

Vote 12

Transport

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	9 570 118	9 575 718		5 600
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	9 571 940	9 577 620		5 680
<i>of which:</i>				
Current payments	5 170 110	5 088 625	(81 485)	
Transfers and subsidies	1 053 563	1 037 226	(16 337)	
Payments for capital assets	3 343 714	3 445 622		101 908
Payments for financial assets	4 553	6 147		1 594
Responsible MEC	MEC for Transport and Community Safety and Liaison			
Administering department	Transport			
Accounting Officer	Head: Transport			

1. Vision and mission

Vision

The vision of the department is: *Prosperity through mobility.*

Mission

The mission of the department is: *To strive to provide the public with mobility by an affordable transportation system that is safe, integrated, regulated and accessible to meet the developmental needs of the province.*

2. Strategic objectives

Strategic policy direction: The department's strategic policy direction is to support rural development, poverty alleviation and job creation as the department builds roads and bridges, provides safe integrated public transport systems, and manages traffic and the safety of all road users.

The department has set the following goals in order to achieve this:

- Provide mobility and accessibility within the province to achieve 32 890 kilometres of maintained road infrastructure by 2020.
- Promote and develop an integrated transportation system through developing three Integrated Public Transport Networks (IPTNs) operational plans.
- Create and promote a safe road environment by decreasing road fatalities by 30 per cent (545/1 819) by 2020.
- Promote sustainable economic transformation through developing two empowerment programmes.

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of the Department of Transport was R9.572 billion in 2016/17. During the year, the department's budget increased by R5.680 million to R9.578 billion, which is the amount that is to be

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

appropriated in the 2016/17 Adjustments Estimate. The main adjustments that led to this overall increase in the budget are summarised below, and further details are given in Section 4:

- *Roll-overs*: R275.691 million that was withheld by the National Department of Transport (NDOT) in 2015/16 relating to the Provincial Roads Maintenance grant (PRMG) due to non-compliance by the department on the reporting requirement for the grant in terms of DORA will be transferred to the department in 2016/17. This will not be appropriated to the department (hence this amount is not included in the tables in this document), but will be highlighted in the 2016/17 Adjustments Estimate Act. Although the funds were withheld in 2015/16, the department spent R245.450 million of the withheld amount, and under-spent by only R30.241 million, which relates to the disaster portion of the grant. However, Provincial Treasury together with the department proved to National Treasury that the funds had been spent, hence National Treasury has released the funds in 2016/17.
- *Virement between programmes*: The following virements were undertaken between programmes:
 - Savings of R8.747 million were identified in Programme 5: Community Based Programme, as follows:
 - Savings of R3.747 million under *Compensation of employees* resulted from the slower than anticipated filling of vacant posts as a result of lengthy recruitment processes, and the moratorium on the filling of vacant posts.
 - Funds of R5 million under *Transfers and subsidies to: Public corporations and private enterprises* will not be transferred to the Vukuzakhe Emerging Contractors Association (VECA). This resulted from non-compliance by the association in meeting reporting requirements by not providing the department with close-out reports.
 - Of the total savings, R3.065 million remained within Programme 5, resulting in a net reduction of R5.682 million in Programme 5. The funds that remained were moved to *Goods and services* in respect of consultation fees for the EPWP Integrated Grant for Provinces. This involves providing technical support in guiding and mainstreaming the labour intensive construction programme, as well as co-ordinating and monitoring beneficiary training on site. In addition, the funds were allocated for the development of an IT system by SITA to better manage the Zibambele contractors to be compliant with administrative processes.
 - The balance of R5.682 million was moved to other programmes as follows:
 - R900 000 was moved to Programme 1: Administration, against *Goods and services* to cater for the comprehensive evaluation of the department's road safety programme, which was under-budgeted for. The evaluation aims to assess whether road safety programmes that are being implemented by the department are meeting the intended impact in respect of decreasing road carnage and traffic violations. This resulted from the province experiencing high fatalities on its roads in comparison to other provinces.
 - R4.782 million was moved to Programme 3: Transport Operations against *Goods and services* to cater for legal services in respect of attorneys who assist the department in dealing with the continuous violence and conflict in the taxi industry.

The department undertook further virements between sub-programmes and economic categories within programmes, and details are provided under Section 4 below. All of these virements are permissible in terms of the PFMA and the Treasury Regulations. However, the decrease in transfers with regard to *Transfers and subsidies to: Public corporations and private enterprises* requires Legislature approval. Also, the decrease in Programme 5 exceeds the 8 per cent threshold, and therefore Legislature approval is required. The increase in *Compensation of employees* was approved by Provincial Treasury.

- *Other adjustments*: The following adjustments were made to the main appropriation:
 - R1 000 was allocated under Programme 3, against *Transfers and subsidies to: Public corporations and private enterprises* for the PTOG. The allocation was to correct a rounding error in the allocation letter that the province received from National Treasury during the preparation of the 2016/17 MTEF budget, and to ensure that the allocation agrees with the DORA amount.

- o R2 million was allocated under Programme 2: Transport Infrastructure, against *Buildings and other fixed structures* to commence the planning of the cross-border crime fighting project commissioned by the Premier. This relates to the construction of a crime fighting structure on the border between KZN and Mozambique. It should be noted that a further R48 million has been earmarked to be allocated to the department in this regard during the 2017/18 MTEF budget process. The funds are specifically and exclusively allocated to the department and will appear as such in the Adjustments Appropriation Bill. Therefore, these funds may not be used for any other purpose. It was agreed by Cabinet that this project should be undertaken by the province but with the understanding that a MOA must be entered into with the Department of Home Affairs who is responsible for border infrastructure, so that the funds can be recouped. Similarly, a MOA with the South African National Defence Force (SANDF) must be entered into so that the border will be patrolled.
- o R3.679 million was allocated under Programme 1 (R2.884 million) and Programme 3 (R795 000), against *Compensation of employees* in respect of the above-budget 2016 wage adjustment determined at 7.6 per cent as opposed to the 7.2 per cent provided for in the budget, leaving a shortfall of 0.4 per cent. These funds were provided from the provincial fiscus, and were allocated in 2016/17 (without carry-through costs) in accordance with the information provided by the department in costing the gap. This additional amount fully compensates the department for the shortfall related to the above-budget 2016 wage adjustment.

Tables 12.1 and 12.2 below reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification. Details of the economic classification are given in *Annexure – Vote 12: Transport*.

