Mayibuye Transport Corporation.

Revenue received/(paid)

Tax revenue/ User charges	11,537	11,307
Interest, dividends and rent on land	198	141
Sales of capital assets	365	73
Financial transactions in assets and liabilities	124	54
Transfers	40,002	20,500
Total	<u>52,226</u>	<u>32,075</u>

Balances between department and related party

Investment	56,761	50,000
Non-interest bearing loans to/ (from)	-	6,761
	<u>56,761</u>	<u>56,761</u>

Impairment of investment per accounting policy paragraph 4.4:

Whilst the cost of investment amounts to R56,761 million, Mayibuye Transport Corporation experienced losses in its operations and disclosed its cumulative losses in statement of financial position amounting to R53,761 million at year end (un-audited) and for 2004-05: R52,619 million. The losses resulted in the impairment of investment amounting to R53,761 million at year end (2004-05: R52,619 million) which further resulted in a net asset value of investment worth R3 million for 2005-06 (2004-05: R4 million). Also refer to Annexure 2.



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

26. Key management personnel

		2005/06 R'000	2004/05 R'000
	No. of In- dividuals		
Political office bearers (provide detail below)			
Officials			
Level 15 to 16	2	1,365	1,374
Level 14	4	1,946	1,252
Level 13	14	-	5,297
		<u>3,311</u>	<u>7,923</u>

27. Public Private Partnership

For each Public Private Partnership the department has entered into, the following must be disclosed for the current and prior period:

As was reported in 2004-05 the Eastern Cape Provincial Government (ECPG) entered into a PPP agreement through the Department of Transport with Fleet Africa Eastern (Pty) Ltd on 4 August 2003 for the sole provision of official transport services, maintenance and government garage (GG) operations to all provincial government departments. An estimated amount of R256,441 million for all provincial departments utilising full maintenance lease is projected as commitment for the remaining 28 months to the expiry of the contract. Upon expiry or termination of this PPP agreement the ECPG has no right to acquire any assets from FAEC for no consideration. Should this PPP agreement be terminated by reason of material breach or expire / lapse through effusion of time, the ECPG has an option to either re-tender the provision of the services or negotiate the renewal of this agreement with FAEC.

Contract fee paid

Fixed component
Indexed component

92,393	92,316
158,074	132,640
<u>250,468</u>	<u>224,956</u>

TOTAL

28. Inventory at year end

Domestic consumables	9,111	-
Fuel, oil and gas	3,868	-
Road construction and supplies	1,280	-
	<u>14,259</u>	<u>-</u>



4.14 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT			2004/05	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Ad-just-ments	Total Available	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Division of Revenue Act	675,330				675,330	675,330				301,943
	675,330				675,330	675,330				301,943



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2006

ANNEXURE 1E

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Nelson Mandela Metro	7,942			7,942	7,942	100%			0.0%	8,466
Amatola District Municipality	17,479			17,479	13,807	79%			0.0%	3,615
Ukhahlamba District Municipality	500			500	500	100%			0.0%	970
Buffalo City Metropolitan Transport Area	5,290			5,290	5,290	100%			0.0%	
Umtata Metropolitan Transport Area	520			520		0%			0.0%	
Alfred Ndzo District Municipality	300			300	300	100%			0.0%	
OR Tambo District Municipality									0.0%	
Chris Hanu District Municipality									0.0%	
Cacadu District Municipality	4,700			4,700	4,916				0.0%	
Great Kei Municipality	971			971	971	100%			0.0%	
Maluti Municipality									0.0%	
Mt Frere Municipality	6,447			6,447	5,715	89%			0.0%	
	44,149			44,149	39,441		-	-	0.0%	13,051



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2006

ANNEXURE 1F

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Alfred Ndzo Municipality					115					0.0%
Kei District Municipality					154					0.0%
Nelson Mandela Metropolitan					84					0.0%
Amatola District Municipality					393					0.0%
Cacadu Municipality					104					0.0%
Ukhahlamba Municipality					51					0.0%
Chris Hanu District Municipality					165					0.0%
					1,066					0.0%



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

ANNEXURE 1I

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2004/05
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% Available of funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Transfers									
Mayibuye Transport	40,002			40,002	40,002			40,002	20,500
Subtotal	40,002			40,002	40,002			40,002	20,500
Subsidies									
Sanral Subsidy	177,170			177,170	177,169	100.0%		177,169	
Subtotal	177,170			177,170	177,169			177,169	
Total	217,172			217,172	217,171			217,171	20,500
Private Enterprises									
Other bus operators	13,420			13,420	14,306	106.6%		14,306	15,495
Subtotal	13,420			13,420	14,306			14,306	15,495
TOTAL	230,592			230,592	231,477			231,477	33,549



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

ANNEXURE 1L STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2004/05
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% Available of funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Social Benefits					6,951		
Claim against the State					7,751		
Total	-	-	-	-	14,702		-



