

# VOTE 9

## DEPARTMENT OF ROADS AND TRANSPORT

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	7 299 704	7 909 447		609 743
of which:				
Current payments	1 825 192	1 769 730	(55 462)	
Transfers and subsidies	4 025 902	5 184 248		1 158 346
Payments for capital assets	1 448 610	955 469	(493 141)	
Payment for financial assets				
Executive authority	MEC Roads and Transport			
Accounting officer	Head of the Department			

### 1. Vision and Mission

#### Vision

A modern integrated, efficient and sustainable transport and road infrastructure system in Gauteng.

#### Mission

To provide an environmentally sustainable road infrastructure and integrated transport system and services that are reliable, accessible, safe, and affordable and which promote socio-economic development in Gauteng.

### 2. Changes to programme purpose, objective and measures

No changes.

### 3. Summary of Adjusted Estimates of Departmental Expenditure 2016/17

TABLE 9.1: ROADS AND TRANSPORT

Programmes	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
1. Administration	317 797				(20 326)				(20 326)	297 471
2. Transport Infrastructure	2 552 176				(498 543)				(498 543)	2 053 633
3. Transport Operations	2 298 425		29 743		139 312				169 055	2 467 480
4. Transport Regulation	299 217				(20 443)				(20 443)	278 774
5. Gautrain Rapid Rail Link	1 832 089				400 000			580 000	980 000	2 812 089
<b>Total for programmes</b>	<b>7 299 704</b>		<b>29 743</b>					<b>580 000</b>	<b>609 743</b>	<b>7 909 477</b>

  

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
<b>Current payments</b>	<b>1 825 192</b>				<b>(55 462)</b>				<b>(55 462)</b>	<b>1 769 730</b>
Compensation of employees	631 320									631 320
Salaries & wages	574 518				(35 322)				(35 322)	539 196
Social contribution	56 802				35 322				35 322	92 124
Goods and services	1 193 502				(55 282)				(55 282)	1 138 220
Interest and rent on land	370				(180)				(180)	190
<b>Transfers and subsidies</b>	<b>4 025 902</b>	<b>29 743</b>			<b>548 603</b>			<b>580 000</b>	<b>1 158 346</b>	<b>5 184 248</b>
Provinces and municipalities	2 500				(1 000)				(1 000)	1 500
Departmental agencies and accounts	1 832 089				400 000			580 000	980 000	2 812 089
Higher education institutions										
Foreign governments and international organisations										
Public corporations and private enterprises	2 186 420		29 743		149 543				179 286	2 365 706
Non-profit institutions										
Households	4 893				60				60	4 953
<b>Payments for capital assets</b>	<b>1 448 610</b>				<b>(493 141)</b>				<b>(493 141)</b>	<b>955 469</b>
Buildings and other fixed structures	1 413 961				(544 471)				(544 471)	869 490
Machinery and equipment	31 849				51 330				51 330	83 179
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets										
Software and other intangible assets	2 800									2 800
<b>Payments for financial assets</b>										
<b>Total economic classification</b>	<b>7 299 704</b>		<b>29 743</b>					<b>580 000</b>	<b>609 743</b>	<b>7 909 447</b>

The Department of Roads and Transport embarked on a process of reviewing and re-aligning its 2016/17 budget priorities, programmes and projects to the ten pillar programme of radical economic Transformation, Modernization

and Re-industrialization by developing strategic pillars that directly contributes to the accelerated Social Transformation pillar and supports the other pillars.

During this process, spending projections for the second half of the financial year were reviewed. The areas of reprioritisation and cost-saving measures were identified and implemented, this resulted in savings realised in programmes 1, 2 and 4. The identified savings in programme 1 and 2 were then redirected to emerging priorities and areas of budgetary pressures in other programmes and in programme 5 on the basis of a court order. Funds were also shifted within and between programmes and economic classification primarily from compensation of employees and infrastructure projects to areas of budgetary pressures and emerging priorities within goods and services and capital assets.

The tables above indicate the main appropriation, adjustments for the current financial year as well as the resultant adjusted budget for the department as a whole. The department was allocated an original budget of R7.3 billion at the beginning of the financial year, and it was adjusted upwards by a total amount of R29.7 million from the approved rollover related to Public Transport Operation Grant (PTOG) and R580 million from Provincial Treasury to supplement the budget for Gautrain to cover legal settlements.