Table 12.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
1. Administration	310 192	-	-	900	-	2 884	3 784	313 976
2. Transport Infrastructure	7 056 234	-	-	-	-	2 000	2 000	7 058 234
3. Transport Operations	1 353 591	-	-	4 782	-	796	5 578	1 359 169
4. Transport Regulation	811 743	-	-	-	-	-	-	811 743
5. Community Based Programme	40 180	-	-	(5 682)	-	-	(5 682)	34 498
Total	9 571 940	-	-	-	-	5 680	5 680	9 577 620
Amount to be voted							5 680	
of which: Unauth. Exp. (1st charge) not avail. for spending							(4 553)	(4 553)
Baseline available for spending after first charge							9 567 387	9 573 067

Table 12.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
Current payments	5 170 110	-	-	(87 164)	-	5 679	(81 485)	5 088 625
Compensation of employees	1 559 427	-	-	71 519	-	3 679	75 198	1 634 625
Goods and services	3 610 683	-	-	(158 683)	-	2 000	(156 683)	3 454 000
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	1 053 563	-	-	(16 338)	-	1	(16 337)	1 037 226
Provinces and municipalities	4 691	-	-	-	-	-	-	4 691
Departmental agencies and accounts	5 699	-	-	6	-	-	6	5 705
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	1 016 045	-	-	(5 000)	-	1	(4 999)	1 011 046
Non-profit institutions	-	-	-	-	-	-	-	-
Households	27 128	-	-	(11 344)	-	-	(11 344)	15 784
Payments for capital assets	3 343 714	-	-	101 908	-	-	101 908	3 445 622
Buildings and other fixed structures	3 127 432	-	-	100 000	-	-	100 000	3 227 432
Machinery and equipment	216 282	-	-	1 583	-	-	1 583	217 865
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	325	-	-	325	325
Payments for financial assets	4 553	-	-	1 594	-	-	1 594	6 147
Total	9 571 940	-	-	-	-	5 680	5 680	9 577 620
Amount to be voted							5 680	
of which: Unauth. Exp. (1st charge) not avail. for spending							(4 553)	(4 553)
Baseline available for spending after first charge							9 567 387	9 573 067

4. Changes to programme purposes and service delivery measures

The department made no changes to the purpose of their programmes, which conform to the sector specific programme and budget structure for the Transport sector for 2016/17.

The non financial information currently reflected in the 2016/17 EPRE largely corresponds to the department's 2016/17 APP. It is noted, however, that there are a few discrepancies between the EPRE and the APP. According to the department, when the EPRE was finalised, it was still in the process of finalising the APP. As such, some of the targets were amended and these changes were not brought into the EPRE. The department is now aligning the non financial information to the APP information.

4.1 Programme 1: Administration

The purpose of Programme 1 is to provide the department with the overall management and administrative, strategic, financial and corporate support services (including human resource management, labour relations and legal services) in order to ensure that it delivers on its mandate in an integrated, efficient, effective and sustainable manner.

Tables 12.3 and 12.4 below reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R3.784 million, are provided in the paragraphs following the tables.

Table 12.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	13 291						-	13 291
2. Management	15 704						-	15 704
3. Corporate Support	264 354					1 249	1 249	265 603
4. Departmental Strategy	16 843			900		1 635	2 535	19 378
Total	310 192	-	-	900	-	2 884	3 784	313 976
Amount to be voted								3 784
of which: Unauth. Exp. (1st charge) not avail. for spending								(4 553)
Baseline available for spending after first charge								309 423

Table 12.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	268 942	-	-	10 167	-	2 884	13 051	281 993
Compensation of employees	138 059					2 884	2 884	140 943
Goods and services	130 883			10 167			10 167	141 050
Interest and rent on land							-	-
Transfers and subsidies to:	20 549	-	-	(9 722)	-	-	(9 722)	10 827
Provinces and municipalities	85						-	85
Departmental agencies and accounts	5 699						-	5 699
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	14 765			(9 722)			(9 722)	5 043
Payments for capital assets	16 148	-	-	94	-	-	94	16 242
Buildings and other fixed structures							-	-
Machinery and equipment	16 148			88			88	16 236
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets				6			6	6
Payments for financial assets	4 553	-	-	361	-	-	361	4 914
Total	310 192	-	-	900	-	2 884	3 784	313 976
Amount to be voted								3 784
of which: Unauth. Exp. (1st charge) not avail. for spending								(4 553)
Baseline available for spending after first charge								309 423

Virement – Programme 1: Administration: R900 000

The main appropriation of Programme 1 was increased by R900 000 due to the following, which affected the Departmental Strategy sub-programme:

- Savings of R900 000 were identified in Programme 5, against *Compensation of employees* due to the slower than anticipated filling of vacant posts, as explained. These savings were moved to the sub-programme: Departmental Strategy, against *Goods and services* to cater for the comprehensive evaluation of the department's road safety programme, as previously discussed.
- In addition to the virements from Programme 5, an amount of R9.722 million was moved from *Transfers and subsidies to: Households* under the sub-programme: Corporate Support. This category was inadvertently over-budgeted for during the 2016/17 budget process. Hence, the virement was undertaken to correct the over-budgeting and to move savings to areas experiencing spending pressures within the same sub-programme, as follows:
 - o R9.267 million was moved to *Goods and services* in respect of the maintenance and rehabilitation of departmental buildings and offices (RTI offices in Nomgoma, Mkondeni testing grounds and head office in Pietermaritzburg, etc.) in various regions in the province.
 - o R88 000 was moved to *Machinery and equipment* for the replacement and procurement of computer equipment that is obsolete.
 - o R6 000 was moved to *Software and other intangible assets* in respect of Microsoft software licences, which were not budgeted for.
 - o R361 000 was moved to *Payments for financial assets* relating to thefts and losses written-off.

All the virements are permissible in terms of the PFMA and Treasury Regulations. Although there is a decrease in transfers, Legislature approval is not required as the amount incorrectly allocated to *Transfers and subsidies to: Households* was not gazetted.

Other adjustments – Programme 1: Administration: R2.884 million

The department was allocated additional funds to cater for the above-budget 2016 wage adjustment. The bulk of the funds amounting to R2.884 million was allocated against *Compensation of employees* under this programme, as follows:

- R1.249 million was allocated to the sub-programme: Corporate Support.
- R1.635 million was allocated to the Departmental Strategy sub-programme.

4.2 Programme 2: Transport Infrastructure

The purpose of Programme 2 is to promote accessibility, and the safe and affordable movement of people, goods and services through the delivery and maintenance of transport infrastructure that is sustainable, integrated and environmentally sensitive, and which supports and facilitates social empowerment and economic growth.

Tables 12.5 and 12.6 below reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R2 million, are given in the paragraphs following the tables.

Table 12.5 : Programme 2: Transport Infrastructure

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Programme Support Infrastructure	223 115			23 672		2 000	248 787
2. Infrastructure Planning	50 904			(25 405)			25 499
3. Infrastructure Design	37 715			1 733			39 448
4. Construction	3 127 432			100 000			3 227 432
5. Maintenance	3 617 068			(100 000)			3 517 068
Total	7 056 234	-	-	-	-	2 000	7 058 234
Amount to be voted							2 000

Table 12.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
Current payments	3 761 441	-	-	(101 014)	-	2 000	(99 014)	3 662 427
Compensation of employees	795 237			75 266			75 266	870 503
Goods and services	2 966 204			(176 280)		2 000	(174 280)	2 791 924
Interest and rent on land							-	-
Transfers and subsidies to:	13 469	-	-	(1 669)	-	-	(1 669)	11 800
Provinces and municipalities	3 655			176			176	3 831
Departmental agencies and accounts				1			1	1
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	9 814			(1 846)			(1 846)	7 968
Payments for capital assets	3 281 324	-	-	101 814	-	-	101 814	3 383 138
Buildings and other fixed structures	3 127 432			100 000			100 000	3 227 432
Machinery and equipment	153 892			1 495			1 495	155 387
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets				319			319	319
Payments for financial assets				869			869	869
Total	7 056 234	-	-	-	-	2 000	2 000	7 058 234
Amount to be voted								2 000