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

ANNEXURE 10

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2006

NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/06	2004/05
	R'000	R'000
Made in kind		
Donations to Nonkqubela Women's Project in Alicedale:		
Defy 3 Plate electrical stove	2	-
Groceries	1	-
	-	-
	<u>3</u>	<u>-</u>
TOTAL	<u><u>3</u></u>	<u><u>-</u></u>



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2006

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 04/05	% Held 05/06	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed Yes/No
				2005/06	2004/05	R'000		R'000		R'000		
						2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	
Controlled Entity												
Mayibuye Transport Corporation	Ciskei Corp Act & EC Corp Trans Act 12 of 1995	100	100	56,761	50,000	56,761	56,761	3,000	4,142	(447)	(5,418)	No
Subtotal						56,761	56,761	3,000	4,142	(447)	(5,418)	
Total		100	100	56,761	50,000	56,761	56,761	3,000	4,142	(447)	(5,418)	



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2006

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2006 (CONTINUED)

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
Controlled entities Mayibuye Transport Corporation	Public transport provider	56,761	50,000	3,000	4,142	-	-		6,761
		56,761	50,000	3,000	4,142	-	-	-	6,761
Subtotal									
Total		56,761	56,671	3,000	4,142	-	-	-	6,761



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2006

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 – LOCAL

Guarantor institution	Original guaranteed capital amount	Original guaranteed capital amount	Opening balance 1 April 2005	Guarantees issued during the year	Guarantees released/paid/cancelled/reduced during the year	Guaranteed interest for year ended 31 March 2006	Closing balance 31 March 2006	Realised losses not recoverable
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing							
Standard Bank			1,100	570	660		1,010	
Nedbank			453	90	248		295	
FNB			491	370	370		478	
ABSA			1,653	265	1,114		804	
African Bank								
Peoples Bank/NEDCOR			1,238	164	458		944	
BOE Bank (NBS)			317	119	139		297	
NEDCOR								
Saambou Permanent Bank/Old Mutual-NEDCOR			290	22	36		276	
TNBS			967	260	388		839	
Meeg Bank			443	119	235		327	
BOE Bank			583	69	188		464	
Unique Bank			16	16	16		16	
Hlano Financial Service (Pty) Ltd			325	198	212		311	
Ithala Limited			5				5	
Total			7,896	2,262	4,077		6,081	



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2006

ANNEXURE 4

CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	2,681,713	667,366	-	3,349,079
Other fixed structures	2,681,713	667,366		3,349,079
MACHINERY AND EQUIPMENT	6,580	15,524	-	22,104
Transport assets		1,470		1,470
Computer equipment	4,248	4,416		8,664
Furniture and office equipment	1,539	6,915		8,454
Other machinery and equipment	793	2,723		3,516
TOTAL CAPITAL ASSETS	2,688,293	682,890	-	3,371,183



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

ANNEXURE 4.1

ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cash	In-Kind	Total
	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	667,366	-	667,366
Other fixed structures	667366		667,366
MACHINERY AND EQUIPMENT	15,524	-	15,524
Transport assets	1,470		1,470
Computer equipment	4,416		4,416
Furniture and office equipment	6,915		6,915
Other machinery and equipment	2,723		2,723
TOTAL CAPITAL ASSETS	682,890	-	682,890



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

ANNEXURE 4.2 DISPOSALS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Carrying Amount	Cash	Profit/(loss) on Disposal
	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	3,554	-	3,554
Other machinery and equipment	3,554		3,554
TOTAL CAPITAL ASSETS	3,554	-	3,554



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

ANNEXURE 4.3

CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005

	Additions	Disposals	Total Movement
	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	27,562	-	27,562
Other fixed structures	27,562		27,562
MACHINERY AND EQUIPMENT	924	-	924
Computer equipment	205		205
Furniture and office equipment	405		405
Other machinery and equipment	314		314
TOTAL CAPITAL ASSETS	28,486	-	28,486

ANNEXURE 6

INTER-GOVERNMENT RECEIVABLES

Government Entity	Confirmed balance out- standing		Unconfirmed balance outstanding		Total	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Education		10,117				
Sports		325		6		
Premier		362		3		
Housing				1		
Other Depart- ments						
Justice				2		
Land Affairs				1		
Clearing ac- counts				4		
TOTAL	-	10,804	-	17	-	-



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

ANNEXURE 7 INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance out- standing		Unconfirmed balance outstanding		TOTAL	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Justice		437		10	-	10
Public Works				7	-	7
					-	-
					-	-
					-	-
Subtotal	-	437	-	17	-	17
Total	-	437	-	17	-	17



5 HUMAN RESOURCE MANAGEMENT

5.1 Organisation

5.1.1 Organisational Structure

The structure which was approved on 29 May 2003 is still in place. However, a revised structure was approved by the MEC in June 2006. Civil Aviation is still undergoing restructuring process and for that reason its old structure created in 1995 for the two (2) airports (Bhisho and Mthatha) has been linked to the main structure and only the head office component of the division has been structured. The departmental structure consists of four (4) branches, namely: Corporate Services, Organisational Development, Traffic Management and Public Transport.