#### 4. Details of Adjustments to Estimates of Departmental Expenditure 2016/17

##### Programme 1: Administration

TABLE 9.2: ADMINISTRATION

Sub-programmes	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
1. Office of the MEC	10 758				(595)				(595)	10 163
2. Management of the Department	20 411				(200)				(200)	20 211
3. Corporate Support	280 935				(18 931)				(18 931)	262 004
4. Departmental Strategy	5 693				(600)				(600)	5 093
<b>Total for programme</b>	<b>317 797</b>				<b>(20 326)</b>				<b>(20 326)</b>	<b>297 471</b>

  

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
<b>Current payments</b>	<b>300 396</b>				<b>(10 775)</b>				<b>(10 775)</b>	<b>289 621</b>
Compensation of employees	161 542				6 500				6 500	168 042
Salaries & wages	149 189				(3 050)				(3 050)	146 139
Social contributions	12 353				9 550				9 550	21 903
Goods and services	138 754				(17 275)				(17 275)	121 479
Interest and rent on land	100									100
<b>Transfers and subsidies</b>	<b>500</b>									<b>500</b>
Provinces and municipalities										
Departmental agencies and accounts										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions										
Households	500									500
<b>Payments for capital assets</b>	<b>16 901</b>				<b>(9 551)</b>				<b>(9 551)</b>	<b>7 350</b>
Buildings and other fixed structures					1 034				1 034	1 034

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
Machinery and equipment	15 901				(10 585)				(10 585)	5 316
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets										
Software and other intangible assets	1 000									1 000
Payments for financial assets										
<b>Total economic classification</b>	<b>317 797</b>				<b>(20 326)</b>				<b>(20 326)</b>	<b>297 471</b>

TABLE 9.3: DETAILS OF SHIFTS AND VIREMENTS PER ECONOMIC CLASSIFICATION: PROGRAMME 1: ADMINISTRATION

Economic classification	Motivation	From	Motivation	To
<b>Current payments</b>		<b>(34 021)</b>		<b>23 246</b>
Compensation of employees	This shift from salaries and wages within this item is to ensure that the budget is correctly aligned at the lower level. Funds are shifted to where personnel are placed in the departmental structure.	(3 050)	Funds are redirected to where functions are performed in relation to individual placement on the organisational structure and to address budget pressures in social contributions.	9 550
Goods and services	The anticipated savings is a result of cost containment measures implemented internally by the department. These include fleet services due to minimal use of the GG cars and implementation of subsidized vehicles, consumables stationery due to centralisation of functions, contractors as the budget was incorrectly allocated under this programme, training and development due to slow recruitment process.	(30 971)	Funds are redirected to cover the costs which were not adequately budgeted for at the beginning of the financial year. The shift to this programme will cater for the International Association of Public Transport registration; operating lease; computer consumables; transport provided; dept. activities; and rental & hiring.	13 696
Interest and rent on land				
<b>Transfers and subsidies</b>		<b>(200)</b>		<b>200</b>
Provinces and municipalities				
Departmental agencies and accounts				
Higher education institutions				
Foreign governments and international organisations				
Public corporations and private enterprises				
Non-profit institutions				
Households	The budget for other household transfers was erroneously allocated. The shift from this item is to ensure that there is proper alignment of the budget for the other household.	(200)	The shift from other transfers household is to correct the budget on social benefits and to accommodate expenditure in social benefits already incurred.	200
<b>Payments for capital assets</b>		<b>(33 887)</b>		<b>24 336</b>
Buildings and other fixed structures	Delay in the implementation of certain infrastructure projects resulted in underspending.	(23 287)	Budget moved from Transport admin (Zwartkop) due to correction of budget allocation as this centre report to Human Resources Development in the organisational structure.	24 321
Machinery and equipment	Delay in the procurement of machinery and equipment due to delays in certain infrastructure projects.	(10 600)	The shift from advert is to cover over expenditure within the Demand & acquisition sub-sub programme.	15

Economic classification	Motivation	From	Motivation	To
Heritage assets				
Specialised military assets				
Biological assets				
Land and sub-soil assets				
Software and other intangible assets				
<b>Payments for financial assets</b>				
<b>Total economic classification</b>		<b>(68 108)</b>		<b>47 782</b>

### Virements and shifts

The budget of the programme decreases by R21 million from R318 million to R297 million. This is a result of internally applied cost containment measures such as fleet services due to minimal use of the GG cars and implementation of subsidized vehicles, consumables stationery due to centralisation of functions, contractors as the budget was incorrectly allocated under this programme, training and development due to slow recruitment process. An amount of R11 million is shifted within this programme to address the areas of under/over-expenditure. These include compensation of employees within the Office of the MEC; management of the department and corporate services sub-programmes; as well as to cover the items within goods & services and payments for capital assets which were not adequately budgeted for at the beginning of financial year.

