

ANNUAL REPORT

2022/23



KWAZULU-NATAL PROVINCE

TRANSPORT
REPUBLIC OF SOUTH AFRICA

**GROWING
KWAZULU-NATAL
TOGETHER**

**TRANSPORT
DRIVING
RECOVERY
AND
ECONOMIC
GROWTH.**



MR S.E HLOMUKA
MEC:Transport,
Community Safety and Liaison

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KWAZULU-NATAL PROVINCE

TRANSPORT
REPUBLIC OF SOUTH AFRICA

**KwaZulu-Natal Department of Transport
Annual Report 2022/23**

Mr Sipho Emmanuel Hlomuka, MEC for Transport, and Community Safety and Liaison

I have the honour of submitting the Annual Report of the Department of Transport for the period of
1 April 2022 to 31 March 2023.

A handwritten signature in black ink, appearing to be 'S.E. Hlomuka', written over a horizontal line.

MR. S.E HLOMUKA
MEC FOR TRANSPORT, COMMUNITY SAFETY AND LIAISON



2022/23
DEPARTMENT OF TRANSPORT
ANNUAL REPORT
VOTE 12

PART A:
GENERAL
INFORMATION



1 DEPARTMENTAL GENERAL INFORMATION

2022/23 ANNUAL REPORT

VOTE 12

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I N K O S I
MHLABUNZIMA MAPHUMULO HOUSE



2 LIST OF ABBREVIATES /ACRONYMS

AO	Accounting Officer
AGSA	Auditor-General of South Africa
AFS	Annual Financial Statements
CFO	Chief Financial Officer
DORA	Division of Revenue Act
HR	Human Resources
MPSA	Minister of Public Service and Administration
PFMA	Public Finance Management Act, Act 1 of 1999
PPP	Public Private Partnerships
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
TR	Treasury Regulations



3 FOREWORD BY THE MEMBER OF THE PROVINCIAL EXECUTIVE COUNCIL, MR S.E HLOMUKA ON THE ANNUAL REPORT OF THE DEPARTMENT 2022/2023

We have now been in office for more than a year. In our one year in office we have visited all corners of this province interacting with our staff, stakeholders, communities and members of the KwaZulu-Natal Legislature and the reception has been warm and humbling.

The people of the province appreciate the work done by the ANC led government in this Department in the past 29 years of freedom and democracy however they want us to now quicken the pace of our service delivery and to ensure that our footprints are well felt and seen across the entire spectrum of KwaZulu-Natal.

In our quest of leaving no one behind our key focus in the financial year under review has been driving mass job creation, accelerating the rollout of infrastructural projects while continuing to create a safe and efficient public transportation system.

In the past financial year, we have also expedited the filling of all vacant posts in the department. These included the appointment of Senior Managers such as the Chief Financial Officer, Director Supply Chain Management, the Chief Director for Durban Region and the Chief Director Public Transport and Freight. We believe that these appointments have assisted in bringing stability within the institution.

It is important to highlight that the Department in the year under review operated in a challenging environment in terms of the rollout of service delivery as the province experienced floods in the first quarter of the financial year in April 2022. This disturbed the planned service delivery projects as the budget had to be reprioritised to fix the damaged projects.

Other factors which led to delays in the rollout of infrastructure projects was the unavailability of materials for construction and maintenance, stoppage of work due to main contractor not paying workers and community protests.

In our engagements with the Accounting Officer and the Management Committee of the Department we have also identified the need to improve on our own internal project management in order to ensure that we meet all our targets in our projects and programmes. We also need to improve on our approval process within our Supply Chain Management so that they are no delays in the commencement of infrastructural projects. Therefore, we have in the past year focused on capacitating our finance unit.

We are also continuing to take seriously the matters of our audit improvement as we want to one day achieve a clean audit. We are making progress in eliminating matters of concern which have been raised by the office of the Auditor General as the Department received an unqualified audit in respect of performance information. We now remain with one qualification matter on revenue for traffic law enforcement. If we continue in this trajectory, we are positive that we will soon turn the tide in our financial performance. We however need all our Senior Managers to work hand in hand with the Accounting Officer and play their role in ensuring that the Department receives a clean audit.

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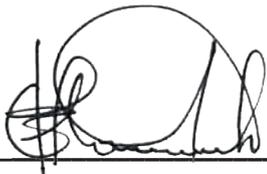
Another area that we as the department are serious on improving upon is our traffic law enforcement as we want to reclaim our status as a Zero Tolerance Province. In the past financial year, the department has been moving with speed to stabilize the Road Traffic Inspectorate (RTI) and to boost the morale of the traffic officers. The department has in the past year advertised over 430 posts within Road Traffic Inspectorate (RTI) and Public Transport Enforcement Service. In addition, the department also embarked on a recruitment drive of 200 traffic trainees. We believe that filling of all these posts will improve our enforcement capacity and assisting in reviving our traffic enforcement

In the financial year under review we have also continued to contribute to job creation and exceeded the target for the Vukayibambe Routine Road Maintenance programme as well as the number of women employed.

We will be looking at constantly reviewing and improving our business model under Programme 5 as this is the anchor programme of communities and groups that were previously disadvantaged. It is under this programme that we are hoping to continue to create much needed jobs under our newly adopted provincial job creation programme S'thesha Waya Waya.

We remain committed to prudent financial management, accountability and good governance. We are confident that we will end this sixth administration with an improved performance and ensure that the lives of the people that we serve change for the better.

With this I wish to table our 2022/2023 Annual Report.



MR S.E HLOMUKA

MEC FOR TRANSPORT, COMMUNITY SAFETY AND LIAISON



4 REPORT OF THE ACCOUNTING OFFICER

4.1 OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

4.1.1 Important Policy Decisions and Strategic Issues Facing the Department

The following is an overview of the results and challenges for the department, include significant events and projects for the 2022/23 financial year.

Preferential Procurement Policy

On Wednesday, 16 February 2022, the Constitutional Court handed down judgment in the application for leave to appeal against a judgment and order of the Supreme Court of Appeal (SCA). This application was brought by the national Minister of Finance (“the Minister”) against Afribusiness NPC, and concerns the validity of the Preferential Procurement Regulations, 2017 (“Procurement Regulations” as referred to in the judgment) promulgated by the Minister on 20 January 2017, in terms of section 5 of the Preferential Procurement Policy Framework Act, 2000 (“Procurement Act” as referred to in the judgment).

The SCA held that the Minister’s promulgation of regulations 3(b), 4 and 9 of the 2017 Regulations was unlawful. Due to what the SCA held to be the interconnectedness of the regulations, the entirety of the 2017 Regulations was declared invalid on the basis that the content of the 2017 Regulations exceeded what the Minister could permissibly regulate in terms of section 5 of the Act and section 217 of the Constitution. The declaration of invalidity was suspended for 12 months. According to section 18(1) of the Superior Courts Act, a SCA judgment and order are suspended when an application for leave to appeal is lodged.

To address the uncertainty, the Minister of Finance decided to bring an application to the Constitutional Court, on an urgent basis, to seek confirmation from the Court that the order of invalidity of the 2017 Regulations has been and continues to be suspended. This is to establish whether the 2017 Regulations remain valid until 15 February 2023, unless repealed sooner; or are no longer valid from 16 February 2022, the date of the Constitutional Court judgment.

Whilst seeking guidance from the Court on the date of invalidity of the regulation, and in order to curtail the risk of awarding tenders based on regulations that may no longer be valid, the National Treasury issued an advisory communique on 25 February 2022 indicating that organs of state are advised that:

- a) tenders advertised before 16 February 2022 be finalised in terms of the Procurement Regulations;
- b) tenders advertised on or after 16 February 2022 be held in abeyance; and
- c) no new tenders be advertised.

The National Treasury subsequently, on 03 March 2022 issued a further advisory communique to Organs of State indicating in summary that:

- a) the advice provided on 25 February 2022 excluded procurement with a Rand value less than R30 000 obtained through price quotations;

PART A: GENERAL INFORMATION

- b) new draft regulations would be published for comment (for a period of 30 days). The draft regulations were subsequently issued on 10 March 2022, with the comment period closing on 11 April 2022.
- c) until the new regulations take effect that Organs of State may in terms of section 3 of the Act, request an exemption from the provisions of the Act for a specific procurement or category of procurement requirements, limiting this to procurement that cannot await the new regulations or Constitutional Court's guidance.

A special extended COHOD meeting was held on Tuesday, the 15th March 2022 where a presentation was made by Provincial Treasury on the proposed way forward regarding the implications of the recent Constitutional Court Judgement on the Preferential Procurement Regulations, 2017.

After extensive deliberations, a resolution was made that the Province of KwaZulu-Natal will apply for an exemption for categories of procurement. The Exemption was going to be on the bases that the procurement was "in the Public interest" Provincial Treasury, on that meeting, was tasked to coordinate the submission of provincial exemption requests to National Treasury

On the 22nd of March 2022, the department wrote to National Treasury requesting an exemption from the application of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000 - PPPFA) in order to continue with procurement processes so as to ensure that service delivery requirements are not negatively impacted and that the institution is able to fulfil its obligations in terms of its mandate.

The Minister of Finance, in terms of section 3(c) of the PPPFA granted the request for an exemption from the provisions of the PPPFA and regulations made thereunder. The exemption was effective from 28 March 2022 until:

- new Preferential Procurement Regulations take effect; or
- the Constitutional Court confirms the suspension of the order of invalidity of the Preferential Procurement Regulations, 2017, for a period of 12 months, whichever occurs first.

The Constitutional Court confirmed that the suspension of the declaration of the order of invalidity of the 2017 Regulations is still valid for the remainder of the 12-month period, namely until 15 February 2023. This meant that the 2017 Regulations in their entirety were still valid from the 30th of May 2022 all exemptions granted to deal with the period of uncertainty following the Court's judgment of 16 February 2022, lapsed (according to the condition in the letters of exemptions).

Subsequently, National Treasury issued the Preferential Procurement Regulations, 2022 which would take effect on 16 January 2023. This meant that Accounting Officers and Authorities must develop their preferential procurement policies by the 16th of January 2023.

The KZN Department of Transport developed and issued its own Preferential Procurement Policy which took effect from 13 January 2023. The Supply Chain Management Policy that is aligned to the departmental Preferential Procurement Policy was developed and approved on the 17th of February 2023.

Flood Disaster Relief

Flooding of provincial road infrastructure in parts of KwaZulu-Natal (KZN) on the 11th and 12th April 2022, resulting in extensive damage to provincial roads, bridges and other structures.

On the 18th April 2022 this was declared a national disaster by the President of the Republic of South Africa. On this day the South African National Roads Agency (SANRAL) was designated as the lead agency on the extensive work required to repair roads in the Province.

The Minister of Transport established a Rapid Response Team (RRT) for the transport sector under the leadership of the Director General: National Department of Transport. This RRT was tasked with the coordination and ratification of the work plan in respect of the Transport Minister's interventions to affected areas.

It was at one of the RRT meeting where SANRAL indicated that they don't have adequate capacity to implement all these projects on behalf of KZN and Eastern Cape Provincial Departments and the affected Municipalities.

Only later was there a resolution that SANRAL will be implementation strategic infrastructure projects while the rest will be funded and implemented by KZNDoT through internal reprioritization.

PART A: GENERAL INFORMATION

The department reprioritised funds from both the Equitable Share and Provincial Roads Infrastructure Grant (PRMG) with approvals sought and received from both KZN Provincial Treasury and National Department of Transport on 27 May 2022 and 28 June 2022, respectively.

Only after these approvals had been received did the department start procurement processes to repair affected roads.

Adding to the delays in the awarding of contractors was a requirement that all procurements of goods, services and infrastructure with a value in excess of R1 million shall be vetted by the Provincial Treasury prior to the award being made by the Department. This resulted in most projects being awarded towards the end of the second quarter with the majority being awarded during the third quarter as and when vetting reports were finalized.

4.2 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

4.2.1 DEPARTMENTAL RECEIPTS

REVENUE TARIFFS

The Department did not adjust its revenue tariffs for all revenue categories for the 2022/23 financial year.

MOTOR VEHICLE LICENCES

Motor Vehicle Licences

The KwaZulu-Natal Department of Transport, responsible for motor vehicle registration and licensing in terms of the current national and provincial road traffic legislation, collects motor vehicle licence fees through 82 Registering Authority offices, made up of 7 Provincial Offices, 41 Municipal Offices, and 34 Post Offices. Motor vehicle licence fees are calculated, country wide, on the tare weight of a vehicle. Each MEC of the nine provinces is mandated to administer vehicle registration and licence fees, inclusive of the increase.

The variances between motor vehicle licences charged across all provinces in the various fee categories are significant. The Province is losing revenue to neighbouring regions due to cheaper rates as the fees have not yet been standardised. To avoid further losses, the Department has been implementing a conservative 4% tariff increase rate since the 2016/17 financial year to narrow the gap. However, for the 2022/23 financial year, the department did not implement any tariff increase in respect to motor vehicle licenses.

The National Department of Transport formed a task team comprising representatives from Provincial Treasuries and National Treasuries to explore ways to standardise the tariffs for motor vehicle licences, as some provinces such as KZN charge higher rates than others.

In August 2020, the inception of the use of card machines at registering authorities commenced. These card machines are linked to the Department's bank account and not that of the registering authority. This meant that when the public opted to use the card machine to pay for their motor vehicle licences, the funds would be directly deposited to the Department's bank account even when the renewal or the registration occurred at registering authorities (such as the municipality or post office).

This process did not leave enough revenue to enable these authorities to retain their fee, and as a result, the Department had to process payments to the registering authorities after calculating the fee they were entitled to for the month. This revenue category is therefore reporting revenue higher than it would have, had the old process of retaining the fee from the collected revenue been still in place.

PART A: GENERAL INFORMATION

ROAD & TRANSPORT LICENCES/FEEES

Revenue collected for road and transport licences/fees includes learners' and drivers' licences applications, issuance, and renewal, conversion of drivers' licences and the sale of personalised and specific number plates.

The Department has been experiencing a decline in the revenue collection against this category since the National Minister of Transport only determines the Learner and Driver License tariffs. These have remained the same for the past ten financial years. The other contributing factor to the decline is the economic climate and the high unemployment rate in the Province.

REVENUE COLLECTION

The Department of Transport collects the most significant revenue in the Province. Below is a table that summarises receipts collected compared to the budgeted amounts for both the 2022/23 financial year and the 2021/22 financial year.

Departmental Receipts	2022/2023			2021/2022		
	Estimate	Actual Amount Collected	(Over) Under Collection	Estimate	Actual Amount Collected	(Over) Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts						
- Motor vehicle licenses	2 110 040	2 158 063	(48 023)	2 000 914	2 103 961	(110 924)
Sale of goods and services other than capital assets	71 083	122 578	(51 495)	67 186	75 360	(8 174)
Fines, penalties and forfeits	42 134	14 535	27 599	39 824	69 647	(29 823)
Interest, dividends and rent on land	150	296	(146)	142	65	77
Sale of capital assets	1 694	11 503	(9 809)	1 616	-	1 616
Financial transactions in assets and liabilities	2 018	98 995	(96 977)	1 926	11 406	(9 480)
Total	2 227 119	2 405 970	(178 851)	2 111 608	2 260 440	(156 708)

The Department collected R2.406 billion for the year against an annual budget of R2.227 billion, over-collecting by R178.851 million. The over-collection was as follows:

- Tax receipts: Motor vehicle licenses collected R2.158 billion against the annual budget of R2.110 billion. The over-collection of R48.023 million can be attributed to higher than anticipated applications for new and renewed motor vehicle licences.
- Sale of goods and services other than capital assets over-collected at R122.578 million against the annual budget of R71.083 million. Revenue from this source relates to applications for learners' and drivers' licences and commission on PERSAL deductions such as insurance premiums and garnishees, course fees related to the Traffic Inspectorate Training College, etc.
- Interest, dividends and rent on land over-collected at R296 000 against the annual budget of R150 000 mainly because interest on staff debts were higher than forecasted. It is difficult to budget for this revenue source due to its uncertain nature.
- The sale of capital assets over-collected at R11.503 million against the annual budget of R1.694 million which was revenue from the sale of redundant vehicles and mechanical plant.
- Transactions in financial assets and liabilities reflect a revenue collection of R98.995 million against a budget of R2.098 million. Revenue from this source constituted mainly recoveries from previous years' expenditure, like staff debts such as salary over-payments and breached bursary contracts. The over-collection was primarily a result of revenue related to previous financial periods.

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The over-collection was offset to some extent by an under-collection in the following categories:

- Fines, penalties and forfeits collected R14.535 million against a budget of R42.134 million. Revenue from this category depends on the ability and willingness of the public to pay their fines.

4.2.2 PROGRAMME EXPENDITURE

Below is a table that presents a summary of the actual expenditure in comparison to the adjusted appropriation for both the 2022/23 financial year and the 2021/22 financial year.

Programme Name	2022/2023			2021/2022		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	641 217	641 217	-	456 758	456 758	-
Transport Infrastructure	8 766 037	8 688 088	77 949	8 180 314	8 181 960	(1 646)
Transport Operations	2 330 394	2 328 032	2 362	1 938 780	1 938 780	-
Transport Regulation	1 087 665	1 086 534	1 131	957 896	957 896	-
Community Based Programme	28 700	28 331	369	37 970	37 970	-
Total	12 854 013	12 772 202	81 811	11 571 718	11 573 364	(1 646)

The Department under-spent its 2022/23 budget by R81.813 million. After undertaking virements to off-set expenditure pressures against various programmes and economic classifications, the overall expenditure outlook for the department was as follows:

PROGRAMME 2: TRANSPORT INFRASTRUCTURE R77.949 MILLION

R45.951 million relates to the department withholding invoices in line with the Provincial Executive Council's decision for the department to contribute a larger amount than the initial R200 million determined as funds to be surrendered by the Vote, for allocation towards the budget pressures in the province.

R32 million relates to the PRMG that was under-spent but committed and the department has requested a roll-over in this regard.

PROGRAMME 3: TRANSPORT OPERATIONS R2.362 MILLION

R2.362 million in respect to *Transfers and subsidies to: Non-profit institutions* towards operational costs for the KwaZulu-Natal Bus Council (KWANABUCO) as per the MOA between the department and the organisation was under-spent. The lower than budgeted transfer was due to the appointment of the new Provincial Executive Committee in January 2023 and the committee was not able to complete the assessment of its members, as well as to check and work on its new database to implement projects such as promoting road safety, empowering the conflict resolution committee, supporting women operators, training and empowerment of women, etc., due to the number of changes in the Provincial Executive Committee. This exercise has now been completed.

PROGRAMME 4: TRANSPORT REGULATION R1.131 MILLION

R1.131 million ascribed to *Transfers and subsidies to: Non-profit institutions* caters for operational costs for the South African National Taxi Council (SANTACO) KZN as per the MOA signed between the department and the organisation. The transfer is to assist the organisation by uplifting their operating and line function business standards and creating a more efficient and effective business orientated environment. The transfer is used for rental, water, lights and maintenance of the 16 SANTACO offices. The lower than budgeted transfer was due to the Santaco office bearer and support staff March 2023 accrued salaries.

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PROGRAMME 5: COMMUNITY BASED PROGRAMME R369 000

Goods and services was lower than budgeted in respect of consultants' costs relating to the Contractor Development Programme (CDP) that was not finalised due to changes made to the specifications. The programme seeks to address the developmental challenges facing a number of contractors in the roads infrastructure sector through structured training, mentorship and management interventions. Also, travel and subsistence costs were lower than budgeted due to costs associated with the non-filling of vacant posts.

4.2.3 VIREMENTS

The department has kept to the requirements of Section 43 of the PFMA read in conjunction with Treasury Regulation 6.3 and Section 5 of the Appropriation Act (No. 7 of 2022) which set out the current parameters within which virements may take place as follows:

- The saving utilised from a main division of a vote did not exceed eight percent of an amount appropriated under that main division as stipulated under subsection (2) of Section 43 of the PFMA;
- The sum of the unspent funds in a main division of a vote approved for use in another main division of that vote did not exceed eight per cent of the amount appropriated under the main division as stipulated in subsection (3) of Section 5 of the Appropriation Act (No. 7 of 2022);
- Did not utilise a saving from an amount specifically and exclusively appropriated for a purpose mentioned under a main division within a vote as stipulated under subsection (4)(a) of Section 43 of the PFMA;
- Did not utilise a saving from an amount appropriated for transfer to another institution as stipulated under subsection (4)(b) of Section 43 of the PFMA; and
- Did not utilise a saving from an amount appropriated for capital expenditure in order to defray current expenditure as stipulated under subsection (4)(c) of Section 43 of the PFMA.
- The purpose of these virements was to ensure service delivery and alignment to the Department's mandated objectives.

The virements that were applied are as per the below:

2022/2023					
Programme Name	Adjusted Appropriation	Virements	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000	R'000	R'000
Administration	589 407	51 810	641 217	641 217	-
Transport Infrastructure	9 284 758	(518 721)	8 766 037	8 688 086	77 951
Transport Operations	1 962 459	367 935	2 330 394	2 328 032	2 362
Transport Regulation	986 195	101 470	1 087 665	1 086 534	1 131
Community Based Programme	31 194	(2 494)	28 700	28 331	369
Total	12 854 013	-	12 854 013	12 772 200	81 813

The Department undertook virements post Adjustments Estimate to reduce unauthorised expenditure, in respect of all five programmes.

Most of the virements undertaken did not require Treasury approval as they were within the approval of the Accounting Officer, and do not exceed the 8 per cent limit set in terms of the PFMA.

The Post Adjustments Estimate virements undertaken between programmes by the Department are as follows:

A net amount of R51.810 million was moved to Programme 1: Administration as follows:

- R2.494 million was moved within Goods and services from Programme 5: Community Based Programme against the sub-programme: Programme Support Community Based to Programme 1: Administration, under the sub-programme: Corporate Support to cater for higher than budgeted computer services ascribed to the documentation of floor plans for IT infrastructure.
- R9.113 million was moved from Programme 2: Transport Infrastructure, under the sub-programme: Construction

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against Buildings and other fixed structures to Programme 1: Administration, under the sub-programme: Corporate Support against Machinery and equipment to cater for motor vehicles ordered from 2021/22, which were delivered and paid for in 2022/23, and were thus not budgeted for in that year.

- R40.203 million was moved from Programme 2: Transport Infrastructure, under the sub-programme: Maintenance against Compensation of employees to Programme 1: Administration, under the sub-programme: Corporate Support against *Goods and services* to cater for higher than budgeted computer services ascribed to the documentation of floor plans for IT infrastructure.

A net amount of R367.935 million was moved to Programme 3: Transport Operations as follows:

- R24.697 million was moved from Programme 2: Transport Infrastructure, under the sub-programme: Maintenance against Compensation of employees to Programme 3: Transport Operations, under the sub-programme: Public Transport Services against Goods and services to cater for higher than budgeted learner transport services attributed to a CPI escalation increase that was inadvertently not budgeted for by the department as per the bid document, as well as more learners being transported.
- R343.238 million was moved from Programme 2: Transport Infrastructure, under the sub-programme: Maintenance against Goods and services to Programme 3: Transport Operations, under the sub-programme: Public Transport Services against Public corporations and private enterprises to cater for higher than budgeted bus subsidies due to pressures resulting from the under-funding of the grant since its inception, as well as the increase in fuel indices, among others.

A net amount of R101.470 million was moved to Programme 4: Transport Regulation as follows:

- R4.901 million was moved from Programme 2: Transport Infrastructure, under the sub-programme: Construction against Buildings and other fixed structures to Programme 4: Transport Regulation, under the sub-programme: Transport Administration and Licensing against Payments for financial assets to cater for the write offs of long outstanding receivables.
- R15.440 million was moved within Compensation of employees from Programme 2: Transport Infrastructure, under the sub-programme: Maintenance to Programme 4: Transport Regulation, under the sub-programme: Operator Licenses and Permits to cater for expenditure pressures related to the implementation of the 3 percent (3%) pensionable salary increase with effect from 1 April 2022 for government employees which was not budgeted for.
- R23.941 million was moved within Compensation of employees from Programme 2: Transport Infrastructure, under the sub-programme: Maintenance to Programme 4: Transport Regulation, under the sub-programme: Law enforcement to cater for expenditure pressures related to the implementation of the 3 percent (3%) pensionable salary increase with effect from 1 April 2022 for government employees which was not budgeted for.
- R4.541 million was moved within Goods and services from Programme 2: Transport Infrastructure, under the sub-programme: Maintenance to Programme 4: Transport Regulation, under the sub-programme: Law Enforcement to cater for travel and subsistence costs which were higher than budgeted due to increased travelling in respect of traffic law enforcement during festive and peak seasons requiring additional services.
- R52.647 million was moved from Programme 2: Transport Infrastructure, under the sub-programme: Construction against Buildings and other fixed structures to Programme 4: Transport Regulation, under the sub-programme: Law Enforcement against Machinery and equipment to cater for expenditure pressures related to the procurement of 800 RTI personal operating devices (PODs) for Law Enforcement offices. The devices are used for the issuing of Section 56 written notices and Section 44 suspension notices for traffic offences.

Requested roll-overs to 2023/24

R32 million relates to the PRMG that was under-spent but committed and the department has requested a roll-over in this regard.

UNAUTHORISED, FRUITLESS AND WASTEFUL EXPENDITURE

R'000	2022/2023	2021/2022
Unauthorised expenditure	-	1 647
Irregular expenditure	3 016 606	4 303 494
Fruitless and wasteful expenditure	17	50
Total	3 016 623	4 305 191

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The Department did not incur unauthorised expenditure in the 2022/23 financial year. Only R22,884,040.48 relates to new incidents of irregularities incurred in the current year. The balance of R2,993,722,296.92 relates to carry through costs of multi-year projects where the irregularities were identified in the previous years. The contracts are coming to an end and therefore a drop is expected irregular expenditure.

The amounts reflected against fruitless and wasteful expenditure relate to interest on overdue accounts.

2022 FLOOD DISASTER RELIEF

In line with SCM Circular No. 01 of 2022/23 relating to the April floods, the department undertook virements toward repairs to the flood damaged road infrastructure, and these were formalised in the Adjustments Estimate. In this regard, the department reprioritised a total of R2.911 billion to cater for about 730 projects, of which R1.882 billion was sourced from its equitable share allocation and the balance of R1.029 billion was sourced from the Provincial Roads Maintenance grant (PRMG) allocation, with approval for this movement of funds having been received from National DOT (NDOT).

The department fully spent the total allocation of R1.029 billion which was reprioritised under the PRMG toward the flood repairs and spent R1.083 billion of the reprioritised equitable share funds of R1.882 billion, with a balance of R798 million remaining unspent but committed at year-end. While there was under-spending, the department notes that projects have commenced in this regard. Although the unspent funds were absorbed in other areas of spending, the department will cater for them in their 2023/24 budget. It should be noted that most of the projects were awarded in October/November 2022 due to longer than anticipated SCM processes, such as changes made to tender documents after the Bid Evaluation Committees' (BEC) reviews. This was due to an effort by the department to reduce and if possible, avoid/eliminate irregular findings on its contracts.

The flood repair projects were all budgeted for within Programme 2 and against *Goods and services*, and included betterment and re-gravelling, blacktop patching, wash-away repairs, pipe installation and headwalls, as well as reinstatement of approach-gabions, etc. Also, additional funding of R589.300 million was allocated in respect of the PRMG from National Treasury and this was allocated to the department towards repairs to roads damaged by the April 2022 floods. The funds were allocated against *Goods and services* under Programme 2. This amount was fully spent by year-end.

COVID-19 EXPENDITURE

Although the National State of Disaster in response to the Covid-19 pandemic was terminated as at the 3rd of April 2022, the department continued to observe Covid-19 protocols and did incur expenditure of R209 000 towards the procurement of sanitisation of departmental buildings and hiring of marquees to assist with social distancing as the Covid-19 virus still exists.

FUTURE PLANS OF THE DEPARTMENT

The Department plans to continue to strive to provide the public with mobility through an affordable transportation system that is safe, integrated, regulated and accessible, to meet the developmental needs of our Province. The department is currently aligning its organisational structure to the service delivery model as well as the District Development Model (DDM). Furthermore, the department will be incorporating other modes of transport such as rail, aviation and maritime into its strategic plans.

PUBLIC PRIVATE PARTNERSHIPS

The Department did not enter into any Public Private Partnerships the 2022/23 financial year.

DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

The Department did not discontinue, nor does it have any plans to discontinue any services/activities.

NEW/PROPOSED ACTIVITIES

There are no new/proposed activities during for the upcoming financial year.

PART A: GENERAL INFORMATION

SUPPLY CHAIN MANAGEMENT

List of unsolicited bid proposals concluded for the year under review

Any unsolicited bids received would have been dealt with in terms of the National Treasury Practice Note on unsolicited bids, however there were no unsolicited bids received during this reporting period.

List whether SCM processes are in place to prevent irregular expenditure

The Department has developed an SCM Compliance Tool which was implemented in May 2020. The SCM Compliance System requires the SCM Practitioners to complete an automated checklist when undertaking a procurement transaction which ensures that all required procedures have been implemented prior to allowing an Order Approval to be finalised.

Challenges experienced in SCM and how they were resolved

The following are some of the challenges experienced in SCM together with interventions implemented:

Challenges	Interventions
SCM Capacity Constraints (Warm Bodies)	<ul style="list-style-type: none"> • Organisational Structure to be approved • Funding for the new organisational structure • Filling of funded posts • Filling of unfunded posts
Officials do not have the necessary Knowledge and skills	<ul style="list-style-type: none"> • Learning sessions for SCM officials • Learning sessions for Bid Committees • Learning sessions for end users
Delays in the procurement process	<ul style="list-style-type: none"> • Financial Delegations to be revisited • Implement period/panel contracts • Selecting the correct suppliers from CSD to provide quotations • Contracts implemented by other organs of state • Consolidation of procurement processes
Inadequate contract management	<ul style="list-style-type: none"> • Contract management policy and procedures • Contract Register • Communication of contracts due to expire • Legal services for contract management and appeals • Supplier Performance
SCM noncompliance identified by the Auditor General and Provincial Treasury Internal Audit	<ul style="list-style-type: none"> • Internal Compliance to conduct SCM compliance testing
SCM documentation not readily available	<ul style="list-style-type: none"> • Document management policy and procedures • Filing and archiving of documents • Electronic database of documents
Deviations not meeting the requirements for a deviation	<ul style="list-style-type: none"> • Request for deviations to be approved by Director: SCM
Suppliers being disqualified for administrative matters	<ul style="list-style-type: none"> • Contract development in completing bidding forms
Uneconomical use of resources (Actual price higher than estimated amount)	<ul style="list-style-type: none"> • Market Analysis • Negotiations
Internet Connectivity	<ul style="list-style-type: none"> • Solutions to improve internet connectivity
Inappropriate Office accommodation	<ul style="list-style-type: none"> • Upgrading of office accommodation
Lack of automation of processes	<ul style="list-style-type: none"> • Implementation of E-Tool for reporting and SCM • Management purposes
Lack of automation of processes	<ul style="list-style-type: none"> • Development of an EPR system
Working in Silo's	<ul style="list-style-type: none"> • Change management
Outdated Policy and SoP'S	<ul style="list-style-type: none"> • Updated Policy and SoP's for both general procurement and infrastructure procurement

PART A: GENERAL INFORMATION

Inappropriate responses to AG queries	• Training on how to respond to AG queries
---------------------------------------	--

GIFTS AND DONATIONS RECEIVED IN KIND FROM NON-RELATED PARTIES

The department did not receive any donations during the 2022/23 financial year.

EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

On the 30th of March 2022, the Minister, in terms of section 3(c) of the PPPFA granted the request for an exemption from the provisions of the PPPFA and regulations made thereunder. The exemption was effective from 28 March 2022 until:

- new Preferential Procurement Regulations take effect; or
- the Constitutional Court confirms the suspension of the order of invalidity of the Preferential Procurement Regulations, 2017, for a period of 12 months, whichever occurs first.

The Constitutional Court confirmed that the suspension of the declaration of the order of invalidity of the 2017 Regulations were still valid for the remainder of the 12-month period, namely until 15 February 2023. This meant that-

- the 2017 Regulations in their entirety were still valid.
- Therefore, from the 30th of May 2022 all exemptions granted to deal with the period of uncertainty following the Court's judgment of 16 February 2022, lapsed as per the condition in the letters of exemptions.

EVENTS AFTER THE REPORTING DATE

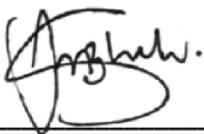
There are no significant events that occurred after the reporting date which will influence the interpretation of the results under review.

OTHER

There is no other material fact or circumstances, which may influence the understanding of the financial that is not addressed elsewhere in this Department.

CONCLUSION

The attached Annual Financial Statements have been approved by the Accounting Officer.

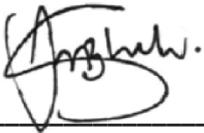


ACCOUNTING OFFICER
MR J.S MBHELE

5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed throughout the annual report are consistent. The annual report is complete, accurate and is free from any omissions. The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- As the Accounting Officer, I accept that I am responsible for the preparation of the annual financial statements and for the judgements made in this information. I am also responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2023.



ACCOUNTING OFFICER
MR J.S MBHELE

6 STRATEGIC OVERVIEW

VISION

The vision of the KwaZulu-Natal Department of Transport is:

“Prosperity through a smart transportation system”.

This means that as a Department, we connect the Province, the country, Africa and the World, through a globally competitive and sustainable transportation system that drives socio-economic growth and improves the quality of life of our people.

MISSION

To facilitate the mobility of people and goods by optimising the usage of all modes of transport through an efficient, reliable, integrated, safe, universally accessible and environmentally friendly transportation system.

VALUES

The values that guide and define the ethos of the Department are the following:

CORE VALUES	WHAT THEY MEAN TO THE DEPARTMENT
Good Governance	We will implement measures that ensure compliance with all applicable prescripts in the Public Service and the Republic and strive to obtain positive audit outcomes to strengthen accountability, build and sustain confidence in the manner in which we use public resources.
Professionalism	We will continuously strive to build a culture of high professional standards underpinned by work ethic and diligence and to encourage and actively support our staff to affiliate to professional bodies.
Innovation	We will strive to nurture a culture of creative thinking, continuous learning and encourage our staff to research and develop new ways of doing our business in ambitious ways that disrupt the status quo.
Leadership	We will continue to provide sound direction, guidance and leadership to motivate our staff to work hard and efficiently through recognition while providing service excellence at all times.
Teamwork	We will promote consultation, an open-door policy and communication in our activities to ensure teamwork and unity among all our staff.