Virement – Programme 2: Transport Infrastructure

The following virements were undertaken within Programme 2, which affected all sub-programmes:

- Savings of R176.280 million were identified mainly from the maintenance budget (R100 million) under *Goods and services* in the sub-programmes: Maintenance and Infrastructure Planning. These savings were largely due to:
 - Re-gravelling of roads contracts that were awarded late due to tender appeals, which delayed various maintenance projects.
 - Delays in the commencement and completion of maintenance projects due to the ongoing drought, cancellation of contracts due to poor performance or workmanship, and the liquidation or abandonment of projects by service providers.
 - Community protests resulted in delays in commencing with various projects such as the P577 (KwaMashu and New Germany), D887 (Mtubatuba in Empangeni area) and P232 (Empangeni area), P21 (Umlaas road and Umbumbulu in Mkhambathini area) and P24 (from Eston to Richmond), as members of the community were demanding that the contractors make provision for sub-contracting on these projects, in order to create job opportunities for the local community.
 - Newly appointed grader operators still being trained, delays with plant hire, poor weather conditions (drought), shortage of water carts and the breakdown of graders, which led to under-performance in road blading projects, as these are done in-house.
 - Implementation of cost-cutting on items such as administration, advertising, etc.
- Savings of R1.846 million were identified against *Transfers and subsidies to: Households* due to lower than budgeted staff exit costs.
- The total amount of R178.126 million was moved as follows:
 - R75.266 million was moved to *Compensation of employees* to cater for a shortfall ascribed to the budget cuts against the personnel budget during the 2016/17 budget process. The department indicated that, although reprioritisation was undertaken during the 2016/17 budget process to offset the cuts, the category was not adequately catered for.
 - R176 000 was moved to *Transfers and subsidies to: Provinces and municipalities* in respect of motor vehicle licences that were higher than budgeted.
 - R1 000 was moved to *Transfers and subsidies to: Departmental agencies and accounts* relating to TV and radio licences not budgeted for.

- o R100 million was moved to *Buildings and other fixed structures* under the Construction sub-programme. This was in respect of the following spending pressures:
 - Carried over costs from 2015/16 in respect of road construction projects. These projects include main road P710 in iLembe and main road P451 in Big Five Hlabisa that were completed and paid for in 2016/17.
 - Construction of road P435 in Jozini due to an additional structure being constructed. This was due to the community requesting a walkway in order to avoid accidents and fatalities as a result of pupils walking on the main road to and from schools.
 - Several construction projects from the previous year, including the patching of several blacktop roads, were completed in the first quarter of 2016/17.
- o R1.495 million was moved to *Machinery and equipment* to cater for the replacement of computer and office equipment which was under-budgeted for.
- o R319 000 was moved to *Software and other intangible assets* in respect of the Civil Engineering Designer software, which was not budgeted for. This is a civil design and documentation solution used by infrastructure professionals to manage project performance and maintain consistent data and processes.
- o R869 000 was moved to *Payments for financial assets* to cater for thefts and losses written-off.

These virements are permissible in terms of the PFMA and Treasury Regulations, and the increase in *Compensation of employees* was approved by Provincial Treasury.

Other adjustments – Programme 2: Transport Infrastructure: R2 million

An amount of R2 million was allocated under the sub-programme: Programme Support Infrastructure, against *Goods and services* to commence the planning of the cross-border crime fighting project commissioned by the Premier. This relates to the construction of a crime fighting structure on the border between KZN and Mozambique, as mentioned in detail previously.

Service delivery measures – Programme 2: Transport Infrastructure

Table 12.7 shows the original service delivery targets for Programme 2 as per the APP of Transport, as well as the actual achievement for the first six months of the year.

Two targets have been adjusted, as reflected in Table 12.7 (under the column “2016/17 Revised target”), to align the target in the *EPRE* to the department’s tabled 2016/17 APP. The output reflected as “n/a” indicates that the target is no longer being used. Some of the targets are annual, and are not reported on at mid-year.

Table 12.7 : Service delivery measures – Programme 2: Transport Infrastructure

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
2. Transport Infrastructure				
2.1. Construction	<ul style="list-style-type: none"> • No. of kilometres of new gravel roads constructed • No. of lane-kilometres of new surfaced roads constructed • No. of square metres of surfaced road upgraded • No. of kilometres of gravel roads upgraded to surfaced roads • No. of square metres of non-motorised transport facility constructed • No. of new major vehicle bridges constructed • No. of new pedestrian bridges constructed • No. of designs of integrated public transport networks • No. of square metres of surfaced roads rehabilitated 	<p>230</p> <p>16</p> <p>32 900</p> <p>74</p> <p>25 000</p> <p>7</p> <p>13</p> <p>1</p> <p>3 504 000</p>	<p>annual</p> <p>annual</p> <p>n/a</p> <p>62</p> <p>35 323</p> <p>annual</p> <p>annual</p> <p>annual</p> <p>1 023 271</p>	<p>n/a</p> <p>1 827 540</p>

Table 12.7 : Service delivery measures – Programme 2: Transport Infrastructure

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
2.2. Maintenance	• No. of square metres of surfaced roads resealed	2 700 000	854 780	2 532 690
	• No. of kilometres of roads re-gravelled	2 700	731	
	• No. of square metres of blacktop patching (including pothole repairs)	240 000	182 769	
	• No. of kilometres of gravel roads bladed	120 000	32 083	
	• No. of kilometres of surfaced roads visually assessed as per applicable TMH manual	3 750	annual	
	• No. of kilometres of gravel roads visually assessed as per the applicable TMH manual	8 445	annual	
	• Kilometres maintained by Zibambebe contractors	26 650	annual	

4.3 Programme 3: Transport Operations

The purpose of this programme is to plan, regulate and facilitate the provision of integrated land transport services through co-ordination and co-operation with national planning authorities, community-based organisation (CBOs), non-governmental organisations (NGOs), and the private sector in order to enhance the mobility of all communities particularly those currently without or with limited access. This includes all costs involved in public transport management and service delivery including the planning, co-ordination of the operator in the transport industry.

Tables 12.8 and 12.9 below reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R5.578 million, are given in the paragraphs following the tables.