A virement for an amount of R57 million is implemented to cater for the legal settlements in Programme 3. In addition, centralisation of functions e.g. cell phones and landlines are implemented to ease the administration associated with the payment process within the department.

## Programme 2: Transport Infrastructure

TABLE 9.4: PROGRAMME 2: TRANSPORT INFRASTRUCTURE

Sub-programme	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
1. Infrastructure Planning	72 924				(20 209)				(20 209)	52 715
2. Infrastructure Design	230 298				(17 840)				(17 840)	212 458
3. Construction	1 161 626				(485 202)				(485 202)	676 424
4. Maintenance	1 029 504				35 458				35 458	1 064 962
5. Programme Support Infrastructure	57 824				(10 750)				(10 750)	47 074
<b>Total for programme</b>	<b>2 552 176</b>				<b>(498 543)</b>				<b>(498 543)</b>	<b>2 053 633</b>

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
<b>Current payments</b>	<b>1 296 683</b>				<b>(95 796)</b>				<b>(95 796)</b>	<b>1 200 887</b>
Compensation of employees	346 727				(63 809)				(63 809)	282 918
Salaries & wages	320 736				(82 006)				(82 006)	238 730
Social contributions	25 991				18 197				18 197	44 188
Goods and services	949 886				(31 987)				(31 987)	917 899
Interest and rent on land	70									70
<b>Transfers and subsidies</b>	<b>6 701</b>				<b>(1 000)</b>				<b>(1 000)</b>	<b>5 701</b>
Provinces and municipalities	2 500				(1 000)				(1 000)	1 500
Departmental agencies and accounts										
Higher education institutions										

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions										
Households	4 201									4 201
<b>Payments for capital assets</b>	<b>1 248 792</b>				(401 747)				(401 747)	<b>847 045</b>
Buildings and other fixed structures	1 241 590				(463 702)				(463 702)	777 888
Machinery and equipment	7 202				61 955				61 955	69 157
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets										
Software and other intangible assets										
<b>Payments for financial assets</b>										
<b>Total economic classification</b>	<b>2 552 176</b>				(498 543)				(498 543)	<b>2 053 633</b>

TABLE 9.5: DETAILS OF SHIFTS AND VIREMENTS PER ECONOMIC CLASSIFICATION: PROGRAMME 2: TRANSPORT INFRASTRUCTURE

Economic classification	Motivation	From	Motivation	To
<b>Current payments</b>		<b>(397 964)</b>		<b>302 168</b>
Compensation of employees	The departmental recruitment drive has been slower than planned.	(85 206)	To cover the anticipated over spending within social contributions	21 397
Goods and services	Certain projects are delayed due to readiness for implementation. The projects are expected to be finalized in the next financial year.	(312 758)	Funds shifted to cover over expenditure on various items such as advertising, laboratory service, infrastructure & planning, consumables supply, operating lease, T&S, venues and machinery & equipment in the core outputs as well as unbudgeted court order.	280 771
Interest and rent on land				
<b>Transfers and subsidies</b>		<b>(2 020)</b>		<b>1 020</b>
Provinces and municipalities	This item is allocated with funding for the payment of license discs for the construction fleet. The budget was over allocated at the beginning of the financial year, the shift is redirected to arrears where the expenditure is incurred.	(1 000)		
Departmental agencies and accounts				
Higher education institutions				
Foreign governments and international organisations				
Public corporations and private enterprises				
Non-profit institutions	The budget was erroneously allocated at the beginning of the financial year. The shift from this item is to ensure that the budget is allocated to where the expenditure is incurred.	(1 020)	Funds are shifted to where the function is performed.	1 020
Households				

Economic classification	Motivation	From	Motivation	To
<b>Payments for capital assets</b>		<b>(637 236)</b>		<b>235 489</b>
Buildings and other fixed structures	Certain projects are delayed as they are not ready for implementation. The projects are expected to be finalized in the next financial year.	(636 192)	Funds are re-directed from Construction to Maintenance equitable share infrastructure projects.	172 490
Machinery and equipment	Delays in the procurement of machinery and equipment due to delays in certain infrastructure projects.	(1 044)	To finalise the payment of plant that was purchased during 2015/16 financial year, as well as strategy and other capex related items.	62 999
Heritage assets				
Specialised military assets				
Biological assets				
Land and sub-soil assets				
Software and other intangible assets				
<b>Payments for financial assets</b>				
<b>Total economic classification</b>		<b>(1 037 220)</b>		<b>538 677</b>