7 LEGISLATIVE AND OTHER MANDATES

LEGISLATIVE MANDATES

The Department is mandated by the Constitution in terms of responsibilities that it has to discharge, together with other Provincial mandates and policies that further guide the Department in the fulfilment of its role and its contribution towards the attainment of the Provincial vision. The Provincial Growth and Development Strategy (PGDS), together with other Provincial policies, places the Department as the leader and coordinator of transport-related functions in the Province. To this end, the Department is charged with the responsibility of coordinating and contributing towards five of the priorities contained in the PGDS, which are:

- **Priority 1:** A Capable, Ethical and Developmental State;
- **Priority 2:** Economic Transformation and Job Creation;
- **Priority 4:** Consolidating the Social Wage Through Reliable and Quality Basic Services;
- **Priority 5:** Spatial Integration, Human Settlements and Local Government; and
- **Priority 6:** Social Cohesion and Safer Communities.

Other strategic legislation and policy mandates which impact upon or informs the Department's functioning while we execute our core functions, are summarised in the tables below. It must be noted that this list is not exhaustive:

NO.	NAME OF LEGISLATION
CIVIL AVIATION	
2.1.1	Airports Company Act; 1993 (Act No. 44 of 1993)
2.1.2	Air Services Licensing Act; 1990 (Act No. 115 of 1990)
2.1.3	Air Traffic and Navigation Services Company Act; 1993 (Act No. 45 of 1993)
2.1.4	Carriage by Air Act; 1946 (Act No. 47 of 1946)
2.1.5	Civil Aviation Act; 2009 (Act No. 13 of 2009)
2.1.6	Convention on International Interests in Mobile Equipment Act; 2007 (Act No. 4 of 2007)
2.1.7	Convention on the International Recognition of Rights in Aircraft Act); 1993 (Act 53 of 1993)
2.1.8	Convention on International Interests in Mobile Equipment Act; 2007 (Act No. 4 of 2007)
2.1.9	International Air Services Act; 1993 (Act No. 60 of 1993)
2.1.10	South African Civil Aviation Authority Levies Act; 1998 (Act No. 41 of 1998)

PART A: GENERAL INFORMATION

MARITIME TRANSPORT	
2.1.11	Carriage of Goods by Sea Act; 1986 (Act No.1 of 1986)
2.1.12	Marine Pollution (Prevention of Pollution from Ships); 1986 (Act No. 2 of 1986)
2.1.13	Marine Traffic Act; 1981 (Act No. 2 of 1981)
2.1.14	Merchant Shipping Act;1951 (Act No. 57 of 1951)
2.1.15	Sea Transport Documents Act; 2000 (Act No. 65 of 2000)
2.1.16	Ship Registration Act; 1998 (Act No. 58 of 1998)
2.1.17	Shipping and Civil Aviation Laws Rationalisation Act; 1994 (Act No. 28 of 1994)
2.1.18	South African Maritime and Aeronautical Search and Rescue Act; 2002 (Act No. 44 of 2002)
2.1.19	South African Maritime Safety Act; 1998 (Act No. 5 of 1998)
2.1.20	South African Maritime Safety Authority Levies Act; 1998 (Act No. 6 of 1998)
2.1.21	Wreck and Salvage Act; 1996 (Act No. 94 of 1996)
RAIL TRANSPORT	
2.1.22	Legal Succession to the South African Transport Services Act; 1989 (Act No. 9 of 1989)
2.1.23	National Railway Safety Regulator Act; 2002 (Act No. 16 of 2002)
PIPELINE	
2.1.24	Gas Act; 2001 (Act No. 48 of 2001)
2.1.25	National Energy Regulator Act; 2004 (Act No. 40 of 2004)
2.1.26	Petroleum Pipelines Act; 2003 (Act No. 60 of 2003)
ROAD TRANSPORT	
2.1.27	Administrative Adjudication of Road Traffic Offences; 1998 (Act No. 46 of 1998)
2.1.28	Advertising on Roads and Ribbon Development Amendment Act; 1985 (Act No. 43 of 1985)
2.1.29	Cross Border Road Transport Act; 1998 (Act No. 4 of 1998)
2.1.30	KZN Provincial Roads Act; 2001 (Act No.4 of 2001)
2.1.31	KZN Road Traffic Act; 1997 (Act No.7 of 1997)
2.1.32	National Roads Act; 1972 (Act No. 54 of 1971)
2.1.33	National Road Safety Act; 1972 (Act No. 9 of 1972)
2.1.34	National Road Traffic Act; 1996 (Act No. 93 of 1996)
2.1.35	Road Traffic Act; 1989 (Act No. 29 of 1989)
2.1.36	Road Traffic Management Corporation Act; 1999 (Act No. 20 of 1999)
2.1.37	Road Transportation Act; 1977 (Act No.74 of 1977)
CROSS CUTTING	
2.1.38	Broad-Based Black Economic Empowerment Act; 2003 (Act No. 53 of 2003)
2.1.39	Construction Industry Development Board Act; 2000 (Act No. 38 of 2000)
2.1.40	Construction Regulations; 2014; Gazette 37305 to the Occupational Health and Safety Act; 1993 (Act No 85 of 1993)

PART A: GENERAL INFORMATION

2.1.41	Criminal Procedure Act; 1977 (Act No. 51 of 1977)
2.1.42	Disaster Management Act; 2002 (Act No. 57 of 2002)
2.1.43	Engineering Profession Act; 2000 (Act 46 of 2000)
2.1.44	Government Immovable Asset Management Act; 2007 (Act No.17 of 2007)
2.1.45	National Environmental Management Act; 1998 (Act No. 108 of 1998)
2.1.46	National Land Transport Act; 2009 (Act No. 5 of 2009)
2.1.47	National Ports Act; 2005 (Act No. 12 of 2005)
2.1.48	National Regulator for Compulsory Specifications Act; 2008 (Act 5 Of 2008) and associated Regulations.
2.1.49	National Standards Act; 2008 (Act No. 8 of 2008)
2.1.50	National Water Amendment Act; 2014 (Act No. 27 of 2014) and the accompanying Draft Regulations Regarding the Procedural Requirements for Licence Applications in terms of Section 26(1) (k) of the National Water Act; 1998 (Act No. 36 of 1998)
2.1.51	Project and Construction Management Act; 2000 (Act No. 48 of 2000)
2.1.52	Promotion of Equality and Prevention of Unfair Discrimination; 2000 (Act No. 04 of 2000)
2.1.53	The Constitution of the Republic of South Africa; 1996 (Act No. 108 of 1996)
2.1.54	The Spatial Planning and Land Use Management Act; 2013 (Act No. 16 of 2013) (SPLUMA)
2.1.55	Urban Transport Act; 1977 (Act 78 of 1977)

POLICY MANDATES

NO.	NAME OF POLICY
CIVIL AVIATION	
2.2.1	White Paper on National Policy on Airports and Airspace Management; 1997
MARITIME TRANSPORT	
2.2.2	Comprehensive Maritime Transport Policy for South Africa; 2017
2.2.3	International Maritime Organisation under the International Convention named Safety of Life at Sea (SOLAS); 1974
2.2.4	National Commercial Ports Policy; 2002
RAIL TRANSPORT	
2.2.5	Draft White Paper on National Rail Policy; 2017
ROAD TRANSPORT	
2.2.6	KZN Learner Transport Policy; 1 July 2021
2.2.7	National Learner Transport Policy; June 2015
2.2.8	White Paper on National Transport Policy; 1996
CROSS CUTTING	
2.2.9	Draft Non-Motorised Transport Policy; December 2008
2.2.10	Framework on Gender Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing; 2018

PART A: GENERAL INFORMATION

2.2.11	Framework for Infrastructure Delivery and <i>Procurement Management, May 2019</i> (FIDPM) as issued by National Treasury, October 2019
2.2.12	Gender Equality Strategic Framework; 2015
2.2.13	KZN White Paper on Freight Transport Policy; October 2004
2.2.14	National Policy Framework for Women's Empowerment and Gender Equality (Gender Policy Framework); 2000
2.2.15	National Strategic Plan on Gender-Based Violence and Femicide; 2020
2.2.16	National Youth Policy 2020-2030; October 2020
2.2.17	The Department of Public Service and Administration's Determination on Reasonable Accommodation and Assistive Devices for Employees with Disabilities in the Public Services; July 2015
2.2.18	White Paper on the Rights of Persons with Disabilities; March 2016
2.2.19	Women's Financial Inclusion Framework; 2019

Institutional Policies and Strategies Over the 5 Year Planning Period

This Revised Strategic Plan; Version 2, aligns to the seven apex priorities of the 6th Administration which are underpinned by three pillars of the National Development Plan (NDP). The three pillars and related Revised MTSF priorities is where the Department has a direct contribution through its different programmes and projects:

NDP PILLARS	REVISED MTSF PRIORITIES
Pillar 1: Expansion of the economy and making growth inclusive	Priority 2: Economic Transformation and Job Creation
Pillar 2: Building of key capabilities (human physical and institutional)	Priority 4: Consolidating the Social Wage Through Reliable and Quality Basic Services Priority 5: Spatial Integration, Human Settlements and Local Government Priority 6: Social Cohesion and Safer Communities
Pillar 3: Building a capable and developmental State	Priority 1: A Capable, Ethical and Developmental State

Key areas of delivery for the Department, supported by the NDP and Revised MTSF are:

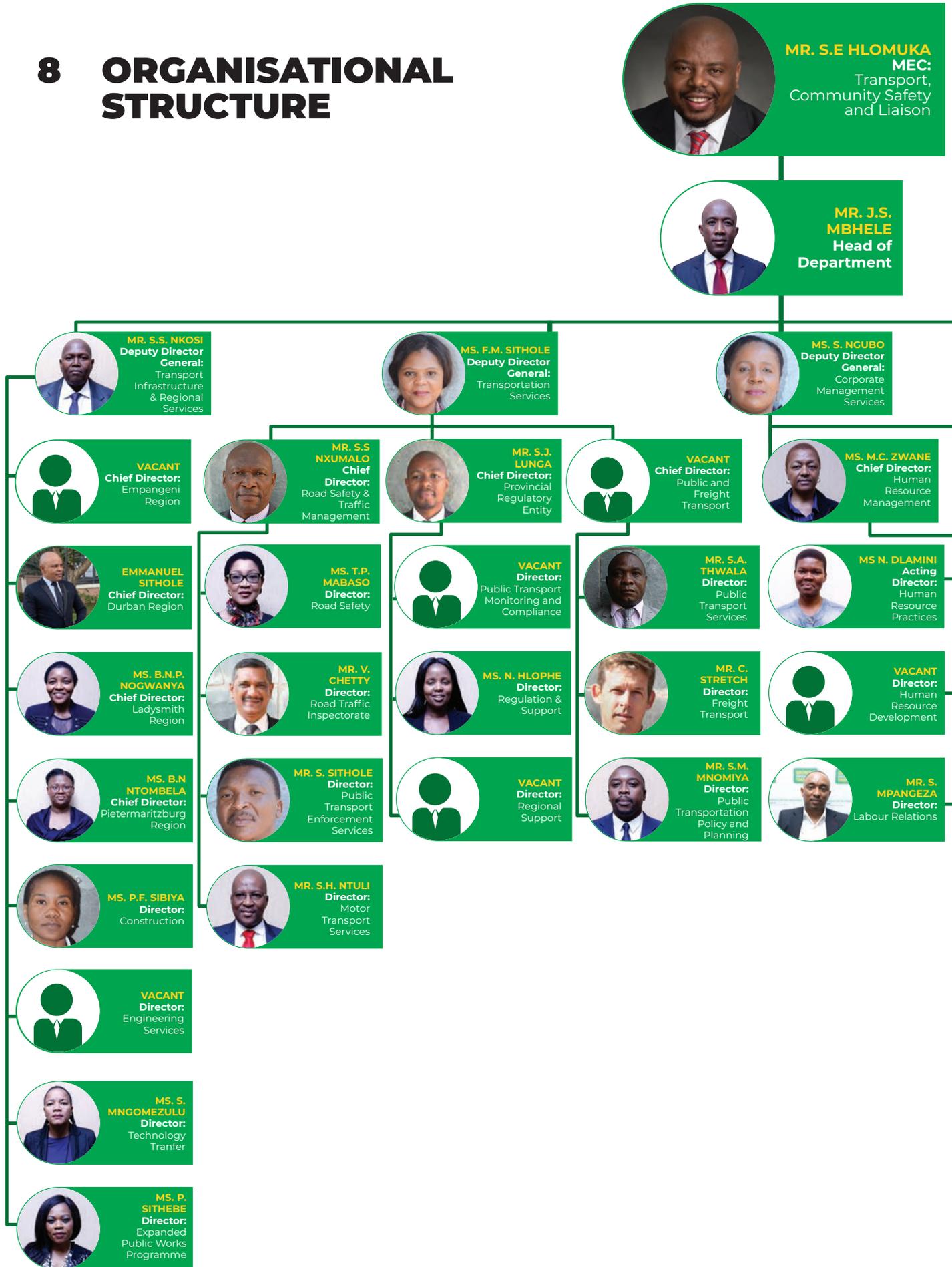
- transport infrastructure that stimulates economic growth and job creation;
- a transportation system that is an enabler for economic and social empowerment;
- transportation safety as an enabler of service delivery; and
- accelerating transformation so that there is greater economic participation of targeted groups.

PART A: GENERAL INFORMATION

The comprehensive list of institutional plans and strategies is as follows:

NO.	NAME OF PLAN/STRATEGY
MARITIME TRANSPORT	
3.1	Operation Phakisa; 2017
3.2	Comprehensive Maritime Transport Policy for South Africa; 2017
RAIL TRANSPORT	
3.3	Draft National Rail Policy; 2017
3.4	Economic Regulation of Transport Bill; 2020
ROAD TRANSPORT	
3.5	National Road Safety Strategy; 2016-2030
3.6	Road Infrastructure Strategic Framework for South Africa; October 2006
CROSS-CUTTING	
3.7	Annual Budget Prioritisation Framework : Towards Budget 2022
3.8	Draft KwaZulu-Natal Provincial Public and Freight Transportation Framework
3.9	Final Revised Medium Term Strategic Framework 2019-2024; 1 October 2021 and supporting Presidency's Ministerial Circular 1 of 2021
3.10	KwaZulu-Natal Provincial Land Transport Framework; March 2004
3.11	KwaZulu-Natal White Paper on Freight Transport Policy; October 2004
3.12	National Development Plan; 2030
3.13	National Freight Logistics Strategy; October 2005
3.14	National Infrastructure Plan; 2014
3.15	National White Paper on Transport Policy; 1996
3.16	Provincial Growth and Development Plan; 2019
3.17	Provincial Growth and Development Strategy; 2021
3.18	Provincial Land Transport Plan; (2020- 2030)
3.19	Provincial Spatial Economic Development Strategy; October 2006
3.20	Public Transport Strategy and Action Plan; 2007
3.21	Rural Transport Strategy for South Africa; 2007
3.22	The Department of Planning, Monitoring and Evaluation's, National Annual Strategic Plan; 2022/2023
3.23	The National Land Transport Strategic Framework; (2017-2022)
3.24	The National Spatial Development Perspective; 2006
3.25	Transforming our World: The 2030 Agenda for Sustainable Development; 2015

8 ORGANISATIONAL STRUCTURE





2022/23
DEPARTMENT OF TRANSPORT
ANNUAL REPORT
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PART B:
PERFORMANCE
INFORMATION



1 AUDITOR-GENERAL’S REPORT: PREDETERMINED OBJECTIVES

In accordance with the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, the Auditor General South Africa must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programme presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

The Auditor General selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. AG selected a programme that measures the department’s performance on its primary mandated functions and that is of significant national, community or public interest.

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

The Auditor General evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department’s planning and delivery on its mandate and objectives.

The performed procedures were conducted to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the department’s mandate and the achievement of its planned objectives;
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements;
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated;
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents;
- the reported performance information is presented in the annual performance report in the prescribed manner; and if
- there was adequate supporting evidence for the achievements reported and for the reasons provided for any over or underachievement of targets.

AG performed these procedures for the purpose of reporting material findings only; and not to express an assurance opinion. AG did not identify any material findings on the reported performance information for the selected programme.

2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

During the year under review, the Department operated in a challenging environment in respect of service delivery. The Province experienced floods in the first quarter of the financial year in April 2022. This disturbed the planned service delivery projects as efforts had to be channelled towards addressing the mayhem caused by floods to the affected communities. The Department embarked on a campaign to assess the damage by the floods, identify areas that were inaccessible, quantify and develop response mechanisms. As a result, there was a delayed start of most infrastructure service delivery projects which resulted in not achieving the scheduled target. Funds were reprioritised for flood relief projects.

The department operated in an environment which had business community disruptions resulting in work stoppages. The unavailability of material for construction and maintenance was equally a challenge during the year under review. The department also experienced stoppage of work by labour on CPG Contracts, due to late payment by the main contractor, including slow progress. The revised PPPFA Regulations impacted service delivery. This necessitated changes to the specification document.

In certain instances, communities were a factor. The community has stopped the establishment of the contractor as they were demanding the upgrade of D798 as it was promised. Projects were also cancelled due to non-compliance of the bidders during tender stage.

2.1 SERVICES DELIVERY ENVIRONMENT

The services delivered directly to the public are Driver Licence Registration and renewal, Motor vehicle registration, issuing of Operating licences, Issuing of abnormal load permits.

OPERATING LICENCES

The challenges experienced by the department in respect of issuing Operating licences as the Chief directorate does not have sufficient office accommodation to allow staff to better execute their duties since March 2020. This challenge limits the performance of the Chief directorate as it now relies on borrowed office space and boardrooms. This limitation further compels the Chief directorate to not fill all vacant posts as there is no office accommodation available.

The corrective measures to address these challenges are that Office services must provide sufficient office accommodation so that all vacant posts can be filled. This will ensure that the Chief directorate performs optimally.

There are no significant developments, external to the department, that impacted on the demand to deliver this service for the department.

MOTOR VEHICLE REGISTRATION

The challenges experienced by the department in respect of rendering Motor vehicle registration services including corrective measures are discussed below.

The recent closures of the South African Post Office (SAPO) which were performing the registration, and licensing of motor vehicle function, due to SAPO's financial constraints. The department has been approaching municipalities to perform the said function in areas where only Post Office render this service to ensure continued service delivery for member of the public.

There are also limited payment options for entities like municipalities who cannot easily get cash or credit cards to pay for their motor vehicle licenses. Currently the department only accepts cash, credit / cheque cards and journals for government departments. The Road Traffic Management Corporation (RTMC) has introduced online services which enable these entities to pay via EFT, but this service comes at an additional cost for these entities.

PART B: PERFORMANCE INFORMATION

Lastly, the high motor vehicle license fees in KZN pose a challenge. This has resulted in a high percentage of unlicensed vehicles due to low affordability by the members of the public. Some have migrated their vehicles to pay license fees in other provinces which are cheaper than KZN, resulting in KZN losing revenue. The department is currently looking at options available to align with other cheaper provinces. Part of the effort made by the department is, since 2021, there has not been any license fee increase.

DRIVER LICENCE REGISTRATION AND RENEWAL

The challenges experienced by the department in respect of rendering Driver Licence services include the following.

The equipment supplied National Department of Transport and Road Traffic Management Corporation namely the Live Scan Units (LCU) and Learner Enrollment Unit (LEU) at times are problematic and creates delays at the Driving Licence Testing Centres (DLTCs) thus hampering service delivery resulting in long queues at the DLTCs. Also, there are insufficient DLTCs to meet the current demand in the Province.

Furthermore, the equipment utilised at DLTCs to test for Learners Licence and Driving Licence are old. These were first implemented in 1998.

South Africa only has one old machine that prints the Driving Licence Cards and results in breakdowns creating delays in the printing of cards resulting in huge backlogs; while loadshedding itself creates unnecessary delays in rendering these services.

While the above challenges exist, it is noted that there are various attempts to resolve some of them with the intervention of National government. The RTMC is currently sourcing a Smart Machine which will replace the current LCU and LEU machines.

Also, there is an increase in the municipalities that are seeking upgrading of their facilities so that the province can accommodate the demand for the testing services. Lastly, the RTMC and NDOT are exploring migrating services to online platforms therefore mitigating delays in the application processes.

ABNORMAL LOAD PERMIT

The challenges experienced by the department in respect of issuing Abnormal Load licences is mainly attributed to a high vacancy rate in the Abnormal Loads Permit Office.

This Office has approved posts of one Senior Admin Officer and four Senior Admin Clerk. Two Senior Admin Clerks have transferred laterally within the Department; therefore, the unit is operating at 50% capacity. It is anticipated that these vacancies will soon be filled as there is interest from internal staff to transfer to these vacant positions.

The Abnormal Loads Office issues approximately 18 000 permits each year and is heavily reliant on Printing services. This office requires more efficient printing services than what is currently being utilised to meet the service delivery needs.

The corrective measures to address these challenges include the anticipated approval of the proposed structure and the filling of the two vacant Senior Admin Clerk posts.

The urgent procurement of a Printing Maintenance Service Provider and replacement of the existing printer in the Permit Office will also assist.

The international rise in the bulk coal price has caused an influx of applications for higher productivity vehicles operating under the Abnormal Loads Permits for Performance Based Standard Pilot Project. These vehicles require an Abnormal Load Permit to operate in KwaZulu Natal. This demand for Permits places pressure on the Abnormal Loads Permit office to meet service delivery targets. These are some of the significant developments, external to the department, that impacted on the increased demand for the department to deliver this service.

2.2 SERVICE DELIVERY IMPROVEMENT PLAN

MAIN SERVICES AND STANDARDS

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Provision of learner and driving license	General public	Customers wait for long time in queues for a service	10 minutes customer waiting time.	The business processes have been developed for implementation to address, inter alia, customer waiting time for services. The actual implementation will start in the 2023/2024 financial year
Provision of registration and licensing of motor vehicles	General public	Customers wait for long time in queues for a service	15 minutes customer waiting time	The business processes have been developed for implementation to address, inter alia, customer waiting time for services. The actual implementation will start in the 2023/2024 financial year.

BATHO PELE ARRANGEMENTS WITH BENEFICIARIES (CONSULTATION ACCESS ETC)

Current/actual arrangements	Desired arrangements	Actual achievements
Inadequate levels of consultation with customers- Customers are not given a choice of services offered.	Introduce Customer Satisfaction Surveys in service points.	The actual implementation will start in 2023/2024.

SERVICE DELIVERY INFORMATION TOOL

Current/actual information tools	Desired information tools	Actual achievements
<p>Lack of information available to customers.</p> <p>The following are information tools:</p> <p>Advertisements</p> <p>Intranet,</p> <p>Notice Boards</p> <p>Signage</p>	<p>Available information in all relevant platforms.</p> <ul style="list-style-type: none"> • Appointment of Customer Liaison Officer • Paperless systems 	<p>The desired standard will be addressed as part of the SDIP for 2023/2025</p>

COMPLAINTS MECHANISM

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
<p>Internet webpage Relevant offices also address the complaints Departmental websites,</p> <p>No proper evidence of whether complaints are addressed and follow-ups are done.</p>	<p>Monitor and evaluate the nature of complaints with a view to reduce common problems.</p> <p>Reduce complaints to minimal through improved service delivery</p> <p>System to rate the level of redress.</p>	<p>Not achieved. It is part of the SDIP for 2023/2025</p>

2.3 ORGANISATIONAL ENVIRONMENT

The Department experienced yet another year of significant change in leadership with the provincial reshuffling that resulted in the introduction of a new political principal.

The filling of some critical senior management positions brought some stability and enabled the department to begin to develop long term plans for its critical operations. These included the appointment of the Director Supply Chain Management, the Chief Director for Durban Region, The Chief Financial Officer and Chief Director Public Transport & Freight.

The Department made strides in completing its revised organisational structure which has been in the making for quite a while. Fortunately, the change in leadership did not result in any delays in concluding this exercise this time, and this was very beneficial for the organisation.

With the increase in vehicle population in the province, especially in historically rural areas and in the freight sector, there has been much demand for expansion of services resulting in higher service delivery targets whilst the resources remained the same.

As the department was focused on rebuilding its internal capacity, the operating environment was continuing to place enormous pressure on the processes of the department. These included the changes to the Preferential Procurement Policy Framework Act of 2017 which caused significant delays in the conclusion of procurement processes during this reporting period; the 10% exit rate which was due mainly to lapse of term contracts, resignations, retirements and deaths; as well as the increasing rate of project failure due to financial challenges encountered by suppliers.

To this end, the department has intensified its approach to the efficient use of existing resources by pursuing its new programmes such as Operation Siyazenzela, the enhanced project of filling vacant posts, and building SCM capacity amongst others. With the revised organogram now having been fully consulted and ready for submission for approval, there is light at the end of this tunnel and hope for the citizens of our province.

2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

In the 2022/2023 financial year, the Department shifted focus from roads infrastructure only to extend to other modes of transport such as aviation, maritime, pipelines and rail.

This resulted in additional policy and legislative changes which are captured under Section 2.3.8 above.

The following are the relevant Court Rulings which mostly relate to the roads environment. While we explore the civil aviation, maritime, rail and pipeline modes, we are limited in respect of rulings that may impact on these modes.

1. Minister of Finance v Afribusines NCP CCT279/20 Case CCT 279/20 [2022] ZACC 04 – In this matter relating to the Revised Preferential Procurement Regulations; 2017 (“PPPFA Regulations 2017”) issued in terms of the Preferential Procurement Policy Framework Act; 2000, the Supreme Court of Appeal ruled that certain Regulations dealing with compulsory sub-contracting and pre-qualifying criteria are unconstitutional and invalid. Furthermore, the implementation of provisions for the compulsory and optional sub-contracting as pre-qualification criteria, were thus unlawful. The Regulations were thus suspended for a period of 12 months.

The ruling was appealed by the Minister of Finance and the Constitutional Court dismissed that appeal and ruled that the Preferential Procurement Regulations, 2017, were unconstitutional and invalid.

However, there is still ambiguity on the interpretation of the ruling on whether the Procurement Regulations remain valid until 15 March 2023. Hence National Treasury has now advised that the Minister will be approaching the Constitutional Court for clarity on the ruling.

In the interim, while awaiting the outcome from the Constitutional Court, National Treasury has advised that:

- tenders advertised before 16 February 2022 be finalised in terms of the Procurement Regulations;
- tenders advertised on or after 16 February 2022 be held in abeyance; and
- no new tenders be advertised.

2. Agri Eastern Cape and Others v The MEC for The Department of Roads And Public Works and Others (3928/2015) [2017] High Court of South Africa Eastern Cape Division, (28 February 2017) – In this matter, the court ruled that private citizens and bodies could perform basic service delivery functions with taxpayers’ money. The court ordered the Provincial Roads Department to reimburse farmers who carry out maintenance themselves, subject to strict conditions including giving the Department 30 days’ notice of the repairs and obtaining at least two independent quotes.

3. Equal Education v MEC for Education Kwazulu-Natal and 32 Others (3662/17P/2017) [2017] High Court of South Africa Kwazulu-Natal Division (9 October 17 July 2017) – In this matter, the KwaZulu-Natal Department of Education was obligated to the development of a policy to address the need for safe, reliable, government-subsidised scholar transport across the Province. The Provincial policy was crucial to clarifying the responsibilities of the Provincial Departments of Education and Transport to enable rigorous planning, including data collection and budgeting and ensure implementation of learner transport in the Province.

4. Organisation Undoing Tax Abuse (OUTA) v Minister of Transport; Minister of Co-Operative Governance And Traditional Affairs; Road Traffic Infringement Authority and the Appeals Tribunal (Case no 32097/2020) [2022] High Court of South Africa Gauteng Division, Pretoria (13 January 2022) – The Pretoria high court declared that the AARTO Act, which includes the licence-demerit points system, invalid and unconstitutional. The Court also found that the legislation unlawfully intrudes upon the exclusive executive and legislative competence of the local and Provincial governments envisaged in the constitution, preventing local and Provincial governments from regulating their own affairs. The ruling is currently being appealed by National Minister of Transport.

2.5 ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Department’s impact statement and outcomes as per the Strategic Plan are articulated as per the table below for ease of reference.

IMPACT STATEMENT	A universally accessible, sustainable and safe transportation system
OUTCOMES	<p>Outcome 1: A transformed Department through sound corporate governance and ethical leadership</p> <p>Outcome 2: An efficient, effective, and sustainable transport infrastructure network and assets that respond to local and regional transportation demands</p> <p>Outcome 3: Improved access to affordable, integrated, inclusive, safe and reliable transport systems</p>
DEPARTMENT’S PRIORITIES	<p>Priority 1: A Capable ethical and developmental state</p> <p>Priority 2: Economic Transformation and Job creation:</p> <p>Priority 5: Spatial integration human settlement and Local government:</p>

The achievement of the impact statement of the department is dependent on departmental performance on defined indicators. These further contribute towards the attainment of the specified outcomes and MTSF priorities.

In respect of Outcome 1: A transformed Department through sound corporate governance and ethical leadership, the department managed to clear several findings during the audit and remains with 1 qualification matter on revenue for traffic law enforcement. The department received an unqualified audit in respect of performance information. If it continues along this trajectory, there is a positive outlook. Corrective measures must be implemented to ensure the attainment of planned outcomes.

The Outcome 2: An efficient, effective, and sustainable transport infrastructure network and assets that respond to local and regional transportation demands remains a focal point for the Department. The underperformance on several measures pertaining to this outcome requires immediate corrective measures if the Department is to achieve its MTSF targets. Equally important for the Department is to keep a close eye on performance measures contributing to Outcome 3: Integrated, safe, efficient and sustainable transport.

2.6 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The department of Transport is made up of five (5) programmes which are used to execute service delivery. These programmes are outlined below as follows:

PROGRAMME 1: ADMINISTRATION

Purpose: The purpose of this programme is to provide the Department with the overall management and administrative, strategic, financial and corporate support services in order to ensure that it delivers on its mandate in an integrated, efficient, effective and sustainable manner. The sections that fall under programme 1 include:

- The Office of the Executive Authority
- Management
- Corporate Support
- Departmental Strategy

Programme 1 contributes to Outcome 1. Ultimately the Department's goal was to improve the quality of the Department's governance environment and consequently the audit outcomes.

The empowerment of the vulnerable groups of women, people with disabilities and the youth, within the Department is an area of focus under programme 1.

The planned service delivery targets on programme 1 support and contribute to the MTSF Priority 1: A Capable, Ethical and Developmental State whilst meeting the mandates on prioritising and mainstreaming vulnerable groups.

There was poor achievement in respect of the indicator percentage of performance achieved against the APP. The planned target was 80 and the actual output 47. This was a very slight improvement for this financial year when compared to 2021/22 wherein the department achieved 46.

There was improvement in the indicator percentage of projects and programmes aligned to the APP from the 2021/22 financial year wherein the department achieved 36%. The department achieved 70% in the 2022/23 financial year.

PROGRAMME 2: TRANSPORT INFRASTRUCTURE

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

The Department's two major outputs relating to the outcome on An efficient, effective, and sustainable transport infrastructure network and assets that respond to local and regional transportation demands are a balanced and equitable road network; and an improved road network condition. Both these outputs are essential for the socio-economic and spatial development of the Province while also creating and providing access to our communities. These outputs contribute directly to the MTSF Priority 2: Economic transformation and job creation; as well as the cross-cutting enablers across all priorities and the cross-cutting focus areas (Women; Youth; and People with Disabilities).

Performance was planned so that social and economic opportunities are more accessible through roads, bridges and vehicle bridges being constructed. It was also imperative that the existing infrastructure is maintained so that the lifespan of such infrastructure increases. This maintenance was ensured through the functions relating to rehabilitation, reseals, blacktop patching; etc

The Department achieved its target in the following indicators:

- Number of consolidated infrastructure plans developed
- Star rating of strategic networks of 3 416 kms
- Number of kilometres of gravel road regravelled
- Number of square metres of blacktop patching

PROGRAMME 3: TRANSPORT OPERATIONS

Purpose: 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, CBO's, NGO's and the private sector in order to enhance the mobility of all communities particularly those currently without or with limited access to transportation services. The programme includes all costs involved in public transport management and service delivery including the planning and coordination of the operations in the transport industry.

Performance in this programme was planned specifically with interventions aimed at the output of improving integration, safety and efficiency in the transportation operations. Interventions within this programme support and contribute directly to the MTSF Priority 5: Spatial Integration, Human Settlements and Local Government. This integration extends to both public and freight transport and all related areas.

A balancing act of the needs of the public, public transport operators, freight operators, and those of the other key stakeholders travelling on the road network, were considered in planning for this programme.

A well balanced, safe transportation sphere is essential in light of the positioning of the Province to improve and help rebuild the economy while creating a transportation system that is satisfactory for all public transport stakeholders, especially those who require safe and affordable transport.

The Department achieved five (5) out of nine (9) indicators in Programme 3 in the 2022/23 financial year. This is an achievement of 56%. Underperformance was attributed to heavy rains experienced in the Province which led to the condition of gravel roads deteriorating, which affected accessibility to some areas. Targets were achieved in the following indicators:

- Number of routes subsidised
- Subsidy per passenger
- Number of schools receiving transport services
- Percentage reduction of truck trips through use of Smart Trucks (PBS)
- Number of engagements held with partners relating to the movement of cargo from the road network to other modes of transport

PROGRAMME 4: TRANSPORT REGULATION

Purpose: 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. The programme includes all costs related to overall management of road traffic and safety in the Province.

The service delivery targets planned for this programme support the outcome of, Improved access to affordable, integrated, inclusive, safe and reliable transport systems. It further contributes directly to the MTSF Priority 5: Spatial Integration, Human Settlements and Local Government.

The implementation and delivery of planned projects within this programme ultimately contributed significantly to an integrated, safe, efficient and sustainable transport system through all traffic enforcement; and driver and vehicle licensing activities.

The Department performed very well in this programme by achieving the target in eleven (11) out of thirteen (13) indicators. This is an achievement of 85%. This programme has consistently maintained high performance through the past two financial years. Targets were achieved in the following indicators:

- Number of license compliance inspections conducted
- Number of Provincial Regulating Entity (PRE) hearings conducted
- Number of vehicles weighed
- Number of drunken driving operations conducted
- Number of vehicles stopped and checked
- Number of multi-disciplinary enforcement operations
- Number of pedestrian operations conducted
- Number of road safety awareness programmes
- Number of pedestrian crossing patrols provided
- Number of schools involved in road safety education
- Number of goal directed enforcement operations of public transport conducted (Operation Shanela)

PROGRAMME 5: COMMUNITY BASED PROGRAMME

Purpose: To manage the implementation of programmes and strategies that lead to the development and empowerment of communities and contractors. This includes the provincial management and co-ordination of the Expanded Public Works Programme

The Community Development Programme is a transversal programme that cuts across all the four other programmes of the Department. The delivery of outputs planned for this programme is dependent on the performance of all other programmes against planned targets and measures against the planned output indicators of this programme.