Table 12.8 : Programme 3: Transport Operations

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
1. Programme Support Operations	22 170			4 787		21	4 808	26 978
2. Public Transport Services	1 258 712					1	1	1 258 713
3. Transport Safety and Compliance	72 709			(5)		774	769	73 478
Total	1 353 591	-	-	4 782	-	796	5 578	1 359 169
Amount to be voted							5 578	

Table 12.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
Current payments	342 303	-	-	4 729	-	795	5 524	347 827
Compensation of employees	38 717					795	795	39 512
Goods and services	303 586			4 729			4 729	308 315
Interest and rent on land							-	-
Transfers and subsidies to:	1 011 046	-	-	53	-	1	54	1 011 100
Provinces and municipalities	1			10			10	11
Departmental agencies and accounts				5			5	5
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	1 011 045					1	1	1 011 046
Non-profit institutions							-	-
Households				38			38	38
Payments for capital assets	242	-	-	-	-	-	-	242
Buildings and other fixed structures							-	-
Machinery and equipment	242						-	242
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	1 353 591	-	-	4 782	-	796	5 578	1 359 169
Amount to be voted							5 578	

Virement – Programme 3: Transport Operations: R4.782 million

The main appropriation of Programme 3 increased by R4.782 million due to the following virements affecting the sub-programmes: Programme Support Operations and Transport Safety and Compliance:

- Savings of R4.782 million were identified in Programme 5, against *Transfers and subsidies to: Public corporations and private enterprises* mainly due to funds that will not be transferred to VECA as a result of non-compliance with reporting requirements, as explained. These savings were moved to the sub-programme: Programme Support Operations, as follows:
 - R4.729 million was moved to *Goods and services* in respect of legal services relating to the continuous taxi violence and conflict.
 - R10 000 was moved to *Transfers and subsidies to: Provinces and municipalities* for higher than budgeted motor vehicle licences.
 - R5 000 was moved to *Transfers and subsidies to: Departmental agencies and accounts* for TV and radio licences.
 - R38 000 was moved to *Transfers and subsidies to: Households* for higher than budgeted staff exit costs.

These virements are permissible in terms of the PFMA and Treasury Regulations.

Other adjustments – Programme 3: Transport Operations: R796 000

The following adjustments were made to the main appropriation of this programme:

- The department was allocated additional funds to cater for the above-budget 2016 wage adjustment, and R795 000 was allocated to *Compensation of employees* under this programme, as follows:
 - R21 000 was allocated to the sub-programme: Programme Support Operations.
 - R774 000 was allocated to the Transport Safety and Compliance sub-programme.
- An amount of R1 000 was allocated to *Transfers and subsidies to: Public corporations and private enterprises*, under the sub-programme: Public Transport Services. This relates to a rounding error in the 2016/17 allocation letter from National Treasury in respect of the PTOG and to ensure that the allocation agrees with the amount included in DORA.

Service delivery measures – Programme 3: Transport Operations

Table 12.10 shows the original service delivery targets for Programme 3 as per Transport’s APP, as well as the actual achievement for the first six months of the year. As indicated in Table 12.10, two of the outputs were adjusted under the column “2016/17 Revised target”, to align the targets in the *EPRE* to the department’s tabled 2016/17 APP. Some of the targets are annual, and are not reported on at mid-year.

Table 12.10 : Service delivery measures – Programme 3: Transport Operations

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
3. Transport Operations				
3.1. Public Transport Services	• No. of vehicles subsidised	1 320		annual
	• No. of routes subsidised	1 710		annual
	• No. of vehicle kilometres subsidised	41 888 710	20 668 097	
	• No. of kilometres operated per vehicle	31 730	15 672	
	• No. of passengers per vehicle	4 340		annual
	• No. of passengers per trip operated	59		annual
	• No. of staff per vehicle	2.2		annual
	• No. of subsidised passengers	148 440	257 562	
	• No. of unsubsidised passengers	23 740		annual
	• No. of trips subsidised	1 198 870	591 372	
	• No. of trips monitored	839 210	420 758	

Table 12.10 : Service delivery measures – Programme 3: Transport Operations

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
	• % of trips monitored	70%	annual	
	• Subsidy per passenger	R13.80	annual	
	• No. of passenger trips subsidised	67 879 790	32 827 031	
	• No. of schools receiving learner transport services	326	annual	316
	• No. of learners transported	44 490	annual	43 990
	• No. of PRE hearings conducted (annual)	70	230	
3.2. Transport Safety and Compliance	• No. of road safety awareness progs conducted	9	13	
	• No. of schools involved in road safety education progs	1 110	691	
	• No. of school children reached	270 000	189 580	
	• No. of adults reached	73 000	36 523	
	• No. of crossing patrols provided	143	annual	

4.4 Programme 4: Transport Regulation

The purpose of this programme is to ensure the provision of a safe transport environment through the regulation of traffic on public infrastructure, law enforcement, implementation of road safety education and awareness programmes and the registration and licensing of vehicles and drivers. This includes all costs related to overall management of road traffic and safety in the province.

Tables 12.11 and 12.12 reflect a summary of the 2016/17 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in no change to the main appropriation, are provided in the paragraphs after the tables.

Table 12.11 : Programme 4: Transport Regulation

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support Regulation	3 066			(108)			(108)	2 958
2. Transport Administration and Licensing	122 790			377			377	123 167
3. Operator Licences and Permits	59 400			872			872	60 272
4. Law Enforcement	626 487			(1 141)			(1 141)	625 346
Total	811 743	-	-	-	-	-	-	811 743

Amount to be voted

Table 12.12 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	762 344	-	-	(354)	-	-	(354)	761 990
Compensation of employees	569 403						-	569 403
Goods and services	192 941			(354)			(354)	192 587
Interest and rent on land							-	-
Transfers and subsidies to:	3 499	-	-	-	-	-	-	3 499
Provinces and municipalities	950			(186)			(186)	764
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	2 549			186			186	2 735
Payments for capital assets	45 900	-	-	-	-	-	-	45 900
Buildings and other fixed structures							-	-
Machinery and equipment	45 900						-	45 900
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets				354			354	354
Total	811 743	-	-	-	-	-	-	811 743

Amount to be voted

Virement – Programme 4: Transport Regulation

The following virements were undertaken within Programme 4, which affected all sub-programmes:

- R354 000 was identified as savings under *Goods and services* due to implementation of cost-cutting on travel and subsistence, computer services, stationery, among others. These savings were moved to *Payments for financial assets* within the programme to cater for thefts and losses written-off.
- R186 000 was identified as savings under *Transfers and subsidies to: Provinces and municipalities* due to over-budgeting in respect of motor vehicle licences. These savings were moved to *Transfers and subsidies to: Households* within the programme in respect of staff exit costs.

These virements are permissible in terms of the PFMA and Treasury Regulations.

Service delivery measures – Programme 4: Transport Regulation

Table 12.13 shows the original service delivery targets for Programme 4 as per the APP of Transport, as well as the actual achievement for the first six months of the year. One output has been adjusted, as reflected in Table 12.13 (under the column “2016/17 Revised target”), to align to the target included in the department’s tabled 2016/17 APP. Also, one target is annual, and is not reported on at mid-year.

Table 12.13 : Service delivery measures – Programme 4: Transport Regulation

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
4. Transport Regulation				
4.1. Transport Administration and Licensing	• No. of licence compliance inspections conducted	1 263	521	
4.2. Operator Licences and Permits	• No. of operator permits converted to licences	100	99	
4.3. Traffic Law Enforcement	• No. of speed operations conducted	18 250	9 478	
	• No. of hours weighbridges operated	15 000	7 946	
	• Undertake goal directed enforcement of public transport (Operation Shanela)	880	427	
	• No. of kilometres patrolled	6 090 000	3 400 851	
	• No. of law enforcement officers employed	835	annual	
	• No. of vehicles stopped and checked	2 040 000	730 379	1 600 000
	• No. of heavy vehicles screened	3 200 000	2 371 841	
	• No. of vehicles weighed	155 000	93 904	
	• No. of drunken driving operations conducted	200	203	

4.5 Programme 5: Community Based Programme

The purpose of this programme is to direct and manage the implementation of programmes and strategies that lead to the development and empowerment of communities and contractors.