### Virements and shifts

Funds were reprioritized due to the implementation of cost containment measures in order to address the areas of under/over-expenditure. A virement of R57 million is redirected to personnel budget within Transport Regulation to supplement the inadequate budget allocated at the beginning of the financial year. In addition, the budget for this programme shows a decline of R499 million. Major shifts effected within this programme are to align the budget where expenditure has already been incurred and to augment spending pressures within Maintenance infrastructure projects. This amount is shifted from Infrastructure construction.

A virement of R400 million is shifted from Transport infrastructure projects to Gautrain for additional support. Furthermore, R28 million is also shifted from Transport infrastructure projects to Public transport services in order to defray expenses for the legal settlement which was made against the department.

Transfers to provinces and municipalities decline by R1 million in order to fund the payment of license discs for the construction fleet. The department will not use the full R2.5 million by the end of the year. Machinery and equipment shifts to this item to finalise the payment for plant that was purchased during the 2015/16 financial year, as well as strategy and other capex related items within this programme.

## Programme 3: Transport Operations

TABLE 9.6: PROGRAMME 3: TRANSPORT OPERATIONS

Sub-programme	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
1. Public Transport Services	2 283 945		29 743		142 902				172 645	2 456 590
2. Programme Support Operations	14 480				(3 590)				(3 590)	10 890
<b>Total for programme</b>	<b>2 298 425</b>		<b>29 743</b>		<b>139 312</b>				<b>169 055</b>	<b>2 467 480</b>

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
Current payments	64 385				(2 800)				(2 800)	61 585
Compensation of employees	28 575									28 575
Salaries & wages	24 621									24 621
Social contribution	3 954									3 954
Goods and services	35 810				(2 800)				(2 800)	33 010

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
Interest and rent on land										
<b>Transfers and subsidies</b>	2 186 550		29 743		149 543				179 286	2 365 836
Provinces and municipalities										
Departmental agencies and accounts										
Higher education institutions										
Foreign governments and international organisations										
Public corporations and private enterprises	2 186 420		29 743		149 543				179 286	2 365 706
Non-profit institutions										
Households	130									130
<b>Payments for capital assets</b>	47 490				(7 431)				(7 431)	40 059
Buildings and other fixed structures	45 850				(6 741)				(6 741)	39 109
Machinery and equipment	1 640				(690)				(690)	950
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets										
Software and other intangible assets										
<b>Payments for financial assets</b>										
<b>Total economic classification</b>	2 298 425		29 743		139 312				169 055	2 467 480

TABLE 9.7: DETAILS OF SHIFTS AND VIREMENTS PER ECONOMIC CLASSIFICATION: PROGRAMME 3: TRANSPORT OPERATIONS

Economic classification	Motivation	From	Motivation	To
<b>Current payments</b>		<b>(3 000)</b>		<b>200</b>
Compensation of employees				
Goods and services	The anticipated savings is a result of cost containment measures implemented internally by the department. These include communication due to centralisation for this function to programme 1; the advertising budget was incorrectly allocated at the beginning of financial year; travel and subsistence, and consumable stationery in order to fund the court order	(3 000)	To cater for anticipated expenditure on software and intangible assets in Programme 3	200
Interest and rent on land				
<b>Transfers and subsidies</b>				<b>149 543</b>
Provinces and municipalities				
Departmental agencies and accounts				
Higher education institutions				



Economic classification	Motivation	From	Motivation	To
Foreign governments and international organisations Public corporations and private enterprises  Non-profit institutions Households			To cater for court order	149 543
<b>Payments for capital assets</b>		<b>(7 490)</b>		<b>59</b>
Buildings and other fixed structures	Certain projects are delayed as they are not ready for implementation. The projects are expected to be finalized in the next financial year.	( 6 800)	The shift to this item within this programme is to augment the Shovakalula budget in order to cover the VAT amount that was not covered in the initial budget allocation.	59
Machinery and equipment	Delays in the procurement of machinery and equipment are due to delays in implementation of certain infrastructure projects.	( 690)		
Heritage assets Specialised military assets Biological assets Land and sub-soil assets Software and other intangible assets				
<b>Payments for financial assets</b>				
<b>Total economic classification</b>		<b>(10 490)</b>		<b>149 802</b>

### National roll-over: R29.7 million

An amount of R29.7 million has been rolled over and approved for the Public Transport Operations Grant for the funds that remained within this grant at the end of the 2015/16 financial year.