5.2 High level information on key human resource issues

5.2.1 Service Delivery Improvement (SDI) Plan

The department developed the plan in support of its five (5) year strategic plan and an annual business plan were developed. These plans identify the main services to be provided to the different types of actual and potential customers as well as indicating the standards for the main services to be provided. Both in the development of the plans and the implementation thereof, each programme consulted with actual and potential customers of the service to be delivered by the programme

5.2.2 Expenditure

Department budgets in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 5.1) and by salary bands (Table 5.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

TABLE 2.1 – Personnel costs by programme for 2005/06

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Prog.1 Administration	108,037	61,476	554		56.9	18
Prog.2 Public Transport	129,272	23,120	113		17.9	7
Prog.3 Traffic Management	113,384	70,549	431		62.2	21
Prog.4 Roads Infrastructure	1,368,834	159,103	301		11.6	47
Total	1,719,527	314,248	1399		18.3	93

TABLE 2.2 – Personnel costs by salary bands for 2005/06

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	85,790	27.3	56.63
Skilled (Levels 3-5)	53,741	17.1	70.16
Highly skilled production (Levels 6-8)	117,915	37.5	129.7
Highly skilled supervision (Levels 9-12)	43,698	13.9	245.49
Senior management (Levels 13-16)	12,413	4	459.74
Abnormal appointment	686	0.2	25.41
Total	314,248	100	91.83



TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme for 2005/06

Programme	Salaries		Overtime		Home Owners Allowance		Medical assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Office of the MEC	830	61.6	0	0	0	0	47	3.5
Prog.1 Administration	42,837	68.7	586	0.9	1,017	1.6	3,339	5.4
Prog.2 Public Transport	16,476	71.0	323	1.4	323	1.4	1,213	5.2
Prog.3 Traffic Management	56,293	63.0	3,453	3.9	897	1.0	4,823	5.4
Prog.4 Roads Infrastructure	107,383	65.3	1,066	0.7	1,471	0.9	9,804	6.0
TOTAL	63,921	67.2	516	0.5	858	0.9	6,355	6.7

TABLE 2.4 Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands for 2005/06

Salary bands	Salaries		Overtime		Home Owners Allowance		Medical assistance		Total Personnel Cost (R'000)
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost	
Lower skilled (Levels 1-2)	63,921	67.2	516	0.5	858	0.9	6,355	6.7	95,181
Skilled (Levels 3-5)	39,339	66.5	927	1.6	556	0.9	3,747	6.3	59,154
Highly skilled production (Levels 6-8)	81,822	64.8	3,282	2.6	1,691	1.3	6,924	5.5	126,307
Highly skilled supervision (Levels 9-12)	31,421	68.3	703	1.5	411	0.9	1,761	3.8	45,992
Senior Management (Levels 13-16)	7,316	55.0	0	0	192	1.4	439	3.3	13,302
TOTAL	223,819	65.7	5,428	1.6	3,708	1.1	19,226	5.6	340,625

5.3 Employment and vacancies

TABLE 3.1 – Employment and vacancies by programme as at 31 March 2006

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Prog.1 Administration	758	554	26.9	1
Prog.2: Pub. Transport	233	179	23.2	0
Prog.3 Traffic Management	701	481	31.4	0
Prog.4 Roads Infrastructure	2,607	2,181	16.4	180
Total	4,299	3,395	21	181



TABLE 3.2 – Employment and vacancies by salary band as at 31 March 2006

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	1,976	1,666	15.7	0
Skilled (Levels 3-5)	1,342	996	25.8	0
Highly skilled production (Levels 6-8)	776	573	26.2	0
Highly skilled supervision (Levels 9-12)	172	133	22.7	0
Senior management (Levels 13-16)	33	27	18.2	0
Total	4,299	3,395	21	0

TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2006

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Admin. Related, permanent	95	75	21.1	0
Air Traffic Controllers	9	9	0	0
Aircraft pilots & related associate professionals	1	1	0	0
All artisans – building metal machinery	157	142	9.6	114
Architects- town & traffic planners	9	5	44.4	0
Artisan project & related superintendents	78	70	10.3	0
Auxiliary and related workers	8	8	0	0
Building & other property caretakers	7	4	42.9	1
Bus & heavy vehicle drivers	28	19	32.1	2
Cartographers and surveyors	1	1	0	0
Cartographic surveying and related technicians	2	1	50	1
Civil engineering technicians	1	1	0	0
Cleaners in offices, w/shops & hospitals	234	187	20.1	19
Client inform clerks	1	1	0	0
Communication & information related	2	1	50	0
Computer programmers	5	4	20	0
Earthmoving & related plant operators	1	1	0	0
Electrical & electronics engineering technicians	1	1	0	0
Engineering sciences related	54	43	20.4	0
Financial & related professionals	30	19	36.7	0
Financial Clerks & Credit Controllers	132	112	15.2	1
Fire fighting & related workers	21	12	42.9	0
Food services aids & waiters	3	2	33.3	0
Head of Department / CEO	3	2	33.3	0
Human Resources & Org Dev.	44	33	25	1
Human Resources Clerks	110	100	9.1	0
Human Resources related	2	1	50	0



Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Inspectors of apprentices works and vehicles	1	1	0	0
Library mail & related clerks	27	20	25.9	0
Light vehicle drivers	8	6	25	1
Logistical Support personnel	19	14	26.3	0
Material Recording & Transport Clerks	130	101	22.3	1
Messengers, porters, & deliverers	5	5	0	0
Motor vehicle drivers	3	3	0	0
Other admin & related clerks 7 organisers	224	154	31.3	1
Other admin policy & related officers	85	52	38.8	0
Other occupations	3	2	33.3	0
Regulatory inspectors	492	325	34.1	0
Road superintendent	1	1	0	0
Road trade workers	8	6	25	0
Road workers	2076	1701	18.1	39
Safety Health & quality inspectors	2	1	50	0
Secretaries & other key-board operating clerks	29	27	6.9	0
Security officers	8	8	0	0
Senior Managers	32	25	21.9	0
Trade labourers	106	88	17	0
Translators & Air Traffic communicators	1	1	0	0
Total	4,299	3,395	21	181

5.4 Job evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review.

TABLE 4.1 – Job Evaluation, 1 April 2005 to 31 March 2006

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded Number	% of posts evaluated	Posts downgraded Number	% of posts evaluated
Lower skilled (Levels 1-2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Skilled (Levels 3-5)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Highly skilled production (Levels 6-8)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Highly skilled supervision (Levels 9-12)	120	25	20%	1	1%	Nil	Nil
Senior Management Service Band A	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Senior Management Service Band B	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Senior Management Service Band C	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Senior Management Service Band D	1	1	100%	Nil	Nil	Nil	Nil
Total	121	26		1			



TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2005 to 31 March 2006

Beneficiaries	African	Asian	Coloured	White	Total
Female	1	Nil	Nil	Nil	1
Male	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil

TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2005 to 31 March 2006 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2004/05				Nil
Percentage of total employment				Nil

TABLE 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2005 to 31 March 2006 (in terms of PSR 1.V.C.3)

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2005/06	None
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5.5 Employment changes

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2005 to 31 March 2006

Salary Band	Number of employees per band as on 1 April 2005	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	1,774	0	136	7.7
Skilled (Levels 3-5)	689	43	42	6.1
Highly skilled production (Levels 6-8)	856	7	40	4.7
Highly skilled supervision (Levels 9-12)	172	4	7	4.1
Senior Management Service Band A	18	0	0	0
Senior Management Service Band B	6	0	0	0
Senior Management Service Band C				
Senior Management Service Band D				
Total	3,515	54	225	6.4

TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2005 to 31 March 2006

Occupation:	Number of employees per occupation as on 1 April 2005	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Admin. Related, permanent	83	3	2	2.4
Air Traffic Controllers	9	0	0	0
Aircraft pilots & related associate professionals	1	0	0	0
All artisans – building metal machinery	1186	0	80	6.7
Architects- town & traffic planners	4	0	1	25
Artisan project & related su-	23	0	2	8.7



Occupation:	Number of employees per occupation as on 1 April 2005	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
perintendents, permanent				
Auxiliary & related workers	7	0	0	0
Boiler & related operators	12	0	1	8.3
Cartographers & surveyors	3	0	0	0
Cartographic surveying & related technicians	7	0	0	0
Civil engineering technicians	2	0	0	0
Bus & heavy vehicle drivers	241	0	19	7.9
Cleaners in offices, w/shops & hospitals	226	0	19	8.4
Client inform clerks	1	0	0	0
Communication and information related	1	0	0	0
Computer programmers	2	1	0	0
Electrical & electronics engineering technicians	1	0	0	0
Engineering sciences related	25	0	5	20
Engineers and related professionals	10	0	0	0
Farm hands & labourers	2	0	0	0
Finance & economics related	3	0	0	0
Financial & related professionals	9	1	1	11.1
Financial Clerks & Credit Controllers	55	7	2	3.6
Fire fighting & related workers	17	0	2	11.8
Forestry labourers	1	0	0	0
Horticulturists forestry	1	0	0	0
Household and laundry workers	1	0	0	0
Human Resources & Org Dev.	15	2	1	6.7
Human Resources Clerks	42	1	1	2.4
Human resource related	5	0	0	0
Information Technology related	1	0	0	0
Language practitioners interpreters	1	0	0	0
Library mail & related clerks	8	1	2	25
Light vehicle drivers	7	0	1	14.3
Logistical Support personnel	12	0	0	0
Material Recording & Transport Clerks	68	5	5	7.4
Messengers, porters, & deliverers	7	0	0	0
Motor vehicle drivers	27	0	1	3.7
Other admin & related clerks & organisers	157	1	5	3.2
Other admin policy & related officers	83	0	1	1.2
Other information technology personnel	1	0	0	0
Other machine operators	1	0	0	0
Other occupations	69	0	1	1.5
Quantity surveyors and related professionals not classified else where	1	0	0	0
Regulatory inspectors	300	31	18	6
Road superintendents	7	0	1	14.3
Road trade workers	43	0	3	7
Road workers	43	0	3	7
Safety health and quality inspectors	1	0	0	0
Secretaries & other key-board operating clerks	34	1	0	0