Tables 12.14 and 12.15 below reflect a summary of the 2016/17 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R5.682 million, are given in the paragraphs following the tables.

Table 12.14 : Programme 5: Community Based Programme

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support Community Based	7 703						-	7 703
2. Community Development	9 882			(1 694)			(1 694)	8 188
3. Innovation and Empowerment	16 777			(3 988)			(3 988)	12 789
4. EPWP Co-ordination and Monitoring	5 818						-	5 818
Total	40 180	-	-	(5 682)	-	-	(5 682)	34 498
Amount to be voted								(5 682)

Table 12.15 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	35 080	-	-	(692)	-	(692)	34 388
Compensation of employees	18 011			(3 747)		(3 747)	14 264
Goods and services	17 069			3 055		3 055	20 124
Interest and rent on land						-	-
Transfers and subsidies to:	5 000	-	-	(5 000)	-	(5 000)	-
Provinces and municipalities						-	-
Departmental agencies and accounts						-	-
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises	5 000			(5 000)		(5 000)	-
Non-profit institutions						-	-
Households						-	-
Payments for capital assets	100	-	-	-	-	-	100
Buildings and other fixed structures						-	-
Machinery and equipment	100					-	100
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets				10		10	10
Total	40 180	-	-	(5 682)	-	(5 682)	34 498
Amount to be voted							(5 682)

Virement – Programme 5: Community Based Programme: (R5.682 million)

The following virements were undertaken from Programme 5, affecting the sub-programmes: Community Development and Innovative and Empowerment.

- Savings of R8.747 million were identified under sub-programmes: Community Development and Innovative and Empowerment in Programme 5 against the following:
 - *Compensation of employees* (R3.747 million) due to the slower than anticipated filling of vacant posts, as explained earlier.
 - *Transfers and subsidies to: Public corporations and private enterprises* (R5 million) in respect of funds that will not be transferred to VECA for not meeting reporting requirements, as mentioned.

Of the total savings of R8.747 million, R5.682 million was moved to other programmes, as follows:

- R900 000 was moved to Programme 1, against *Goods and services* for the comprehensive evaluation of the road safety programme.
- R4.782 million was moved to Programme 3, against *Goods and services* in respect of the department needing to acquire legal services to deal with the violence and conflict in the taxi industry.
- The balance of R3.065 million remained within the programme, as follows:
 - R3.055 million was moved to *Goods and services* to cater for consultation fees relating to the EPWP Integrated Grant for Provinces. As explained, this involves providing technical support in guiding and mainstreaming the labour intensive construction programme, as well as co-ordinating and monitoring beneficiary training on site.
 - R10 000 was moved to *Payments for financial assets* to cater for thefts and losses written-off.

These virements are permissible in terms of the PFMA and Treasury Regulations, though the reduction in transfers in respect of *Transfers and subsidies to: Public corporations and private enterprises* requires Legislature approval. Also, the virements from this programme exceeds the 8 per cent threshold, thus Legislature approval is required.

Service delivery measures – Programme 5: Community Based Programme

Table 12.16 shows the original service delivery target for Programme 5 as per the APP of Transport, as well as the actual achievement for the first six months of the year.

All targets with the exception of one pertaining to this programme have been adjusted, as reflected in Table 12.16 (under the column “2016/17 Revised target”), to align the target in the *EPRE* to the department’s tabled 2016/17 APP. Also, one target is annual, and is not reported on at mid-year.

Table 12.16 : Service delivery measures – Programme 5: Community Based Programme

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
5. Community Based Programme				
5.1. Community Development	<ul style="list-style-type: none"> No. of Zibambele contractors employed No. of small contractors created through the Vukuzakhe Emerging Contractor Development Prog. 	41 000 500	annual 310	43 360
5.2. EPWP Co-ordination and Monitoring	<ul style="list-style-type: none"> No. of jobs created No. of Full-Time Equivalent (FTEs) No. of youth employed (18-35) No. of women employed No. of people living with disabilities employed No. of employment days created 	62 700 24 000 31 350 44 640 315 5 520 000	51 974 10 989 11 207 44 918 6 2 527 485	67 200 24 631 28 000 45 000 350 5 665 200

5. Specifically and exclusively appropriated allocations

Table 12.17 below shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. Note that conditional grants (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Section 8 below.

Details of the main adjustments, which resulted in an overall increase of R2 million in respect of the department’s specifically and exclusively appropriated funding, are provided in the paragraphs following the table.

Table 12.17 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 2: Cross-border crime fighting						2 000	2 000	2 000
2. Prog. 3: Learner transport	186 000						-	186 000
Total	186 000	-	-	-	-	2 000	2 000	188 000
Amount to be voted								2 000

- *Other adjustments:* An amount of R2 million was allocated to Programme 2, against *Goods and services* to commence the planning of the cross-border crime fighting project commissioned by the Premier. This relates to the construction of a crime fighting structure on the border between KZN and Mozambique, as mentioned. These funds are specifically and exclusively appropriated to the department and, therefore, cannot be used for any other purpose.

6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorship in excess of R100 000 during the current financial year.

7. Infrastructure

Table 12.18 below shows the summary of infrastructure payments per main category. Note that the *Maintenance and repair: Current* category includes the salaries of the Zibambele contractors and other departmental staff that undertake maintenance. Details of the main adjustments, which resulted in no overall change in the infrastructure budget, are provided in the paragraphs following the table.

Table 12.18 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	6 325 685	-	-	-	-	-	-	6 325 685
Maintenance and repair: Current	3 644 108			(100 000)			(100 000)	3 544 108
Upgrades and additions: Capital	1 733 498			100 000			100 000	1 833 498
Refurbishment and rehabilitation: Capital	948 079						-	948 079
New infrastructure assets: Capital	445 855						-	445 855
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets	-	-	-	-	-	-	-	-
Infrastructure: Leases	-	-	-	-	-	-	-	-
Capital infrastructure	3 127 432	-	-	100 000	-	-	100 000	3 227 432
Current infrastructure	3 644 108	-	-	(100 000)	-	-	(100 000)	3 544 108
Total	6 771 540	-	-	-	-	-	-	6 771 540
Amount to be voted								-

- **Virement:** The following virements were undertaken against the infrastructure budget:
 - o Funds of R100 million were identified under Programme 2, against *Maintenance and repair: Current* mainly because of delays resulting from tender appeals in the awarding of period contracts for re-gravelling and reseal projects, delays due to ongoing drought, cancellation of contracts as a result of poor performance or workmanship, liquidation or abandonment of projects by service providers, as well as community protests, as previously explained.
 - o These funds were moved to the sub-programme: Construction against *Upgrades and additions: Capital* largely to cater for the carried over costs from 2015/16 in respect of road construction projects that were completed and paid for in 2016/17, walkways constructed on road P453 in Jozini as requested by the community, as well as patching of several blacktop roads completed in the first of 2016/17, as explained.