### Virements and shifts

Funds are reprioritized due to the implementation of cost containment measures implemented internally in the department and to address the areas of under/over-expenditure. The budget for this programme increases by R169 million from R2.3 billion to R2.5 billion mainly to make provision for the legal settlement that was not budgeted for. The shift of R6.8 million from buildings and other fixed structures is due to certain projects that are delayed as they are not ready for implementation, the projects will be finalized in the next financial year.

## Programme 4: Transport Regulation

TABLE 9.8: PROGRAMME 4: TRANSPORT REGULATION

Sub-programme	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
1. Transport Admin & Licensing	221 053				(18 256)				(18 256)	202 797
2. Operator Licence & Permits	78 164				(2 187)				(2 187)	75 977
<b>Total for programme</b>	<b>299 217</b>				<b>(20 443)</b>				<b>(20 443)</b>	<b>278 774</b>

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
Current payments	163 728				53 909				53 909	217 637
Compensation of employees	94 476				57 309				57 309	151 785
Salaries & wages	79 972				49 734				49 734	129 706

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
Social contribution	14 504				7 575				7 575	22 079
Goods and services	69 052				(3 220)				(3 220)	65 832
Interest and rent on land	200				(180)				(180)	20
<b>Transfers and subsidies</b>	<b>62</b>				<b>60</b>				<b>60</b>	<b>122</b>
Provinces and municipalities										
Departmental agencies and accounts										
Higher education institutions										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions										
Households	62				60				60	122
<b>Payments for capital assets</b>	<b>135 427</b>				<b>(74 412)</b>				<b>(74 412)</b>	<b>61 015</b>
Buildings and other fixed structures	126 521				(75 062)				(75 062)	51 459
Machinery and equipment	7 106				650				650	7 756
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets										
Software and other intangible assets	1 800									1 800
<b>Payments for financial assets</b>										
<b>Total economic classification</b>	<b>299 217</b>				<b>(20 443)</b>				<b>(20 443)</b>	<b>278 774</b>

TABLE 9.9: DETAILS OF SHIFTS AND VIREMENTS PER ECONOMIC CLASSIFICATION: PROGRAMME 4: TRANSPORT REGULATION

Economic classification	Motivation	From	Motivation	To
<b>Current payments</b>		<b>(25 396)</b>		<b>82 445</b>
Compensation of employees			To cater for over expenditure from planning, design and construction subprogramme (Salaries and social contributions)	57 309
Goods and services	The shifted funds were mainly reallocation of budget from one item to another. The allocation for the gazetting of public transport license applications was not in the correct item, therefore this shift was to correct that. Furthermore, there was R10 million that was allocated to the Computer Learner License Testing (CLLTs) that could not be implemented as a result of the TASIMA case. This amount was shifted to augment the budget for the gazetting.	(25 216)	The amount was shifted mainly for the gazetting of public transport licenses, and to cover the over-spending in other lower level items.	25 136

Economic classification	Motivation	From	Motivation	To
Interest and rent on land	The budget was over allocated. The shift identified is to cater for the expenditure already incurred within the sub-programme	(180)		
<b>Transfers and subsidies</b>		<b>(50)</b>		<b>110</b>
Provinces and municipalities Foreign governments and international organisations Public corporations and private enterprises Non-profit institutions Households	The budget was erroneously allocated at the beginning of the financial year. The shift from this item is to ensure that the budget is allocated to where the expenditure is incurred.	(50)	Funds shifted to where the function is performed.	110
<b>Payments for capital assets</b>		<b>(79 562)</b>		<b>5 150</b>
Buildings and other fixed structures	A delay in the implementation of Driver Licence Testing Centres (DLTCs) and Transport Operating Licensing Administration Bodies (TOLAB) projects due to readiness for implementation. The projects are expected to be finalized in the next financial year.	(79 562)	Reprioritisation of infrastructure budget allocation within the Driver Licence Testing Centres (DLTCs)	4 500
Machinery and equipment			Funds shifted from advertising to cover anticipated over expenditure.	650
Heritage assets Specialised military assets Biological assets Land and sub-soil assets Software and other intangible assets				
<b>Payments for financial assets</b>				
<b>Total economic classification</b>		<b>(105 008)</b>		<b>87 705</b>