Performance in the Programme contributed to two MTSF priorities, i.e. Priority 2: Economic Transformation and Job Creation as well as Priority 5: Spatial Integration, Human Settlements and Local Government. There is also very strong contribution to the cross-cutting focus areas (Women, Youth, People with Disabilities).

The Department continued to contribute to job creation through Programme 5 and exceeded the target for the Vukayibambe Routine Road Maintenance programme as well as the number of women employed. Due to delays in the commencement of mass job creation programmes such as National Youth Service (NYS), People with Disabilities (PWDs) and the termination of several capital projects, several job creation targets were not met. The Department encountered challenges with the procurement of a suitable service provider to offer training to designated groups which resulted in underperformance in the Innovation and Empowerment sub-programme. This was also impacted by the Constitutional Court ruling of the PPPFA.

The Department performed relatively poorly in this programme by achieving the target in seven (7) out of seventeen (17) indicators. This is an achievement of 41%. This underperformance is aligned to the performance in the respective programmes, especially programme 2

Targets were achieved in the following indicators:

- Value of contracts awarded to Exempted Micro Enterprises (EME's)
- Number of contracts awarded to Exempted Micro Enterprises (EME's)
- Value of contracts awarded to Qualifying Small Enterprises (QSE's)
- Number of contracts awarded to Qualifying Small Enterprises (QSE's)
- Value of contracts awarded to public transport contractors
- Number of women employed
- Number of jobs created through the Vukayibambe Routine Road Maintenance Programme

Table 2.6.1 Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

PROGRAMME 1: ADMINISTRATION

Purpose: The purpose of this programme is to provide the Department with the overall management and administrative, strategic, financial and corporate support services in order to ensure that it delivers on its mandate in an integrated, efficient, effective and sustainable manner.

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
A transformed Department through sound corporate governance and ethical leadership	Improved audit outcomes	Percentage of achieved performance against APP	48	46	80	47	-33	This is attributed to achieved outputs measured during the financial year
A transformed Department through sound corporate governance and ethical leadership	Project management maturity level (OPM3)	Percentage of projects and programmes aligned to the APP	70	36	80	70	-10	The Department has a lot of support activities which are not directly contributing to any indicator either in the APP or AOP. The BAS report used in this exercise also presented challenges as there were many miscalculations which could also lead to a high number of zero-based calculations

Programme 2: Transport Infrastructure

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

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
An efficient, effective and sustainable transport infrastructure network and assets that respond to local and regional transportation demands	Balanced and equitable road network Improved road network condition	Number of consolidated infrastructure plans developed	-	-	1	1	0	
		Number of kilometres of surfaced roads visually assessed as per the applicable Technical Methods for Highways (TMH) manual	7 208	5 476.60	4 330	3 407	-923	Due to the floods that occurred in April 2022, the Department embarked on a campaign to assess the damage by the floods, identify areas that were inaccessible, quantify and develop response mechanisms. As a result, there was a delayed start of the network assessment which resulted in not achieving the scheduled target
		Number of kms of gravel roads visually assessed as per	6 094	8 829.34	8 336	4 278.23	-4 057.77	Due to the floods that occurred in April 2022, the Department embarked on a campaign to assess the damage by the floods, identify areas that were

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
		the applicable TMH manual						inaccessible, quantify and develop response mechanisms. As a result, there was a delayed start of the network assessment which resulted in not achieving the scheduled target
		Number of safety interventions in hazardous locations	0	0	10	0	-10	IRAP and road safety reports have been done and road safety intervention projects remain in planning due to the re-prioritisation of funds for flood relief projects. They have been deferred to the outer years of the MTEF period
		Star rating of strategic networks of 3 416 kms	1	2	2	2	0	
		Percentage completion of the Road Transport Infrastructure Long-term Plan	-	-	100	0	-100	The Department is still in the procurement stages of acquiring a service provider to assist in compiling the long-term plan.
An efficient, effective and	Balanced and equitable	Number of kilometres of	12.26	18.66	183	6.69	-176.31	PMB Capital Project P73: The Contractor is behind

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
sustainable transport infrastructure network and assets that respond to local and regional transportation demands	road network	gravel roads upgraded to surfaced roads						<p>programme due to slow progress of a Grade 6 CPG contractor, cash flow challenges, and delays for inclement weather. D457: Contractor has been delayed due to unavailability of material. P390: Contract has been extended due to additional scope of works. D599: The Contractor is behind programme. P278: Contract was delayed due to revision of draft document.</p> <p>Ladysmith Capital Project D1259: 3 km could not be achieved due to stoppage of work by CPG Contractors, labour due to late payment by the main contractor, and contractors slow progress. P16-3: 5.57 km Contractors slow progress. Project was also affected by work stoppages through business and community disruption wanted to haul G2 material. P179: 4.36km could not be achieved</p>

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
								due to engineering matters on surfacing which might result in layer failure. Empangeni Capital Project - P303 target of 5.7 could not be achieved as a result of slow progress from contractor on site. P232 was affected by the rain days delay. New contractor on D1841 was handed over site in October 2022 and could not finalise the work during the 2022-23 financial year. P700 has delays in finalising the specification document due to changes on regulations. D1724 draft has been revised to the latest specification as per revised PPPFA Regulations for construction contract to be advertised.
		Number of kilometres of new gravel access roads constructed	45.52	0	50	0	-50	Due to the reprioritization of funds based on flood damage which resulted in the entire budget being re-allocated from new gravel roads to re-

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
								gravelling projects, this indicator was underachieved
		Number of new major vehicle bridges constructed	0	11	10	1	-9	<p>PMB Capital Project Cabane Bridge: The project was delayed due to delay in finalisation of Adjudication.</p> <p>Durban Capital Project Mdloti River Bridge was only awarded in Q4 and Gumatane Bridge, there has been extension of time the output will be reported during the 2023-24 financial year.</p> <p>Ladysmith Capital Project - D1263 (OKhombe River Bridge No. 3733) & D69 (Mathamo River bridge No. 3528) could not be achieved due to delays due to slow progress. Inclement weather and flooding which led to delays in achieving the desired output. D489 Bridges – there were delays in procurement processes.</p>

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
		Number of pedestrian bridges constructed	1	4	2	0	-2	PMB Capital Project - The Mhlalane and Mvumbukazi has been affected by changes to the specification document. To advertise new contract to complete the remaining works from terminated contract. Durban Capital Project - The G.J Crookes and Ilovu Bridges has been affected by changes to the specification document. To advertise new contract to complete the remaining works from terminated contract.
		Number of m ² of non-motorised transport facility constructed	3 318.5	11 809.20	30 000	4 110.03	-25 889.97	PMB Capital Project - P390 and D457 outputs have been affected due to extension of contract. Durban Capital Projection - L1578 there is an extension of time which affected achievement of the outputs. Ladysmith Capital Project - P16-3: 5.57 km Contractors slow progress. Project was also affected by work stoppages through

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
								business and community disruption
		Number of weighbridges constructed	-	-	-	-	-	
		Number of public transport infrastructure facilities constructed	-	-	-	-	-	
An efficient, effective and sustainable transport infrastructure network and assets that respond to local and regional transportation demands	Improved road network condition	Number of square metres of surfaced roads rehabilitated	1 112 960.71	1 805 116.87	1 800 000	262 720	-1 537 280	P11, P20/1, D954, P23/1, P515, P609, P242, P79, P725, P577/2, P395 Delays in awarding the above advertised projects by the department and outputs were not achieved. P189 - 51 000 m ² - The community has stopped the establishment of the contractor as they were demanding the upgrade of D798 as it was promised P483 - 66 600 m ² - The project was suspended because the

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
								<p>order was depleted and required additional funding.</p> <p>P443 - 21 250 m² - The contractor has abandoned the site</p> <p>P237- 17 000 m² - delayed due to slow progress</p> <p>P12/1 (83 000 m²) – the contractor has been terminated as a result of poor performance</p> <p>P7/3 (12 231 m²), P47/3 (42 250 m²)– delayed due to changes in the proforma tender draft document.</p> <p>P492 -10 900 m² - Bid was cancelled due to non-compliance of the bidders.</p> <p>P50/1- 89 040 m² - the contractor has failed to achieve the 89 040 m² as targeted and only achieved 40 000m². Balance will be achieved in 2023/24 financial year.</p> <p>P235/1 – 84 600 m² - order has been depleted. Only 63 608 m²</p>

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
								achieved and balance will be achieved in 2023/24 financial year
								P40 – 14 000 m ² - project was cancelled
								P1/9 and P6/3 – delays in awarding of contracts
								Projects were cancelled due to non-compliance of the bidders - P35/1- 98 710 m ² , P209- 36 870 m ² , P30 – 142 420 m ²
		Number of square metres of surfaced roads resealed	936 871.01	70 000	650 000	138 876	-511 124	P309/1 – 40 000 m ² - being terminated as a result of the contractor abandoning site
								The road width varies on P389 (72 000 m ²) from 8.0m to 9.0 m and the estimated targets were estimated utilizing 9.0 m as the width. Only 63 876 m ² achieved.
		Number of kilometres of gravel road regavelled	1 177.27	1 533.895	1 600	2 364.98	764.98	Overachieved due to the utilization of the in-house plant and commencement of deviation projects. The Department also had rollover projects from the 2021-2022

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
								financial year (late return of awarded projects from vetting by Treasury Department).
		Number of square metres of blacktop patching	215 533.67	360 842.71	500 000	610 284.78	110 284.78	Overachieved with the assistance of the Pilot Projects implementation. The Department overachieved because of the Pilot project that started at the beginning of the financial year
		Number of kilometres of gravel roads bladed	52 798.93	63 686.18	90 000	60 328.3	-29 671.7	Underachieved due to plant being relocated to flood repairs of gravel roads and washways. There were more gravel potholes, gravel settling, gravel rutting, etc., while awaiting the procurement process for blading quotation.
		Number of contractors participating in the National Contractor Development Programme (NCDP)	-	-	40	0	-40	The Department had a specification document go out on tender for the support services on this program. The Department has done roadshows inviting contractors to submit their expressions of interest.

PROGRAMME 3: TRANSPORT OPERATIONS

Purpose: 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, CBO's, NGO's and the private sector in order to enhance the mobility of all communities particularly those currently without or with limited access to transportation services.

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
Improved access to affordable, integrated, inclusive, safe and reliable transport systems	Public transport interventions	Number of routes subsidised	2 074	2 056	2 074	2 074	0	
	Public transport interventions	Number of kilometres of public transport subsidised	35 803 286	39 887 135	41 620 660	39 768 082	-1 852 578	Heavy rain led to an increase in standing kilometers. King Getchwayo district was especially affected due to the fact that the rural roads are in a poor condition. The EFF shut down on the 20th March 2023 also affected the bus services.
	Public transport interventions	Number of public transport trips subsidised	984 423	1 116 861	1 191 196	1 108 182	-83 014	Heavy rain led to an increase in standing kilometers. King Getchwayo district was especially affected due to the fact that the rural roads are in a poor condition. The EFF shut down on the 20th March 2023 also affected the bus services.
	Public transport interventions	Subsidy per passenger	26.68	28.51	34.00	29.66	-4.34	There was an above average number of passengers transported during the financial year. As the subsidy per passenger is calculated by dividing the subsidy by the number of passengers, this resulted in the output being low.

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
Improved access to affordable, integrated, inclusive, safe and reliable transport systems	Public transport interventions	Number of schools receiving transport services	332	397	397	402	5	Variations have been done for services not fully utilised, which resulted in additional schools benefitting
	Freight transport interventions	Percentage reduction of truck trips through use of Smart Trucks (PBS)	-	-	2%	5.54%	3.54%	The growth in PBS vehicles has been larger than anticipated. This is market driven and an indication of an upturn in the marketplace
	Freight transport interventions	Number of engagements held with partners relating to the movement of cargo from the road network to other modes of transport	-	-	4	6	2	The deviation was due to a project between Forestry SA and TFR which the Department is starting, and this required more interactions

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
Improved access to affordable, integrated, inclusive, safe and reliable transport systems	Integrated transportation	Number of Provincial Transportation Frameworks developed	-	-	1	0	-1	The consultation with municipalities took longer than anticipated
		Percentage of Provincial Rail Plan developed	-	-	30	0	-30	Originally, the Department was waiting for the Freight Strategy to be updated, however, with SCM delays and also the publication of the National Rail plan, the process was delayed. This process has now begun.
	Freight transport interventions							
Improved access to affordable, integrated, inclusive, safe and reliable transport systems	Transportation safety	Number of feasibility studies for revitalisation of rail branchlines completed	-	-	-	-	-	
		Number of railway level crossings developments	-	-	-	-	-	

PART B: PERFORMANCE INFORMATION

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
Improved access to affordable, integrated, inclusive, safe and reliable transport systems		Number of Integrated Transit Oriented plans developed	-	-	-	-	-	
		Number of feasibility studies for greenfields (Makhathini flats) rail lines completed	-	-	-	-	-	

PROGRAMME 4: TRANSPORT REGULATION

Purpose: 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.

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
Improved access to affordable, integrated, inclusive, safe and reliable transport systems	Transport safety interventions	Number of license compliance inspections conducted	1 025	1 243	1 244	1 330	86	The Department conducted more than one visit to some of the DLTCs during the financial year which led to the overperformance
	Transport safety interventions	Number of Provincial Regulating Entity (PRE) hearings conducted	676	896	480	989	509	The Department does not have control over the applications submitted as the expiry dates vary on all licences
	Transport safety interventions	Number of speed operations conducted	11 220	15 404	13 764	9 003	-4 761	The annual target for the Directorate of 13764 was not achieved resulting in under performance by 4761 due to not having speed machines for two quarters. The reason for this was that SCM did not have a service provider to calibrate these machines for the first two quarters
	Transport safety interventions	Number of vehicles weighed	98 888	131 408	121 000	162 692	41 692	The annual target for the Directorate of 121 000 was achieved resulting in over performance by 41 692

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
Improved access to affordable, integrated, inclusive, safe and reliable transport systems	Transport safety interventions	Number of drunken operations conducted	198	458	431	551	120	The annual target for the Directorate of 431 was achieved resulting in over performance by 120
	Transport safety interventions	Number of vehicles stopped and checked	966 191	777 895	834 900	995 782	160 882	The annual target for the Directorate of 834 900 was achieved resulting in over performance by 160 882
	Transport safety interventions	Number of pedestrian operations conducted	-	-	200	514	314	The annual target for the Directorate of 200 was achieved resulting in over performance by 314.
	Transport safety interventions	Number of multi-disciplinary enforcement operations	4 167	1 403	1 086	1 591	505	The annual target for the Directorate of 1086 was achieved resulting in over performance by 505
	Transport safety interventions	Number of hazardous locations audited	0	0	10	0	-10	

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
Improved access to affordable, integrated, inclusive, safe and reliable transport systems	Transport safety interventions	Number of road safety awareness programmes	4	4	4	4	0	
	Transport safety interventions	Number of pedestrian crossing patrols provided	165	165	220	229	9	There was an increase in the number of crossing points as new municipalities entered the program to service high-incident areas and lower the risk of injury to pedestrians.
	Transport safety interventions	Number of schools involved in road safety education	-	-	579	606	27	Due to the major road crash in Pongola, the delivery of safe cycling instruction at the National Department of Transport's request who distributed bicycles at schools, and the commemoration of world Remembrance Day, more schools were reached
	Transport safety interventions	Number of goal directed enforcement operations of public transport conducted (Operation Shanela)	920	1 000	880	1 058	178	The number of operations was exceeded due to instabilities and unrest within the taxi industry

PROGRAMME 5: COMMUNITY BASED PROGRAMME

Purpose: To manage the implementation of programmes and strategies that lead to the development and empowerment of communities and contractors. This includes the provincial management and co-ordination of the Expanded Public Works Programme

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
Responsive Transport Infrastructure Integrated, Safe, Efficient and Sustainable Transport System	Community Development	Number of businesses trained	157	176	300	145	-155	The reason for underachievement is due to the delays on the finalisation of SCM process for the sourcing of the Service Provides for Training. The tender closed on the 4th quarter of previous financial year and Department is currently finalising adjudication processes.
Responsive Transport Infrastructure Integrated, Safe, Efficient and Sustainable Transport System	Community Development	Number of women trained	559	441	1 500	228	-1 272	The Department had planned to conduct training programme for designated groups, however; due to the delays in the procurement process which were further impacted by the Constitutional Court ruling of the PPPFA the training programme has been delayed.

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
	Community Development	Number of youth (18-35 years old) trained	788	632	2 000	378	-1 622	The Department had planned to conduct training programme for designated groups, however; due to the delays in the procurement process which were further impacted by the Constitutional Court ruling of the PPPFA the training programme has been delayed.
	Community Development	Number of persons with disabilities trained	0	0	500	0	-500	The Department had planned to conduct training programme for designated groups, including a dedicated skills programme for Person with Disabilities. The SCM process to source the Service Provider has been undertaken in these regards, Department is currently finalising adjudication process.
Responsive Transport Infrastructure Integrated, Safe, Efficient and Sustainable Transport System	Economic Empowerment	Value of contracts awarded to Exempted Micro Enterprises (EME's)	-	1 569.9	1 150	3 348.8	2 198.8	The over-achievement was due to the reprioritisation of budgets to fund the reconstruction of the infrastructure that was damaged after KZN floods which took place in April 2022. This created more economic opportunities within the infrastructure programme as the Department had to immediately re-construct and maintain damaged infrastructure.

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
Responsive Transport Infrastructure Integrated, Safe, Efficient and Sustainable Transport System	Economic Empowerment	Number of contracts awarded to Exempted Micro Enterprises (EME's)	-	1 163	1 000	1 699	699	The over-achievement was due to the reprioritisation of budgets to fund the reconstruction of the infrastructure that was damaged after KZN floods which took place in April 2022. This created more economic opportunities within the infrastructure programme as the Department had to immediately re-construct and maintain damaged infrastructure.
Responsive Transport Infrastructure Integrated, Safe, Efficient and Sustainable Transport System	Economic Empowerment	Value of contracts awarded to Qualifying Small Enterprises (QSE's)	-	234.4	300	1 243.8	943.8	The over-achievement was due to the reprioritisation of budgets to fund the reconstruction of the infrastructure that was damaged after KZN floods which took place in April 2022. This created more economic opportunities within the infrastructure programme as the Department had to immediately re-construct and maintain damaged infrastructure

PART B: PERFORMANCE INFORMATION

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
Responsive Transport Infrastructure Integrated, Safe, Efficient and Sustainable Transport System	Economic Empowerment	Number of contracts awarded to Qualifying Small Enterprises (QSE's)	-	202	170	301	131	The over-achievement was due to the re-prioritisation of budgets to fund the reconstruction of the infrastructure that was damaged after KZN floods which took place in April 2022. This created more economic opportunities within the infrastructure programme as the Department had to immediately re-construct and maintain damaged infrastructure
	Economic Empowerment	Value of contracts awarded to public transport contractors	249	286	268	346	78	There was a marked increase in the escalation in the course of the 2021-2022 financial year. This resulted in the increase in subsidy.
	Job creation	Number of jobs created	45 779	47 125	52 154	47 823	-4 331	Target was not achieved due to the following reasons: Capital projects being terminated for various contractual reasons. Non-reporting on all active projects. Identity documents of participants not passing validation on National EPWP Reporting System (ERS).
	Job creation	Number of youth (18-35 years old) employed	8 069	8 950	28 684	9 915	-18 769	Target for Youth was under-achieved due to the delays in the implementation of the National Youth Service Programme (NYS).
	Job creation	Number of women employed	40 368	41 167	31 292	41 219	9 927	Target was met and overachieved due to the nature of EPWP programmes with high target for women such as Zibambele programme, VRRM.

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviation
Responsive Transport Infrastructure Integrated, Safe, Efficient and Sustainable Transport System	Job creation	Number of persons with disabilities employed	119	109	1 043	73	-970	Target for PWD's was underachieved. This was due to non-implementation of PWD's training programmes.
	Job creation	Number of Full-time Equivalents (FTEs)	15 604	17 363	20 302	16 047	-4 255	Target for FTE's was underachieved throughout the year, because there were delays in implementation and reporting of all Bailey bridges and Infrastructure projects
	Job creation	Number of employment days created	3 588 892	3 993 578	4 669 460	3 690 764	-978 696	Targets for person days created was underachieved throughout the year, because there were delays in implementation and reporting of all Bailey bridges and Infrastructure projects
	Job creation	Number of Zimbabwe participants employed	40 181	39 832	41 000	38 814	-2 186	The Zimbabwe target was not met due to non-submission of Zimbabwe replacements for reporting.
	Job creation	Number of jobs created through the Vukayibambe Routine Road Maintenance Programme	-	3 545	3 298	5 720	2 173	The target was overachieved due to EPWP verification exercise that was conducted from February 2023 to March 2023

OUTCOME INDICATORS

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Five Year Target 2020-2025	Actual Achievement 2022/2023	Reasons for deviation
A transformed Department through sound corporate governance and ethical leadership	Improved audit outcomes	Number of annual audit findings	10	15	Clean/unqualified audit	To be reported post finalisation of the audit	
	Project management maturity level (OPM3)	Project management maturity level (OPM3)	1	1	Level 3		
An efficient, effective and sustainable transport infrastructure network and assets that respond to local and regional transportation demands	Balanced and equitable road network	Percentage of road network in 'poor to very poor' condition	53%	53%	46%	55%	
	Improved road network condition	Kilometres of road declared	33 762	33 981	34 800	34 404	

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Five Year Target 2020-2025	Actual Achievement 2022/2023	Reasons for deviation
Improved access to affordable, integrated, inclusive, safe and reliable transport systems	Integrated transportation	Percentage completion of the Provincial Transportation Plan	-	-	100%	0	
		Number of feasibility studies undertaken on establishing inland waterways routes and coastal routes	-	-	3	0	This is a new mandate and the department has no capacity to implement, hence a sub-mission to appoint a service provider has been prepared and is going through approval processes
	Transportation safety	Number of public transport interventions implemented from the Provincial Land Transport Plan (2020 – 2030)	-	-	3	0	The exercise of putting together took time, however, TOR are currently being developed

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Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Five Year Target 2020-2025	Actual Achievement 2022/2023	Reasons for deviation
Improved access to affordable, integrated, inclusive, safe and reliable transport systems		Number of freight transport interventions implemented from the Provincial Freight Transport Strategy	-	-	1	0	No underperformance as target is for 2024/25
		Number of municipalities surveyed to ascertain travel patterns for all modes of transport	-	-	6	0	The exercise of putting together a tender document proved to be challenging, however, currently finalizing tender document
	Transport safety interventions	Number of fatal road crashes	1 642	2 078	1 812	1 907	Law enforcement alone has no control of this indicator. The cause of road crashes is attributed to a number of factors which includes amongst others engineering and road safety education

LINKING PERFORMANCE WITH BUDGETS

Sub-programme expenditure

Programme: Administration	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	14 321	14 321	-	11 565	11 565	-
Management	13 122	13 122	-	6 227	6 227	-
Corporate Support	596 566	596 566	-	415 193	415 193	-
Departmental Strategy	17 208	17 208	-	23 773	23 773	-
Total	641 217	641 217	-	456 758	456 758	-

Programme: Transport Infrastructure	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support Infrastructure	727 107	866 384	(139 275)	728 184	728 184	-
Infrastructure Planning	26 685	26 685	-	32 930	32 930	-
Infrastructure Design	53 972	53 972	-	45 128	45 128	-
Construction	2 735 053	2 383 449	351 604	3 663 209	3 664 855	(1 646)
Maintenance	5 223 220	5 357 598	(134 378)	3 710 863	3 710 863	-
Total	8 766 037	8 688 088	77 951	8 180 314	8 181 960	(1 646)

Programme: Transport Operations	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support Operations	54 982	54 982	-	29 696	29 696	-
Public Transport Services	2 211 382	2 209 020	2 362	1 865 524	1 865 524	-
Transport Safety and Compliance	64 030	64 030	-	43 560	43 560	-
Total	2 330 394	2 328 032	2 362	1 938 780	1 938 780	-

Programme: Transport Regulation	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support Regulation	3 970	3 970	-	6 289	6 289	-

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Programme: Transport Regulation	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Transport Administration and Licensing	232 422	232 422	-	225 404	225 404	-
Operator Licences and Permits	85 280	84 149	1 131	65 650	65 650	-
Law Enforcement	765 993	765 993	-	660 553	660 553	-
Total	1 087 665	1 086 534	1 131	957 896	957 896	-

Programme: Community-Based Programme	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support Community Based	9 572	9 203	369	14 004	14 004	-
Community Development	72	72	-	18	18	-
Innovation and Empowerment	8 764	8 764	-	3 968	3 968	-
EPWP Co-ordination and Monitoring	10 292	10 292	-	19 980	19 980	-
Total	28 700	28 331	369	37 970	37 970	-

Strategy to overcome areas of under performance

The departmental Annual Performance Report indicated areas of underperformance mainly from Programmes 2 and 5. The reasons provided for indicators in Programme 2 were mainly associated with delays in securing contracts through procurement processes as well as the poor performance of service providers once they are awarded.

This necessitates for the department to develop strategies for resolving these bottlenecks in its operations. To this end, a comprehensive Supply Chain Management Turnaround Strategy has been drafted for implementation and tabled at various oversight fora for their support.

The focus areas in this strategy include the capacitation of the Directorate Supply Chain Management which involves both the reviewal and reconfiguration of the organisational structure for the unit as well as the skills development of the staff involved in SCM processes.

To date we have managed to provide intensive training of bid committee members as well as personnel within the Directorate while the restructuring of the organisational structure is in the process of approval.

3 TRANSFER PAYMENTS

3.1.1 Transfer payments to public entities

Not applicable

3.1.2 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2022 to 31 March 2023.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Province	Provincial Department	Motor Vehicle Licences	Yes	14 354	14 354	-
Ray Nkonyeni	Local Municipality	Road Infrastructure	Yes	30 000	30 000	-
CETA & TETA Skills Development Levy	Departmental Agency	Skills Development Levy	Yes	5 262	5 262	-
Bus Corporations	Private Enterprise	Bus Subsidies	Yes	1 652 546	1 652 546	-
Santaco	Non-Profit Institution	Operational Costs	Yes	21 411	21 411	-
Kwanabuco	Non-Profit Institution	Operational Costs	Yes	1 638	1 638	-
Households	Individuals	Claims Against the State, Expropriation of Land, Leave Gratuities and Injury on Duty	Yes	17 814	17 814	-
Total				1 743 025	1 743 025	-

- Motor vehicle licences relate to the payment of motor vehicle licences, which is dependent on the number of vehicles and mechanical plant that the Department owns and intends to purchase.
- Construction Education and Training Authority (CETA) and the Transport Education and Training Authority (TETA) levies are in terms of the Skills Development Act.
- Payments to Bus Operators relates mainly to the PTOG, which is a conditional grant aimed at subsidising road-based public transport services and to provide supplementary funding toward public transport services.
- Non-profit institutions is in respect of operational costs for the South African National Taxi Council (SANTACO) KZN as per the MOA signed between the Department and the organisation. SANTACO is the official recognised representative of the mini taxi industry in the Province. The transfer is to assist the organisations with the maintenance of 16 SANTACO offices by uplifting its operating and line functioning business standards and creating a more efficient and effective business orientated environment.
- Non-profit institutions in respect of operational costs for the KwaZulu-Natal Bus Council (KWANABUCO). KWANABUCO is the official recognised representative of the bus industry in the province. The funds are for the improvement of

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governance in the bus industry structure, as well as to provide support for developmental programmes identified by the organisation in line with the departmental vision, such as the empowerment of women and youth to operate a public transport business.

- Households cater for staff exit packages, external bursaries, injury on duty and claims against the state payments.
- The department did not budget for any transfers in the period 1 April 2022 to 31 March 2023, and no transfer payments were made.

4 CONDITIONAL GRANTS

4.1.1 Conditional grants and earmarked funds received.

The Department receives a budget allocation in the form of an equitable share and National conditional grant allocations for the maintenance and construction of road infrastructure, subsidising of bus transport in the Province and creating job opportunities through EPWP projects. Included under conditional grants is the Provincial Roads Maintenance Grant, Public Transport Operations Grant and the EPWP Incentive Grant.

The table/s below detail the conditional grants and ear marked funds received during for the period 1 April 2022 to 31 March 2023.

Conditional Grant 1: Provincial Roads Maintenance Grant

Department who transferred the grant	National Department of Transport
Purpose of the grant	The Provincial Roads Maintenance Grant is for the maintenance and construction of road infrastructure in KZN. The purpose of the grant is to supplement provincial roads investments and support preventative, routine and emergency maintenance on provincial road networks.
Expected outputs of the grant	Refer to Performance Information
Actual outputs achieved	Refer to Performance Information
Amount per amended DORA (R'000)	R3 309 978
Amount received (R'000)	R3 309 978
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	R3 278 166
Reasons for the funds unspent by the entity (R'000)	R31 812 related to 2019 flood projects was under-spent but committed and the department has requested a roll-over in this regard.
Reasons for deviations on performance	Refer to Performance Information

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Measures taken to improve performance	Refer to Performance Information
Monitoring mechanism by the receiving department	Monthly Reporting

Conditional Grant 2: Provincial Transport Operations Grant

Department who transferred the grant	National Department of Transport
Purpose of the grant	The purpose of the Public Transport Operations grant is to provide supplementary funding for public transport services by contracts that are kilometre based that are affordable and supportive of the intermodal efficiencies to users of public transport. The aim is to ensure that user, especially the poor enjoy affordable public transportation. In many respects' performance in the provision of the service has been above average.
Expected outputs of the grant	Refer to Performance Information
Actual outputs achieved	Refer to Performance Information
Amount per amended DORA (R'000)	R1 309 303
Amount received (R'000)	R1 303 303
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	R1 309 303
Reasons for the funds unspent by the entity	N/A
Reasons for deviations on performance	Refer to Performance Information
Measures taken to improve performance	Refer to Performance Information
Monitoring mechanism by the receiving department	Monthly Reporting

Conditional Grant 3: Expanded Public Works integrated Grant for Provinces

Department who transferred the grant	National Department of Public Works and Infrastructure
Purpose of the grant	The purpose of the EPWP Integrated Grant is to incentivise Provincial Departments to expand their work creation efforts through the use of labour-intensive delivery methods to improve the quality of life of the poor people and increase social stability through employing previously unemployed people to perform the infrastructure construction and maintenance activities. The employment of previously unemployed people contributes to the reduction of the levels of poverty and increases the levels of employment, skills development through work experience and sustainable work opportunities.
Expected outputs of the grant	Refer to Performance Information
Actual outputs achieved	Refer to Performance Information
Amount per amended DORA (R'000)	R68 283
Amount received (R'000)	R68 283
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	R68 283
Reasons for the funds unspent by the entity	N/A
Reasons for deviations on performance	Refer to Performance Information
Measures taken to improve performance	Refer to Performance Information
Monitoring mechanism by the receiving department	Monthly Reporting

The earmarked funds received from the Provincial Department of Education for Learner Transport services. The details pertaining to this is also tabled below.

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Earmarked Funds 1: Learner Transport

Department who transferred the grant	KwaZulu-Natal Department of Transport
Purpose of the grant	Provide equitable access to quality education for the people of KwaZulu-Natal Improve access to quality education by providing safe, decent, effective, and integrated sustainable learner transport.
Expected outputs of the grant	Refer to Performance Information
Actual outputs achieved	Refer to Performance Information
Amount per amended DORA (R'000)	R459 871
Amount received (R'000)	R459 871
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	R549 608
Reasons for the funds unspent by the entity	N/A
Reasons for deviations on performance	Refer to Performance Information
Measures taken to improve performance	Refer to Performance Information
Monitoring mechanism by the receiving department	Monthly Reporting

5 DONOR FUNDS

5.1.1 Donor Funds Received

Not Applicable

6 CAPITAL INVESTMENT

6.1.1 Capital investment, maintenance and asset management plan

Infrastructure projects	2022/2023			2021/2022		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Existing infrastructure assets						
- Maintenance and repairs: Current	3 615 514	3 749 892	(134 378)	2 177 182	2 177 182	-
- Upgrades and additions: Capital	982 949	982 949	-	1 407 167	1 407 167	-
- Refurbishment and rehabilitation: Capital	1 030 014	678 410	351 604	1 915 052	1 916 698	(1 646)
New infrastructure assets: Capital	752 360	748 048	4 312	347 767	347 767	-
Infrastructure transfers						
- Infrastructure transfers: Current	-	-	-	-	-	-
- Infrastructure transfers: Capital	30 000	30 000	-	-	-	-
Infrastructure: Payments for fin. Assets	-	-	-	-	-	-
Infrastructure: Leases	3 059	3 059	-	439	439	-
Non-Infrastructure	2 191 812	2 331 087	(139 275)	2 119 184	2 119 184	-
Total	8 605 708	8 523 445	82 263	7 966 791	7 968 437	(1 646)





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PART C:
GOVERNANCE



1 INTRODUCTION

Commitment by the department to maintain the highest standards of governance is fundamental to the management of public finances and resources. The department has good governance structures in place to effectively, efficiently and economically utilize the state resources, which is funded by the taxpayer. These structures include the Risk Management Committee, Ethics Committee and Information & Communication Technology Committee.

2 RISK MANAGEMENT

The Department has a Risk Management Policy in place, which was communicated and implemented on a regular basis. This policy influenced the Department's Risk Management strategy, which was created to make the Policy's implementation requirements easier to meet. Due to the Provincial/Transversal Risk and Advisory Unit of the Provincial Treasury's recent adoption of the Provincial Risk Management Framework, the Department is currently conducting a review of the policy.

In the Department, risk assessments are done on a regular basis. These risks are found across all business units by focusing on different types of risks categories, such as Strategic, Operational, Financial, Information Technology, Compliance, Projects, Occupational Health and Safety, Business Continuity, Ethics, and Frauds and Corruption Risks. The Department had identified 86 risk and 168 mitigation plans to reduce or terminate such risks. These mitigation plans were monitored on a regular basis and at the end of the year, 46% of these mitigation plans had been fully implemented. This has shown a slow progress in the implementation of the mitigation plans. This is due to some mitigations being dependent on completion of other mitigations. Some of the mitigations were add-ons made during the implementation period as relevant managers felt they were important to consider in managing some of the risks. The Departmental Risk Management unit encouraged Risk Owners and Business units Managers to ensure risk registers are monitored with their business units' progress meetings on monthly basis to ensure improvement on the phase required to implement the mitigation plans identified to reduce or terminate identified risks going forward.