These virements are permissible in terms of the PFMA and Treasury Regulations.

8. Conditional grants

The department receives national conditional grant allocations for the maintenance and construction of road infrastructure (Provincial Roads Maintenance grant), the subsidising of bus transport in the province (Public Transport Operations grant) and creating job opportunities through EPWP projects (EPWP Integrated Grant for Provinces). The Provincial Road Maintenance grant and the EPWP Integrated Grant for Provinces are under Programme 2 and are classified against *Goods and services*, and the Public Transport Operations grant is under Programme 3 against *Transfers and subsidies to: Public corporations and private enterprises*.

Tables 12.19 and 12.20 illustrate the adjusted appropriation of these grants. Detail of the main adjustment, which resulted in an overall increase of R1 000, is provided in the paragraph after the tables.

As explained, the R275.691 million that was withheld by NDOT in 2015/16 relating to PRMG was released, but this will not be appropriated to the department (hence this amount is not included in this table). However, it will be highlighted in the 2016/17 Adjustments Estimate Act.

Table 12.19 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
2. Transport Infrastructure	1 981 433	-	-	-	-	-	-	1 981 433
Provincial Roads Maintenance grant	1 925 378						-	1 925 378
EPWP Integrated Grant for Provinces	56 055						-	56 055
3. Transport Operations	1 011 045	-	-	-	-	1	1	1 011 046
Public Transport Operations grant	1 011 045					1	1	1 011 046
Total	2 992 478	-	-	-	-	1	1	2 992 479
Amount to be voted								1

Table 12.20 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 981 433	-	-	-	-	-	-	1 981 433
Compensation of employees							-	-
Goods and services	1 981 433						-	1 981 433
Interest and rent on land							-	-
Transfers and subsidies to:	1 011 045	-	-	-	-	1	1	1 011 046
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	1 011 045					1	1	1 011 046
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	-	-	-	-	-	-	-	-
Buildings and other fixed structures							-	-
Machinery and equipment							-	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-						-	-
Total	2 992 478	-	-	-	-	1	1	2 992 479
Amount to be voted								1

The following adjustment was undertaken against the conditional grant budget of the department resulting in an increase of R1 000 to the main appropriation, as follows:

- *Other adjustments:* R1 000 was allocated in respect of the PTOG under Programme 3 against *Transfers and subsidies to: Public corporations and private enterprises*, increasing the budget from R1 011 045 to R1 011 046 in order to correct a rounding error in the allocation letter that the province received from National Treasury during the preparation of the 2016/17 MTEF budget, and to ensure that the allocation agrees with the amount included in DORA.

9. Transfers and subsidies

Table 12.21 below shows the summary of transfers and subsidies by programme and main category. Details of the main adjustments, which resulted in an overall decrease of R16.337 million in the transfers and subsidies budget, are provided in the paragraphs above and below the table.

- *Virement:* The following virements were undertaken against *Transfers and subsidies* resulting in a decrease of R16.337 million:
 - In Programme 1, savings of R9.722 million were realised under *Households* due to over-budgeting in respect of staff exit costs during the 2016/17 budget process. The bulk of the savings of R9.267 million were moved to *Goods and services* within the programme for the maintenance and rehabilitation of the departmental buildings and offices, as mentioned. The balance of R455 000 were moved to *Machinery and equipment*, *Software and other intangible assets* and *Payments for financial assets*.
 - In Programme 2, savings of R1.846 million were realised under *Households* due to lower than budgeted staff exit costs. These savings were moved within the programme as follows:
 - R177 000 remained within transfers and subsidies as follows:
 - R176 000 was moved to *Provinces and municipalities* for motor vehicle licences.
 - R1 000 was moved to *Departmental agencies and accounts* for TV and radio licences.
 - R1.669 million was moved out of transfers and subsidies as follows:
 - R801 000 was moved to *Machinery and equipment* for office and computer equipment.
 - R868 000 was moved to *Payments for financial assets* for thefts and losses written-off.

Table 12.21 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	20 549	-	-	(9 722)	-	-	(9 722)	10 827
Provinces and municipalities	85	-	-	-	-	-	-	85
Motor vehicle licences	85	-	-	-	-	-	-	85
Departmental agencies and accounts	5 699	-	-	-	-	-	-	5 699
Departmental agencies (non-business entities)	5 699	-	-	-	-	-	-	5 699
Households	14 765	-	-	(9 722)	-	-	(9 722)	5 043
Staff exit costs	1 332	-	-	185	-	-	185	1 517
Other transfers to households	13 433	-	-	(9 907)	-	-	(9 907)	3 526
2. Transport Infrastructure	13 469	-	-	(1 669)	-	-	(1 669)	11 800
Provinces and municipalities	3 655	-	-	176	-	-	176	3 831
Motor vehicle licences	3 655	-	-	176	-	-	176	3 831
Departmental agencies and accounts	-	-	-	1	-	-	1	1
TV and radio licences	-	-	-	1	-	-	1	1
Households	9 814	-	-	(1 846)	-	-	(1 846)	7 968
Staff exit costs	9 224	-	-	(1 297)	-	-	(1 297)	7 927
Other transfers to households	590	-	-	(549)	-	-	(549)	41
3. Transport Operations	1 011 046	-	-	53	-	1	54	1 011 100
Provinces and municipalities	1	-	-	10	-	-	10	11
Motor vehicle licences	1	-	-	10	-	-	10	11
Departmental agencies and accounts	-	-	-	5	-	-	5	5
TV and radio licences	-	-	-	5	-	-	5	5
Public corporations and private enterprises	1 011 045	-	-	-	-	1	1	1 011 046
Bus operators (PTOG)	1 011 045	-	-	-	-	1	1	1 011 046
Households	-	-	-	38	-	-	38	38
Other transfers to households	-	-	-	38	-	-	38	38
4. Transport Regulation	3 499	-	-	-	-	-	-	3 499
Provinces and municipalities	950	-	-	(186)	-	-	(186)	764
Motor vehicle licences	950	-	-	(186)	-	-	(186)	764
Households	2 549	-	-	186	-	-	186	2 735
Staff exit costs	2 295	-	-	186	-	-	186	2 481
Other transfers to households	254	-	-	-	-	-	-	254
5. Community Based Programme	5 000	-	-	(5 000)	-	-	(5 000)	-
Public corporations and private enterprises	5 000	-	-	(5 000)	-	-	(5 000)	-
VECA	5 000	-	-	(5 000)	-	-	(5 000)	-
Total	1 053 563	-	-	(16 338)	-	1	(16 337)	1 037 226
Amount to be voted								(16 337)

- *Virement*: continued.