### Virements and shifts

An amount of R25 million is shifted from goods and services mainly for reallocation of budget from one item to another. The allocation for the gazetting of public transport license applications was not in the correct item, therefore this shift was to correct that. Furthermore, there was R10 million that was allocated to the Computer Learner License Testing (CLLTs) that could not be implemented as a result of the TASIMA case. This amount was shifted to augment the budget for the gazetting

The shift is also effected from buildings and other fixed structures mainly to cover for the delay in the implementation of the Driver Licence Testing Centre (DLTC) and Transport Operating Licence Administration Bodies (TOLABS) projects due to readiness for implementation, the projects are expected to be finalized in the next financial year. A virement of R57 million is also made to supplement compensation of employees within this programme.

### Programme 5: Gautrain

TABLE 9.10: PROGRAMME 5: GAUTRAIN

Sub-programme	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
1. Gautrain	1 832 089				400 000			580 000	980 000	2 812 089
Total for programme	1 832 089				400 000			580 000	980 000	2 812 089

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
<b>R thousand</b>										
<b>Current payments</b>										
Compensation of employees										
Salaries & wages										
Social contribution										
Goods and services										
Interest and rent on land										
<b>Transfers and subsidies</b>	1 832 089				400 000			580 000	980 000	2 812 089
Provinces and municipalities	1 832 089									
Departmental agencies and accounts					400 000			580 000	980 000	2 812 089
Higher education institutions										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions										
Households										
<b>Payments for capital assets</b>										
Buildings and other fixed structures										
Machinery and equipment										
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets										
Software and other intangible assets										
<b>Payments for financial assets</b>										
<b>Total economic classification</b>	1 832 089				400 000			580 000	980 000	2 812 089

TABLE 9.11: DETAILS OF SHIFTS AND VIREMENTS PER ECONOMIC CLASSIFICATION: PROGRAMME 5: GAUTRAIN

Economic classification	Motivation	From	Motivation	To
<b>Current payments</b>				
Compensation of employees				
Goods and services				
Interest and rent on land				
<b>Transfers and subsidies</b>				<b>400 000</b>
Provinces and municipalities				
Departmental agencies and accounts			Provision is made from Transport infrastructure budget allocation, to fund court orders.	400 000
Higher education institutions				
Foreign governments and international organisations				
Public corporations and private enterprises				
Non-profit institutions				
Households				
<b>Payments for capital assets</b>				
Buildings and other fixed structures				

Economic classification	Motivation	From	Motivation	To
Machinery and equipment				
Heritage assets				
Specialised military assets				
Biological assets				
Land and sub-soil assets				
Software and other intangible assets				
<b>Payments for financial assets</b>				
<b>Total economic classification</b>				<b>400 000</b>

### Virements and shifts

Provision is made from the Transport infrastructure budget allocation for an amount of R400 million to defray expenses associated with a court order under this programme.

### Provincial additional funding: R580 million

A total of R580 million is made available to fund the Gautrain Management Agency in respect of settlement of court orders related to disputes, R400 million of which is from Gautrain Management Agency.

## 5. Expenditure 2015/16 and preliminary expenditure 2016/17

TABLE 9.12: EXPENDITURE 2015/16 AND PRELIMINARY EXPENDITURE 2016/17

Department	2015/16				2016/17		
	Expenditure Outcome				Preliminary expenditure		
	Adjusted Appropriation	April 2015 - September 2015	April 2015 - March 2016	April 2015 - March 2016 as a % of Adjusted Appropriation	Adjusted Appropriation	April 2016 - September 2016	% change 15/16 - 16/17 Apr-Sept
<b>R thousand</b>							
1. Administration	309 110	113 002	239 213	77%	297 471	136 146	20%
2. Transport Infrastructure	2 197 685	996 106	2 177 112	99%	2 053 633	930 328	(7%)
3. Transport Operations	2 148 764	808 097	2 019 168	94%	2 467 480	990 551	23%
4. Transport Regulation	264 591	108 750	262 357	99%	278 744	134 348	24%
5. Gautrain Rapid Rail Link	1 561 451	805 858	1 561 451	100%	2 812 089	977 386	21%
<b>Total for programmes</b>	<b>6 481 601</b>	<b>2 831 813</b>	<b>6 259 301</b>	<b>97%</b>	<b>7 909 447</b>	<b>3 168 759</b>	<b>12%</b>