The Department has the Risk Management Committee in place that operates within the approved terms of reference. The Risk Management Committee is chaired by the Head of Department. The committee is made up of all EXCO members who are in charge of different Branches of the Department. Their role is, among other things, to pass on all the discussions and decisions made during the Risk Management Committee meetings and to keep monitor how these brunches are progressing with putting risk-reduction plans into place.

The committee met on quarterly bases to monitor risk management processes in the Department. In each meeting, the Chief Risk Officer presented the status of the Departmental Risk Register in order to alert the members on mitigations that completed as well as those that were not progressing.

The Provincial Audit and Risk Committee (PARC) is the shared audit and risk committee for the provincial departments, and is further sub-divided into three Cluster Audit & Risk Committees (CARC's) that provide oversight of key functions to the KZN Provincial Government Departments. The KZN Department of Transport is served by the Economic Sector and Infrastructure Development (ESID) Cluster Audit & Risk Committee.

The Committee noted with concern the slow progress of 46% made by the Department on implementing its risk mitigation plans. The Department was urged to implement outstanding risk mitigation plans timeously and to align its risk register to internal control challenges facing the Department. The Department was further urged to increase capacity within its risk management function and to continue implementing the revised provincial risk management framework and combined assurance framework.

The department's risk assessment was considered to be adequate, however it did not pro-actively manage risks relating to inaccurate and incomplete financial reporting and the failure to comply with key legislation due to slow response by management in implementing the action plan on the previous financial year recommendations.

Risk Management Directorate has developed templates to perform an end-to-end Risk Assessment within the financial management units. An additional approach of considering the Financial Management dictionary as developed by the National Treasury during the conduction of risk assessments.

3 FRAUD AND CORRUPTION

The Department has the Fraud Prevention plan that is under review. Prevention measures have been implemented in the Department on an ongoing basis. The provision of fraud prevention awareness sessions was done in collaboration with Office of the Premier, the Special Investigating Unit (SIU) and Public Service Commission (PSC).

The Department has conducted the fraud and corruption risk assessment. The risk register was monitored on regular basis together with the Departmental Risk Register. These risks formed part of risks presented to the Risk Management committee, and the Audit committee meetings.

The department had a centralized fraud incident register that recorded all allegations of fraud and corruption emanating internally and externally. These incidences were used as the basis of conducting risk assessments as an ongoing.

Vetting was used as another means of preventing fraud in the Department. Such exercise was coordinated by the Departmental Security Services that liaised with the State Security Agency (SSA) on regular basis to facilitate the process of vetting. The SSA experienced a challenge of backlog and took a decision to priorities vetting of other state organs over other state organs.

Unfortunately, when the selection was made, DoT was not part of the prioritised Departments. This resulted in the Department experiencing challenges where staff could not be vetted. However, to ensure the risk of appointing people with history of unethical conduct, the Department ensured that personnel security screening is conducted prior employment of staff.

The Department has the Whistle blowing policy in place. Awareness was provided to internal and external stakeholders encouraging them to report any suspected acts of fraud and corruption.

Stakeholders that wish to remain anonymous are also advised to report to the National Anti-Corruption hotline. Furthermore, awareness on fraud prevention is provided through the Departmental website. Reports made by anonymous are assessed by the Office of the Premier priority to ascertain that the confidentiality and protection of the whistle blower is maintained.

4 MINIMISING CONFLICT OF INTEREST

The department has implemented various processes to effectively minimize conflicts of interest in its Supply Chain Management (SCM) procedures. These processes are designed to maintain transparency, fairness, and integrity in all procurement activities.

The department has adopted a Supply Chain Management which emphasizes awareness regarding situations that may lead to conflicts of interest. SCM staff members are encouraged to recognize and report any circumstances that could compromise their objectivity or impartiality in procurement decisions. To further address conflicts of interest, several steps are taken:

1. Declaration of Interest: All SCM staff members are required to sign a declaration of interest, disclosing any personal, financial, or professional interests that could influence their decision-making. This declaration helps identify potential conflicts and allows for appropriate actions to be taken.
2. Bid Committee Members: Members of bid committees, appointed by the Accounting Officer, also sign declarations of interest. This step ensures that committee members are transparent about their affiliations, interests, or relationships that could create a conflict during procurement evaluations.
3. Bidders' Declarations: Bidders, upon receiving their appointment letters, are expected to take an oath of confidentiality and secrecy. Additionally, they must declare any conflicts of interest during each bid evaluation session. This proactive approach encourages openness and helps prevent conflicts from arising during the process.

4. Auditor General's Input: If the Auditor General raises concerns about a potential conflict of interest, the department takes immediate action to address the issue. This proactive engagement ensures that conflicts are identified and resolved promptly.

The overarching goal of these processes is to ensure that conflicts of interest are promptly identified, managed, and resolved to maintain the credibility and fairness of the procurement process. This approach aligns with best practices in procurement governance and helps safeguard the department's reputation and integrity.

5 CODE OF CONDUCT

Ethics Awareness workshops cover the issue of Conflict of Interest as well as the Code of Conduct. The Management Committee of the Department was taken through thorough presentations on Ethics, Fraud and Corruption. A plan is ongoing to provide a refresher awareness session to all employees in the Department. The Department has an Ethics Committee that is functionally operating under its Terms of Reference. The committee continues meeting on regular basis to monitor employees' conduct by evaluating as assessing the risks of those applying for approval to perform other remunerative work. The process requires supervisors to provide information for good standing by employees who are renewing the Other Remunerative work certificates. Reminders on the adopted national COC will be enhanced in the next financial year.

6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

KZN Department of Transport takes an active interest in ensuring compliance with The Occupational Health and Safety Act and The National Environmental Management Act and supporting regulations. KZN Department of Transport takes a proactive holistic approach in the interest of OHSE in all projects within KwaZulu Natal. The Health and Safety team was commissioned in assuring all projects managed by the KwaZulu Natal Department of Transport maintains a healthy OHS culture.

Based on the above mandate the Department critically evaluates and undertakes compliance comparison of the Department's projects in relation to governing legislation such as the Occupational Health and Safety Act 85 of 1993 as amended and the Construction Regulation 2014. And further audits its alignment to the National Environmental Act and supporting Regulation. The Department critically evaluates various principal contractors and their ability to remain compliant for the duration of the project, together with information of any reportable incidents. The Department undertake periodic system audits which identifies the working behaviour and unsafe practice of projects across the region assisting in highlighting aspects that prove to be a challenge within the industry.

Further to this, closely monitoring project OHS adherence, the Department is dedicated in ensuring that employees within its walls have a safe and conducive environment to work in. Thus a mandated OHS committee was established as per Section 19 of the OHS Act to fulfil roles as stipulated in Section 20 which clearly defined and offered guidance on the functions of these appointed members. The establishment of this committee assured bottom-up flow of pertinent information and created a solid foundation for communication.

7 PORTFOLIO COMMITTEES

The Portfolio Committee exercises oversight over the Department through holding meetings that enable the Department to account on service delivery. This section covers dates of the meetings and resolutions taken. The dates are detailed as follows:

- 25 January 2022
- 12 April 2022
- 22 April 2022
- 07 June 2022
- 02 September 2022
- 01 November 2022
- 02 March 2023
- 27 March 2023
- 31 March 2023

The resolutions of the respective meetings are outlined in this section.

Date: 02 March 2023

The meeting resolved as follows:

- The Department must submit to the Committee a plan on the movement of goods no later than 31 May 2023.
- The Department should adhere to the timelines set for the filling of posts.
- The Committee Support Team should visit the Nongoma and Greytown RTI Stations and prepare a report to the Committee.
- In the new financial year, the Committee will do an oversight visit in Nkandla to check on the progress that would have been made in respect of the rehabilitation and regravelling of the roads.
- The Committee shall conduct an oversight visit to Road D883 in Mandeni.

Date: 27 March 2023

The Transport Portfolio Committee conducted an oversight visit to Nongoma RTI to check progress on the provision of services by RTI and progress made in the improvement of the conditions of service.

Date: 31 March 2023

The Transport Portfolio Committee conducted an oversight visit to Greytown Nongoma RTI to check progress on the provision of services by RTI and progress made in the improvement of the conditions of service.

8 SCOPA RESOLUTION

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)
75/2022	GOODS AND SERVICES – INFRASTRUCTURE AND PLANNING SERVICES: NEXOR CONTRACT (RELATING TO RESOLUTION 263/2021)	<p>The Accounting Officer report to the Committee by <u>30 June 2022</u> on:</p> <p>[1] Progress made in the matter before the Special Tribunal.</p> <p>[2] Progress made in the disciplinary matters.</p>	<p>[1] Progress made in the matter before the Special Tribunal.</p> <p>The most recent status update report that was received by the department on the 9th of May 2022. The Progress and current status of the project is as follows:</p> <ul style="list-style-type: none"> The investigation has been completed. The Covid 19 pandemic with the lockdown restrictions has hampered progress and created delays in the finalisation of the Investigation. However, the team members have continued to work and have used virtual meetings to conclude several interviews where this was possible. The SIU has compiled its final report which has been submitted to the Honourable President and details all the findings and outcomes of the investigation. The outcomes relating to Internal governance was detailed to the Acting Head of Department on 15 February 2021. The SIU has instituted civil action in the Special Tribunal to cancel the contract between the Department and Nexor. The project end date was 31 March 2021 and all aspects of the investigation have been completed. The SIU is currently busy with civil litigation which is set down in the Special Tribunal. Any further investigation required for the support to the NPA, Disciplinary cases and civil matters will be carried out by the SIU Investigation Team. <p>[2] Progress made in the disciplinary matters.</p> <p>The disciplinary hearing of the two officials was scheduled to reconvene on 29th March 2022, for oral arguments by both parties regarding the application which had been previously made by the employees' legal representative to have the misconduct charges quashed and the estoppel application against the Department.</p> <p>However, the hearing could not reconvene on 29th March 2022 due to the employee's legal representative being sick. The hearing only reconvened on 26 April</p>	
			<p>2022 where oral arguments were presented by both parties before the Presiding Officer (Chairperson).</p> <p>The Chairperson of the disciplinary hearing made an undertaking to issue out her ruling regarding the application to quash the misconduct charges on or before 27th May 2022.</p> <p>The Chairperson has to date not communicated her ruling to the parties, hence her ruling is being awaited to date.</p> <p>Challenges observed:</p> <ul style="list-style-type: none"> The sudden withdrawal of the initial Legal Representative of the Department. However, this has been overcome by the swift appointment of another Legal Representative who has been able to take over with immediate effect. The legal formalities that are being adopted by legal representatives from both parties in the conducting of the disciplinary hearing might negatively affect the expeditious finalization of the disciplinary hearings. 	
76/2022	IRREGULAR EXPENDITURE - R24,25 BILLION (R4.359 BILLION IN 2020/21 AND R19.893 BILLION IN PRIOR YEARS) (RELATING TO RESOLUTION 265/2021)	<p>That the Accounting Officer report to the Committee by <u>June 2022</u> on</p> <p>[1] Progress made in submitting the information required by Treasury in respect of the irregular expenditure of R5.172 million in 2001 to 2014.</p> <p>[2] Progress made by the external service provider in the determination testing of irregular</p>	<p>[1] Progress made in submitting the information required by Treasury in respect of the irregular expenditure of R5.172 million in 2001 to 2014.</p> <p>The department did respond to the requests for information in respect of the irregular expenditure submitted for condonement. While the department believes that we have submitted relevant information for each area required, Provincial Treasury has later come back to request for the same information again which suggests that they are not entirely satisfied with the information we are providing.</p> <p>The department will request for an engagement with Provincial Treasury to seek clarity on the reasons why the information submitted was not adequate and request for guidance on what would be satisfactory information in order to finalise the condonation.</p> <p>However, the department realises that one of the major areas required for the finalisation of the condonement request is proof that consequence management was undertaken. And as it stands this has been one of the main area of challenge and is being discussed in detail under section 4 of this resolution.</p>	

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Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)
		<p>expenditure in 2013/14 to 2019/20, as measured against the project plan and dates.</p> <p>[3] The projected time frames for investigation of the 2020/21 irregular expenditure, which expenditure is not included in the mandate of the external service provider.</p> <p>[4] Progress made in implementation of consequence management on an ongoing basis, as and when investigations are completed and the outcomes thereof.</p>	<p>[2] Progress made by the external service provider in the determination testing of irregular expenditure in 2013/14 to 2019/20, as measured against the project plan and dates.</p> <p>The department appointed an external service provider called Open Waters to conduct a determination testing on 16,163 transgressions amounting to R19 868 million identified and reported as non-compliant, incurred in contravention of, or not in accordance with legislation. The service provider resumed the determination (assessment) of irregular expenditure on the 6th of September 2021. The service provider was allocated a period of 3 years to perform and finalise the determinations of all these transactions.</p> <p>The progress made by the external service provider is as follows: Opening Balance as at September 2021</p> <p>R19 868 395 324.00</p> <p>Determinations Finalised (Consequence Management) R 2 324 277 859.44</p> <p>Recovery for Financial Loss R 53 056.00</p> <p>Referred for Forensic Investigations R 18 188 892.41</p> <p>Transactions Determined as Not Irregular Expenditure <u>R 45 961 085.98</u></p> <p>Determinations in Progress as at 15 June 2022 <u>R17 479 914 430.17</u></p> <p>[3] The projected time frames for investigation of the 2020/21 irregular expenditure, which expenditure is not included in the mandate of the external service provider. Approximately 96% of irregular expenditure disclosed in 2020/21 originated in previous financial years for which expenditure was realised in 2020/21. The majority of the expenditure disclosed in 2020/21 would then be the carry-through effect. Therefore, this means the determinations currently being conducted by the external service provider will also cover the majority of the expenditure disclosed in 2020/21. The remaining 4% is currently being investigated by the Internal Control Unit within the department.</p>	
			<p>[4] Progress made in implementation of consequence management on an ongoing basis, as and when investigations are completed and the outcomes thereof.</p> <p>The department previously had challenges with the implementation of consequence management after determinations were completed and disciplinary recommended due to capacity challenges within the Labour Relations Directorate where both the Senior and Middle Management positions had been vacant. The Director: Labour Relations has since been appointed and resumed duties on 1 March 2022 and the two Deputy Directors have also been appointed.</p> <p>As soon as determinations are finalised, the cases are referred to Labour Relations to facilitate the consequence management processes. These cases are treated on a case by case basis.</p> <p>Upon realising that progress in respect of irregular expenditure assessments with emphasis on consequence management was moving at a slow pace thus affecting the clearing of irregular expenditure and the approval of transactions submitted to Provincial Treasury for approval, the Head of Department convening a Internal War Room Special Manco meeting to discuss issues of Irregular Expenditure and Consequence Management. An action plan for consequence management was tabled at the meeting and a resolution was then made that relevant Directorates linked to Irregular Expenditure and Consequence Management must convene to discuss and craft a way forward to ensure matters are processed speedily. Once that process has been finalised and a policy or procedure that aligns with the KwaZulu-Natal Framework on Consequence Management, the Irregular Expenditure Framework and other labour relations prescripts, the department envisages that cases will move at a faster pace than they do currently.</p> <p>The consequence management process is being managed on the E-Tool and is dealt with as and when the investigations are finalised.</p>	
77/2022	FRUITLESS AND WASTEFUL EXPENDITURE - R3.163 MILLION (RELATING TO RESOLUTION 266/2021)	<p>That the Accounting Officer report to the Committee by <u>30 June 2022</u> on:</p> <p>[1] Whether the 2020/21 fruitless and</p>	<p>[1] Whether the 2020/21 fruitless and wasteful expenditure has been written off. Two cases disclosed as fruitless and wasteful expenditure in 2020/21 amounting to R802 000 and R2.351 million are still in progress and have not been finalised to establish whether a recovery must be made or whether they must be written off. The department anticipates that these will be finalised by September 2022.</p>	

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Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)						
		wasteful expenditure has been written off. [2] Progress made in the recovery of the prior years' fruitless and wasteful expenditure of R609 000, including the amount of R310 000 from the relevant service provider in relation to delays in the upgrade of the P318, and time frames for finalisation thereof.	[2] Progress made in the recovery of the prior years' fruitless/ and wasteful expenditure of R609 000, including the amount of R310 000 from the relevant service provider in relation to delays in the upgrade of the P318, and time frames for finalisation thereof. The amount initially disclosed as fruitless and wasteful expenditure in respect of the upgrade of P318 was R734 009. Of this amount R310 000 has since been recovered leaving a balance of R424 009 that is still recoverable. Through the State Attorney's office, a summons was issued towards the recovery of the remaining R424 009. The item is still in progress as a result. Therefore, the remaining R609 000 in question is a cumulative value made up of the following: P318 remaining balance R424 009 Annual Report R160 000 Travel No Shows <u>R 24 991</u> R609 000 The Annual Report case was only finalised at the beginning of the 2022/23 financial year and will be adjusted for that period. The R424 009 regarding P318 was handed over to the State Attorney for recovery and a summons has since been issued. This item is still in progress. In respect of the Travel No Shows, cases are assessed and finalised on a yearly basis however due to their repetitive nature, once an item is cleared, a new one could have also been incurred during the period thus resulting in a new cumulative balance. Some "No shows" are to be written off in the current financial year while one (1) recovery of R1 250 is in progress. A further amount of R 1 100 has been recovered from the Travel Agency.							
78/2022	INVESTIGATIONS (RELATING TO RESOLUTION 269/2021)	That the Accounting Officer report to the Committee by <u>30 June 2022</u> on: [1] The amounts involved, as well as a	[1] The amounts involved, as well as a full description of the recommendations, per investigation. <table border="1"> <thead> <tr> <th>FR No.</th> <th>Amount</th> <th>Recommendations</th> </tr> </thead> <tbody> <tr> <td>FR25/2012</td> <td>263,000,000.00</td> <td>Not known. Case still held by OTP. it must be noted that this case is linked to FR26/2012.</td> </tr> </tbody> </table>	FR No.	Amount	Recommendations	FR25/2012	263,000,000.00	Not known. Case still held by OTP. it must be noted that this case is linked to FR26/2012.	
FR No.	Amount	Recommendations								
FR25/2012	263,000,000.00	Not known. Case still held by OTP. it must be noted that this case is linked to FR26/2012.								
		full description of the recommendations, per investigation. [2] The reasons for not pursuing civil recoveries under FR 05/2012 (C), FR 28/2013, FR 39/2014, FR 51/2015, FR 20/2015, FR 32/2015 and FR 46/2015 (A & B). [3] Progress made in the civil recovery process under FR 05/2012 (A & B), and the amount still outstanding. [4] A description of the "progressive discipline" implemented under FR 05/2012 (C) and FR 39/2014. [5] The reasons for not taking disciplinary steps in FR 25/2016. [6] Progress made in the disciplinary matters under FR 51/2015, FR 28/2013, FR, 20/2015 and FR 32/2015.	FR26/2012 92,886.44 Disciplinary actions to be taken to official for allowing ZNB2800 plant hire contract to be misused to cover costs not permitted in terms of plant hire contract. and his role in facilitating irregular expenditure. Disciplinary against 2 officials for failing to perform their duties as "Expenditure authoriser) to prevent irregular expenditure. Disciplinary actions against official for not complying with the PFMA section 81(2) and the treasury regulations section 4.1. Reporting case of fraud to SAPS for criminal investigations on implicated companies. The Department to engage with the nine-plant hire contractors to account for the misrepresented plant hour hours claimed and to reconcile to the actual expenditure incurred relating to the roads' construction. Legal service to institute civil recoveries of 92886.44. Reporting the unethical conduct of companies and their representatives to the Engineering Counsel of South Africa for further investigation. Reviewing to order approval process relating to the issue of orders in respect of the plant hire contract, specifically to ensure that a single official does not solely authorise the issue of purchase orders up to 10,000,000 and that there is adequate segregations of duties. Any road construction or rehabilitation work should be procured using normal tender, Project managers should be informed and confirm received of these changes.							

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Resolution No.	Subject	Details	Response by the Department		Resolved (Yes / No)	
		<p>[7] The reasons for not registering a criminal case under FR 51/2015.</p> <p>[8] Progress made in the ongoing investigation under FR 25/2016.</p> <p>[9] The reasons for not pursuing disciplinary action and civil recoveries under FR 25/2012 and FR 26/2012 simultaneously with opening a criminal case.</p> <p>[10] The date of transfer of the disciplinary matter in FR 39/2014 in respect of the official who is now employed by Public Works, the nature of the allegations, the PERSAL number of the official and a copy of the letter of referral.</p>			<p>Engineering consultants should not be allowed to perform functions relating to the selection and recommendation of plant hire contracts, including the completion of DOT plant hire, requisition or order approvals.</p> <p>Facilitate a process to inform and obtain an acknowledgement thereof by the Engineering consultants to ensure that their staff are informed of and comply with the conditions of plant hire.</p>	
			013	26,253,540.00	Disciplinary actions against 06 official for failing to comply with section 3g of the user note manual and failure to check the validity of the listens disk of the vehicles thereby permitting unlicensed vehicle on public roads.	
			FR39/2014	632,000.00	Disciplinary actions against 9 officials for failure to comply with resolution 1 of 2003, amendment to resolution 2 of 1999: Disciplinary code and procedures for public services - mismanagement of finances of the state.	
			FR51/2015	1,600,000.00	Disciplinary of 01 official for failing to adhere to standard operating procedures in respect of refund of license fees. Official to be disciplined further for acts of fraud against the Department for signing and approving the 30 Refund License Fees, or a purportedly misrepresented application submitted 4 officials to be disciplined for their roles of signing and approving BAS payments to the entity despite the absence of supporting documents. Consider instituting civil recovery of monies lost by the Department.	
			FR20/2015	Unknown	Disciplinary of 15 officials for irregularities	
			FR32/2015	981,317.30	Disciplinary of one official for failing to ensure that official executes the delegated responsibilities in accordance with section 45 of the PFMA. Also failed to ensure effective and efficient risk management and internal control, by failing to prevent unauthorised, irregular and fruitless and wasteful expenditure and losses resulting in criminal conducts.	
					Disciplinary of an official for prejudicing the administration, discipline and efficiency of the Department as he failed to ensure that payments are made for approved and verified services rendered. Also, for failing to implement risk and internal controls measures aimed at deterring fraudulent payments.	
					Disciplinary actions to an official that he prejudiced the administration, discipline and efficiency of the Department as he failed to adhere to general SCM delegation of authority, furthermore for failing to show transparency in the use of financial resources by approving an order approval signing in three places. Also failed to manage and safeguard assets within his area of delegated authority and failed to prevent irregular expenditure.	
					Disciplinary of an official for failing to provide source documents she used to compile the order nor indulge the names of official who gave her the source documents she used to compile the order yet knowingly performed the duties outside her job description by compiling an order of R981,317.30	
					Disciplinary actions against the official for neglecting verification of supporting document attached to the payment. He failed to ensure that payment is made to the correct project and that the service provider has rendered services.	

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)
			<p>c) FR 39/2014, - The internal Legal Service unit is currently seeking clarity in terms of the outcomes of the forensic report received.</p> <p>d) FR 51/2015, - The official implicated has since left the Department to Public works. Internal Labour Relations is engaging accordingly with the Department of Public Works to implement the recommendations.</p> <p>e) FR 20/2015 and FR 32/2015 – The matter is currently being dealt with by our internal Labour Relations.</p> <p>FR 46/2015 (A & B). – The criminal matter is still underway.</p> <p>[3] Progress made in the civil recovery process under FR 05/2012 (A & B), and the amount still outstanding. The matter is still in court. As such the department has not yet received information regarding the complete amount that would need to be recovered.</p> <p>[4] A description of the “progressive discipline” implemented under FR 05/2012 (C) and FR 39/2014. Employees were provided with written warnings and some verbal followed by training.</p> <p>[5] The reasons for not taking disciplinary steps in FR 25/2016. The matter emanated from the AGSA finding which recommended that a forensic investigation must be conducted. The outcomes of the investigation revealed that the allegations were unfounded. However, during the investigation there were anomalies identified raising suspicions of fraud. As a result, the scope of the investigation had to be expanded to investigate further whether fraud took place.</p> <p>[6] Progress made in the disciplinary matters under FR 51/2015, FR 28/2013, FR, 20/2015 and FR 32/2015. FR 51/2015, case involves two officials that have since left the Department. One of the officials moved to the DPW and one has since retired. Concerning the official that moved to DPW, internal Labour Relations is engaging with the Department to implement the recommendations.</p>	
			<p>In respect of FR 28/2013, FR, 20/2015 and FR 32/2015, disciplinary processes are still ongoing.</p> <p>[7] The reasons for not registering a criminal case under FR 51/2015. The matter was reported to SAPS for criminal investigation as per Cas no, PMB SAPS CAS 621/3/2015.</p> <p>[8] Progress made in the ongoing investigation under FR 25/2016. The department has not yet been issued with a report by the Forensic Investigations Unit from the Office of the Premier in respect to FR 25/2016 is still not yet been issued with the report.</p> <p>[9] The reasons for not pursuing disciplinary action and civil recoveries under FR 25/2012 and FR 26/2012 simultaneously with opening a criminal case. The department has not yet been issued with a report by the Forensic Investigations Unit from the Office of the Premier in respect to FR 25/2012 is still not yet been issued with the report.</p> <p>[10] The date of transfer of the disciplinary matter in FR 39/2014 in respect of the official who is now employed by Public Works, the nature of the allegations, the PERSAL number of the official and a copy of the letter of referral. There has been an error in the reporting of FR39/2014. The case that is relevant to Mr. S Hlengwa ID no 7809075648089 (62625888) was closed as the matter was transferred. The correct case number is FR19/2012 – “Fraud on compensation for expropriation of land” which was transferred in February 2012 (A referral letter has been attached).</p> <p>There was an error in the reporting of FR39/2014 in the previous report. The error made was the inclusion of an official that has since been transferred to Department of Public Works in FR39/2019. The name of the Official is Mr. SH Hlengwa of ID no 7809075648089 (62625888). Mr. SH Hlengwa was investigated under case FR19/2014 “Fraud on compensation for expropriation of land”. The case has been closed from DOT as the matter was transferred to Department of Public works where Mr. SH</p>	

PART C: GOVERNANCE

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)									
			Hlengwa is currently working. The matter was transferred in February 2018 (A referral letter has been attached).										
79/2022	INVESTIGATIONS BY SPECIAL INVESTIGATION UNIT (RELATING TO RESOLUTION 270/2021)	<p>That the Accounting Officer report to the Committee by <u>30 June 2022</u> on:</p> <p>[1] Recommendations made by the SIU in the investigation relating to licence fees under Proclamation No. R23 of 2016 <u>pertaining to disciplinary action</u> against any officials, as well as other remedial action to be taken, and steps taken to implement the recommendations.</p> <p>[2] Progress made in the disciplinary matters relating to the SIU investigation under Proclamation No. R36 of 2018 and the expected date of finalisation of the disciplinary matter, as well as the outcomes</p>	<p>(b) In terms of Proclamation No. R23 of 2016, issued in Government Gazette No. 39935 of 15 April 2016, the SIU investigated allegations relating to improper behaviour. This investigation was completed on 31 March 2020. Recommendations of the report were being implemented by the accounting officer.</p> <p>The SIU was requested to assist the department with the civil recovery of licence fees and penalties.</p> <p>The SIU preliminary findings resulted 305 acknowledgements of liability totalling R3 645 132.49 and 21 acknowledgements of debt totalling R2 439 536.31</p> <p>The SIU has confirmed that many of these debts have paid off or are in the process of paying and those who are not paying or have refused to sign or cooperate are in the process of being referred to the State Attorney for civil recovery.</p> <p>The SIU further recommended that in instances where liable persons are indigent, untraceable or deceased, the department should write off the debt and/or place an admin mark and/or make the necessary changes on the eNatis system.</p> <p>The department has since implemented the recommendations.</p> <p>(c) In terms of Proclamation No. R36 of 2018, issued in Government Gazette No.42101 of 14 December 2018, the SIU was investigating various irregularities at the department relating to the procurement of consultancy services. This investigation was still in progress at the date of this report.</p> <p>An investigation report in terms of Proclamation R36 of 2018 on the the procurement of consultancy services from Nexor 312 (Pty) Limited t/a VNA, by the Department was issued to the Head of the Department of KZN Department of Transport by the SIU. The department has implemented the recommendations as follows:</p> <p>Two (2) officials were placed under suspension and thereafter charged with misconduct.</p> <p>The disciplinary hearing of the two officials was scheduled to reconvene on 29th March 2022, for oral arguments by both parties regarding the application which had been previously made by the employees' legal representative to have the misconduct charges quashed and the estoppel application against the Department.</p> <p>However, the hearing could not reconvene on 29th March 2022 due to the employee's legal representative being sick. The hearing only reconvened on 26 April</p>										
		if they have been finalised.	<p>2022 where oral arguments were presented by both parties before the Presiding Officer (Chairperson).</p> <p>The Chairperson of the disciplinary hearing made an undertaking to issue out her ruling regarding the application to quash the misconduct charges on or before 27th May 2022.</p> <p>The Chairperson has to date not communicated her ruling to the parties, hence her ruling is being awaited to date.</p> <p>Challenges observed:</p> <p>The sudden withdrawal of the initial Legal Representative of the Department. However, this has been overcome by the swift appointment of another Legal Representative who has been able to take over with immediate effect.</p> <p>The legal formalities that are being adopted by legal representatives from both parties in the conducting of the disciplinary hearing might negatively affect the expeditious finalization of the disciplinary hearings.</p>										
80/2022	FILLING OF CRITICAL VACANT POSTS (RELATING TO TRANSVERSAL RESOLUTION 290/2021)	<p>That the Accounting Officer report to the Committee by <u>30 June 2022</u> on progress made in the filling of all vacant, funded SMS posts.</p> <p>That the Accounting Officer report to the Committee by <u>30 June 2022</u> on:</p> <p>[1] Progress made in the submission of the evidence required by</p>	<p>The progress made in the filling of all vacant, funded SMS posts is as follows:</p> <table border="1"> <thead> <tr> <th>Salary level</th> <th>Number of Posts</th> <th>Progress Made to Fill and Time Frame to Fill</th> </tr> </thead> <tbody> <tr> <td>15</td> <td>1</td> <td>Chief Financial Officer – The post was advertised in April 2022 with a closing date of 10-05-2022. The selection panel has been approved by the MEC and currently awaiting confirmation of the short-listing date. Estimated time frame to fill is 01-09-2022.</td> </tr> <tr> <td>14</td> <td>4</td> <td>Chief Director: Public & Freight Transport – Previously advertised on 6 occasions with no suitable applicant found. The post was re-advertised in April 2021. Short-listing and interviews took place and the selection panel recommended that the post be re-</td> </tr> </tbody> </table>	Salary level	Number of Posts	Progress Made to Fill and Time Frame to Fill	15	1	Chief Financial Officer – The post was advertised in April 2022 with a closing date of 10-05-2022. The selection panel has been approved by the MEC and currently awaiting confirmation of the short-listing date. Estimated time frame to fill is 01-09-2022.	14	4	Chief Director: Public & Freight Transport – Previously advertised on 6 occasions with no suitable applicant found. The post was re-advertised in April 2021. Short-listing and interviews took place and the selection panel recommended that the post be re-	
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Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)
		Provincial Treasury in relation to the submission of irregular expenditure of R40.277 million for condonation. [2] Progress made in the determination testing of the 2019/20 and 2020/21 irregular expenditure and submission to Provincial Treasury for condonation, as well as expected time frames for submission.	<p>advertised due to changes to the strategic direction which would have a material impact on the nature of this job and the inherent requirements. The post, with revisions, was re-advertised during June 2022 with a closing date of 08 July 2022. Currently receiving applications. Estimated time frame to fill is 01-10-2022.</p> <p>Chief Director: Communications – Advertised, however, the filling of the post is being held in abeyance based on a recommendation from the DPSA pertaining to the proposed structure. Time frame to fill is dependent on the finalisation of the review of the organisational structure.</p> <p>Chief Director: TIDS: Durban - The post was advertised in April 2022 with a closing date of 10-05-2022. The selection panel has been approved by the MEC and currently awaiting confirmation of the short-listing date. Estimated time frame to fill is 01-09-2022.</p> <p>Chief Director: TIDS: Empangeni - Awaiting approval to fill from the Premier before the post can be advertised. Request delivered to Office of the Premier on 19-05-2022.</p>	
			<p>13 6</p> <p>Director: Public Transport Monitoring & Compliance; Director: Human Resource Practices; and Director: Human Resource Development: Awaiting finalisation of the review of the organisational structure before these posts can be evaluated or benchmarked, advertised and filled. Time frame to fill is dependent on the finalisation of the review of the organisational structure.</p> <p>Director: Motor Transport Services: Previously advertised on 3 occasions with no suitable candidate</p>	
			<p>found. Re-advertised. Successful candidate assumed duty w.e.f. 01-05-2022.</p> <p>Director: Labour Relations: Previously advertised on 2 occasions with no suitable candidate found. Re-advertised. Successful candidate assumed duty w.e.f. 01-03-2022.</p> <p>Director: Supply Chain Management: Previously advertised in October 2021 with closing date of 19-11-2021. Short-listing and interviews conducted however the successful candidate declined the offer of appointment. Post re-advertised in May 2022 with a closing date of 27-05-2022. The selection panel has been approved by the MEC and currently awaiting confirmation of the short-listing date. Estimated time frame to fill is 01-09-2022.</p>	
188/2022	DEPARTMENT OF TRANSPORT: MATERIAL FINDINGS ON ANNUAL FINANCIAL STATEMENTS	The Accounting Officer report to the Committee by 31 January 2023 on an evidence-based assessment of the effectiveness of the interventions implemented by the department and to provide assurance that the steps taken will address the audit finding and avoid a recurrence.	<p>The department received a qualified audit opinion in the 2021/22 financial year as a result of material misstatements on Capital Commitments. The departments has implemented measures where our Internal Compliance Branch is conducting a full audit on outstanding commitments to ensure complete and accurate reporting in the 2022/23 Annual Financial Statements. This will also assist in clearing the 2021/22 finding. A revised working paper for 2021/22 has been prepared and is currently being reviewed for any errors.</p> <ul style="list-style-type: none"> Material misstatements on Goods and Services identified in the 2020/21 financial were rectified in the 2021/22 financial year hence there were no repeat findings. Control measure implemented are still in place to ensure that goods and services paid for were actually received. Material misstatements on Accrued Departmental Revenue identified in the 2020/21 financial year were also rectified in the 2021/22 financial year hence there were no repeat findings in the 2021/22 financial year. Control measures implemented to ensure complete and accurate reporting that are still in place and are continually 	