- o In Programme 3, savings of R53 000 were identified under *Goods and services* due to cost-cutting. These savings were moved as follows:
 - R10 000 was moved *Provinces and municipalities* in respect of motor vehicle licences.
 - R5 000 was moved to *Departmental agencies and accounts* for TV and radio licences.
 - R38 000 was moved to *Households* to cater for staff exit costs.
- o In Programme 4, savings of R186 000 were identified under *Provinces and municipalities* due to lower than budgeted motor vehicle licences. These savings were moved to *Households* to cater for staff exit costs.
- o In Programme 5, R5 million was moved from *Public corporations and private enterprises* due to funds that will not be transferred VECA as the organisation is not meeting reporting requirements. The funds were moved as follows:
 - R4.782 million was moved to Programme 3 as follows:
 - R4.729 million was moved *Goods and services* relating to legal services, as discussed.
 - R10 000 was moved to *Provinces and municipalities* to cater for motor vehicle licences.
 - R5 000 was moved to *Departmental agencies and accounts* for TV and radio licences.
 - R38 000 was moved to *Households* to cater for staff exit costs.
 - R218 000 was moved to Programme 1, against *Goods and services* for the comprehensive evaluation of the department's road safety programme, as explained.

These virements are permissible in terms of the PFMA and Treasury Regulations, though the reduction in transfer in respect of *Public corporations and private enterprises* relating to the transfer to VECA requires Legislature approval.

- *Other adjustments*: An amount of R1 000 was allocated to Programme 3, against *Public corporations and private enterprises* in respect of the PTOG in order to correct a rounding error in the allocation letter that the province received from National Treasury during the preparation of the 2016/17 MTEF budget, and to ensure that the allocation agrees with the amount included in DORA.

10. Transfers to public entities

The department made no transfers to public entities in 2016/17.

11. Transfers to local government

The amounts against *Provinces and municipalities* in Table 12.21 above cater for motor vehicle licences. These funds will not be transferred to any municipality, and therefore the table for transfers to local government has not been included.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 12.22 and 12.23 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the Adjusted appropriation per programme and economic classification. The tables also show the 2015/16 Audited outcome. The department spent 44.9 per cent of their adjusted appropriation in the first six months, which is below the 50 per cent straight-line benchmark. The department is projecting to spend 55.1 per cent of the adjusted appropriation in the second half of the year.

Table 12.22 : Actual payments and revised spending projections by programme

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016	% of budget	October '16 - March 2017	% of budget	
1. Administration	306 021	313 976	175 977	56.0	137 999	44.0	313 976
2. Transport Infrastructure	6 977 023	7 058 234	3 151 324	44.6	3 906 910	55.4	7 058 234
3. Transport Operations	1 288 069	1 359 169	600 530	44.2	758 639	55.8	1 359 169
4. Transport Regulation	737 790	811 743	364 811	44.9	446 932	55.1	811 743
5. Community Based Programme	29 589	34 498	10 210	29.6	24 288	70.4	34 498
Total	9 338 492	9 577 620	4 302 852	44.9	5 274 768	55.1	9 577 620

Table 12.23 : Actual payments and revised spending projections by economic classification

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016	% of budget	October '16 - March 2017	% of budget	
Current payments	4 071 018	5 088 625	2 197 454	43.2	2 891 171	56.8	5 088 625
Compensation of employees	1 492 729	1 634 625	793 178	48.5	841 447	51.5	1 634 625
Goods and services	2 578 286	3 454 000	1 404 276	40.7	2 049 724	59.3	3 454 000
Interest and rent on land	3	-	-	-	-	-	-
Transfers and subsidies to:	1 016 815	1 037 226	419 450	40.4	617 776	59.6	1 037 226
Provinces and municipalities	4 537	4 691	2 450	52.2	2 241	47.8	4 691
Departmental agencies and accounts	1 608	5 705	3 983	69.8	1 722	30.2	5 705
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	993 057	1 011 046	405 613	40.1	605 433	59.9	1 011 046
Non-profit institutions	-	-	-	-	-	-	-
Households	17 613	15 784	7 404	46.9	8 380	53.1	15 784
Payments for capital assets	4 245 464	3 445 622	1 680 223	48.8	1 765 399	51.2	3 445 622
Buildings and other fixed structures	4 032 842	3 227 432	1 659 629	51.4	1 567 803	48.6	3 227 432
Machinery and equipment	200 177	217 865	20 269	9.3	197 596	90.7	217 865
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	12 445	325	325	100.0	-	-	325
Payments for financial assets	5 195	6 147	5 725	93.1	422	6.9	6 147
Total	9 338 492	9 577 620	4 302 852	44.9	5 274 768	55.1	9 577 620

- Spending in the first six months against Programme 1 was above the straight-line benchmark of 50 per cent, at 56 per cent due to higher than budgeted costs in *Goods and services* relating to the maintenance and rehabilitation of departmental buildings and offices in various regions in the province, as well as the evaluation of a comprehensive road safety programme, among others. The projections for the second half of the year are slightly low, at 44 per cent and are in line with the department's operational plan.
- Spending against Programme 2 was below the 50 per cent straight-line benchmark, at 44.6 per cent due to re-gravelling of roads contracts under *Goods and services* that were awarded late as a result of tender delays. Also, newly appointed grader operators still being trained, delays with plant hire, poor weather conditions (drought), shortage of water carts and the breakdown of graders, slower than anticipated filling of critical vacant posts, etc., contributed to the low spending. The projections for the remaining half of the year, at 55.4 per cent, are in respect of maintenance and construction projects that are being undertaken.
- Spending against Programme 3 was below the straight-line benchmark of 50 per cent, at 44.2 per cent due to slower than anticipated filling of vacant posts, as well as the implementation of cost-cutting. The projections for the second half of the year are high at 55.8 per cent, and mainly relate to the payment of bus subsidies in respect of the PTOG, as well as various road safety campaigns. The projections also take into account the payment of the PTOG invoices for both February and March 2017, anticipated to be made in March, in line with an instruction from NDOT that required March invoices to be paid for in March rather than in April in order to reflect the expenditure in the correct financial year.
- Spending against Programme 4 was at 44.9 per cent at mid-year, below the 50 per cent straight-line benchmark. This was mainly attributed to delays in the procurement of new and replacement motor vehicles. The projections for the second half of the year seem fairly reasonable, at 55.1 per cent and cater for the anticipated delivery of new and replacement vehicles, as well as various law enforcement activities.
- Spending against Programme 5 was at 29.6 per cent, which is well below the 50 per cent straight-line benchmark. This can be attributed to delays with the appointment of the service provider for the development and mentoring of emerging contractors. The projections for the remaining six months appear high at 70.4 per cent, due to the anticipated training to be undertaken for the emerging contractors.
- *Compensation of employees* reflects spending at 48.5 per cent, at mid-year, which is slightly below the 50 per cent benchmark, due to the slower than anticipated filling of vacant posts, as well as resignations. The projections for the remaining six months appear realistic, at 51.5 per cent.
- Spending against *Goods and services* was low, at 40.7 per cent at mid-year when compared to the 50 per cent benchmark, even after moving R100 million to *Buildings and other fixed structures*. This is largely due to the lower than expected expenditure on maintenance projects, as discussed. The projections for the remaining six months are higher at 59.3 per cent due to maintenance projects that will be fast-tracked.
- Spending against *Transfers and subsidies to: Provinces and municipalities* was, at 52.2 per cent, at mid-year. This relates to the payment of motor vehicle licences.
- The amount against *Transfers and subsidies to: Departmental agencies and accounts* is in respect of payment of the skills development levy, and is linked to the department's salary costs and fluctuates according to the department's salary bill. Spending is at 69.8 per cent at mid-year. The projections for the remaining six months seem low at 30.2 per cent, as the department is not anticipating any major filling of vacant posts.
- *Transfers and subsidies to: Public corporations and private enterprises* caters for claims in respect of bus subsidies relating to the PTOG. Spending was at 40.1 per cent at mid-year, which is below the straight-line benchmark of 50 per cent. The projections for the remaining six months appear high, at 59.9 per cent ascribed to the projected payment of the PTOG invoices for both February and March 2017, anticipated to be made in March, in line with an instruction from NDOT that required March

invoices to be paid for in March rather than in April in order to reflect the expenditure in the correct financial year.