<b>Current payments</b>	<b>1 570 800</b>	<b>591 666</b>	<b>1 336 094</b>	<b>85%</b>	<b>1 769 730</b>	<b>836 679</b>	<b>41%</b>
Compensation of employees	548 968	265 074	549 027	100%	631 320	292 265	10%
Goods and Services	1 021 332	326 583	786 608	77%	1 138 220	544 412	67%
Interest and rent on land	500	9	459	92%	190	2	(78%)
<b>Transfers and subsidies</b>	<b>3 591 921</b>	<b>1 594 626</b>	<b>3 527 500</b>	<b>98%</b>	<b>5 184 248</b>	<b>1 939 652</b>	<b>22%</b>
Provinces and municipalities	1 606	314	1 079	67%	1 500	546	74%
Departmental agencies and accounts	1 561 451	805 858	1 561 451	100%	2 812 089	977 386	21%
Higher education institutions							
Foreign governments & international organisations							
Public corporations & private enterprises	2 024 761	785 249	1 959 610	97%	2 365 706	959 299	22%
Non-profit institutions							
Households	4 103	3 205	5 360	131%	4 953	2 421	(24%)
<b>Payments for capital assets</b>	<b>1 318 880</b>	<b>645 461</b>	<b>1 378 676</b>	<b>105%</b>	<b>955 469</b>	<b>392 395</b>	<b>(39%)</b>
Buildings and other fixed structures	1 256 998	638 332	1 179 703	94%	869 490	343 855	(46%)

Machinery and equipment	58 782	6 789	198 836	3	83 179	48 341	612%
Heritage assets							
Specialised military assets							
Biological assets							
Land and sub-soil assets							
Software and other intangible assets	3 100	340	137	4%	2 800	199	(41%)
Payments for financial assets		60	17 031	0%		33	(45%)
Total economic classification	6 481 601	2 831 813	6 259 301	97%	7 909 447	3 168 759	12%

### Expenditure trends for 2015/16

During the 2015/16 financial year, the department received an allocation of R6.6 billion which was then adjusted to R6.5 billion. The under-spending is attributed to all programmes.

Programmes 1 under-spending amounts to R55 million as a result of the following reasons:

- The non-implementation of a comprehensively new air-conditioning system for the department's head office building.
- The delays in the designs for the refurbishment of the Zwartkop Training Centre.
- The delays in the full implementation of planned security upgrades for the department at its regional offices because of legal matters surrounding the security service providers. This has not yet been finalised.
- The other items that under-spent their budgets were operational items that were managed through the department's strict implementation of the cost-containment measures as required by National Treasury.

Programme 2 underspent by R38.5 million because of the inability to award and spend on its tender relating to road marking services due to investigative processes undertaken that were still pending at the end of the financial year.

Programme 3 under-spent or savings by R122 million and the breakdown is as follows:

- A total amount of R65.2 million was realised within the Public Transport Operations Grant. The unspent funds were as a result of penalties levied by the department against the bus operators. In addition, the allocation that formed part of the NW Star for the West-Rand bus service was not spent because the plans for this service were put on hold pending the outcome of discussions with the applicable municipalities and bus operators.
- The remaining amount of R57 million relates primarily to under spending that occurred in respect of the infrastructure projects within this programme (Intermodal facilities and Non-Motorised Transport projects) that were plagued with work stoppages by the contractor for which penalties were levied by the department.

Programme 4 also under-spent by R6 million. The reported under-spending is mainly as a result of the department's strict application of the National Treasury's cost containment measures.

The department's total spending for the first half of the current financial year amounted to R3.2 billion (43 per cent) of the allocated budget of R7.3 billion. This is further explained below per programme:

### Expenditure trends for the first half of 2016/17

#### Programme 1: Administration

The programme spent 43 per cent of the allocated budget at the end of the second quarter, which is 7 per cent less than the 50 per cent projected as per section 40. The under spending is mainly as a result of the slow recruitment drive and the delays in implementing the non-infrastructure projects within Corporate Services. Part of the savings realized is as a result of the cost-containment measures being implemented and shifting of items to other areas experiencing budget pressures.

#### Programme 2: Transport Infrastructure

A total of 36 per cent of the allocated budget has been spent at the end of the second quarter, which is 14 per cent less than the 50 per cent in second quarter as per section 40. The under spending within this programme is due to the delay in tender processes, on site issues, termination of contracts and poor performance of contractors and non-implementation of new projects. All areas that may have impacted negatively on the spending have been addressed and funds have been shifted within the programme. Virements between the programmes have also been effected.