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Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)										
			being monitored. It must be noted that whilst the department is striving to ensure accurate reporting on this manual process we are still in the progress with implementing electronic systems by way of hand held devices which will automatically update accrued revenue upon issuing of a traffic fine.											
189/2022	DEPARTMENT OF TRANSPORT: ANNUAL PERFORMANCE REPORT: PROGRAMME 2: TRANSPORT INFRASTRUCTURE	The Accounting Officer report to the Committee by <u>31 January 2023</u> on an evidence-based assessment of the effectiveness of the interventions implemented by the department and to provide assurance that the steps taken will address the audit finding and avoid a recurrence.	The reasons for the over achievement of square metres were as a result of actual outputs achieved on projects versus the projected 1 800 000 square metres. The variance of 5 116.87 versus that of the auditor general of 327 600 was caused by outputs on road P6 that were submitted before validation. On finalisation and validation of outputs it was discovered that the over achievement of 5 116.87 was correct and resolved as such. The department has put measures in place to ensure that no information is submitted to the AG prior to validation.											
190/2022	DEPARTMENT OF TRANSPORT: FINDINGS ON CONSEQUENCE MANAGEMENT AND EXPENDITURE MANAGEMENT: IRREGULAR EXPENDITURE OF R28.54 BILLION	That the Accounting Officer report to the Committee by <u>31 January 2022</u> on: [1] Measures implemented to address the ongoing irregular expenditure and carry through costs in respect of orders that were previously identified as irregular. [2] Progress made in the recovery of losses from service providers and officials who are liable for the irregular expenditure. [3] Progress made in the outstanding disciplinary matters in relation to the prior year's irregular expenditure. [4] The effectiveness and impact of the interventions implemented by the department on irregular expenditure. [5] The timeframe for completing the determination testing and investigation of the irregular expenditure and submission thereof to Provincial Treasury for condonation, as	1.Measures implemented to address the ongoing irregular expenditure and carry through costs in respect of orders that were previously identified as irregular. • Director SCM has been appointed 1 October 2022. • Additional training sessions to all employees under Supply Chain Management have been done. • Improved contract register and the follow up on contracts that are due to expire to ensure new contracts are in place. • No new orders are being issued against contracts that were declared irregular. • External Service Provider has been appointed to investigate 3 material contracts that contributed to irregular expenditure which are Area Based Consultants, Contracts											
			4197 and 4198 that were for the Upgrade, Rehabilitation and Maintenance of our network and Plant Hire (2800). 1.The department is in progress with the investigations and recovery of losses from service providers and officials who are liable for the irregular expenditure. 2.Progress made in the outstanding disciplinary matters in relation to the prior year's irregular expenditure. • Letters of intention to discipline has been sent to supervisors of 25 officials. Labour Relations directorate is currently awaiting the letters from the officials and are liaising with the supervisors. • Progress made in the outstanding disciplinary matters in relation to the prior year's irregular expenditure.											
			<table border="1"> <thead> <tr> <th rowspan="2">No. of investigations conducted on irregular expenditure</th> <th rowspan="2">No. of officials affected by irregular expenditure</th> <th colspan="2">Progress made into consequence management 2013 to 2020</th> </tr> <tr> <th>Head Office</th> <th>Regions</th> </tr> </thead> <tbody> <tr> <td>Open waters investigations: Three Thousand Nine Hundred and two (3902) orders were investigated and One hundred and five officials (105) are implicated in irregular expenditure.</td> <td>Open Waters • Seven (7) at Head Office) • (29) at Regional Offices Sub-Total = 36 (34%) Forensic Investigations</td> <td>Letters of intention to discipline were referred to the various managers at Head Office for issuing to the employees implicated on irregular expenditure on</td> <td>Letters of intention to discipline were referred to the Chief Directors in Regional Offices for issuing to the employees implicated on irregular expenditure. Durban Region has responded requesting for supporting documentation on some of the allegations.</td> </tr> </tbody> </table>	No. of investigations conducted on irregular expenditure	No. of officials affected by irregular expenditure	Progress made into consequence management 2013 to 2020		Head Office	Regions	Open waters investigations: Three Thousand Nine Hundred and two (3902) orders were investigated and One hundred and five officials (105) are implicated in irregular expenditure.	Open Waters • Seven (7) at Head Office) • (29) at Regional Offices Sub-Total = 36 (34%) Forensic Investigations	Letters of intention to discipline were referred to the various managers at Head Office for issuing to the employees implicated on irregular expenditure on	Letters of intention to discipline were referred to the Chief Directors in Regional Offices for issuing to the employees implicated on irregular expenditure. Durban Region has responded requesting for supporting documentation on some of the allegations.	
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Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)				
		<p>well as steps taken to implement consequence management and recovery of losses.</p> <p>[6] Progress made by the external service provider appointed to investigate the prior years' irregular expenditure, the project plan and time frames for completion of the investigations.</p>	<table border="1"> <tr> <td> <p>Forensic reports (FR) investigations conducted:</p> <p>Six forensic reports were referred to labour relations</p> </td> <td> <p>conducted by OTP</p> <ul style="list-style-type: none"> Implicated officials (28) <p>Sub-total: 28</p> <p>Total= 64</p> </td> <td> <p>30 November 2022.</p> <p>Only one official implicated on irregular expenditure has responded and requested for the extension to respond by 16th January 2023.</p> </td> <td> <p>Pietermaritzburg Region has responded and indicated that no disciplinary action will be taken against the implicated officials. She since been advised by the Directorate: LR to follow the proper process by issuing the letters of intention of discipline to the implicated officials and allow then to respond to the allegations on their own. The Head of Department has also issued a letter instructing the relevant manager to finalise the disciplinary process.</p> </td> </tr> </table> <p>The effectiveness and impact of the interventions implemented by the department on irregular expenditure.</p> <p>The department is confident that the interventions will reduce the number of new incidents of irregular expenditure.</p> <p>The irregular expenditure from April to December 2022 was R 1,849,012,483.06. Of this only R 106,874,158.13 (56 orders) relates to new incidents of irregular expenditure. The balance of R 1,742,138,325 (193 orders) relates to the carry through costs of irregular expenditure identified in the prior years.</p>	<p>Forensic reports (FR) investigations conducted:</p> <p>Six forensic reports were referred to labour relations</p>	<p>conducted by OTP</p> <ul style="list-style-type: none"> Implicated officials (28) <p>Sub-total: 28</p> <p>Total= 64</p>	<p>30 November 2022.</p> <p>Only one official implicated on irregular expenditure has responded and requested for the extension to respond by 16th January 2023.</p>	<p>Pietermaritzburg Region has responded and indicated that no disciplinary action will be taken against the implicated officials. She since been advised by the Directorate: LR to follow the proper process by issuing the letters of intention of discipline to the implicated officials and allow then to respond to the allegations on their own. The Head of Department has also issued a letter instructing the relevant manager to finalise the disciplinary process.</p>	
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			<p>The timeframe for completing the determination testing and investigation of the irregular expenditure and submission thereof to Provincial Treasury for condonation, as well as steps taken to implement consequence management and recovery of losses.</p> <p>The appointed service provider's contract ends 31 August 2024 and they are responsible for investigated the bulk of the irregular expenditure.</p> <p>The consequence management is still a challenge since the transgressions occurred almost 5 years ago.</p> <p>A draft condonement request has been submitted and is under review for final submission to Provincial Treasury.</p> <p>Progress made by the external service provider appointed to investigate the prior years' irregular expenditure, the project plan and time frames for completion of the investigations.</p> <p>They have completed the determination test for 592 cases with a total value of R 3,461,537,737.55</p>					
191/2022	DEPARTMENT OF TRANSPORT: FINDINGS ON EXPENDITURE MANAGEMENT AND CONSEQUENCE MANAGEMENT: FRUITLESS AND WASTEFUL EXPENDITURE: R3.81 MILLION	<p>That the Accounting Officer report to the Committee by <u>31 January 2022</u> on:</p> <p>[1] The investigation and determination of liability for the fruitless and wasteful expenditure incurred in 2021/22.</p> <p>[2] Progress made in the investigation of the balance of the prior years' fruitless and wasteful</p>	<p>1.The investigation and determination of liability for the fruitless and wasteful expenditure incurred in 2021/22.</p> <ul style="list-style-type: none"> The fruitless and wasteful expenditure incurred in 2021/2022 resulted from interest levied on utility accounts. The determinations are currently in progress. <p>2.Progress made in the investigation of the balance of the prior years' fruitless and wasteful expenditure and time frames for finalisation thereof, as well as the outcomes and findings of the investigations and specific steps taken to implement the recommendations, including disciplinary action and the outcomes.</p> <p>Regarding the Royal Haskoning , the Department has raised a debt on the balance of the amount owing .</p> <p>Regarding the Annual Report , a legal review on the response to the disciplinary process is currently in progress.</p>					

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Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)
		<p>expenditure and time frames for finalisation thereof, as well as the outcomes and findings of the investigations and specific steps taken to implement the recommendations, including disciplinary action and the outcomes.</p> <p>[3] Outcome of implementation of the turnaround strategies and measures put in place to prevent future occurrence.</p>	<p>In terms of no shows , the Department has written off the (91%)relevant amounts , recovered amounts(4.2%) that were concluded to be recovered and raised a debt for an official(4.8%) .</p> <p>3.Outcome of implementation of the turnaround strategies and measures put in place to prevent future occurrence.</p> <p>The Department receives quarterly reports on ‘no shows’ and from reiteration of the consequence management, this has decreased dramatically. There have been no new cases reported for the current year to date.</p> <p>The tracking of invoices manually on the utility bills as well as changing the process to receive it electronically and ensuring that reconciliations are performed has resulted in no interest reported on accounts for the current year.</p>	
192/2022	DEPARTMENT OF TRANSPORT: UNAUTHORISED EXPENDITURE AND CONSEQUENCE MANAGEMENT: R3.18 MILLION	<p>That the Accounting Officer report to the Committee by <u>31 January 2023</u> on:</p> <p>[1] Details of, and the reasons for, the over-expenditure in 2021/22 and whether the Vote itself was overspent as a result.</p>	<p>1.The Department over-spent its 2021/22 budget by R1.646 million. The higher than budgeted expenditure of R1.646 million resulted from expenditure pressures related to the refurbishment and rehabilitation of the provincial road network.</p> <p>2.The department utilised savings to defray excess expenditure across various programmes and economic classifications. The virements implemented were in compliance with applicable legislations and the department received correspondence from Provincial Treasury, where it noted and supported the final 2021/22 post Adjustments Estimate virements and shifts undertaken within and across programmes and economic classifications.</p> <p>3.The unauthorised expenditure incurred by the department resulted from an over-expenditure of the departmental budget. The department over-spent its allocation by</p>	
		<p>[2] Whether the department utilized savings in other programmes towards the defrayment of excess expenditure, and if so, whether the virement complies with section 43 of the Public Finance Management Act, 1999, read with Treasury Regulation 6.3.</p> <p>[3] Disciplinary steps taken against the officials responsible for the unauthorized expenditure in terms of section 38(1)(h) of the Public Finance Management Act, 1999, read with Treasury Regulation 9.1.3.</p> <p>[4] Steps taken to recover any losses from the officials responsible in terms of section 38(1)(c) of the Public Finance</p>	<p>R1.646 million from a budget allocation of R11 571 718 billion which constitutes 0.014 of the overall budget allocations. The department did implement measures to monitor the spending particularly at year end however, it is practically impossible to achieve an exact 100% on the dot expenditure from a budget of approximately R12 billion. The department is either likely to under-spend or slightly over-spend its allocation due to issues such as expenditure that interfaces into the department’s books after the 31st of March. The department did raise the unauthorised expenditure in its books. Since the unauthorised expenditure incurred did not arise from criminal conduct nor was it expenditure that was not in accordance with the purpose of a vote or a main division. The amount by which the total of a vote was exceeded in a specific financial year can form a charge against the amount appropriated in the next financial year.</p> <p>4.The department did not suffer any losses due to the unauthorised expenditure as the over-expenditure was due to payments for goods and services received by the department.</p> <p>5.The department continues to monitor its expenditure trends through the In-year Monitoring system as well as additional management reports to avoid recurrence.</p>	

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Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)
		<p>Management Act, 1999, read with Treasury Regulation 9.1.4 and 12.</p> <p>[5] Measures put in place to avoid recurrence and the effectiveness thereof.</p>		
193/2022	DEPARTMENT OF TRANSPORT: REVENUE MANAGEMENT: FAILURE TO COLLECT ALL MONIES DUE	<p>The Accounting Officer report to the Committee by <u>31 January 2023</u> on progress made in the appointment of new summonses servers to ensure that all traffic fines are collected, and the value realized by appointing these officers.</p>	<p>The 120 summon servers' participants have been selected and recruited using EPWP recruitment and selection guidelines. Participants have filled SAP91 forms for vetting as per the requirement of the programme. However, the vetting through SAPS is delaying the start of the programme. EPWP and RTI has requested Departmental Security Services through HRD to do vetting using the Departmental vetting system. The vetting has been performed for Pietermaritzburg, Pinetown and Newcastle. The outstanding participants will be vetted in the week of 23- 27 January 2023. The first training will start in Pietermaritzburg on 30- 31 January 2023.</p>	
194/2022	DEPARTMENT OF TRANSPORT: INVESTIGATIONS FROM PRIOR YEARS	<p>That the Accounting Officer report to the Committee by <u>31 January 2023</u> on: -</p> <p>[1] The findings and recommendations of all completed investigations and</p>	<p>[1] The investigation of fraud and corruption is centralized at Office of the Premier (OTP). Department refers all the investigations of fraud and corruption allegations reported to OTP. The following are the cases of forensic investigations that have been completed. Some of these cases are referred to SAPS for criminal investigations to be conducted.</p> <p>FR25/ 2012</p>	
		<p>steps taken to implement the recommendations, including disciplinary action and the outcomes thereof, recovery of losses and opening of criminal cases.</p> <p>[2] Progress made in, and time frames for, the completion of the remaining investigations.</p>	<p>This case is in relation to Fraud and corruption relating to the appointment of consultants within the department. The investigation was completed but the Department has not been provided with the report due to the criminal matter. Criminal case still ongoing under PMB CAS PMB 375/03/2020 and Melville CAS41/12/2015. In terms of (PMB CAS 375/03/2020) 2 arrests have been made and the matter is still in court. Whereas Melville CAS 41/12/2015 was referred to Serious Commercial Crime.</p> <p>FR29/2012</p> <p>The matter was in relation to SCM irregularities within the Vryheid Cost Centre The official did not disclose the conflict of interest and did not recuse herself in the Site Briefing, Tender Opening, Screening and in recommending the Service Providers.</p> <p>It was found that the official recommended the service provider even though the OHSa Declaration was not completed, and whilst the service provider contravened: Vukuzakhe Policy Clause 6.2.7; misrepresented information on clarification Meeting CertificateT15; and CertificateT15; and did not disclose its links with other service provider as it is required in the Compulsory information to be provided. Secondly, it was found that the Service Provider breached conditions 2(2) set in the Preference Points Schedule and SCM Practice Note 06 of Site 2006 Clause 8 (ii).</p> <p>It was recommended that disciplinary proceedings be taken against 2 officials for their role in the recommendations they made to the BEC, the Project supervisor for his role at the Site Briefing Session and the BEC Chairperson for failing to properly evaluate the Bids for this contract. Again, it was recommended that the Department consult Legal in order to determine possible legal ramifications as a result of breach of Preferential Procurement Regulations, 2001 Section 13 (2), (3), and (4) in view to Blacklist the service provider. The matter be reported to SAPS.</p>	

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)
			<p>The Department was issued with the investigation report; however, the investigation report was not submitted with supporting document. As a result, the Department do not have supporting documents to initiate disciplinary proceedings. Follow-ups with Office of the Premier are ongoing.</p> <p>FR26/2012</p> <p>The matter was with regards to kickbacks being awarded to official in order for Service Provides to be awarded large quantities of work from the department. The investigation revealed that SCM processes were not followed, inflation of plant hire costs to pay the amount not permitted in terms of the ZNB2800 contract. The plant hire contract was misused to award work relating to road rehabilitations or upgrade. Poor internal controls with regards to approving of orders. Consultants misrepresented and /or facilitated the inflation of plant hire hours on payment certificate and supporting documents, which they submitted to KZNDOT on behalf of the contractors for payment, to recover costs not permitted in terms of the plant hire contract. The department paid a duplicate payment of R92 886.44 to the contractors.</p> <p>It was recommended that the Department should consider instituting disciplinary action against 4 officials. Open a criminal case against the general manager official and consultants. Road contraction and/ or road rehabilitation work should be procured utilising KZNDOT normal tender process. Lastly, the department should obtain legal advisors to institute a civil recovery of R92 886.44</p> <p>A criminal has been recorded and is still ongoing under CAS 25/09/2015. The disciplinary proceedings are in progress with the Departmental Labour Relations unit.</p> <p>FR28/2013</p>	
			<p>The matter is with regards to Fraud and corruption at cost centre Port Shepstone relating to compliance with ZNB 2800 Plant Hire contract, Non-compliance/ alleged abuse of ZNB 2800/07T - Plant Hire Contract.</p> <p>Three officials were found to have committed gross misconduct and alleged criminal conduct. Service providers in conjunction officials committed criminal offences. Three disciplinary recommendation, but this cannot be processed before criminal process (i.e. after arrest)</p> <p>The criminal matter has been registered as Port Shepstone CAS 154/12/2015 and Pietermaritzburg CAS 233/08/2016 and are ongoing. The department was presented with the report with three disciplinary recommendation, but OTP advised that this cannot be processed before criminal process (i.e. after arrest).</p> <p>FR39/2014</p> <p>The matter involved the Irregularities relating to payment made to service providers DoT irregularly processed an alleged fraudulent invoice of R 282 000 as a procurement for services of transporting contractors to attend consultative workshops.</p> <p>It was found that there was no invitation of quotations attached to a payment suggesting the Department requested services of transporting contractors. The attendance register provided by the Department appeared to be unauthentic as contractors appearing were not found or known by the contractors present during the site visits. The service provider confirmed he never rendered any services to the Department which would have his business claim or receive payment of R282 000.00</p> <p>It was recommended that the Department must institute disciplinary proceedings against 9 officials. Again, the Department must institute Civil recovery R632 527.50</p> <p>The criminal matter is still ongoing under PMB CAS205/12/2018. Two (2) Officials resigned whilst the investigation was in-progress. 7 officials received a progressive disciplinary. The Department Legal Service unit could not continue with the civil recovery process as the matter prescribed.</p>	

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)
			<p>FR51/2015</p> <p>The issue was around the fraudulent refunds of motor vehicle licenses. The investigation revealed some anomalies and it was recommended that a criminal case with SAPS must be registered. Furthermore, the Department was advised to institute disciplinary actions against officials.</p> <p>A criminal case was registered with PMB CAS 621/03/2015 and the accused. The accused pleaded guilty to 144 counts of fraud, 1 count of money laundering. The following sentence was meted out: -10 years suspended for 5 years. Section 176(1) 16 hours of community service per month for the duration of the correctional supervision. Accused was ordered to pay back R30 000 per month until the entire R 1766 585.65 is paid back to the complainant. Criminal matter has been finalized.</p> <p>Departmental could not conduct a formal disciplinary process to one official, since the official has left DOT for Department for Public Works. However, the report was forwarded to Public Works to continue with the disciplinary process. This is the same official that appeared in court and ordered to repay the Department. The official is paying the Department as ordered per month. As at November 2022, the outstanding Debt was R603 585.65.</p> <p>Other four officials received progressive disciplinary actions. One employee is retired, and progressive disciplinary actions could not be taken against him.</p> <p>FR20/2015</p> <p>Case FR20/2015 is with regards to fraud and corruption & non-compliance with ZNB 2800 Plant Hire Contract. 13 disciplinary reports were finalized and discussed with the Department. PMB CAS11/04/2014 will be phased out and will be split into two criminal matters (PMB CAS 375/03/2020 and Mayville CAS 41/12/2015).</p> <p>Officials has been reported to have colluded with service providers. Disciplinary process is in progress by the Departmental Labour Relations unit.</p>	
			<p>FR32/2015</p> <p>This was the forensic investigation where the Department was reported to have paid R 981 317 to a service provider for a service that was never rendered.</p> <p>It was found that the Department failed to take ensure that reasonable steps are taken to deter any form of fraudulent and or corrupt activities that could be taking place. An official performed duties that were outside her normal duties by compiling a commitment with order number B0394495 in respect of goods and services for the hire of plant on project P10-1 from a service provider for R1 775 123.25. A senior official authorised payment of BAS R981 317.30 without satisfying himself that only valid, authentic and correct payments were made to service providers.</p> <p>It was recommended that the Department must implement control systems that will ensure adherence to the PFMA, Treasury Regulations and other SCM policies. It was also recommended that the Department must conduct on-going training for SCM officials on procurement procedures. Again, the Department was advised to institute civil recovery proceedings to recover R981 317.30 and institute Disciplinary proceedings against eight (8) officials.</p> <p>The matter has been reported to the SAPS Commercial Branch with CAS 799/09/2016 and the criminal proceedings are ongoing. The process of implementing disciplinaries in the Department is also in progress.</p> <p>FR34/2015</p> <p>Report was on Procurement irregularities suspected to have been taken in the Department. The investigation was conducted, and allegations were unfounded. The matter is closed.</p> <p>FR46/2015A/B</p> <p>The investigation was conducted regarding the issuing of guardrails. Findings revealed that guardrails are not properly issued between Cost Centre Metro and Pietermaritzburg.</p>	

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)
			<p>The Department was advised to institute disciplinary actions against 11 officials. The Department to ensure that depots are instructed to keep a proper record of the guardrails received and issued and to keep a tally of the guardrails on hand. Lastly, the Procedures Manual: Department of Transport Stores Input Documents: Internal Compliance (Stores Manual) be updated to include the new requisition form in use and to include the prescripts of Provincial Treasury Instruction Note 21 of 2013.</p> <p>The criminal proceedings are ongoing as per mountain Rise CAS456/10/2017. Corrective measures taken against 11 officials. Formal disciplinary process completed against an employee. The employee was dismissed but appealed. The matter is on arbitration which is still on going.</p> <p>FR03/2017 The matter is with regards to irregularities relating to tender processes and conflict of interest at PMB Regional Office. The official failed to disclose the relationship with the service provider whilst participating in the SCM processes. There has been collusion between to official and service provider. KZNDOT should consider disciplinary proceedings against 8 officials. The Departmental Labour Relations unit is in progress and facilitating the Disciplinary proceedings.</p> <p>FR08/2017 The matter was in relation with the Procurement irregularities at Port Shepstone cc. the investigation was completed, and the allegations were unfounded. The matter was closed</p> <p>FR31/2018 The matter was around the misconduct by officials in the Newcastle Cost Centre.</p>	
			<p>The investigation found out that the allegations that were made on bribery were false. However, there was payment that was made to a company without an invoice issued.</p> <p>The Department was advised to recover R242 7792,91 from the Service Provider. The Department must also institute disciplinary proceedings against 2 Department officials.</p> <p>The Labour relations is currently working with line managers to implement the disciplinary actions. The civil recoveries of ongoing by the Departmental legal Services and Financial accounting directorates.</p> <p>14. FR05/2019 The matter was in relation to medical certificates/reports submitted by an Employee. The forensic investigators recommended that the matter be closed as the official has since resigned from the employ of KZN Department of Transport. There is no record of the officials being employed elsewhere in the public sector. The matter is closed.</p> <p>FR12/2019 The matter was in relations to Theft and mismanagement of a Grader at Ladysmith Region- Estcourt Cost Centre. It was found that the Official failed to safeguard the TLB keys which resulted on the TLB stolen. There was a lack of supervision by the relevant supervisors. It was recommended that Disciplinary actions be taken against three officials in the Department. Disciplinary process is ongoing, the meetings was arranged for January 2023, but the meeting was rescheduled due to some other events. The internal control system has also been enhanced. e.g. the key control management, updated registers and job cards monitoring.</p> <p>FR 14/2019A</p>	

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes / No)						
			<p>The matter is with regards to Fraud and/or Corruption relating to Financial Irregularities in the Department.</p> <p>It was found that the officials acted unlawfully by colluding with the Service providers and made payments for services not rendered to the value of R390 994 (R197820 and 192514) Another collusion by an</p> <p>The investigation recommended that the Department must institute disciplinary proceedings against 3 Department officials. Again, the Department was requested to institute civil recovery of R390 334.00. Lastly, the Department should consider reporting criminal case to SAPS for 2 officials and 1 service provider.</p> <p>Disciplinary process is in progress. (delays were experienced as the Department had identified errors in the report. The report had to be returned for corrections prior to initiating the disciplinary process). Legal Service unit and the Financial Accounting unit working on the process of recovery.</p> <p>17. FR 14/2019E</p> <p>Alleged Fraud and/or Corruption relating to Awarding of Bid No. ZNT373T/3/3/434/3776/2016T, Road No. D770 at Pietermaritzburg Region</p> <p>Allegations were unfounded and the matter was closed.</p> <p>[2] The Department is currently not having cases that are being investigated internally. The receives queries from whistle blowers and conduct a verification to establish the relevance of the information provided. In an event where information is confirmed to be relevant, the Department forwards the allegation reports to the Office of the Premier to conduct the forensic investigation. Therefore, the Department is unable to determine time frames on completion of the ongoing investigations.</p>							
195/2022	DEPARTMENT OF TRANSPORT:	That the Accounting Officer report to the	In its response to the Material Irregularity 1: Payments made to contractor for suspension of work the department the department had reported that it is waiting							
	INVESTIGATIONS BY SPECIAL INVESTIGATION UNIT ON MATERIAL IRREGULARITY	Committee by <u>31 January 2023</u> on the findings and recommendations of the SIU, and any other SIU investigation that had been completed, as well as the steps taken to implement the recommendations and the outcomes thereof.	<p>for the Special Investigations Unit (SIU) to finalise the matter on fruitless and wasteful expenditure in respect of work completed against payments made by the department and if the construction of the 8km wall serves the intended purpose. Please see attached Annexure 195_2022.</p> <p>The SIU has completed this investigation and has presented a summary of findings and systemic recommendations at a meeting held with the Acting Head of Department. The Head of Department is currently reviewing the contents of the report and will implement the recommendations.</p> <p>Furthermore, the department will provide its final response to the Auditor-General in respect of this matter once the Accounting Officer has satisfied himself with the contents of the report and implementation of the recommendations have commenced.</p>							
217/2022	TRANSVERSAL RESOLUTION – FILLING OF CRITICAL POSTS	That the Accounting Officers and Accounting Authorities of the relevant departments and public entities report to the Committee by <u>31 January 2023</u> on progress made in the filling of critical management posts and the time frames for the filling of those posts.	<p>The progress made in the filling of all vacant, funded SMS posts is as follows:</p> <table border="1"> <thead> <tr> <th>SALARY LEVEL</th> <th>NO. OF POSTS</th> <th>PROGRESS MADE TO FILL AND TIME FRAME TO FILL</th> </tr> </thead> <tbody> <tr> <td>14</td> <td>4</td> <td> <p>Chief Financial Officer – Advertised with closing date of 10-05-2022. Short-listing held on 27-07-2022. Post re-advertised due to lack of suitably qualified candidates. Closing date 09-12-2022. Currently arranging date for short-listing. Estimated time frame to fill is 01-05-2023.</p> <p>Chief Director: Public & Freight Transport – Filled w.e.f. 01-10-2022 through the transfer of an employee from Department of Co-operative Governance and Traditional Affairs.</p> <p>Chief Director: TIDS: Durban - Advertised in April 2022 with a closing date of 10-05-2022. Short-listing and interviews have been conducted and the Department is currently finalising SCM processes for candidates to undergo the Competency Based Assessment. Estimated time frame to fill is 01-03-2023.</p> <p>Chief Director: TIDS: Empangeni – Advertised and short-listing and interviews conducted. No suitable candidate found and</p> </td> </tr> </tbody> </table>	SALARY LEVEL	NO. OF POSTS	PROGRESS MADE TO FILL AND TIME FRAME TO FILL	14	4	<p>Chief Financial Officer – Advertised with closing date of 10-05-2022. Short-listing held on 27-07-2022. Post re-advertised due to lack of suitably qualified candidates. Closing date 09-12-2022. Currently arranging date for short-listing. Estimated time frame to fill is 01-05-2023.</p> <p>Chief Director: Public & Freight Transport – Filled w.e.f. 01-10-2022 through the transfer of an employee from Department of Co-operative Governance and Traditional Affairs.</p> <p>Chief Director: TIDS: Durban - Advertised in April 2022 with a closing date of 10-05-2022. Short-listing and interviews have been conducted and the Department is currently finalising SCM processes for candidates to undergo the Competency Based Assessment. Estimated time frame to fill is 01-03-2023.</p> <p>Chief Director: TIDS: Empangeni – Advertised and short-listing and interviews conducted. No suitable candidate found and</p>	
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PART C: GOVERNANCE

Resolution No.	Subject	Details	Response by the Department					Resolved (Yes / No)																
					post re-advertised with closing date of 03-02-2023. Currently receiving applications. Estimated time frame to fill is 01-06-2023.																			
			13	4	<p>Director: Public Transport Monitoring & Compliance - Submitted for job evaluation and the post was downgraded to a Deputy Director by the DPSA. The Department is currently in the process of reviewing the KRAs and thereafter re-submit for evaluation.</p> <p>Director: Human Resource Practices and Director: Human Resource Development: Currently reviewing the job descriptions for benchmarking. Posts to be advertised on finalisation of this process.</p> <p>Director: Supply Chain Management: Filled w.e.f. 01-10-2022 through the transfer of an employee from Department of Co-operative Governance and Traditional Affairs.</p>																			
218/2022	TRANSVERSAL RESOLUTION: COMPLIANCE WITH HRM MATTERS	That the relevant Accounting Officers and Accounting Authorities report to the Committee by <u>31 January 2023</u> on measures taken to ensure full compliance with HRM matters in relations to signing of performance agreements, security vetting, submission of financial disclosure forms and verification of qualifications.	<p>The status of compliance with HRM matters in relation to the signing of performance agreements, security vetting, submission of financial disclosure forms and verification of qualifications is as follows:</p> <table border="1"> <thead> <tr> <th>Department/ Entity</th> <th>Signing of Performance Agreements</th> <th>Security Vetting</th> <th>Submission Of Financial Disclosures</th> <th>Verification Of Qualifications</th> </tr> </thead> <tbody> <tr> <td>Department Of Transport</td> <td>95%</td> <td>60% Compliant</td> <td>100%</td> <td>100%</td> </tr> <tr> <td></td> <td>Human Resources sent reminder letters to SMS members who did not</td> <td>No progress made- DOT was not Included in the SSA prioritised departments – see attached official</td> <td></td> <td></td> </tr> </tbody> </table>					Department/ Entity	Signing of Performance Agreements	Security Vetting	Submission Of Financial Disclosures	Verification Of Qualifications	Department Of Transport	95%	60% Compliant	100%	100%		Human Resources sent reminder letters to SMS members who did not	No progress made- DOT was not Included in the SSA prioritised departments – see attached official				
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				submit their Performance Agreements.	correspondence Annexure 218-22(a) and 218-222 (b)																			
219/2022	TRANSVERSAL RESOLUTION: SPECIAL INVESTIGATION UNIT	That the relevant Accounting Officers and Accounting Authorities report to the Committee by <u>31 January 2023</u> on measures taken to ensure full compliance with the obligations agreed upon to pay for the service rendered.	The department has requested a statement of account from the SIU and will ensure that full payment is made for the outstanding deference of R9 695 should it still reflect.																					
22 0/2022	TRANSVERSAL RESOLUTION: HUMAN RESOURCE MANAGEMENT: VACANCIES IN SENIOR MANAGEMENT AND CRITICAL POSITIONS	That the Accounting Officer and the Accounting Authority report to the Committee by <u>31 January 2023</u> on progress made in the filling of senior management positions, critical positions as well as the outcomes of their engagements with Provincial Treasury and the Office of the	<p>The Department has received approval to fill 418 identified critical vacant <u>Regulator</u> posts from the Premier to date. The status thereof is as follows:</p> <table border="1"> <tbody> <tr> <td>Filled</td> <td>79</td> </tr> <tr> <td>Advertised and in the various stages of the recruitment process</td> <td>339</td> </tr> <tr> <td>TOTAL</td> <td>418</td> </tr> </tbody> </table> <p>The Department has received approval to fill 1 389 identified critical vacant <u>Infrastructu</u> posts from the Premier to date. The status thereof is as follows:</p>					Filled	79	Advertised and in the various stages of the recruitment process	339	TOTAL	418											
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PART C: GOVERNANCE

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		Premier on the filling of posts and the funding thereof.	<table border="1"> <thead> <tr> <th>BRANCH: TRANSPORT INFRASTRUCTURE & DISTRICT SERVICES</th> <th>NO. OF POSTS APPROVED FOR FILLING FILLED</th> <th>ADVERTISED AND IN VARIOUS STAGES OF RECRUITMENT PROCESS STILL TO BE ADVERTISED</th> </tr> </thead> <tbody> <tr> <td>HEAD OFFICE</td> <td>81 64</td> <td>13 4</td> </tr> <tr> <td>EMPANGENI</td> <td>421 92</td> <td>292 37</td> </tr> <tr> <td>DURBAN</td> <td>422 103</td> <td>287 32</td> </tr> <tr> <td>LADYSMITH</td> <td>315 107</td> <td>194 14</td> </tr> <tr> <td>PIETERMARITZBURG</td> <td>150 70</td> <td>79 1</td> </tr> <tr> <td>TOTAL</td> <td>1 389 436</td> <td>865 88</td> </tr> </tbody> </table> <p>The Department has received approval to fill 212 identified critical vacant <u>Occupational Specific Dispensation (OSD)</u> posts from the Premier to date. The status thereof is as follows:</p> <table border="1"> <tbody> <tr> <td>Filled</td> <td>146</td> </tr> <tr> <td>Advertised and in the various stages of the recruitment process</td> <td>46</td> </tr> <tr> <td>Still to be advertised</td> <td>20</td> </tr> <tr> <td>TOTAL</td> <td>212</td> </tr> </tbody> </table> <p>The Department has not experienced any further delays when engaging Provincial Treasury and the Office of the Premier for approval to fill critical vacant posts. The turnaround times has drastically improved since the intervention of our MEC.</p>	BRANCH: TRANSPORT INFRASTRUCTURE & DISTRICT SERVICES	NO. OF POSTS APPROVED FOR FILLING FILLED	ADVERTISED AND IN VARIOUS STAGES OF RECRUITMENT PROCESS STILL TO BE ADVERTISED	HEAD OFFICE	81 64	13 4	EMPANGENI	421 92	292 37	DURBAN	422 103	287 32	LADYSMITH	315 107	194 14	PIETERMARITZBURG	150 70	79 1	TOTAL	1 389 436	865 88	Filled	146	Advertised and in the various stages of the recruitment process	46	Still to be advertised	20	TOTAL	212			
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9 PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of noncompliance	Financial year in which it first arose	Progress made in clearing / resolving the matter*
<p>The department did not properly record capital commitments, as required by MCS Chapter 14: Provisions and contingents, as the department did not fully record items that met the definition of capital commitments. I was unable to determine the impact of this misstatement on the capital commitments disclosure, as it was impracticable to do so. Consequently, capital commitments stated at R3,26 billion (2021: R4,59 billion) in note 26 to the financial statements is materially misstated by an undeterminable amount.</p>	<p>2021 2022</p>	<p>With regard to the Capital Commitments Department has enlisted a team Financial Management Team from Provincial Treasury who will be assisting the Department in putting processes, further internal controls, and standardising reporting to ensure that correct figures are reported.</p> <p>The Financial Management Team will further assist to -:</p> <ul style="list-style-type: none"> • Ensure that effective and efficient financial management controls, policies, and procedures are in place. • Ensure Monthly review and monitoring of the quality of financial management reconciliations and supporting evidence to ensure compliance with the accounting standards and PFMA reporting requirements. • address prior year financial management related audit findings raised by the Auditor General and Internal Audit. • Assist in the preparation of the interim financial statements and annual financial statements including the preparation of detailed working papers. • Assist in the compilation of commitments register, schedules for accrual and payable not recognised. • It should be further noted that the Department did not have this qualification in the current year.