- Spending against *Transfers and subsidies to: Households* was, at 46.9 per cent at mid-year, below the straight-line benchmark of 50 per cent. The expenditure against this category is mainly in respect of the payment of staff exit costs, injury on duty, claims against the state by individuals, among others.
- Spending in respect of *Buildings and other fixed structures* was high, at 51.4 per cent at mid-year due to costs carried over from the previous year relating to construction projects. The projections for the remaining six months include the virement of R100 million, and are fairly low as they take into account the closure of the construction industry in December and January.
- The spending against *Machinery and equipment* in the first half of the year is very low, at 9.3 per cent when compared to the straight-line benchmark of 50 per cent, as not all the new and replacement motor vehicles and mechanical plant that were ordered were delivered for payment to date. The projections in the remaining six months are high, due to the anticipated delivery of motor vehicles and plant during this period.
- The expenditure of R325 000 against *Software and other intangible assets* relates to the purchase of the Civil Engineering Designer software, which was not budgeted for, as well as new and renewed licences such as Microsoft, etc.
- The expenditure of R5.725 million against *Payments for financial assets* mainly relates to the payment of the department's first charge incurred for previous years' over-expenditure, as well as the write-off of irrecoverable staff debts. The first charge of R4.553 million has been fully paid.

The department is projecting a balanced budget at the end of the year.

Table 12.A : Summary by economic classification : Transport

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
Current payments	5 170 110	-	-	(87 164)	-	5 679	(81 485)	5 088 625
Compensation of employees	1 559 427	-	-	71 519	-	3 679	75 198	1 634 625
Salaries and wages	1 384 397	-	-	76 147	-	3 679	79 826	1 464 223
Social contributions	175 030	-	-	(4 628)	-	-	(4 628)	170 402
Goods and services	3 610 683	-	-	(158 683)	-	2 000	(156 683)	3 454 000
Administrative fees	2 677	-	-	(1 026)	-	-	(1 026)	1 651
Advertising	7 954	-	-	796	-	-	796	8 750
Assets less than capitalisation threshold	7 107	-	-	5 050	-	-	5 050	12 157
Audit cost: External	7 367	-	-	311	-	-	311	7 678
Bursaries: Employees	1 058	-	-	-	-	-	-	1 058
Catering: Departmental activities	4 681	-	-	1 229	-	-	1 229	5 910
Communication (G&S)	33 460	-	-	(97)	-	-	(97)	33 363
Computer services	49 767	-	-	7 264	-	-	7 264	57 031
Cons & prof serv: Business and advisory services	143 200	-	-	(44 941)	-	-	(44 941)	98 259
Cons & prof serv: Infras and planning	124 316	-	-	71 722	-	2 000	73 722	198 038
Cons & prof serv: Laboratory services	457	-	-	56	-	-	56	513
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	27 149	-	-	(6 411)	-	-	(6 411)	20 738
Contractors	2 186 806	-	-	(67 366)	-	-	(67 366)	2 119 440
Agency and support / outsourced services	14 793	-	-	(854)	-	-	(854)	13 939
Entertainment	24	-	-	(24)	-	-	(24)	-
Fleet services (incl. govt motor transport)	67 803	-	-	3 749	-	-	3 749	71 552
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	7 965	-	-	(4 609)	-	-	(4 609)	3 356
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	996	-	-	(39)	-	-	(39)	957
Inventory: Fuel, oil and gas	31 235	-	-	(12 626)	-	-	(12 626)	18 609
Inventory: Learner and teacher support material	609	-	-	(430)	-	-	(430)	179
Inventory: Materials and supplies	90 857	-	-	(9 043)	-	-	(9 043)	81 814
Inventory: Medical supplies	64	-	-	(63)	-	-	(63)	1
Inventory: Medicine	37	-	-	418	-	-	418	455
Medcas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	1	-	-	(1)	-	-	(1)	-
Consumable supplies	6 137	-	-	1 101	-	-	1 101	7 238
Consumable: Stationery, printing and office supplies	17 594	-	-	(1 273)	-	-	(1 273)	16 321
Operating leases	58 465	-	-	(24 586)	-	-	(24 586)	33 879
Property payments	78 076	-	-	26 059	-	-	26 059	104 135
Transport provided: Departmental activity	250 347	-	-	(12 705)	-	-	(12 705)	237 642
Travel and subsistence	71 503	-	-	(9 458)	-	-	(9 458)	62 045
Training and development	9 500	-	-	(2 991)	-	-	(2 991)	6 509
Operating payments	13 943	-	-	(6 672)	-	-	(6 672)	7 271
Venues and facilities	7 227	-	-	4 852	-	-	4 852	12 079
Rental and hiring	287 508	-	-	(76 075)	-	-	(76 075)	211 433
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	1 053 563	-	-	(16 338)	-	1	(16 337)	1 037 226
Provinces and municipalities	4 691	-	-	-	-	-	-	4 691
Provinces	4 691	-	-	-	-	-	-	4 691
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	4 691	-	-	-	-	-	-	4 691
Municipalities	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	5 699	-	-	6	-	-	6	5 705
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	5 699	-	-	6	-	-	6	5 705
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	1 016 045	-	-	(5 000)	-	1	(4 999)	1 011 046
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	1 016 045	-	-	(5 000)	-	1	(4 999)	1 011 046
Subsidies on production	1 011 045	-	-	-	-	1	1	1 011 046
Other transfers	5 000	-	-	(5 000)	-	-	(5 000)	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	27 128	-	-	(11 344)	-	-	(11 344)	15 784
Social benefits	12 851	-	-	(926)	-	-	(926)	11 925
Other transfers to households	14 277	-	-	(10 418)	-	-	(10 418)	3 859
Payments for capital assets	3 343 714	-	-	101 908	-	-	101 908	3 445 622
Buildings and other fixed structures	3 127 432	-	-	100 000	-	-	100 000	3 227 432
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	3 127 432	-	-	100 000	-	-	100 000	3 227 432
Machinery and equipment	216 282	-	-	1 583	-	-	1 583	217 865
Transport equipment	204 744	-	-	(6 359)	-	-	(6 359)	198 385
Other machinery and equipment	11 538	-	-	7 942	-	-	7 942	19 480
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	325	-	-	325	325
Payments for financial assets	4 553	-	-	1 594	-	-	1 594	6 147
Total	9 571 940	-	-	-	-	5 680	5 680	9 577 620
Amount to be voted								5 680
of which: Unauth. Exp. (1st charge) not available for spending								(4 553)
Baseline available for spending after first charge								9 573 067