**Programme 3: Transport Operations**

The programme has spent 43 per cent of the allocated budget at the end of the second quarter, which is 7 per cent less than the 50 per cent targeted milestone. The under spending is due to the slow progress on the Non-motorised Transport infrastructure projects. The identified savings were then redirected to emerging priorities and areas of budgetary pressures within the programme.

**Programme 4: Transport Regulations**

A total of 45 per cent of the allocated budget has been spent at the end of the second quarter, which is 5 per cent less than 50 per cent in second quarter as per section 40. The DLTC infrastructure projects implementation is progressing as anticipated compared to the previous years. Part of the savings realized as a result of the cost-containment measures being implemented are shifted to other areas experiencing budget pressures.

**Programme 5: Gautrain**

All transfers to Gautrain are in line with the payment schedule, the shifts and additional funding is made available to assist with court orders.

**6. Departmental receipts**

TABLE 9.13: DEPARTMENTAL RECEIPTS

Department	2015/16				2016/17		
	Audited Outcome				Actual Receipts		
R thousand	Adjusted appropriation	April 2015 - Sep 2015	April 2015 - Mar 2016	April 2015 - March 2016 as a % of adjusted appropriation	Adjusted appropriation	Apr 2016-Sep 2016	% change 15/16-16/17 Apr-Sept
<b>Tax receipts</b>	<b>2 987 393</b>	<b>1 621 949</b>	<b>3 217 032</b>	<b>108%</b>	<b>3 142 737</b>	<b>1 748 680</b>	<b>8%</b>
Casino taxes							
Horse racing taxes							
Liquor licences							
Motor vehicle licences	2 987 393	1 621 949	3 217 032	108%	3 142 737	1 748 680	8%
Sales of goods and services other than capital assets	67 993	28 180	54 970	81%	71 597	30 859	10%
Of which Health patient fees							
Transfers received							
Fines, penalties and forfeits							
Interest, dividends and rent on land	50	6	61	122%	55	8	33%
Sales of capital assets			4 491			7	
Financial transactions in assets and liabilities	1 500	847	1 673	112%	1 500	375	(56%)
<b>Total receipts</b>	<b>3 056 936</b>	<b>1 650 982</b>	<b>3 278 227</b>	<b>107%</b>	<b>3 215 889</b>	<b>1 779 929</b>	<b>8%</b>

**Revenue trends for the first half of 2016/17**

The table above shows the contribution of each revenue source towards the total revenue generated as at end of the second quarter of the 2016/17 financial year. The revenue estimates from the previous financial year has increased from R3 billion to R3.2 billion in the current financial year. Revenue collection for the current financial year as at 30 September 2016 was R1.8 billion, and this represents a growth rate of 8 per cent as compared to the 2015/16 financial year in the second quarter.

Motor vehicle licenses collection amounted to R1.7 billion, the R49.9 million over collection is due to an advance payment on G-fleet. The actual collection on Sale of goods & services other than capital assets is the second contributor with the collection amounting to R30.9 million for the second quarter of the current financial year, and financial transaction in assets and liabilities being the third contributor collecting R375 000 for the second quarter of the current financial year. Interest, dividends and rent on land as well as sale of capital assets collection amounted to R8 000 and R7 000 respectively.

## 7. Changes to transfers and subsidies, conditional grants and infrastructure

### 7.1 Changes to transfer and subsidies

No changes.

### 7.2 Changes to conditional grant

TABLE 9.14: CONDITIONAL GRANTS

R thousand	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
Programme 2	504 233									504 233
Provincial Roads Maintenance Grant	501 784									501 784
Expanded Public Works programme Infrastructure Grant	2 449									2 449
Programme 3	2 033 590		29 743						29 743	2 063 333
Public Transport Operations Grant	2 033 590		29 743						29 743	2 063 333
Total changes in conditional grants	2 537 823		29 743						29 743	2 567 566

#### National roll-over: R29.7 million

An amount of R29.7 million has been rolled over and approved for the Public Transport Operations Grant for the funds that remained within this grant at the end of the 2015/16 financial year from the approved rollover Public Transport Operation Grant (PTOG).

### 7.3 Changes to Infrastructure

Please refer to the 2016/17 Adjusted Estimates of Capital Expenditure (AECE).