10 INTERNAL CONTROL UNIT

During the 2022/ 2023 Financial year, a yearly inspection programme and time frames was planned, drafted, and executed by the officials working at Internal Control Unit located at Head Office. The reason for selecting the inspections as stated in the table below were based on a number of weaknesses that were highlighted by the external audit units through the performance of audits and subsequent submission of reports viz. Supply Chain Management, Zibambele Road maintenance programme, Human Resource Management, Subsistence and Transport Allowance and Head count, SCM, Traffic fines and Commitments Accruals and Payables. The table below is self-explanatory, although Internal Control Unit has limited personnel resources due to officials retiring etc. all targeted inspections were successfully completed.

In addition, several adhoc inspections were randomly executed throughout the department namely, revenue and security which mostly were performed at the following offices: Road Traffic Inspectorates, Motor Licence Bureau and Cost Centres where public funds and security related matters are dealt with. Follow up inspections were also executed in offices where responses to inspection reports were timeously received. Internal Control officials also attended inspection exit meetings at the visited local offices to present the summary results of the inspections undertaken and raise any issues of concern.

Inspections Conducted	Number of Offices Inspected	Time Frames
Supply Chain Management Inspection	23	February – May 2022
Zibambele Road maintenance programme Inspection	12	June – September 2022
Human Resource Management, Subsistence and Transport Allowance and Head count Inspection	40	October – December 2022
Contract Management Inspection	1	January 2023
Traffic Fines Inspection	25	February – March 2023
Commitments Accruals and Payables	17	March – April 2023

Internal Control is also responsible for the coordination of Audits comprising Internal Audits by Provincial Treasury and External Audits by the Auditor-General. The component facilitates the retrieval of documents and compilation of formal communications.

This component also conducts post audit inspections based on the AG Management Report Findings as well as the Provincial Treasury Audits to raise awareness of all findings within the Department.

Internal Control Unit is responsible for the development and maintenance of the Audit Improvement Strategy and facilitates the logistics for the Departmental Audit Improvement Workshop.

11 INTERNAL AUDIT AND AUDIT COMMITTEES

The audit committee plays an important role in ensuring that an entity functions according to good governance, accounting and audit standards. It also monitors the adoption of appropriate risk management arrangements.

The scope of possible activities that the PIAS can engage in includes:

1. Reviewing the reliability and integrity of financial and operational information and the means used to identify, measure, classify and report such information.
2. Reviewing the extent of compliance with, relevance and financial effect of established policies, standards, plans and procedures and the extent of compliance with external laws and regulation.
3. Reviewing the extent to which the assets and interests of the institution are accounted for and safeguarded from losses of all kinds arising from waste, extravagance, carelessness, ineffective administration, poor value for money, fraud, corruption or other causes.
4. Appraising the economy, effectiveness and efficiency with which resources are employed.
5. Reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.
6. Evaluating and assessing the merging or consolidation of significant functions and new or changing services, processes, operations, and control processes if applicable.
7. Evaluating the integrity of processes and systems (including systems implemented for the management of information assets) to ensure that controls offer adequate protection against error, fraud and loss of any kind and that the processes/systems align with the KZNPG's strategic goals
8. The follow-up on actions taken to remedy the weaknesses identified by internal audit
9. Facilitating the development and review of fraud prevention plans
10. Co-ordinating internal audit efforts with those of the external auditors
11. Provide any other specialized audit services as determined through the risk assessment process
12. Reviewing plans, programs and operations to ascertain consistency with the KZNPG and National strategy and to establish the extent to which value for money is being achieved
13. Reviewing the planning, design, development, implementation and operation of major computerized systems to ensure that these systems meet their intended purpose and objectives
14. Assist and support the Provincial Audit and Risk Committee to report on the effectiveness of the system of internal controls in the annual report.

SUMMARY OF WORK DONE

The Provincial Internal Audit Services conducted the following reviews at the Department of Transport during the 2022/23 financial year:

Legislated Audits:

1. The Audit on Performance Information

Risk Based Audits:

2. Immovable Assets Management
3. Procurement and Expenditure
4. Mechanical Plant Maintenance
5. Revenue Management
6. Review of Annual Financial Statements before submission to AG

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7. Review of the Audit Improvement Strategy
8. Review of Key Account Reconciliations

Follow Up Reviews:

9. Follow-up on the Resolved Findings (Internal Audit Reports)
10. Follow-up on the Resolved Findings (IT Audit Reports)
11. Follow-Up on Resolved Audit Findings (AG Audit Report)

IT Audits:

12. IT Risk Management
13. Protection of IT Assets

KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT COMMITTEE

Objective

The Executive Council has established the Provincial Audit and Risk Committee (PARC) in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the Public Finance Management Act, Act No. 1 of 1999 as amended by Act No. 29 of 1999 (PFMA). The PARC reports to the Member of Executive Council (MEC) for Finance. The KwaZulu- Natal Provincial Government has also established the following three Cluster Audit and Risk Committees (CARC), which report directly to the PARC:

- Governance, State Capacity and Institutional Development Cluster
- Economic Sector and Infrastructure Development Cluster
- Social Protection, Community & Human Development Cluster

The Department of Transport is governed by the Economic Sector, Employment and Infrastructure Development Cluster Audit & Risk Committee which is constituted by 3 members of the PARC.

The objective of the shared Audit & Risk Committee is to assist the Department in fulfilling their oversight responsibilities for the integrity of the Government's financial reporting process, system of internal controls, audit process, process for monitoring compliance with laws and regulations and KZNPG's Code of Conduct, fraud prevention, the risk management process and any other good governance processes.

Key Activities

Internal Controls, Accounting Systems & Internal Audit
Review of the internal audit reports to manage critical risks and to ensure the adequacy and effectiveness of the departmental internal control structure including:
Financial and internal controls, Accounting systems and reporting and
•Corporate governance
Review any significant matters reported by the internal auditors and the extent to which the recommendations have been implemented by management; and provide any additional recommendations to Accounting Officers.
Direct the Accounting Officer to provide status reports detailing the progress made in implementing the Committee's recommendations.
Through PIAS reports, evaluate IT governance systems and the related internal controls.
Ensure that the relevant departmental management demonstrates accountability over internal control functions.
Consider the fact and potential of any limitation on the scope of internal audit, and if there is, report to the MEC for Finance.
Fraud Prevention

Ensure that the Accounting Officer develops and implement strategies, policies, procedures and systems to prevent and detect fraud and corruption
Ensure that the Accounting Officer demonstrates some pro-activeness in maintaining anti-fraud and corruption strategies to protect the Provincial assets entrusted to them
Review and evaluate the effectiveness of such strategies, policies/procedures.
Should a report to the Audit Committee, whether from the PIAS or any other source, implicate the Accounting Officer in fraud, corruption or negligence, the chairperson of Audit Committee must promptly report this to the relevant executive authority via the MEC for Finance.
Financial Statements
Ensure that the timing and nature of reports from the external auditor(s) are in accordance and comply with the requirements of the PFMA.
Consider key matters arising in the AG SA management report and audit report (including illegal acts or irregularities) and satisfy themselves that they are being properly followed up and resolved.
Consider the reports and function of the External Audit Steering committee to ensure that external audits are performed efficiently and that management co-operates with the AG SA.
Comment on its evaluation of the annual financial statements, the interim financial reports, the preliminary announcement of the AG SA report and any other announcement regarding the KZNPG's results or other financial information to be made public, prior to the submission to and approval by the Accounting Officer and/or Executive Authority.
Consider any accounting treatments, significant unusual transactions, or accounting judgments, which could be contentious to ensure that these are properly addressed.
In line with TR 3.1.13 (b), comment on the quality of IYM and monthly/quarterly reports submitted in terms of the PFMA and DoRA.
Risk Oversight
The Committee is an integral component of the risk management process and shall oversee: <ol style="list-style-type: none"> 1. Financial reporting risks 2. Fraud risk as it relates to financial reporting 3. IT risk as it relates to financial reporting 4. All other strategic and operational risks that may impede the department from achieving their business objectives.
Review the procedures for identifying business risks and mitigating their impact on the department.
Ensure that the Accounting Officer and Accounting Authority maintains and regularly reviews the system of risk management within their areas of responsibilities.
Review the results of the risk assessment to determine the material risks to which the departments may be exposed and evaluate strategies to mitigate those risks.
Ensure that the Accounting Officer has incorporated reputational and ethical risks and opportunities in the risk management process.
Ethics
Review the internal audit reports on compliance with the ethical code of conduct and policies of the Department based on the number of statutory, common law and other requirements which cover the ethical behaviour of senior management, and officials of the Departments.
Identify through PIAS reports, any violation of ethical conduct, environmental and social issues.

PART C: GOVERNANCE

Provide advice on any identified potential conflict of interest.

Reporting Responsibilities

The Committees must report and make recommendations to the Accounting Officer on a regular basis (TR 3.1.12).

The Committees should engage with Accounting Officers of respective departments at least on a quarterly basis.

The Committees may communicate any concerns they deem necessary to the executive authorities, Head of Provincial Treasury and the AG SA (TR 3.1.15).

The table below discloses relevant information for audit committee members.

NAME & SURNAME	QUALIFICATIONS	COMMITTEE STRUCTURE	CONTACT DETAILS	CONTRACT DURATION	STATUS	PARC MEETINGS ATTENDED	CARC MEETINGS ATTENDED
Mr Zwile Zulu	MBA	Chairperson: PARC Member: Eco & G&A	Address: 59 Yellowwood Drive, Zimbali, 4488 Cell: 082 773 2220 Email: zzwile@gmail.com	18 May 22 – 31 st May 25	1 st Term	5 of 5	4 of 4
Mr Mike Tarr	MSc Agricultural Economics	Chairperson: Eco Cluster Member: G&A	Address: Box 749, Hilton, 3245 Cell: 082 568 8246 Email: mikeashtontarr@gmail.com	10 May 21 – 31 st May 24	2 nd Term	5 of 5	4 of 4
Mr Sibusiso Mthethwa	BCompt (Hon)	Chairperson: Social Cluster	Address: P O Box 1859, Umhlanga Rocks, 4320 Cell: 060 676 0580 Email: smthethwa39@yahoo.com	18 May 22 – 31 st May 25	1 st Term	4 of 5	N/A*
Ms Sijabulile Makhatini	CA(SA)	Chairperson: G&A Cluster Member: Eco Cluster	Address: P O Box 2207, Esikhawini, 3887 Cell: 083 958 5506 Email: sija79@gmail.com	18 May 22 – 31 st May 25	1 st Term	5 of 5	4 of 4
Ms Runganagee Ramphal	CA(SA)	Member: Social Cluster	Address: 66 Ilchester Avenue, Somerset Park, Umhlanga Rocks, 4319 Cell: 082 389 3413 Email: pr@aaa-bee.co.za	18 MAY 22 – 31 st MAY 25	1 st Term	5 of 5	N/A*

Mr Suren Maharaj	CA(SA)	Member: Social Cluster	Address: 11 Edenburg Terrace, 40 Stiglingh Road, Rivonia, 2196 Cell: 083 556 8677 Email: surenma@hotmail.com	18 MAY 22 – 31 st MAY 25	1 st Term	5 of 5	N/A*
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12 AUDIT COMMITTEE REPORT

The Audit Committee herewith presents its report for the financial year ended 31 March 2023, as required by Treasury Regulation 3.1.13 read with section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999).

The Provincial Audit and Risk Committee (PARC) is the shared audit and risk committee for the provincial departments, and is further sub-divided into three Cluster Audit & Risk Committees (CARC’s) that provide oversight of key functions to the KZN Provincial Government Departments. The KZN Department of Transport is served by the Economic Sector and Infrastructure Development (ESID) Cluster Audit & Risk Committee.

The Audit Committee reports that it has adopted formal terms of reference contained in its Audit and Risk Committee Charter. The Committee complied with its responsibilities arising from the Public Finance Management Act and Treasury Regulations; except that the Committee was not fully constituted for the full financial year.

Audit Committee Members and Attendance

The PARC and ESID CARC consisted of the members listed hereunder who have met as reflected below.

#	Name of Member	PARC Meetings Attended	ESID CARC Meetings Attended
1.	Mr Z Zulu – PARC Chairperson	5 of 5	4 of 4
2.	Mr M Tarr – ESID CARC Chairperson	5 of 5	4 of 4
3.	Ms S Makhathini	5 of 5	4 of 4
4.	Mr S Mthethwa	4 of 5	N/A*
5.	Ms R Ramphal	5 of 5	N/A*
6.	Mr S Maharaj	5 of 5	N/A*

*refers to PARC members who did not serve on the ESID CARC

The Effectiveness of Internal Control

The Committee has reviewed the reports of the Provincial Internal Audit Service (PIAS), the Audit Report on the Annual Financial Statements and Management Report of the Auditor General of South Africa (AGSA) and has noted with concern, the weaknesses in controls in the following:

- Expenditure Management – Irregular expenditure
- Revenue Management
- Performance Information
- Contract Management and Procurement
- Consequence Management

PART C: GOVERNANCE

The Committee noted with concern the control deficiencies identified by the auditors, both internal and external. Although management interventions on certain control weaknesses were considered by the Committee, the Accounting Officer is urged to urgently implement strategies that will prevent any further regression on audit outcomes.

Effectiveness of Internal Audit

PIAS activities were reviewed by the Committee during the special PARC and CARC monitoring processes. The Committee evaluated PIAS' reports detailing the assessment of the adequacy and effectiveness of controls designed to mitigate the risks associated with the operational and strategic activities of the department.

The PIAS planned to conduct eleven (11) audit assignments for the period under review, of which eight (8) were finalised and three (3) were carried over with the approval of the Audit Committee.

The Committee is satisfied that PIAS performed effectively during the period under review. During the 2023/24 financial year, the Committee will continue to monitor the progress made by the PIAS against its operational plans in order to ensure that it continues to fulfil its mandate and add value to the Department.

Risk Management

The responsibilities of the Committee with respect to risk management are formally defined in its Charter. For the period under review, the Committee's responsibilities have been focused, amongst other things, on the quarterly review of the Department's risk register and monitoring progress against the Risk Management Operational Plan.

As at the end of the 2022/23 financial year, the Department's risk register status was as follows:

	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of identified risks	4	4	51	20	7	86
Number of agreed action plans due by Quarter 4	24	16	96	25	7	168
Number of action plans completed by Quarter 4	6	4	41	20	6	77
% Action plans implemented	25%	25%	43%	80%	86%	46%

The Committee notes with concern the slow progress of 46% made by the Department on implementing its risk mitigation plans. The Department is urged to implement outstanding risk mitigation plans timeously and to align its risk register to internal control challenges facing the Department. The Department is further urged to increase capacity within its risk management function and to continue implementing the revised provincial risk management framework and combined assurance framework.

Quality of in year management and monthly/quarterly reports

The Committee was satisfied with the content and quality of quarterly reports in respect of in year management and quarterly performance, prepared and issued by the Accounting Officer of the Department during the year under review, in terms of the PFMA and the Division of Revenue Act.

The Committee noted the improvement in the audit of annual performance information as there were no material findings identified on the reported performance information.

Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed the Annual Financial Statements, including the audit report, with the Accounting Officer, Auditor General and PIAS;
- Reviewed the Auditor General's Management Report;

- Reviewed the Department's processes for compliance with legal and regulatory provisions, where concerns have been noted with consequence management, expenditure management, procurement and contract management, revenue management, strategic planning and performance management and the failure to prevent irregular expenditure of R3,016 billion as a result of non-compliance with supply chain management prescripts; and
- Reviewed the conclusion on the usefulness and reliability of performance information resulting from the audit of the Department.

Auditor-General's Report

The Committee has met with the Auditor General of South Africa to discuss and evaluate the issues that emanated from the current regulatory audit. The Committee noted with concern the reported understatement of accrued departmental revenue as a result of not recording of traffic fine notices issued to offenders. It was impractical for the Auditor General to determine the full extent of the of the understatement of accrued revenue which was stated at R143,28 million. The Committee will ensure that corrective actions in respect of the detailed findings emanating from the current regulatory audit continue to be monitored on a quarterly basis through the CARC processes.

The Committee concurs with and accepts the conclusion of the Auditor General's opinion on the Annual Financial Statements of a qualified audit opinion and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor General.

Appreciation

The Committee wishes to express its appreciation to the Management of the Department, the Auditor General of South Africa, and the Provincial Internal Audit Services for the co-operation and support they have provided to enable us to compile this report.



Mr. Z. Zulu
Chairperson: Provincial Audit and Risk Committee
04 August 2023

13 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The department has not issued any concessions and authorisations in the period of reporting. The department will however be looking into the possible interventions that can be introduced in the enhancement of its Igula Strategy by expanding scope beyond preferential procurement to promote beneficiation of targeted entities.
Developing and implementing a preferential procurement policy?	Yes	
Determining qualification criteria for the sale of state-owned enterprises?	No	The department does not participate in the sale of any state-owned enterprises.
Developing criteria for entering into partnerships with the private sector?	No	The department has not ventured into partnerships with the private sector.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	The department does not award grants or incentives to other entities.



2022/23
DEPARTMENT OF TRANSPORT
ANNUAL REPORT
VOTE 12

**PART D:
HUMAN
RESOURCE**



ZULU-NATAL PROVINCE
PORT
E OF SOUTH AFRICA

S'THESHA
WAYA-WAYA
CREATING SUSTAINABLE JOBS

1 INTRODUCTION

Consistently delivering improved services to our clients is not without challenges. The modern people management environment has significantly changed in recent years and requires complex navigation between a range of somewhat competing variables. Apart from the fact that these variables are interdependent and interrelated, they are also governed by stringent rules and regulations, which prove to be difficult in respect of recruitment, retention and attraction initiatives implemented within the Department. These include balancing service delivery imperatives, the attraction and retention of critical and scarce skills, workforce empowerment, career management, succession planning, employment equity, and creating an enabling environment where employees are able to thrive.

Furthermore, the Department is required to function within an austerity environment, which demands that managers implement the principle of “doing more with less”. Despite the changing patterns and increased demands impacting on our day-to-day normal workplace activities mainly due to COVID-19 pandemic after-effects, the consistent hard work and established unity of our employees has resulted in remarkable achievements and business continuity during the reporting period.

2 OVERVIEW OF HUMAN RESOURCES

THE STATUS OF HUMAN RESOURCES IN THE DEPARTMENT

2.1 HUMAN RESOURCE PRIORITIES FOR THE YEAR

- **Improve compliance with employment practices:** This is one of the human resource priorities which is aligned to the departmental outcome on “improved organisational capability and good governance. The focus was on the vacancy rate and filling of vacant posts in order to capacitate the Department. The implementation of the employment equity plan forms part of this key activity to ensure that the workplace is non-discriminatory and conducive to all employees to maximise their potential. The plan further addresses EE targets that the workforce reflects the demographics of the country.
- **Finalisation of the review and alignment of the organisational structure as an enabler to deliver on the departmental annual performance plan and strategic objective.**
- **Enhance EHWP services:** To maintain a healthy workforce, organisations have taken a route of investing in their human capital through the provision of psychosocial services and the Department has committed to provide such for its employees. The Department also prioritised providing opportunities for a balanced and healthy workforce through employee health and wellness initiatives.
- **Implement HRD strategy:** Skilled and capacitated workforce to meet the demands of our current and emerging skills for improved service delivery. Employment creation and poverty alleviation through youth development programmes. There was a need to develop a new skills development strategy that will ensure the Department is able to respond to current skills requirements.
- **Monitor effective functioning of employer-employee relations in line with relevant prescripts.**

2.2 WORKFORCE PLANNING AND STRATEGIES TO ATTRACT A SKILLED WORKFORCE

The role of workforce planning is to ensure that the Department has the required number of people with the requisite skills, knowledge and attributes in the right places to perform the work. Through this process the Department annually assesses its workforce profile against current and future organisational needs. The aim of this assessment is to identify to what extent the current workforce profile addresses the key people management outcomes that would guarantee service continuity and value. Departmental plans such as Workplace Skills Plan, Employment Equity Plan are therefore aligned to the vision and mission of the Department’s Strategic Plan and the Change Management Strategy.

The assumptions on which these plans were developed were still valid during the period under review, and action plans and key activities were respectively reviewed to ensure validity and appropriateness to achieve the intended outcomes

(i.e., equitable workforce; competent and skilled employees; a performance-conducive work environment; improved ethical conduct; a reduction of acts of fraud and corruption, etc). The Department managed to partially achieve most of the planned employment equity objectives. Representivity of Women at SMS levels dropped from 52% to 50% when compared to the previous financial year. However, the Department managed to achieve the set 50% SMS target.

The Department continues to implement the Occupational Specific Dispensation (OSD) for engineers and related professionals to assist in managing career paths of existing employees in these occupations. This is also manifested through the provision of grade and accelerated grade progression, such as automatic progression to a higher grade after serving the required number of years and based on performance.

2.3 EMPLOYEE PERFORMANCE MANAGEMENT

During the period under review, the Department obtained 97% compliance in respect of the signing of SMS Performance Agreements, and 97% in respect of those at levels 1 to 12 due to formally lodged disagreements. One (1) SMS member retired on 30 April 2022. Non-compliant staff are generally excluded from the receipt of any performance incentives and stringent monitoring mechanisms have been put in place to ensure 100% compliance at all levels going forward.

2.4 EMPLOYEE HEALTH AND WELLNESS PROGRAMME

The Employee Health and Wellness Section continues to make a visible impact on the lives of employees by regularly sharing information via emails and EZethu articles instilling responsible lifestyle disease management as well as encouraging physical fitness and awareness. The Programme follows a holistic approach to employee well-being and is largely preventative in nature, offering both primary and secondary services (i.e., telephonic counselling service; and face-to-face counselling, trauma and critical incident counselling, training and targeted intervention, and advocacy). The Programme is monitored through mandatory quarterly reports and annual operational plans that are submitted to the Department of Public Service and Administration via the Office of the Premier. Ongoing reporting to the DPSA focuses on four areas: Human Immunodeficiency Virus (HIV)/ Acquired Immune Deficiency Syndrome (AIDS) & TB, Health and Productivity, Wellness Management, and SHERQ (Safety, Health, Environment, Risk and Quality).

Individual support continued during the period under review for all referrals.

2.5 ACHIEVEMENTS

Financial disclosures within the Department continued to be managed in accordance with the Public Service Regulations. All SMS members complied with the submission of their financial disclosures by 30 April 2022. Other designated categories of employees also complied with the submission of their financial disclosures within the prescribed timelines of 31 July 2022.

2.6 CHALLENGES

The department faces a challenge of receiving high numbers of applications for advertised posts which generally delays the filling thereof. The Department still faces challenges in terms of attracting and employing persons with disabilities into the permanent structure despite implementing numerous well thought strategies and interventions in this regard.

2.7 FUTURE HUMAN RESOURCE PLANS/GOALS

The Department will continue to focus on the challenge of filling critical, vacant and funded posts in the new performance year. It will also focus on improving the time taken to fill vacant and funded posts. The filling of vacant, critical and funded posts remains a priority.

Continue to implement the EE plan to achieve all the affirmative action measures and achieve 50% set target of women at SMS levels.

The ongoing identification and implementation of innovative ways to improve employees’ skills and knowledge is still a Department’s focus area.

Further focus will be on implementation of the skills capacitation strategy which covers a management and leadership programme targeting managers/line functionaries in particular, mentoring programme as well as targeted coaching as part of the creation of a future skill pipeline.

The implementation of strategies in support of the Head of Department’s commitment to improving employment equity within the Department, particularly of women in management and persons with disabilities.

More in-depth awareness sessions on EAP services to employees, supervisors and managers.

Continue with the provision of proactive wellness interventions.

Conduct empowerment sessions for supervisors to enable them to identify employees in need of psychosocial services.

In the coming year, the Department will focus on the culture change programmes as well as increasing efficiencies based on the results of the both the culture and efficiency surveys that were conducted in the previous fiscal year.

3 HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 PERSONNEL RELATED EXPENDITURE

The following tables summarise the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner’s allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2022 and 31 March 2023

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	642 571.00	167 671.00	0.0	0.00	26.10	206.00
Transport Infrastructure	8 627 012.00	832 794.00	0.00	0.00	9.70	18.00
Transportation Services	2 304 266.00	43 365.00	0.00	0.00	1.90	199.00
Traffic Management	1076 316.00	678 283.00	0.00	0.00	63.00	433.00
Community Based Programmes	114 908.00	62 852.00	0.00	0.00	54.70	14.00
Total	12 765 073.00	1 784 965.00	0.00	0.00	14.00	33.00

Table 3.1.2 Personnel costs by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	22 079.00	0.90	98.00	225 296.00
Skilled (level 3-5)	463 986.00	19.90	1 604.00	289 268.00
Highly skilled production (levels 6-8)	681 496.00	29.30	1 241.00	549 151.00
Highly skilled supervision (levels 9-12)	254 295.00	10.90	297.00	856 212.00
Senior and Top management (levels 13-16)	50 706.00	2.20	38.00	1 334 368.00
11 Contract (Levels 3-5)	12 266.00	0.50	67.00	183 075.00
12 Contract (Levels 6-8)	71 354.00	3.10	154.00	463 338.00
13 Contract (Levels 9-12)	27 943.00	1.20	36.00	776 194.00
14 Contract (Levels >= 13)	2 872.00	0.10	1.00	2 872 000.00
18 Contract Other	14 012.00	0.60	441.00	31 773.00
19 Periodical Remuneration	242 071.00	10.40	6 812.05	35 536.00
20 Abnormal Appointment	448 328.00	19.30	43 918.36	10 208.00
Total	2 291 408.00	98.50	54 708.41	41 884.00

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2022 and 31 March 2023

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	138 742.00	77.00	4 816.00	2.70	4 765.00	2.60	9 259.00	5.10
Transport Infrastructure	1 004 464.00	166.60	48084.00	3.90	26274.00	2.10	44036.00	3.60
Transportation Services	58 904.00	5.20	117.00	0.20	845.00	1.20	2 235.00	3.20
Traffic Management	430 184.00	62.70	117 533.00	17.10	22 557.00	3.30	52 430.00	7.60
Community Based Programmes	106 968.00	142.20	95.00	0.30	247.00	2.60	707.00	6.00
Total	1 739 262.00	453.80	170 645.00	24.2	54 688.00	11.8	108 667.00	30.2

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	0	0	0	0	0	0	0	0
Skilled (level 3-5)	14 656.00	66.30	954.00	4.30	1 772.00	8.00	2 746.00	12.40
Highly skilled production (levels 6-8)	318 979.00	68.00	33 305.00	7.10	26 776.00	5.70	44 517.00	9.50
Highly skilled supervision (levels 9-12)	438 057.00	63.30	112 258.00	16.20	22 301.00	3.20	50 831.00	7.30
Senior management (level 13-16)	197 409.00	73.60	18 302.00	6.80	3 444.00	1.30	9 764.00	3.60
11 Contract (Levels 3-5)	11 736.00	94.40	473.00	3.80	0.00	0.00	9.00	0.10
12 Contract (Levels 6-8)	66 601.00	92.10	4 423.00	6.10	27.00	0.00	62.00	0.10
13 Contract (Levels 9-12)	26 743.00	93.00	208.00	0.70	0.00	0.00	69.00	0.20
14 Contract (Levels >= 13)	2 558.00	82.90	0.00	0.00	0.00	0.00	104.00	3.40
18 Contract Other	12 819.00	91.10	716.00	5.10	0.00	0.00	0.00	0.00
19 Periodical Remuneration	239 725.00	98.60	0.00	0.00	0.00	0.00	0.00	0.00
20 Abnormal Appointment	365 491.00	81.50	0.00	0.00	0.00	0.00	0.00	0.00
Total	1 739 262.00	74.70	170 645.00	7.30	54 686.00	2.40	108 667.00	4.70

3.2 EMPLOYMENT AND VACANCIES

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	1 011.00	731.00	27.70	434.00
Transport Infrastructure	2366.00	1863.00	46.30	1.00
Transportation Services	101.00	74.00	26.70	4.00
Traffic Management	1 617.00	1 287.00	20.40	2.00
Community Based Programmes	32.00	23.00	33.30	1.00
Total	5127.00	3978.00	154.40	442.00

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2023

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	164.00	98.00	40.20	0.00
Skilled (3-5)	2 204.00	1 604.00	27.20	0.00
Highly skilled production (6-8)	1 623.00	1 241.00	23.50	0.00
Highly skilled supervision (9-12)	388.00	297.00	23.50	0.00
Senior management (13-16)	48.00	38.00	20.80	0.00
09 Other, Permanent	442.00	442.00	0.00	440.00
11 Contract (Levels 3-5), Permanent	67.00	67.00	0.00	57.00
12 Contract (Levels 6-8), Permanent	154.00	154.00	0.00	148.00
13 Contract (Levels 9-12), Permanent	36.00	36.00	0.00	33.00
14 Contract (Levels >= 13), Permanent	1.00	1.00	0.00	0.00
Total	5 127.00	3 978.00	22.40	678.00

PART D: HUMAN RESOURCE

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2023

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
ADMINISTRATIVE RELATED, Permanent	195.00	147.00	24.60	1.00
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC., Permanent	131.00	104.00	20.60	31.00
ARTISAN PROJECT AND RELATED SUPERINTENDENTS, Permanent	23.00	18.00	21.70	0.00
AUXILIARY AND RELATED WORKERS, Permanent	34.00	26.00	23.50	0.00
BUILDING AND OTHER PROPERTY CARETAKERS, Permanent	11.00	5.00	54.50	0.00
BUS AND HEAVY VEHICLE DRIVERS, Permanent	9.00	5.00	44.40	0.00
CARTOGRAPHERS AND SURVEYORS, Permanent	1.00	0.00	100.00	0.00
CARTOGRAPHIC SURVEYING AND RELATED TECHNICIANS, Permanent	11.00	10.00	9.10	3.00
CIVIL ENGINEERING TECHNICIANS, Permanent	299.00	274.00	8.40	198.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC., Permanent	111.00	86.00	22.50	0.00
CLIENT INFORM CLERKS (SWITCHB RECEIPT INFORM CLERKS), Permanent	29.00	22.00	24.10	0.00
COMMUNICATION AND INFORMATION RELATED, Permanent	4.00	3.00	25.00	0.00
COMPUTER SYSTEM DESIGNERS AND ANALYSTS., Permanent	2.00	1.00	50.00	0.00
ENGINEERING SCIENCES RELATED, Permanent	25.00	18.00	28.00	1.00
ENGINEERS AND RELATED PROFESSIONALS, Permanent	74.00	65.00	12.20	6.00
FINANCE AND ECONOMICS RELATED, Permanent	6.00	3.00	50.00	0.00
FINANCIAL AND RELATED PROFESSIONALS, Permanent	17.00	8.00	52.90	0.00
FINANCIAL CLERKS AND CREDIT CONTROLLERS, Permanent	43.00	38.00	11.60	23.00
FOOD SERVICES AIDS AND WAITERS, Permanent	22.00	19.00	13.60	0.00
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER, Permanent	1.00	1.00	0.00	0.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF, Permanent	23.00	20.00	13.00	0.00
HUMAN RESOURCES CLERKS, Permanent	91.00	77.00	15.40	0.00
HUMAN RESOURCES RELATED, Permanent	17.00	13.00	23.50	0.00
LANGUAGE PRACTITIONERS INTERPRETERS & OTHER COMMUN, Permanent	8.00	7.00	12.50	0.00
LEGAL RELATED, Permanent	4.00	3.00	25.00	0.00
LIBRARIANS AND RELATED PROFESSIONALS, Permanent	1.00	1.00	0.00	0.00
LIBRARY MAIL AND RELATED CLERKS, Permanent	2.00	2.00	0.00	0.00
LIGHT VEHICLE DRIVERS, Permanent	5.00	2.00	60.00	0.00

PART D: HUMAN RESOURCE

LOGISTICAL SUPPORT PERSONNEL, Permanent	1.00	1.00	0.00	0.00
MATHEMATICIANS AND RELATED PROFESSIONALS, Permanent	2.00	1.00	50.00	0.00
MESSENGERS PORTERS AND DELIVERERS, Permanent	75.00	45.00	40.00	0.00
MINING GEOLOGY & GEOPHYSICAL & RELATED TECHNICIANS, Permanent	1.00	1.00	0.00	0.00
MOTOR VEHICLE DRIVERS, Permanent	367.00	284.00	22.60	0.00
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS, Permanent	1 512.00	1 171.00	22.60	413.00
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS, Permanent	249.00	191.00	23.30	1.00
OTHER INFORMATION TECHNOLOGY PERSONNEL., Permanent	2.00	2.00	0.00	0.00
OTHER OCCUPATIONS, Permanent	1.00	1.00	0.00	0.00
PRINTING PLANNERS AND PRODUCTION CONTROLLERS, Permanent	1.00	1.00	0.00	0.00
REGULATORY INSPECTORS, Permanent	796.00	610.00	23.40	0.00
ROAD SUPERINTENDENTS, Permanent	14.00	9.00	35.70	0.00
ROAD TRADE WORKERS., Permanent	142.00	112.00	21.10	0.00
ROAD WORKERS, Permanent	564.00	429.00	23.90	0.00
SAFETY HEALTH AND QUALITY INSPECTORS, Permanent	2.00	2.00	0.00	0.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS, Permanent	30.00	26.00	13.30	0.00
SECURITY GUARDS, Permanent	25.00	5.00	80.00	0.00
SECURITY OFFICERS, Permanent	5.00	3.00	40.00	0.00
SENIOR MANAGERS, Permanent	46.00	35.00	23.90	0.00
TRADE LABOURERS, Permanent	92.00	71.00	22.80	1.00
TRADE TRAINERS, Permanent	1.00	0.00	100.00	0.00
Total	5 127.00	3 978.00	22.40	678.00

3.3 FILLING OF SMS POSTS

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2023

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	1	100%	0	0
Salary Level 16	-	-	-	-	-
Salary Level 15	3	3	100%	0	0
Salary Level 14	10	9	90%	1	10%
Salary Level 13	31	26	84%	5	16%
Total	45	39	87%	6	13%

Table 3.3.2 SMS post information as on 30 September 2022

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	1	100%	0	0
Salary Level 16	-	-	-	-	-
Salary Level 15	3	3	100%	0	0
Salary Level 14	10	8	80%	2	20%
Salary Level 13	31	25	81%	6	19%
Total	45	37	82%	8	18%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 and 31 March 2023

SMS Level	Advertising		Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant		Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Salary Level 16	0	0	0	
Salary Level 15	0	0	0	
Salary Level 14	0	0	0	
Salary Level 13	2	0	0	
Total	2	0	0	

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
Not Applicable

Reasons for vacancies not filled within twelve months
Chief Director: TIDS: Empangeni – Post had to be re-advertised due to no successful candidate being identified.
Chief Director: TIDS: Durban - Post had to be re-advertised due to no successful candidate being identified and was filled after the second advertisement.
Chief Financial Officer – Post had to be re-advertised due to no successful candidate being found and was filled after the second advertisement.
Chief Director: Public & Freight Transport Management - Post was advertised on numerous occasions with no suitable candidate found and was eventually filled through the transfer of an SMS Member from another Department.
Director: Supply Chain Management – Post was advertised twice. On the first occasion, the successful candidate declined. On the second occasion, no suitable candidate was found. The post was eventually filled through the transfer of an SMS Member from another Department.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
Not Applicable

Reasons for vacancies not filled within six months
Not applicable

3.4 JOB EVALUATION

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled.