Occupation:	Number of employees per occupation as on 1 April 2005	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Security guards	13	0	1	7.7
Security officers	3	0	1	33.3
Senior Managers	20	0	0	0
Trade labourers	51	0	4	7.8
Trade related	3	0	0	0
Water-plant and related operators	16	0	0	0
Total	3,515	54	225	6.4

Table 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total
Death	52	23.1
Resignation	15	6.7
Dismissal – misconduct	13	5.8
Dismissal – inefficiency	Nil	Nil
Discharged due to ill-health	32	14.2
Retirement	113	50.2
Transfers to other Public Service Departments	Nil	Nil
Other	Nil	Nil
Total	225	100
Total number of employees who left as a % of the total employment		6.4

Table 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2005	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Admin. related, permanent	83	2	2.4	19	22.9
Air Traffic Controllers	9	0	0	4	44.4
Aircraft pilots & related associate professionals	1	0	0	0	0
All artisans – building metal machinery	1,186	0	0	509	42.9
Architects- town & traffic planners	4	0	0	2	50
Artisan Project & related superintendents	23	0	0	7	30.4
Auxiliary & related workers	7	0	0	5	71.4
Boiler & related operators	1	0	0	1	100
Building & operators	12	0	0	5	41.7
Bus & heavy vehicle drivers	241	0	0	121	50.2
Cartographers & surveyors	3	0	0	0	0
Cartographic surveying & related technicians	7	0	0	3	42.9
Civil Engineering Technicians	2	0	0	1	50
Cleaners in offices, w/shops & hospitals	226	0	0	103	45.6
Client inform clerks	1	0	0	1	100
Communication & information related	1		0	0	0
Computer programmers	2	0	0	0	0
Electrical & electronics engineering technicians	1	0	0	0	0
Engineering sciences related	25	0	0	7	28
Engineers & related professionals	10	0	0	5	50



Occupation	Employees as at 1 April 2005	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Farm hands & labourers	2	0	0	0	0
Finance & economics related	3	1	33.3	0	0
Financial & related professionals	9	1	11.1	7	77.8
Financial Clerks & Credit Controllers	55	0	0	38	69.1
Fire fighting & related workers	17	0	0	8	47.1
Forestry labourers	1	0	0	1	100
Horticulturists foresters Agric * Forest	1	0	0	0	0
Household and laundry workers	1	0	0	0	0
Human Resources & Org Dev.	15	1	6.7	3	20
Human Resources Clerks	42	0	0	31	73.8
Human resources related	5	1	20	2	40
Information Technology related	1	0	0	0	0
Language practitioners interpreters	1	0	0	1	100
Library mail & related clerks	8	0	0	2	25
Light vehicle drivers	7	0	0	3	42.9
Logistical Support personnel	12	0	0	7	58.3
Material Recording & Transport Clerks	68	0	0	27	39.7
Messengers, porters, & deliverers	7	0	0	4	57.1
Motor vehicle drivers	27	0	0	12	44.4
Other admin & related clerks & organisers	157	3	1.9	81	51.6
Other admin policy & related officers	83	0	0	43	51.8
Other occupations	69	0	0	29	42
Other info Tech personnel	1	0	0	1	100
Other machine operators	1	0	0	1	100
Other occupations					
Quantity surveyors & related prof. not class. elsewhere	1	0	0	0	0
Regulatory inspectors	300	2	0.7	20	6.7
Road superintendents	7	0	0	5	71.4
Road trade Workers	43	0	0	33	76.7
Road workers	583	0	0	429	73.3
Safety health & quality inspectors	1	0	0	0	0
Secretaries & other keyboard operating clerks	34	0	0	16	47.1
Security guards	13	0	0	4	30.8
Security officers	3	0	0	0	0
Senior Managers	20	1	5	1	5
Trade labourers	51	0	0	34	66.7
Trade related	3	0	0	0	0
Water plant & related operators	16	0	0	7	43.8
TOTAL	3,515	12	0.3	1,643	46.7



Table 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2005	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch pro- gressions as a % of employ- ees by salary band
Lower skilled (Levels 1-2)	1,774	0	0	896	50.5
Skilled (Levels 3-5)	689	0	0	358	52
Highly skilled production (Levels 6-8)	856	5	0.6	361	42.2
Highly skilled supervision (Levels 9-12)	172	4	2.3	27	15.7
Senior management (Lev- els 13-16)	24	3	12.5	1	4.2
Total	3,515	12	0.3	1,643	46.7