The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2022 and 31 March 2023

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels1-2)	164.00	0	0	0	0	0	0
Skilled (Levels 3-5)	2 204.00	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	1 623.00	0	0	0	0	0	

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Highly skilled supervision (Levels 9-12)	388.00	2	0.5	0	0	0	0
Senior Management Service Band A	32.00	2	6.25	0	0	0	0
Senior Management Service Band B	11.00	0	0	0	0	0	0
Senior Management Service Band C	4.00	0	0	0	0	0	0
Senior Management Service Band D	1.00	0	0	0	0	0	0
Total	4427	4	6.75	0	0	0	

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	9	0	0	1	10
Male	0	0	0	0	0
Total	9	0	0	1	10

Employees with a disability	0
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3.5 EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Number of employees at beginning of period-1 April 20YY	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
01 Lower Skilled (Levels 1-2) Permanent	100.00	4.00	5.00	5.00
02 Skilled (Levels 3-5) Permanent	1 444.00	240.00	56.00	3.90
03 Highly Skilled Production (Levels 6-8) Permanent	1 264.00	28.00	62.00	4.90
04 Highly Skilled Supervision (Levels 9-12) Permanent	281.00	25.00	14.00	5.00
05 Senior Management Service Band A Permanent	24.00	0.00	0.00	0.00

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06 Senior Management Service Band B Permanent	7.00	0.00	1.00	14.30
07 Senior Management Service Band C Permanent	3.00	0.00	0.00	0.00
08 Senior Management Service Band D Permanent	1.00	0.00	0.00	0.00
09 Other Permanent	184.00	434.00	178.00	96.70
11 Contract (Levels 3-5) Permanent	39.00	43.00	14.00	35.90
12 Contract (Levels 6-8) Permanent	163.00	60.00	68.00	41.70
13 Contract (Levels 9-12) Permanent	42.00	16.00	21.00	50.00
14 Contract Band A Permanent	1.00	0.00	1.00	100.00
17 Contract Band D Permanent	1.00	0.00	0.00	0.00
TOTAL	3 554.00	850.00	420.00	11.80

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2022 and 31 March 2023

Critical occupation	Number of employees at beginning of period-April 20YY	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
ADMINISTRATIVE RELATED Permanent	143.00	15.00	12.00	8.40
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC. Permanent	142.00	8.00	45.00	31.70
ARTISAN PROJECT AND RELATED SUPERINTENDENTS Permanent	18.00	0.00	2.00	11.10
AUXILIARY AND RELATED WORKERS Permanent	24.00	3.00	0.00	0.00
BUILDING AND OTHER PROPERTY CARETAKERS Permanent	5.00	0.00	0.00	0.00
BUS AND HEAVY VEHICLE DRIVERS Permanent	3.00	5.00	2.00	66.70
CARTOGRAPHERS AND SURVEYORS Permanent	1.00	0.00	1.00	100.00
CARTOGRAPHIC SURVEYING AND RELATED TECHNICIANS Permanent	7.00	2.00	0.00	0.00
CIVIL ENGINEERING TECHNICIANS Permanent	256.00	102.00	81.00	31.60
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC. Permanent	89.00	4.00	6.00	6.70
CLIENT INFORM CLERKS(SWITCHB RECEIPT INFORM CLERKS) Permanent	22.00	2.00	1.00	4.50
COMMUNICATION AND INFORMATION RELATED Permanent	2.00	1.00	0.00	0.00
COMPUTER SYSTEM DESIGNERS AND ANALYSTS. Permanent	1.00	1.00	1.00	100.00
ENGINEERING SCIENCES RELATED Permanent	14.00	5.00	1.00	7.10
ENGINEERS AND RELATED PROFESSIONALS Permanent	58.00	8.00	1.00	1.70
FINANCE AND ECONOMICS RELATED Permanent	4.00	0.00	1.00	25.00
FINANCIAL AND RELATED PROFESSIONALS Permanent	7.00	0.00	0.00	0.00

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FINANCIAL CLERKS AND CREDIT CONTROLLERS Permanent	13.00	25.00	0.00	0.00
FOOD SERVICES AIDERS AND WAITERS Permanent	20.00	1.00	2.00	10.00
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER Permanent	1.00	0.00	0.00	0.00
HUMAN RESOURCES & ORGANISATION DEVELOPMENT & RELATED PROFESSIONALS Permanent	22.00	0.00	2.00	9.10
HUMAN RESOURCES CLERKS Permanent	74.00	10.00	5.00	6.80
HUMAN RESOURCES RELATED Permanent	11.00	2.00	1.00	9.10
LANGUAGE PRACTITIONERS INTERPRETERS & OTHER COMMUN Permanent	8.00	1.00	2.00	25.00
LEGAL RELATED Permanent	3.00	0.00	0.00	0.00
LIBRARIANS AND RELATED PROFESSIONALS Permanent	1.00	0.00	0.00	0.00
LIBRARY MAIL AND RELATED CLERKS Permanent	2.00	0.00	0.00	0.00
LIGHT VEHICLE DRIVERS Permanent	3.00	0.00	1.00	33.30
LOGISTICAL SUPPORT PERSONNEL Permanent	1.00	0.00	0.00	0.00
MATHEMATICIANS AND RELATED PROFESSIONALS Permanent	1.00	0.00	0.00	0.00
MECHANICAL ENGINEERING TECHNICIANS Permanent	2.00	0.00	2.00	100.00
MESSENGERS PORTERS AND DELIVERERS Permanent	49.00	5.00	6.00	12.20
MINING GEOLOGY & GEOPHYSICAL & RELATED TECHNICIANS Permanent	0.00	1.00	0.00	0.00
MOTOR VEHICLE DRIVERS Permanent	262.00	37.00	9.00	3.40
OTHER ADMINISTRATIVE & RELATED CLERKS AND ORGANISERS Permanent	866.00	477.00	173.00	20.00
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS Permanent	187.00	10.00	8.00	4.30
OTHER INFORMATION TECHNOLOGY PERSONNEL. Permanent	2.00	0.00	0.00	0.00
OTHER OCCUPATIONS Permanent	1.00	0.00	0.00	0.00
PRINTING PLANNERS AND PRODUCTION CONTROLLERS Permanent	1.00	0.00	0.00	0.00
REGULATORY INSPECTORS Permanent	632.00	4.00	21.00	3.30
ROAD SUPERINTENDENTS Permanent	7.00	2.00	0.00	0.00
ROAD TRADE WORKERS. Permanent	116.00	2.00	6.00	5.20
ROAD WORKERS Permanent	333.00	104.00	13.00	3.90
SAFETY HEALTH AND QUALITY INSPECTORS Permanent	2.00	0.00	0.00	0.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS Permanent	27.00	1.00	2.00	7.40
SECURITY GUARDS Permanent	10.00	0.00	4.00	40.00
SECURITY OFFICERS Permanent	4.00	0.00	2.00	50.00
SENIOR MANAGERS Permanent	35.00	0.00	3.00	8.60
TRADE LABOURERS Permanent	62.00	12.00	4.00	6.50
TOTAL	3 554.00	850.00	420.00	11.80

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The table below identifies the major reasons why staff left the department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2022 and 31 March 2023

Termination Type	Number	% of Total Resignations
Death	21	5%
Resignation	78	18.50%
Expiry of contract	248	59%
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	7	1.70%
Retirement	66	16%
Transfer to other Public Service Departments	2	0.48%
Other	0	0
Total	422	
Total number of employees who left as a % of total employment (3978)	10%	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2022 and 31 March 2023

Occupation	Employees 1 April 20YY	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
ADMINISTRATIVE RELATED	143.00	4.00	2.80	67.00	46.90
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC.	142.00	4.00	2.80	45.00	31.70
ARTISAN PROJECT AND RELATED SUPERINTENDENTS	18.00	2.00	11.10	10.00	55.60
AUXILIARY AND RELATED WORKERS	24.00	0.00	0.00	16.00	66.70
BUILDING AND OTHER PROPERTY CARETAKERS	5.00	0.00	0.00	0.00	0.00
BUS AND HEAVY VEHICLE DRIVERS	3.00	0.00	0.00	0.00	0.00
CARTOGRAPHERS AND SURVEYORS	1.00	0.00	0.00	0.00	0.00
CARTOGRAPHIC SURVEYING AND RELATED TECHNICIANS	7.00	0.00	0.00	7.00	100.00
CIVIL ENGINEERING TECHNICIANS	256.00	2.00	0.80	83.00	32.40
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	89.00	0.00	0.00	41.00	46.10
CLIENT INFORM CLERKS (SWITCHB RECEIPT INFORM CLERKS)	22.00	0.00	0.00	4.00	18.20
COMMUNICATION AND INFORMATION RELATED	2.00	0.00	0.00	2.00	100.00
COMPUTER SYSTEM DESIGNERS AND ANALYSTS.	1.00	0.00	0.00	0.00	0.00
ENGINEERING SCIENCES RELATED	14.00	0.00	0.00	3.00	21.40
ENGINEERS AND RELATED PROFESSIONALS	58.00	0.00	0.00	51.00	87.90

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FINANCE AND ECONOMICS RELATED	4.00	0.00	0.00	1.00	25.00
FINANCIAL AND RELATED PROFESSIONALS	7.00	1.00	14.30	4.00	57.10
FINANCIAL CLERKS AND CREDIT CONTROLLERS	13.00	0.00	0.00	6.00	46.20
FOOD SERVICES AIDERS AND WAITERS	20.00	0.00	0.00	8.00	40.00
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER	1.00	0.00	0.00	0.00	0.00
HUMAN RESOURCES & ORGANISATION DEVELOPMENT & RELATED PROFESSIONALS	22.00	0.00	0.00	15.00	68.20
HUMAN RESOURCES CLERKS	74.00	1.00	1.40	38.00	51.40
HUMAN RESOURCES RELATED	11.00	0.00	0.00	9.00	81.80
LANGUAGE PRACTITIONERS INTERPRETERS & OTHER COMMUNICATORS	8.00	0.00	0.00	8.00	100.00
LEGAL RELATED	3.00	0.00	0.00	3.00	100.00
LIBRARIANS AND RELATED PROFESSIONALS	1.00	0.00	0.00	1.00	100.00
LIBRARY MAIL AND RELATED CLERKS	2.00	0.00	0.00	1.00	50.00
LIGHT VEHICLE DRIVERS	3.00	0.00	0.00	2.00	66.70
LOGISTICAL SUPPORT PERSONNEL	1.00	0.00	0.00	0.00	0.00
MATHEMATICIANS AND RELATED PROFESSIONALS	1.00	0.00	0.00	1.00	100.00
MECHANICAL ENGINEERING TECHNICIANS	2.00	0.00	0.00	0.00	0.00
MESSENGERS PORTERS AND DELIVERERS	49.00	1.00	2.00	24.00	49.00
MOTOR VEHICLE DRIVERS	262.00	0.00	0.00	175.00	66.80
OTHER ADMINISTRATIVE & RELATED CLERKS AND ORGANISERS	866.00	6.00	0.70	528.00	61.00
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	187.00	5.00	2.70	121.00	64.70
OTHER INFORMATION TECHNOLOGY PERSONNEL	2.00	0.00	0.00	0.00	0.00
OTHER OCCUPATIONS	1.00	0.00	0.00	0.00	0.00
PRINTING PLANNERS AND PRODUCTION CONTROLLERS	1.00	0.00	0.00	1.00	100.00
REGULATORY INSPECTORS	632.00	18.00	2.80	414.00	65.50
ROAD SUPERINTENDENTS	7.00	0.00	0.00	5.00	71.40
ROAD TRADE WORKERS	116.00	0.00	0.00	56.00	48.30
ROAD WORKERS	333.00	11.00	3.30	248.00	74.50
SAFETY HEALTH AND QUALITY INSPECTORS	2.00	0.00	0.00	2.00	100.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	27.00	0.00	0.00	12.00	44.40
SECURITY GUARDS	10.00	0.00	0.00	4.00	40.00
SECURITY OFFICERS	4.00	0.00	0.00	1.00	25.00
SENIOR MANAGERS	35.00	0.00	0.00	12.00	34.30
TRADE LABOURERS	62.00	1.00	1.60	33.00	53.20
TOTAL	3 554.00	56.00	1.60	2 062.00	58.00

Table 3.5.5 Promotions by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Employees 1 April 2022	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	100.00	0.00	0.00	50.00	50.00
Skilled (Levels 3-5)	1 444.00	20.00	1.40	1 042.00	72.20
Highly skilled production (Levels 6-8)	1 264.00	27.00	2.10	730.00	57.80
Highly skilled supervision (Levels 9-12)	281.00	7.00	2.50	165.00	58.70
Senior Management (Level 13-16)	35.00	2.00	5.70	13.00	37.10
09 Other, Permanent	184.00	0.00	0.00	0.00	0.00
11 Contract (Levels 3-5), Permanent	39.00	0.00	0.00	13.00	33.30
12 Contract (Levels 6-8), Permanent	163.00	0.00	0.00	26.00	16.00
13 Contract (Levels 9-12), Permanent	42.00	0.00	0.00	23.00	54.80
14 Contract (Levels >= 13), Permanent	2.00	0.00	0.00	0.00	0.00
Total	3 554.00	56.00	1.60	2 062.00	58.00

3.6 EMPLOYMENT EQUITY

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
01 - SENIOR OFFICIALS AND MANAGERS	16.00	0.00	1.00	2.00	17.00	0.00	1.00	0.00	37.00
02 - PROFESSIONALS	61.00	1.00	12.00	9.00	50.00	2.00	5.00	5.00	145.00
03 - TECHNICIANS AND ASSOCIATE PROFESSIONALS	261.00	13.00	29.00	13.00	280.00	4.00	35.00	17.00	652.00
04 - CLERKS	275.00	6.00	34.00	7.00	864.00	22.00	85.00	42.00	1 335.00
05 - SERVICE SHOP AND MARKET SALES WORKERS	276.00	22.00	69.00	26.00	186.00	9.00	21.00	9.00	618.00
07 - CRAFT AND RELATED TRADE WORKERS	147.00	1.00	18.00	12.00	66.00	0.00	0.00	0.00	244.00
08 - PLANT AND MACHINE OPERATORS AND ASSEMBLERS	264.00	0.00	0.00	1.00	26.00	0.00	0.00	0.00	291.00
09 - LABOURERS AND RELATED WORKERS	347.00	0.00	2.00	1.00	303.00	1.00	1.00	0.00	655.00
99 - UNKNOWN	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Total	1 648.00	43.00	165.00	71.00	1 792.00	38.00	148.00	73.00	3 978.00
Employees with disabilities	30.00	0.00	4.00	4.00	18.00	0.00	5.00	2.00	63.00

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	4.00
Senior Management	14.00	0.00	1.00	2.00	16.00	0.00	1.00	0.00	34.00
Professionally qualified and experienced specialists and mid-management	107.00	10.00	29.00	22.00	104.00	3.00	17.00	5.00	297.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	451.00	27.00	104.00	42.00	466.00	18.00	69.00	64.00	1 241.00

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Semi-skilled and discretionary decision making	752.00	6.00	25.00	5.00	742.00	17.00	53.00	4.00	1 604.00
Unskilled and defined decision making	19.00	0.00	0.00	0.00	79.00	0.00	0.00	0.00	98.00
07 Not Available, Permanent	136.00	0.00	0.00	0.00	306.00	0.00	0.00	0.00	442.00
08 Contract (Top Management), Permanent	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
10 Contract (Professionally Qualified), Permanent	21.00	0.00	3.00	0.00	6.00	0.00	6.00	0.00	36.00
11 Contract (Skilled Technical), Permanent	95.00	0.00	3.00	0.00	55.00	0.00	1.00	0.00	154.00
12 Contract (Semi-Skilled), Permanent	50.00	0.00	0.00	0.00	16.00	0.00	1.00	0.00	67.00
Total	1 648.00	43.00	165.00	71.00	1 792.00	38.00	148.00	73.00	3 978.00

Table 3.6.3 Recruitment for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
03 Professionally qualified and experienced specialists and mid-management, Permanent	9.00	0.00	2.00	1.00	12.00	0.00	1.00	0.00	25.00
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	12.00	0.00	0.00	0.00	16.00	0.00	0.00	0.00	28.00
05 Semi-skilled and discretionary decision making, Permanent	143.00	0.00	0.00	0.00	95.00	0.00	2.00	0.00	240.00
06 Unskilled and defined decision making, Permanent	0.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00	4.00
07 Not Available, Permanent	133.00	0.00	0.00	0.00	301.00	0.00	0.00	0.00	434.00
10 Contract (Professionally qualified), Permanent	7.00	0.00	0.00	0.00	5.00	0.00	4.00	0.00	16.00
11 Contract (Skilled technical), Permanent	38.00	0.00	1.00	0.00	21.00	0.00	0.00	0.00	60.00
12 Contract (Semi-skilled), Permanent	33.00	0.00	0.00	0.00	9.00	0.00	1.00	0.00	43.00
Total	375.00	0.00	3.00	1.00	463.00	0.00	8.00	0.00	850.00
Employees with disabilities	7.00	0.00	0.00	0.00	1.00	0.00	1.00	0.00	9.00

Table 3.6.4 Promotions for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00
Senior Management	5.00	0.00	0.00	0.00	9.00	0.00	0.00	0.00	14.00
Professionally qualified and experienced	78.00	3.00	13.00	10.00	52.00	2.00	11.00	3.00	172.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	279.00	16.00	74.00	19.00	301.00	9.00	37.00	22.00	757.00
Semi-skilled and discretionary decision making	410.00	6.00	23.00	3.00	561.00	14.00	42.00	3.00	1 062.00
Unskilled and defined decision making	17.00	0.00	0.00	0.00	33.00	0.00	0.00	0.00	50.00
10 Contract (Professionally qualified), Permanent	15.00	0.00	3.00	0.00	2.00	0.00	3.00	0.00	23.00
11 Contract (Skilled technical), Permanent	18.00	0.00	0.00	0.00	7.00	0.00	1.00	0.00	26.00
12 Contract (Semi-skilled), Permanent	6.00	0.00	0.00	0.00	6.00	0.00	1.00	0.00	13.00
Total	828.00	25.00	113.00	32.00	972.00	25.00	95.00	28.00	2 118.00
Employees with disabilities	17.00	0.00	2.00	1.00	15.00	0.00	2.00	0.00	37.00

Table 3.6.5 Terminations for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Professionally qualified and experienced specialists and mid management	6.00	0.00	1.00	2.00	4.00	0.00	0.00	1.00	14.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	20.00	0.00	6.00	9.00	16.00	0.00	5.00	6.00	62.00
Semi-skilled and discretionary decision making	35.00	1.00	2.00	0.00	17.00	1.00	0.00	0.00	56.00

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Unskilled and defined decision making	1.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00	5.00
07 Not Available, Permanent	53.00	0.00	0.00	0.00	125.00	0.00	0.00	0.00	178.00
09 Contract (Senior Management), Permanent	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
10 Contract (Professionally qualified), Permanent	13.00	0.00	1.00	0.00	2.00	0.00	5.00	0.00	21.00
11 Contract (Skilled technical), Permanent	41.00	0.00	1.00	0.00	26.00	0.00	0.00	0.00	68.00
12 Contract (Semi-skilled), Permanent	7.00	0.00	1.00	0.00	5.00	0.00	1.00	0.00	14.00
Total	178.00	1.00	12.00	11.00	199.00	1.00	11.00	7.00	420.00
Employees with Disabilities	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00

3.7 DISCIPLINARY ACTION FOR THE PERIOD 1 APRIL 2022 TO 31 MARCH 2023

Total number of Disciplinary hearings finalised	20
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.7.1 Misconduct and disciplinary hearings finalised for the period 1 April 2022 and 31 March 2023

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	8	34.78%
Suspended without pay	7	30.43 %
Fine	0	0
Demotion	0	0
Dismissal	3	13.05 %
Not guilty	5	21.74 %
Case withdrawn	0	0
Total	23	100 %

Table 3.7.2 Types of misconduct addressed at disciplinary hearings for the period 1 April 2022 and 31 March 2023

Type of misconduct	Number	% of total
Fraud	2	10 %
Misuse of State Vehicle	1	5 %
Irregular Processing	5	25 %
Procurement Irregularity	2	10 %
Bribery	2	10 %
Abuse of State Vehicle	2	10 %
Assault	1	5 %
Damage of State Vehicle	1	5 %
Absenteeism	1	5 %
Irregular Testing	3	15 %
Total	20	100 %

Table 3.7.3 Grievances logged for the period 1 April 2022 and 31 March 2023

Grievances	Number	% of Total
Number of grievances resolved	36	87.80 %
Number of grievances not resolved	5	12.20 %
Total number of grievances lodged	41	100 %

Table 3.7.4 Disputes logged with Councils for the period 1 April 2022 and 31 March 2023

Disputes	Number	% of Total
Number of disputes upheld	3	12 %
Number of disputes dismissed	5	20 %
Number of disputes outstanding	17	68 %
Total number of disputes lodged	25	100 %

Table 3.7.5 Precautionary suspensions for the period 1 April 2022 and 31 March 2023

Number of people suspended	10
Number of people who's suspension exceeded 30 days	10
Average number of days suspended	334
Cost of suspension(R'000)	2 376 853.00

3.8 SKILLS DEVELOPMENT

This section highlights the efforts of the department with regard to skills development.

Table 3.8.1 Training needs identified for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	18	0	60	0	0
	Male	18	0	63	0	0
Professionals	Female	60	0	16	0	0
	Male	74	0	8	0	0
Technicians and associate professionals	Female	311	0	452	0	0
	Male	306	0	360	0	0
Clerks	Female	796	0	718	0	0
	Male	207	0	174	0	0

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Service and sales workers	Female	232	0	578	0	0
	Male	413	0	656	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	91	0	5	0	0
	Male	193	0	36	0	0
Plant and machine operators and assemblers	Female	27	0	12	0	0
	Male	240	0	393	0	0
Elementary occupations	Female	259	0	208	0	0
	Male	296	0	266	0	0
Sub Total	Female	1794	0	2049	0	0
	Male	1750	0	1956	0	0
Total		3544	0	4005	0	0

Table 3.8.2 Training provided for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	18	0	7	0	0
	Male	18	0	8	0	0
Professionals	Female	60	0	1	0	0
	Male	74	0	4	0	0
Technicians and associate professionals	Female	311	0	19	0	0
	Male	306	0	0	0	0
Clerks	Female	796	0	20	0	0
	Male	207	0	61	0	0
Service and sales workers	Female	232	0	13	0	0
	Male	413	0	17	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	91	0	0	0	0
	Male	193	0	4	0	0
Plant and machine operators and assemblers	Female	27	0	2	0	0
	Male	240	0	38	0	0
Elementary occupations	Female	259	0	20	0	0
	Male	296	0	4	0	0

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Sub Total	Female	1794	0	82	0	0
	Male	1750	0	156	0	0
Total		3544	0	238	0	0

3.9 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

Table 3.9.1 Signing of Performance Agreements by SMS members as on 31 May 2023

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/Head of Department	1	1	1	100%
Salary Level 16	-	-	-	-
Salary Level 15	3	3	3	100%
Salary Level 14	10	9	9	100%
Salary Level 13	31	26	25	96%
Total	45	39	38	97%

Table 3.9.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2023

Reasons
There was a disagreement relating to the content of the agreement and was not resolved by the deadline date. However, the dispute was subsequently considered to have been resolved based on the recommendation made by the mediator who is the head of the branch.

Table 3.9.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2023

Reasons
There were no disciplinary steps taken as there was an official disagreement that was subsequently resolved.

Performance Rewards

Not Applicable

Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2022 to 31 March 2023

Not Applicable

Foreign Workers

Not Applicable

3.10 LEAVE UTILISATION

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2022 to 31 December 2022

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 3-5)	66.00	69.70	15.00	0.60	4.00	48.00
Contract (Levels 6-8)	390.00	75.60	60.00	2.60	7.00	589.00
Contract (Levels 9-12)	50.00	78.00	16.00	0.70	3.00	123.00
Contract Other	380.00	50.00	104.00	4.50	4.00	122.00
Highly skilled production (Levels 6-8)	9 766.50	77.90	970.00	41.50	10.00	14 231.00
Highly skilled supervision (Levels 9-12)	1 389.00	82.80	170.00	7.30	8.00	3 825.00
Lower skilled (Levels 1-2)	708.50	82.10	74.00	3.20	10.00	442.00
Senior management (Levels 13-16)	180.00	89.40	20.00	0.90	9.00	865.00
Skilled (Levels 3-5)	7 603.00	82.00	907.00	38.80	8.00	7 087.00
TOTAL	20 533.00	79.40	2 336.00	100.00	9.00	27 333.00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2022 to 31 December 2022

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 6-8)	64.00	100.00	2.00	6.30	32.00	97.00
Contract Other	39.00	100.00	1.00	3.10	39.00	11.00
Highly skilled production (Levels 6-8)	949.00	100.00	16.00	50.00	59.00	1 357.00
Highly skilled supervision (Levels 9-12)	36.00	100.00	1.00	3.10	36.00	91.00
Senior management (Levels 13-16)	5.00	100.00	1.00	3.10	5.00	24.00
Skilled (Levels 3-5)	847.00	100.00	11.00	34.40	77.00	852.00
TOTAL	1 940.00	100.00	32.00	100.00	61.00	2 433.00

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The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2022 to 31 December 2022

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 3-5)	678.00	51.00	13.00
Contract (Levels 6-8)	2 076.00	142.00	15.00
Contract (Levels 9-12)	474.00	35.00	14.00
Contract Other	1 855.00	182.00	10.00
Highly skilled production (Levels 6-8)	30 518.25	1 224.00	25.00
Highly skilled supervision (Levels 9-12)	6 083.00	283.00	21.00
Lower skilled (Levels 1-2)	2 266.92	97.00	23.00
Senior management (Levels 13-16)	593.00	31.00	19.00
Skilled (Levels 3-5)	29 493.01	1 441.00	20.00
TOTAL	74 037.18	3 486.00	21.00

Table 3.10.4 Capped leave for the period 1 January 2022 to 31 December 2022

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2023
Contract (Levels 13-16)	0.00	0.00	0.00	0.00
Contract (Levels 3-5)	0.00	0.00	0.00	0.00
Contract (Levels 6-8)	0.00	0.00	0.00	0.00
Contract (Levels 9-12)	0.00	0.00	0.00	0.00
Contract Other	0.00	0.00	0.00	0.00
Highly skilled production (Levels 6-8)	77.36	11.00	7.00	46.00
Highly skilled supervision (Levels 9-12)	4.00	2.00	2.00	57.00
Lower skilled (Levels 1-2)	0.00	0.00	0.00	0.00
Senior management (Levels 13-16)	0.00	0.00	0.00	102.00
Skilled (Levels 3-5)	2.00	2.00	1.00	55.00
TOTAL	83.36	15.00	6.00	52.00

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The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave payouts for the period 1 April 2022 and 31 March 2023

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
ANNUAL - DISCOUNTING WITH RESIGNATION (WORKDAYS)	1 431.00	100.00	14 310.00
ANNUAL - DISCOUNTING: CONTRACT EXPIRY (WORKDAYS)	192.00	40.00	4 800.00
ANNUAL - DISCOUNTING: UNUSED VACATION CREDITS (WORKDAYS)	540.00	9.00	60 000.00
ANNUAL - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT (WORK)	3 438.00	133.00	25 850.00
CAPPED - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT (WORK)	7 259.00	85.00	85 400.00
TOTAL	12 859.00		

3.11 HIV/AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Nil	N/A

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Ms MC Zwane, Chief Director: Human Resource Management.
2. Does the department have a dedicated unit, or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		The Department has a dedicated unit called Employee Health & Wellness Programme with two (2) employees and the annual budget is R4m
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Professional counselling and assessment, debriefing, crisis intervention, referrals to respective registered medical practitioners, and implementation of prevention programmes and consultations as and when deems fit.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		The committee is chaired by Ms MC Zwane (CD: HRM), other appointed members are Ms TM Zondi and Ms KH Mlakuhlwa from Head Office EHW unit; Ms S Hlela, Mr P Ishwarduth, Ms G Hlabisa, and Ms S Afrika who are representing all employees from salary levels 1-14 under Empangeni, Ladysmith, Pietermaritzburg, Durban and Head Office.

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5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X	The Department has an approved HIV/AIDS and TB Management policy that is regarded as an overarching directive that directly addresses all issues of human rights and discrimination in the workplace as aligned to one of the prescribed EHW Pillars. The committee also comprises of alternate members.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV positive from discrimination? If so, list the key elements of these measures.	X	The EHW unit provides continuous support to employees who are directly or indirectly discriminated in general. Furthermore, the unit conducts ongoing awareness campaigns throughout the Department in terms of prevention strategies and encouraging employees to know their status. Health screenings are conducted continuously.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X	There has been a noticeable increase from 197 to 220 number employees who participated in testing for HIV during the reporting period due to partnerships established with GEMS and other local NGOs in terms of utilising their services in this regard . Furthermore, there has been an increase on the number of employees who are assisted and treated by an in-house registered medical practitioner as compared to the previous financial year.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X	<ul style="list-style-type: none"> - the number of employees accessing Departmental Wellness clinics. - the number of referrals by respective supervisors. - the reduction of employees accessing incapacity leave.

3.12 INJURY ON DUTY

The following tables provide basic information on injury on duty.

Table 3.12.1 Injury on duty for the period 1 April 2022 and 31 March 2023

Nature of injury on duty	Number	% of total
Required basic medical attention only	33	92%
Temporary Total Disablement	1	3%
Permanent Disablement	0	0%
Fatal	2	5%
Total	36	100%

Table 3.12.2 Report on consultant appointments using appropriated funds for the period 1 April 2022 and 31 March 2023

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Engineering Services	1074	Various	1 310 300 910,89
Management Advisory Services	292	Various	37 734 566,05
Legal Services	96	Various	13 001 371,94
Grand Total	1462		1 361 036 848,88
Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand

Table 3.12.3 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Engineering Services	-	-	-
Management Advisory Services	-	-	-
Legal Services	-	-	-

Table 3.12.4 Report on consultant appointments using Donor funds for the period 1 April 20YY and 31 March 20ZZ

Project title	Total Number of consultants	Total Number of consultants	Total Number of consultants
-	-	-	-
Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
-	-	-	-

Table 3.12.5 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 20YY and 31 March 20ZZ

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
-	-	-	-

3.13 SEVERANCE PACKAGES

Not Applicable

Part E: PFMA Compliance Report

This section provides guidance on the information to be included in the annual report guide relating to PFMA compliance requirements.

3.13.1 Information on Irregular, Fruitless and Wasteful, Unauthorised Expenditure and Material Losses

	2022/23	2021/22
	R'000	R'000
Unauthorised, Irregular and Fruitless and wasteful expenditure		
Unauthorised expenditure	-	1 647
Irregular expenditure	3 016 606	4 303 494
Fruitless and wasteful expenditure	17	50
Total	3 016 623	4 305 191

- The Department did not incur unauthorised expenditure in the 2022/23 financial year.
- Only R22,884,040.48 relates to new incidents of irregularities incurred in the current year. The balance of R2,993,722,296.92 relates to carry through costs of multi-year projects where the irregularities were identified in the previous years. The contracts are coming to an end and therefore a drop is expected irregular expenditure.
- The amounts reflected against Fruitless and wasteful expenditure relate to interest on overdue accounts.

3.14 IRREGULAR EXPENDITURE

Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	28 552 628	24 237 078
Add: Irregular expenditure confirmed	3 016 606	4 315 550
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recovered and written off	0	0
Closing balance	31 569 234	28 552 628

Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure that was under assessment in 2021/2022	-	4 269
Irregular expenditure that relates to 2021/2022 and identified in 2022/2023		7 533
Irregular expenditure for the current year	3 016 606	4 303 748
Total	3 016 606	4 315 550

Details of current and previous year irregular expenditure removed - (not condoned)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment	1 263 357	1 048 000
Irregular expenditure under determination	21 414 166	25 960 805
Irregular expenditure for consequence management	9 552 206	2 574 094
Irregular expenditure under investigation	17 729	17 729
Total	32 247 458	29 600 628

Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure condoned	0	0
Total	0	0

Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description	
Total	-

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2022/2023	2022/2023
	R'000	R'000
Total	-	-

Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken

3.15 FRUITLESS AND WASTEFUL EXPENDITURE

- a) Reconciliation of fruitless and wasteful expenditure
- b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description ⁵	2022/2023	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-

Record amounts in the year in which it was incurred ⁵ Group similar items

Total	-	-
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Include discussion here where deemed relevant.