5.6 Employment equity

Table 6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2006

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	13	1	0	4	3			1	22
Professionals	406	30	0	45	138	5	0	11	635
Technicians and associate professionals									
Clerks	173	6	2	5	203	4	0	31	424
Service and sales workers	37	0	0	1	0	0	0	0	38
Skilled agriculture and fishery workers									
Craft and related trades workers	1,010	3	0	31	54	0	0	0	1,098
Plant and machine operators and assemblers	259	1	0	0	1	0	0	1	261
Elementary occupations	781	62	0	5	58	3	0	1	910
Other, permanent	3	2	0	1	1	0	0	0	7
Total	2,682	105	2	92	458	12	0	44	3,395
Other, non – permanent workers									
Total	2,682	105	2	92	458	12	0	44	3,395
Employees with disabilities	13	0	0	2	5	0	0	0	20

Table 6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	2	0	0	0	1	5
Senior Management	12	1	0	2	6	0	0	0	21
Professionally qualified and experienced specialists and mid-management	117	8	0	17	34	1	0	1	178
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	526	20	1	59	260	3	0	39	908
Semi-skilled and discretionary decision making	659	29	1	11	53	5	0	3	761
Unskilled and defined decision making	1,366	47	0	1	104	4	0	0	1,522



Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Total	2,682	105	2	92	458	12	0	44	3,395
Non-permanent workers									

Table 6.3 – Recruitment for the period 1 April 2005 to 31 March 2006 (does not include transfers)

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management									
Senior Management									
Professionally qualified and experienced specialists and mid-management	2	0	0	1	0	1	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	1	0	0	8	1	0	0	12
Semi-skilled and discretionary decision making	22	4	0	1	9	2	0	0	38
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	26	5	0	2	17	4	0	0	54
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 6.4 – Promotions for the period 1 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	1	1
Senior Management	1	0	0	1	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	21	0	0	2	8	0	0	0	31
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	173	5	0	38	127	1	0	25	369
Semi-skilled and discretionary decision making	321	20	1	6	10	0	0	10	360
Unskilled and defined decision making	814	40	0	0	45	2	0	0	901
Total	1,330	65	1	47	191	3	0	28	1,665
Employees with disabilities	1			1	3				5

Table 6.5 – Terminations for the period 1 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	4	0	1	0	1	0	0	1	7
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	31	0	0	2	7	0	0	0	40
Semi-skilled and	38	1	0	1	2	0	0	0	42



Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
discretionary decision making									
Unskilled and defined decision making	125	1	0	0	10	0	0	0	136
Total	198	2	1	3	20	0	0	1	225
Employees with disabilities	3								3

Table 6.6 – Disciplinary action for the period 1 April 2005 to 31 March 2006

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	36	2	0	0	1	0	0	0	39

Table 6.7 – Skills Development for the period 1 April 2005 to 31 March 2006

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	420	10	2	24	152	2	0	16	620
Professionals									
Technicians and associate professionals									
Clerks	480	10	1	5	18	2	0	3	519
Service and sales workers									
Skilled agriculture and fishery workers									
Craft and related trades workers									
Plant and machine operators and assemblers									
Elementary occupations	520	20	0	0	62	2	0	0	604
Total	1,420	40	3	29	232	6	0	19	1,763
Employees with disabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

5.7 Performance rewards

TABLE 7.1 – Performance Rewards by race, gender, and disability, 1 April 2005 to 31 March 2006

	Number of beneficiaries	Beneficiary Profile			Cost	
		Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee	
African Female	52	453	11.5	366	7.05	
African Male	314	2,669	11.8	1,348	4.29	
Coloured Female	2	12	16.7	7	3.58	
Coloured Male	8	105	7.6	33	4.17	
Asian male	1	2	50	6	6.18	
Total Black Female	54	465	11.6	397	7.36	
Total Black Males	323	2,776	11.6	1,388	4.30	
White Female	15	44	34.1	133	8.84	
White Male	15	90	16.7	115	7.66	
Employees with disability	2	20	10	28	13.91	
Total	409	3,395	12.1	2,060	5.02	



TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2005 to 31 March 2006

Salary Bands	Beneficiary Profile			Total Cost (R'000)	Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands		Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	122	1,515	8.1	301	2.47	0.1
Skilled (Levels 3-5)	143	766	18.7	529	3.70	0.2
Highly skilled production (Levels 6-8)	127	909	14	987	7.77	0.3
Highly skilled supervision (Levels 9-12)	16	178	9	197	12.31	0.1
Abnormal appointment	0	27	0	0	0	0
Total	408	3,395	12	2014	4.94	0.6

TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2005 to 31 March 2006

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Admin. related, permanent	10	87	11.5	132	13,200
Air Traffic Controllers	0	9	0	0	0
Aircraft pilots & related associate professionals	0	1	0	0	0
All artisans – building metal machinery	65	1030	6.3	221	3,400
Architects- town & traffic planners	0	3	0	0	0
Artisan project and related superintendents	1	20	5	5	5,000
Auxiliary & related workers	1	7	14.3	2	2,000
Boiler & related	1	1	100	2	2,000
Building & other property caretakers	1	13	7.7	2	2,000
Bus & heavy vehicle drivers	33	212	15.6	138	4,182
Cartographers & surveyors	2	3	66.7	21	10,500
Cartographic surveying & related technicians	1	9	11.1	14	14,000
Civil Engineering technicians	1	2	50	5	5,000
Cleaners in offices, w/shops & hospitals	14	200	7	45	3,214
Client inform clerks	0	1	0	0	0
Communication & information related	0	2	0	0	0
Computer programmers	0	2	0	0	0
Electrical & electronics engineering technicians	0	1	0	0	0
Engineering sciences related	2	21	9.5	31	15,500
Engineers & related professionals	2	10	20	18	9,000
Farm hands & labourers	0	2	0	0	0
Finance & economics related	0	3	0	0	0
Financial & related professionals	1	18	5.6	10	10,000
Financial Clerks & Credit Controllers	9	76	11.8	75	8,333



Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Fire fighting & related workers	0	15	0	0	0
Forestry Labourers	1	1	1	8	8,000
Household and laundry workers	0	3	0	0	0
Human Resources & Org Dev.	2	21	9.5	20	10,000
Human Resources Clerks	10	52	19.2	90	9,000
Human resources related	1	5	20	23	23,000
Information Technology related	0	1	0	0	0
Language practitioners interpreters	0	1	0	0	0
Library mail & related clerks	1	15	6.7	7	7,000
Light vehicle drivers	1	6	16.7	3	3,000
Logistical Support personnel	3	21	14.3	22	7,333
Material Recording & Transport Clerks	10	80	12.5	47	4,700
Messengers, porters, & deliverers	2	7	28.6	4	2,000
Motor vehicle drivers	2	25	8	7	3,500
Other admin & related clerks & organisers	22	167	13.2	165	7,500
Other admin policy & related officers	22	101	21.8	173	7,864
Other information tech personnel	0	2	0	0	0
Other machine operators	1	1	100	4	4,000
Other occupations	9	73	12.3	36	4,000
Quantity surveyors & related professionals	0	1	0	0	0
Rank: unknown	0	7	0	0	0
Regulatory inspectors	29	311	9.3	174	6,000
Roads superintendents	1	6	16.7	7	7,000
Road trade workers	10	40	25	92	9,200
Road Worker	128	569	22.5	396	3,094
Safety Health & quality inspectors	0	2	0	0	0
Secretaries & other keyboard operating clerks	3	33	9.1	17	5,667
Security guards	0	12	0	0	0
Security officers	0	2	0	0	0
Senior Managers	0	21	0	0	0
Trade labourers	3	43	7	9	3,000
Trade related	0	2	0	0	0
Water plant & related	4	16	25	11	2,750
Total	409	3,395	12	2,036	4,978



TABLE 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	1	3	33.3	23	2,300	0.2
Band B	0	19	0	0	0	0
Band C	0	4	0	0	0	0
Band D	0	1	0	0	0	0
Total	1	27	3.7	23	2300	0.2

5.8 Foreign workers

TABLE 8.1 – Foreign Workers, 1 April 2005 to 31 March 2006, by salary band

Salary Band	1 April 2005		31 March 2006		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

TABLE 8.2 – Foreign Worker, 1 April 2005 to 31 March 2006, by major occupation

Major Occupation	1 April 2005		31 March 2006		Change	
	Number	% of total	Number	% of total	Number	% change
Professionals & managers	0	0	0	0	0	0
Total	0	0	0	0	0	0

5.9 Leave utilisation for the period 1 January 2005 to 31 December 2006

TABLE 9.1 – Sick leave, 1 January 2005 to 31 December 2005

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	4,785	96.3	567	37.1	8	712
Skilled (Levels 3-5)	2,168	91.8	271	17.7	8	451
Highly skilled production (Levels 6-8)	4,742	86.1	567	37.1	8	1,732
Highly skilled supervision (Levels 9-12)	913	92.3	115	7.5	8	613
Senior management (Levels 13-16)	68	88.2	9	0.6	8	124
Not available						
Total	12,676	91.4	1529	100	8	3,632

TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2005 to 31 December 2005

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	363	100	17	37	21	53
Skilled (Levels 3-5)	211	100	9	19.6	23	40
Highly skilled production (Levels 6-8)	508	99.6	19	41.3	27	195



Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Highly skilled supervision (Levels 9-12)	4	100	1	2.2	4	2
Senior management (Levels 13-16)						
Total	1,086	99.8	46	100	24	290

TABLE 9.3 – Annual Leave, 1 January 2005 to 31 December 2005

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	20,192.36	16
Skilled Levels 3-5)	10,261.8	16
Highly skilled production (Levels 6-8)	17,882.24	22
Highly skilled supervision(Levels 9-12)	3,669	21
Senior management (Levels 13-16)	512	21
Not available		
Total	52,543.4	18

TABLE 9.4 – Capped leave, 1 January 2005 to 31 December 2005

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2005
Lower skilled (Levels 1-2)	1,010	7	128
Skilled Levels 3-5)	290	7	136
Highly skilled production (Levels 6-8)	871	8	160
Highly skilled supervision(Levels 9-12)	177	8	190
Senior management (Levels 13-16)	27	9	176
Total	2,375	7	142

TABLE 9.5 – Leave payouts for the period 1 April 2005 to 31 March 2006

(The following table summarises payments made to employees as a result of leave that was not taken)

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2004/05 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2005/06	448	126	3,556
Current leave payout on termination of service for 2005/06		0	0
Total	448	128	3,556

5.10 HIV and AIDS & Health promotion programmes

TABLE 10.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Camping staff	Awareness and encouragement for voluntary testing. Draft organisational structure makes provision for a dedicated unit for HIV and AIDS
Traffic Officers	As above
Road Workers	In addition to above, consultants employed to perform roads construction and maintenance dedicate a portion of their time on awareness and prevention



TABLE 10.2 – Details of Health Promotion and HIV and AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	√		Director: Human Resource Management: Mr. M. R. Fonte
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		Has designated specific staff but organogram to be approved provides dedicated unit. Budget for HIV and Aids R250 000:
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	√		To promote the well-being of employees within the work-place.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	√		<u>Member:</u> <u>Stakeholder:</u> 1. S Ncaca - SHE 2. L. Guwa - SHE Co-ordinator 3. N. Mkhobeni - HIV / AIDS Co-ordinator 4. P. N. Tayo - EAP 5. E. Krune - HIV/AIDS Counsellor 6. N. Zono - HIV/AIDS Peer Educator 7. T. Ntshuntshe - Organised Labour 8. T Khetsi - Transformation 9. N. Nogaga - Organised Labour 10. M. R. Fonte - SMS 11. T. Matwane - Communication
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	√		Employee Wellness Protocol. HR Plan. Skills Development Plan
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	√		HIV / AIDS Policy approved
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	√		Infected and mostly affected employees are coming forward.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	√		SHE Policy



5.11 Labour relations

TABLE 11.1 – Collective agreements, 1 April 2005 to 31 March 2006

Total collective agreements	None
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TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2005 to 31 March 2006

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	3	7.69
Verbal warning	0	0
Written warning	3	7.69
Final written warning	13	33.33
Suspended without pay	8	20.51
Fine	0	0
Demotion	3	7.69
Dismissal	11	28.21
Not guilty	0	0
Case withdrawn	0	0
Total	39	100

TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Improper use of Government property	17	58.62
Drunkenness on duty	12	41.38
Total	29	100

TABLE 11.4 – Grievances lodged for the period 1 April 2005 to 31 March 2006

	Number	% of Total
Number of grievances resolved	1	5.26
Number of grievances not resolved	18	94.73
Total number of grievances lodged	19	100

TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2005 to 31 March 2006

Number of disputes upheld	Number	% of Total
Number of disputes upheld	1	2.56
Number of disputes dismissed	3	7.69
Total number of disputes lodged	39	5.1

TABLE 11.6 – Strike actions for the period 1 April 2005 to 31 March 2006

Total number of person working days lost	
Total cost (R'000) of working days lost (26 officials)	4,852.49
Amount (R'000) recovered as a result of no work no pay	4,852.49

TABLE 11.7 – Precautionary suspensions for the period 1 April 2005 to 31 March 2006

Number of people suspended	
Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0



5.12 Skills development

Table 12.1 – Training needs identified 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	298		21		
	Male	746		34		
Clerks	Female	35	3	4		
	Male	655	7	21		
Elementary occupations	Female	127		19		
	Male	1,648		37		
Sub Total	Female	460	3	44		
	Male	3,049	7	92		
Total		3,509	10	136		

Table 12.2 – Training provided 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training provided within the reporting period			Total
			Learnerships	Skills Programmes & other short courses	Other forms of training	
Legislators, senior officials and managers	Female	260		152		
	Male	634		420		
Clerks	Female	30	40	18		
	Male	616	27	480		
Elementary occupations	Female	125		62		
	Male	1,600		520		
Sub Total	Female	415	40	232		
	Male	2,850	27	1,420		

5.13 Injury on duty

The following table provide basic information on injury on duty.

TABLE 13.1 – Injury on duty, 1 April 2005 to 31 March 2006

Nature of injury on duty	Number	% of total
Required basic medical attention only	8	66.67
Temporary Total Disablement	0	0
Permanent Disablement	1	8.33
Fatal	3	25
Total	12	100

5.14 Utilisation of consultants

Table 14.1 – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
BAS Management	1	5	R303,412
PERSAL Management	1	5	R300,000
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
2	2	5	R603,412



Table 14.2 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Nil	Nil	Nil	Nil

Table 14.3 – Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
NIL	NIL	NIL	NIL
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
NIL	NIL	NIL	NIL

Table 14.4 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
NIL	NIL	NIL	NIL



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