Details of current and previous year fruitless and wasteful expenditure

Description	2022/2023	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
Total	-	-

Include discussion here where deemed relevant.

a) Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2022/2023	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

Include discussion here where deemed relevant.

b) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken

Include discussion here where deemed relevant.

3.16 UNAUTHORISED EXPENDITURE

Details of current and previous year unauthorised expenditure
(under assessment, determination, and investigation)

Description ⁹	2022/2023	2022/2023
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
Total	-	-

- This amount may only be written off against available savings
- Record amounts in the year in which it was incurred
- Group similar items
- Total unconfirmed unauthorised expenditure (assessment), losses (determination), and criminal conduct (investigation)

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Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) &(iii)

Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2022/2023	2022/2023
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	-	-

Include discussion here where deemed relevant.

Details of other material losses

Nature of other material losses	2022/2023	2022/2023
	R'000	R'000
<i>(Group major categories, but list material items)</i>	-	-
	-	-
Total	-	-

Include discussion here where deemed relevant and criminal or disciplinary steps taken by the institution.

Other material losses recovered

Nature of losses	2022/2023	2022/2023
	R'000	R'000
<i>(Group major categories, but list material items)</i>	-	-
	-	-
Total	-	-

Include discussion here where deemed relevant.

Other material losses written off

Nature of losses	2022/2023	2022/2023
	R'000	R'000
<i>(Group major categories, but list material items)</i>	-	-
Total	-	-

3.17 INFORMATION ON LATE AND / OR NON-PAYMENT OF SUPPLIERS

PART D: HUMAN RESOURCE

Information on the late and or non-payment of suppliers should be included here.

Guideline

Accounting officers must maintain systems, processes and procedures that will enable for the tracking of each invoice received by their institution from receipt up to a point of payment.

Accounting officers must at the end of each financial year record consolidated information¹ on late payment of suppliers for the year in annual reports of their respective institutions in a format indicated below –

- number and rand value of all valid invoices received;
- number and rand value of all invoices paid within 30 days or within the agreed period with the supplier;
- number and rand value of all invoices paid after 30 days or later than the period agreed with the supplier for the year;
- number and rand value of all invoices that are older than 30 days or in excess of the period agreed with suppliers, which remain unpaid and where such invoices are without dispute with suppliers;
- number and rand value of all invoices that are older than 30 days or in excess of the period agreed with suppliers, which remained unpaid and where such invoices are in dispute with suppliers for the year; and
- a narrative indicating reasons for the late and/or non-payment of invoices, including reasons for invoices that are in dispute, where applicable.

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	-	-
Invoices paid within 30 days or agreed period	-	-
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	-	-
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	-	-

3.18 SUPPLY CHAIN MANAGEMENT

Procurement by other means

Accounting officers must ensure that all procurement by “other means” is reported in the annual report of an institution in the format prescribed in terms of the instruction on Enhancing Compliance, Transparency and Accountability in Supply Chain Management.

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract	No. of Contracts
				R'000	
Conference	Various	Single Source/Sole Service Provider	Various	349	2
Emergency Repairs	Various	Single Source/Sole Service Provider	Various	77	3
Equipment	Various	Single Source/Sole Service Provider	Various	496	1
Events	Various	Single Source/Sole Service Provider	Various	149	3
Flood Damage	Various	Quotation Process	Various	2 955 536	507
Flood Damage	Various	Single Source/Sole Service Provider	Various	15 551	7
Legal Fees	Various	Single Source/Sole Service Provider	Various	169	1

1 A register of information relating to late or non-payments of suppliers may be kept for regular reporting to the accounting officer for purposes of consolidation at the end of each financial year.

PART D: HUMAN RESOURCE

Newspaper Publications	Various	Single Source/Sole Service Provider	Various	105	4
Pilot Project	Various	Single Source/Sole Service Provider	Various	118 621	19
Radio Broadcasting	Various	Single Source/Sole Service Provider	Various	4 618	6
Repair of Equipment	Various	Single Source/Sole Service Provider	Various	3 382	14
Software Licence	Various	Single Source/Sole Service Provider	Various	22 038	5
Subscriptions	Various	Single Source/Sole Service Provider	Various	255	3
Training	Various	Single Source/Sole Service Provider	Various	435	9
Total				3 121 781	584

Contract variations and expansions

Accounting officers must ensure that all variations or expansions above the thresholds prescribed in terms of the instruction on Enhancing Compliance, Transparency and Accountability in Supply Chain Management are reported in the annual report of an institution in the format prescribed.

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
		(Expansion or Variation)				
				R'000	R'000	R'000
Cleaning Services	Various	Variation	Various	544,00	-	33,00
Gardening Services	Various	Variation	Various	1 189,00	-	112,00
Road Infrastructure Projects	Various	Variation	Various	826 868,00	140 679,00	126 009,00
Security Services	Various	Variation	Various	42 402,00	-	6 951,00
Stationery for RTI	Various	Variation	Various	125,00	-	17,00
Uniforms for RTI	Various	Variation	Various	137,00	-	12,00
Zonal Contracts for maintenance of roads	Various	Variation	Various	455 524,00	119 730,00	128 341,00
Total				1 326 789,00	260 409,00	261 475,00





2022/23
DEPARTMENT OF TRANSPORT
ANNUAL REPORT
VOTE 12

PART E:
FINANCIAL
INFORMATION



ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF TRANSPORT

for the year ended 31 March 2023

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Report of the auditor-general to KwaZulu-Natal Provincial Legislature on vote no. 12: Department of Transport

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Department of Transport set out on pages 166 to 211, which comprise the appropriation statement, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Department of Transport as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2022 (Act No. 5 of 2022) (Dora).

Basis for qualified opinion

Accrued departmental revenue

3. The department did not record all items that met the definition of accrued departmental revenue, as required by MCS Chapter 9: *General departmental assets and liabilities*. Accrued departmental revenue should be recognised when it is probable that future economic benefits or service potential associated with the transaction will flow to the department, and the amount of revenue can be measured reliably. Consequently, accrued departmental revenue stated at R143,28 million and disclosed in note 22 to the financial statements was understated by R133,44 million.

Context for opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
5. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

8. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 23 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of KwaZulu-Natal Department of Transport. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.
9. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Unaudited supplementary schedules

10. The supplementary information set out on pages 212 - 224 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

15. In accordance with the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programme presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the department's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Transport Infrastructure	42 to 51	The purpose of this programme is to promote accessibility and the safe, affordable movement of people, goods and services through the delivery and maintenance of transport infrastructure that is sustainable, integrated and environmentally sensitive, and which supports and facilitates social empowerment and economic growth.

17. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.
18. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives

- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

20. I did not identify any material findings on the reported performance information for the selected programme.

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under-achievements.

23. The department plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Programme 2 – Transport infrastructure		
<i>Targets achieved: 71.00%</i>		
<i>Budget spent: 99.11%</i>		
Number of kilometres of gravel roads bladed	90 000	60 328.0
Number of safety interventions in hazardous locations - TI 04	10	0

24. Reasons for the underachievement of targets are included in the annual performance report on pages 42 to 51.

Material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 2: transport infrastructure. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (a) of the PFMA. Material misstatements of capital commitments identified by auditors were corrected but the uncorrected material misstatements on accrued department revenue resulted in the financial statements receiving a qualified opinion.

Revenue management

31. Appropriate processes were not implemented to provide for the recording and reconciliation of information about revenue, as required by treasury regulation 7.2.1.
32. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA.

Expenditure management

33. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R3,02 billion, as disclosed in note 23 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliance with SCM regulations.

Consequence management

34. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred unauthorised and fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into unauthorised and fruitless and wasteful expenditure were not performed.

35. Disciplinary steps were not taken against all the officials who had permitted irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA.

36. Confirmed cases of improper conduct in the supply chain management system that constituted a crime were not reported to the South African Police Services (SAPS), as required by treasury regulation 16A9.1(b)(ii).

37. Some allegations of theft, extortion, uttering a forged document which exceeded R100 000 were not reported to the SAPS, as required by section 34(1) of the Prevention and Combating of Corrupt Activities (PRECCA).

Procurement and contract management

38. Some of the bid documentation/ invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.

Other information in the annual report

39. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.

40. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

41. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

42. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

43. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
44. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
45. Monitoring of financial information and compliance with key legislation was not effective to ensure that the objectives of transparency, credible and reliable reporting were achieved due to slow response by management on the previous audit recommendations and failure to implement consequence management.
46. Management did not adequately maintain and independently review underlying schedules supporting financial statement disclosures. In addition, management did not take adequate steps to prevent breakdowns in compliance processes by instilling discipline in the institutionalisation of policies and procedures as well as strict monitoring of compliance checklists.
47. The department's risk assessment was considered to be adequate, however it did not proactively manage risks relating to inaccurate and incomplete financial reporting and the failure to comply with key legislation due to slow response by management in implementing the action plan on the previous financial year recommendations.

Material irregularities

48. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities identified during the audit

49. The material irregularities identified are as follows:

Performance guarantees due to the department in terms of contract ZNT 3837/15T not recovered from the guarantor

50. The department awarded a tender, to the value of R61, 21 million for the construction of earthworks, layer works, surfacing, drainage and retaining structures on D1126. The service provider abandoned the construction site on 2 October 2018 and the accounting officer approved the termination of the contract on 31 January 2019.
51. The department then appointed another service provider in 2019 to continue with the contract at an award value of R69, 18 million. The contract commenced on 27 May 2019 and was planned to achieve practical completion on 28 November 2020. The department issued a termination letter on 29 January 2020 for abandoning the construction site, slow progress and not executing the works according to the contract. The amount of R4, 65 Million relates to the performance guarantees that are due to the department from the service providers as at year end 31 March 2023.
52. The accounting officer did not take appropriate and effective steps to collect performance guarantees that were due to the department, and this is in contravention of section 38 (1) (c) of the PFMA.
53. The non-compliance is likely to result in a material financial loss for the Department of Transport amounting to R4, 65 million as the performance guarantees have not been recovered from the guarantors.
54. The accounting officer was notified of the material irregularity on 22 September 2022 and was invited to make a written submission on the actions taken and that will be taken to address the matter.
55. The following actions have been taken to resolve the material irregularity:
- Summons were issued to the two service providers by the registrar of the high court dated 12 December 2022, however the summon was served on 21 December 2022 and the Sherriff has returned with a nil return (there was no one to receive the summon) therefore the matter has stalled.
 - The Chief Director has been allocated responsibilities of monitoring the process of the financial guarantee effective from 13 April 2023.
 - A tracking schedule of all Performance guarantee documents has been compiled to track the expiry dates of the documents in case of any terminations to start the process of recovering before the guarantee expires. All the official financial guarantee documents are kept in a secure safe in the office of the Chief Director.
56. The following further actions are in progress:
- The department is still in the process of determining whether the contractors still exist, whether the contractors are experiencing financial difficulties (insolvent, under liquidation) and also determining the cost of the initial estimate for the project.
 - The department is also in the process of calculating how much needs to be recovered from each Contractor considering that the new Committee of Transport Officials (COTO)

Standards came into effect on 01 March 2021. This process is expected to be finalised by 31 October 2023.

57. I will follow up on the implementation of the planned actions during the next audit.

Status of previously reported material irregularities

Payments made to contractor for suspension of work

58. The department on 11 July 2018 awarded a tender, to the value of R85, 79 million for the construction of a concrete barrier wall between the uMkhanyakude and Mozambique border. The department did not ensure that it had an approved Environmental Management Programme (EMPr) in place prior to instructing the contractor to commence with construction on the project as effective controls were not in place as required by section 38(1)(a)(i) of the PFMA. This resulted in a material financial loss of R2, 35 million for the 2020-21 financial year-end for the department as the construction works were suspended and the contractor claimed from the department for standing time. The material financial loss was disclosed in note 24 of the financial statements for the period ended 31 March 2021.

59. The accounting officer was notified of the material irregularity on 8 October 2021 and was invited to make a written submission on the actions taken and that will be taken to address the matter.

60. The following actions have been taken to resolve the material irregularity:

- The matter was investigated by the SIU and the following were the findings and recommendations:
 - The SIU found that the expenditure could have been avoided should the department have considered the environmental report prepared by the service provider as shared with the department.
 - The employee who received the report on behalf of the accounting officer is now late and cannot be held accountable for failure to bring the report to the attention of the accounting officer.
 - The SIU recommended that the expenditure be recorded as fruitless and wasteful expenditure in the 2019/20 financial statements and this was subsequently done by the department.
 - The SIU recommended that as part of the risk assessment processes, a checklist be developed to ensure that the entire legislative framework governing the goods/services being procured, is complied with including environmental legislative requirements. The checklist was subsequently developed and is being implemented.
 - The accounting officer is in the process of writing off the loss through departmental Loss Control Section. This process is expected to be finalised by 31 October 2023.

61. I will follow up on the implementation of the planned actions during the next audit.

Award of contracts to bidders that did not score the highest points

62. The department on 20 March 2017 awarded a tender for the provision of professional consulting services to area offices for a period of three years for each of the 33 offices that cover the entire KwaZulu-Natal province to bidders that did not score the highest points in contravention of paragraphs 6(5) and 7(1) of the Preferential Procurement Regulations 2011 (PPR) which states that the contract must be awarded to the tenderer who scores the highest total number of points. The prices charged by bidders who were awarded the tenders were higher than the prices of bidders that scored the highest points resulting in a likely financial loss of R246, 04 million for the department as the contracts are still ongoing.
63. The accounting officer was notified of the material irregularity on 8 October 2021 and was invited to make a written submission on the actions taken and that will be taken to address the matter.
64. The following actions have been taken to resolve the material irregularity:
- The determination test was completed on 15 February 2022 relating to this award however, no financial loss was identified. Based on the outcome of the determination test, it was confirmed that incorrect non-compliance was assessed and as such, a new determination test had to be performed.
 - The Department is still in the process of finalising the determination test which will confirm the amount of the financial loss that was incurred by the department, if any. Based on the outcome of this process and where applicable, the department will take the necessary corrective actions which may include identifying responsible officials and holding them accountable.
 - Due to the volume of transactions involved in this matter, the department anticipates concluding the determination test process by the 31 October 2023.
65. I will follow up on the implementation of the planned actions during the next audit.

Other reports

66. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements, or my findings on the reported performance information or my findings on compliance with legislation.
67. The provincial forensic unit performed thirty-seven investigations relating to various procurement irregularities and fraudulent payments made to suppliers and employees covering the period 01 April 2012 to 31 December 2022. All the investigations were still in progress at the date of this report.
68. In terms of Proclamation No.R76 of 2022, issued in Government Gazette 47055 of 22 July 2022, the Special Investigating Unit (SIU) is investigating the following:
- Allegations of serious maladministration which has led to the department incurring irregular expenditure and fruitless and wasteful expenditure

- The procurement of and contracting for a fibre data link to the department's Information Technology Server Room including any payment made as well as any related unauthorised, irregular or fruitless and wasteful expenditure incurred by the department
 - Any unlawful or irregular conduct by employees of the department; or any other person or entity, relating to the allegations above. This investigation was still in progress at the date of this report.
69. In terms of Proclamation No. R16 of 2021, issued in Government Gazette No. 44546 of 7 May 2021, the SIU is investigating various irregularities at the department relating to the procurement and payments made in respect of the concrete barrier wall between uMkhanyakude and Mozambique border post. This investigation was still in progress at the date of this report.
70. In terms of Proclamation No. R36 of 2018, issued in Government Gazette 42101 of 14 December 2018, the SIU is investigating various irregularities at the department relating to the procurement of consultancy services. This investigation was completed by the SIU on the 28 October 2021. The implementation of recommendations were in progress at the date of this report.

Auditor - General

Pietermaritzburg

31 July 2023



Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected programmes and on the department's compliance with selected requirements in key legislation.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
 - conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 1 Section 38(1)(a)(iv); 38(1)(b);38(1)(c);38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 44 (1) and (2) ; 45(b); Section 50(3); 50(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3 Treasury Regulation 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulation 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b) Treasury Regulation 7.2.1 Treasury Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury Regulation 9.1.1; 9.1.4 Treasury Regulation 10.1.1(a); 10.1.2 Treasury Regulation 11.4.1; 11.4.2; 11.5.1 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c') Treasury Regulation 16A3.1 ; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) ,(b) & (e) ; 16A 6.3(a); 16A 6.3(a)(i);16A 6.3(b); 16A 6.3(c);16A6.3(d) ; 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A7.1; 16A.7.3; 16A.7.6; 16A.7.7; TR 16A8.2 (1) and (2); 16A 8.3 16A8.3 (d); 16A 8.4; 16A9; 16A9.1; 16A9.1(b)(ii);16A9.1 (c); 16A 9.1(d); 16A 9.1(e); 116A9.2; 16A9.2(a)(ii) &(iii); 16A9.1(f). Treasury Regulation 17.1.1 Treasury Regulation 18.2 Treasury Regulation 19.8.4
Division of Revenue Act No. 5 of 2022	DoRA 11(6)(a) DoRA 12(5) DoRA 16(1) DoRA 16(3) DoRA 16(3)(a)(i) DoRA 16(3)(a)(ii)(bb)
Public service regulation	Public service regulation 13(c) ;18; 18 (1) and (2); 25(1)(e)(i); 25(1)(e)(iii)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 29 Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2

Legislation	Sections or regulations
	Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
SITA ACT	Section 7(3) Section 7(6)(b) Section 20(1)(a)(l)
SITA regulations	Regulation 8.1.1 (b); 8.1.4; 8.1.7 Regulation 9.6; 9.4 Regulation 12.3 Regulation 13.1 (a) Regulation 14.1; 14.2
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a);4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);

APPROPRIATION PER PROGRAMME									
	2022/23					2021/22			
	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual Expenditure R'000
Programme									
1. Administration	589 407	-	51 810	641 217	641 217	-	100,0%	456 758	456 758
2. Transport Infrastructure	9 284 758	-	(518 721)	8 766 037	8 688 088	77 949	99,1%	8 180 314	8 181 960
3. Transport Operations	1 962 459	-	367 935	2 330 394	2 328 032	2 362	99,9%	1 938 780	1 938 780
4. Transport Regulation	986 195	-	101 470	1 087 665	1 086 534	1 131	99,9%	957 896	957 896
5. Community Based Programmes	31 194	-	(2 494)	28 700	28 331	369	98,7%	37 970	37 970
TOTAL	12 854 013	-	-	12 854 013	12 772 202	81 811	99,4%	11 571 718	11 573 364

	2022/23		2022/21	
	Final Budget R'000	Actual Expenditure R'000	Final Budget R'000	Actual Expenditure R'000
TOTAL (brought forward)	12 854 013	12 772 202	11 571 718	11 573 364
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	2 405 970	-	2 260 440	-
NRF Receipts				
Aid assistance				
Actual amounts per statement of financial performance (total revenue)	15 259 983	-	13 832 158	-
ADD				
Aid assistance		-		-
Prior year unauthorised expenditure approved without funding		-		-
Actual amounts per statement of financial performance (total expenditure)		12 772 202		11 573 364

	2022/23					2021/22			
	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual expenditure R'000
Economic classification									
Current payments	8 174 614	-	(345 956)	7 828 658	8 106 256	(277 598)	103,5%	6 082 720	6 082 720

APPROPRIATION STATEMENT
for the year ended 31 March 2023

PART E:

APPROPRIATION PER ECONOMIC CLASSIFICATION										
	2022/23					2021/22				
	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual expenditure R'000	
Compensation of employees	1 733 913	-	(114 743)	1 619 170	1 619 170	-	100,0%	1 557 087	1 557 087	
Goods and services	6 440 701	-	(231 213)	6 209 488	6 487 086	(277 598)	104,5%	4 525 620	4 525 620	
Interest and rent on land	-	-	-	-	-	-	-	13	13	
Transfers and subsidies	1 404 498	-	342 016	1 746 514	1 743 021	3 493	99,8%	1 463 927	1 463 927	
Provinces and municipalities	41 326	-	3 028	44 354	44 354	-	100,0%	10 825	10 825	
Departmental agencies and accounts	5 262	-	-	5 262	5 262	-	100,0%	4 135	4 135	
Public corporations and private enterprises	1 309 303	-	343 238	1 652 541	1 652 541	-	100,0%	1 401 107	1 401 107	
Non-profit institutions	26 542	-	-	26 542	23 049	3 493	86,8%	27 162	27 162	
Households	22 065	-	(4 250)	17 815	17 815	-	100,0%	20 698	20 698	
Payments for capital assets	3 274 260	-	(1 930)	3 272 330	2 916 414	355 916	89,1%	4 022 493	4 024 139	
Buildings and other fixed structures	2 917 502	-	(150 250)	2 767 252	2 411 336	355 916	87,1%	3 669 986	3 671 632	
Machinery and equipment	355 535	-	148 320	503 855	503 855	-	100,0%	351 352	351 352	
Intangible assets	1 223	-	-	1 223	1 223	-	100,0%	1 155	1 155	
Payments for financial assets	641	-	5 870	6 511	6 511	-	100,0%	2 578	2 578	
Total	12 854 013	-	-	12 854 013	12 772 202	81 811	99,4%	11 571 718	11 573 364	

PROGRAMME 1: ADMINISTRATION									
	2022/23					2021/22			
	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Budget %	Final Budget R'000	Actual expenditure R'000
Sub programme									
1. Office of the MEC	17 885	-	(3 564)	14 321	14 321	-	100,0%	11 565	11 565
2. Management	13 503	-	(381)	13 122	13 122	-	100,0%	6 227	6 227
3. Corporate Support	533 046	-	63 520	596 566	596 566	-	100,0%	415 193	415 193
4. Departmental Strategy	24 973	-	(7 765)	17 208	17 208	-	100,0%	23 773	23 773
Total for sub programmes	589 407	-	51 810	641 217	641 217	-	100,0%	456 758	456 758
Economic classification									
Current payments	478 298	-	46 079	524 377	528 689	(4 312)	100,8%	404 527	404 527
Compensation of employees	193 020	-	(26 121)	166 899	166 899	-	100,0%	166 606	166 606
Goods and services	285 278	-	72 200	357 478	361 790	(4 312)	101,2%	237 908	237 908
Interest and rent on land	-	-	-	-	-	-	-	13	13
Transfers and subsidies	13 694	-	(3 381)	10 313	10 313	-	100,0%	10 840	10 840
Provinces and municipalities	247	-	166	413	413	-	100,0%	126	126
Departmental agencies and accounts	5 262	-	-	5 262	5 262	-	100,0%	4 135	4 135
Households	8 185	-	(3 547)	4 638	4 638	-	100,0%	6 579	6 579
Payments for capital assets	97 118	-	9 093	106 211	101 899	4 312	95,9%	41 275	41 275
Buildings and other fixed structures	35 000	-	(4 730)	30 270	25 958	4 312	85,8%	6 777	6 777
Machinery and equipment	62 118	-	13 823	75 941	75 941	-	100,0%	34 498	34 498
Payments for financial assets	297	-	19	316	316	-	100,0%	116	116
Total	589 407	-	51 810	641 217	641 217	-	100,0%	456 758	456 758

PROGRAMME 2: TRANSPORT INFRASTRUCTURE									
2022/23					2021/22				
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Programme Support Infrastructure	720 196	-	6 911	727 107	866 384	(139 277)	119,2%	728 184	728 184
2. Infrastructure Planning	32 703	-	(6 018)	26 685	26 685	-	100,0%	32 930	32 930
3. Infrastructure Design	53 853	-	119	53 972	53 972	-	100,0%	45 128	45 128
4. Construction	2 881 441	-	(146 388)	2 735 053	2 383 449	351 604	87,1%	3 663 209	3 664 855
5. Maintenance	5 596 565	-	(373 345)	5 223 220	5 357 598	(134 378)	102,6%	3 710 863	3 710 863
Total for sub programmes	9 284 758	-	(518 721)	8 766 037	8 688 088	77 949	99,1%	8 180 314	8 181 960
Economic classification									
Current payments	6 090 733	-	(454 635)	5 636 098	5 909 753	(273 655)	104,9%	4 183 291	4 183 291
Compensation of employees	824 661	-	(115 426)	709 235	709 235	-	100,0%	696 379	696 379
Goods and services	5 266 072	-	(339 209)	4 926 863	5 200 518	(273 655)	105,6%	3 486 912	3 486 912
Transfers and subsidies	18 734	-	2 578	21 312	21 312	-	100,0%	17 445	17 445
Provinces and municipalities	10 177	-	2 737	12 914	12 914	-	100,0%	9 850	9 850
Households	8 557	-	(159)	8 398	8 398	-	100,0%	7 595	7 595
Payments for capital assets	3 175 006	-	(67 487)	3 107 519	2 755 915	351 604	88,7%	3 979 342	3 980 988
Buildings and other fixed structures	2 882 502	-	(145 520)	2 736 982	2 385 378	351 604	87,2%	3 663 209	3 664 855
Machinery and equipment	291 281	-	78 033	369 314	369 314	-	100,0%	314 978	314 978
Intangible assets	1 223	-	-	1 223	1 223	-	100,0%	1 155	1 155
Payments for financial assets	285	-	823	1 108	1 108	-	100,0%	236	236
Total	9 284 758	-	(518 721)	8 766 037	8 688 088	77 949	99,1%	8 180 314	8 181 960

PART E:

PROGRAMME 3: TRANSPORT OPERATIONS									
2022/23									
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	2021/22 Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Programme Support Operations	70 176	-	(15 194)	54 982	54 982	-	100,0%	29 696	29 696
2. Public Transport Services	1 789 542	-	421 840	2 211 382	2 209 020	2 362	99,9%	1 865 524	1 865 524
3. Transport Safety and Compliance	102 741	-	(38 711)	64 030	64 030	-	100,0%	43 560	43 560
Total for sub programmes	1 962 459	-	367 935	2 330 394	2 328 032	2 362	99,9%	1 938 780	1 938 780
Economic classification									
Current payments	618 758	-	23 989	642 747	642 747	-	100,0%	532 203	532 203
Compensation of employees	54 873	-	(11 507)	43 366	43 366	-	100,0%	38 478	38 478
Goods and services	563 885	-	35 496	599 381	599 381	-	100,0%	493 725	493 725
Transfers and subsidies	1 343 492	-	343 623	1 687 115	1 684 753	2 362	99,9%	1 406 455	1 406 455
Provinces and municipalities	30 014	-	(13)	30 001	30 001	-	100,0%	-	-
Public corporations and private enterprises	1 309 303	-	343 238	1 652 541	1 652 541	-	100,0%	1 401 107	1 401 107
Non-profit institutions	4 000	-	-	4 000	1 638	2 362	41,0%	4 209	4 209
Households	175	-	398	573	573	-	100,0%	1 139	1 139
Payments for capital assets	209	-	323	532	532	-	100,0%	58	58
Machinery and equipment	209	-	323	532	532	-	100,0%	58	58
Payments for financial assets	-	-	-	-	-	-	-	64	64
Total	1 962 459	-	367 935	2 330 394	2 328 032	2 362	99,9%	1 938 780	1 938 780

PROGRAMME 4: TRANSPORT REGULATION									
2022/23					2021/22				
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
Programme Support Regulation	11 622	-	(7 652)	3 970	3 970	-	100,0%	6 289	6 289
Transport Administration and Licensing	221 719	-	10 703	232 422	232 422	-	100,0%	225 404	225 404
Operator Licenses and Permits	77 723	-	7 557	85 280	84 149	1 131	98,7%	65 650	65 650
Law Enforcement	675 131	-	90 862	765 993	765 993	-	100,0%	660 553	660 553
Total for sub programmes	986 195	-	101 470	1 087 665	1 086 534	1 131	99,9%	957 896	957 896
Economic classification									
Current payments	955 753	-	44 637	1 000 390	1 000 390	-	100,0%	924 729	924 729
Compensation of employees	643 963	-	39 381	683 344	683 344	-	100,0%	636 421	636 421
Goods and services	311 790	-	5 256	317 046	317 046	-	100,0%	288 308	288 308
Transfers and subsidies	28 516	-	(827)	27 689	26 558	1 131	95,9%	29 187	29 187
Provinces and municipalities	888	-	138	1 026	1 026	-	100,0%	849	849
Non-profit institutions	22 542	-	-	22 542	21 411	1 131	95,0%	22 953	22 953
Households	5 086	-	(965)	4 121	4 121	-	100,0%	5 385	5 385
Payments for capital assets	1 867	-	52 648	54 515	54 515	-	100,0%	1 818	1 818
Machinery and equipment	1 867	-	52 648	54 515	54 515	-	100,0%	1 818	1 818
Payments for financial assets	59	-	5 012	5 071	5 071	-	100,0%	2 162	2 162
Total	986 195	-	101 470	1 087 665	1 086 534	1 131	99,9%	957 896	957 896

PROGRAMME 5: COMMUNITY BASED PROGRAMMES									
2022/23					2021/22				
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Programme Support Community Based	14 343	-	(4 771)	9 572	9 203	369	96,1%	14 004	14 004
2. Community Development	1 112	-	(1 040)	72	72	-	100,0%	18	18
3. Innovation And Empowerment	8 594	-	1 70	8 764	8 764	-	100,0%	3 968	3 968
4. EPWP Co-Ordination And Monitoring	7 145	-	3 147	10 292	10 292	-	100,0%	19 980	19 980
Total for sub programmes	31 194	-	(2 494)	28 700	28 331	369	98,7%	37 970	37 970
Economic classification									
Current payments	31 072	-	(6 026)	25 046	24 677	369	98,5%	37 970	37 970
Compensation of employees	17 396	-	(1 070)	16 326	16 326	-	100,0%	19 203	19 203
Goods and services	13 676	-	(4 956)	8 720	8 351	369	95,8%	18 767	18 767
Transfers and subsidies	62	-	23	85	85	-	100,0%	-	-
Households	62	-	23	85	85	-	100,0%	-	-
Payments for capital assets	60	-	3 493	3 553	3 553	-	100,0%	-	-
Machinery and equipment	60	-	3 493	3 553	3 553	-	100,0%	-	-
Payments for financial assets	-	-	16	16	16	-	100,0%	-	-
Total	31 194	-	(2 494)	28 700	28 331	369	98,7%	37 970	37 970

PART E:

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

Detail of these transactions can be viewed in the note on Transfers and Subsidies, and Annexure 1A-F of the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

Detail of these transactions can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

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

4.1 Per programme	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
1. Administration	641 217	641 217	-	100
2. Transport Infrastructure	8 766 037	8 688 088	77 949	99
3. Transport Operations	2 330 394	2 328 032	2 362	100
4. Transport Regulations	1 087 665	1 086 534	1 131	100
5. Community Based Programmes	28 700	28 331	369	99
Total	12 854 013	12 772 202	81 811	

Transport Infrastructure

Transport Infrastructure R77.949 million (under spent) . R45.9 million relates to the department withholding invoices in line with the Provincial Executive Council's decision for the department to contribute a larger amount than the initial R200 million determined as funds to be surrendered by the Vote, for allocation towards the budget pressures in the province. R32 million relates to the PRMG that was under-spent but committed and the department has requested a roll-over in this regard.

Transport Operations

R2.362 million in respect to Transfers and subsidies to: Non-profit institutions towards operational costs for the KwaZulu-Natal Bus Council (KWANABUCO) as per the MOA between the department and the organisation was under-spent. The lower than budgeted transfer was due to the appointment of the new Provincial Executive Committee in January 2023 and the committee was not able to complete the assessment of its members, as well as to check and work on its new database to implement projects such as promoting road safety, empowering the conflict resolution committee, supporting women operators, training and empowerment of women, etc., due to the number of changes in the Provincial Executive Committee. This exercise has now been completed.

Transport Regulations

R1.131 million ascribed to Transfers and subsidies to: Non-profit institutions caters for operational costs for the South African National Taxi Council (SANTACO) KZN as per the MOA signed between the department and the organisation. The transfer is to assist the organisation by uplifting their operating and line function business standards and creating a more efficient and effective business orientated environment. The transfer is used for rental, water, lights and maintenance of the 16 SANTACO offices. The lower than budgeted transfer was due to the Santaco office bearer and support staff March 2023 accrued salaries.

Community Based Programmes

Goods and services were lower than budgeted in respect of consultants' costs relating to the Contractor Development Programme (CDP) that was not finalised due to changes made to the specifications. The programme seeks to address the developmental challenges facing a number of contractors in the roads infrastructure sector through structured training, mentorship and management interventions. Also, travel and subsistence costs were lower than budgeted due to costs associated with the non-filling of vacant posts.

PART E:

4.2 Per economic classification

Economic classification	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
Current payments				
Compensation of employees	1 619 170	1 619 170	-	100
Goods and services	6 209 488	6 487 086	(277 598)	104
Interest and rent on land	-	-	-	-
Transfers and subsidies				
Provinces and municipalities	44 354	44 354	-	100
Departmental agencies and accounts	5 262	5 262	-	100
Public corporations and private enterprises	1 652 541	1 652 541	-	100
Non-profit institutions	26 542	23 049	3 493	87
Households	17 815	17 815	-	100
Payments for capital assets				
Buildings and other fixed structures	2 767 252	2 411 336	355 916	87
Machinery and equipment	503 855	503 855	-	100
Intangible assets	1 223	1 223	-	100
Payments for financial assets	6 511	6 511	-	100
Total	12 854 013	12 772 202	81 813	

4.3 Per conditional grant

Conditional grant	Final Budget	Actual Expenditure	Variance	Variance as a percentage of Final Budget
	R'000	R'000	R'000	%
Provincial Roads Maintenance Grant	3 309 978	3 278 166	31 812	99
Public Transport Operations Grant	1 309 303	1 309 303	-	100
EPWP Incentive Grant	68 283	68 283	-	100
Total	4 687 564	4 687 564	-	

PART E:**STATEMENT OF FINANCIAL PERFORMANCE**
for the year ended 31 March 2023

	<i>Note</i>	2022/23 R'000	2021/22 R'000
REVENUE			
Annual appropriation	1	12 854 013	11 571 718
Departmental revenue	2	2 405 970	2 260 440
TOTAL REVENUE		15 259 983	13 832 158
EXPENDITURE			
Current expenditure		8 130 448	6 077 069
Compensation of employees	4	1 619 169	1 557 087
Goods and services	5	6 511 279	4 519 982
Interest and rent on land		-	-
Aid assistance		-	-
Transfers and subsidies		1 743 025	1 463 934
Transfers and subsidies	7	1 743 025	1 463 934
Aid assistance		-	-
Expenditure for capital assets		2 892 217	4 029 782
Tangible assets	8	2 890 994	4 028 627
Intangible assets	8	1 223	1 155
Unauthorised expenditure approved without funding		-	-
Payments for financial assets	6	6 512	2 579
TOTAL EXPENDITURE		12 772 202	11 573 364
SURPLUS FOR THE YEAR		2 487 781	2 258 794
Reconciliation of Net Surplus for the year			
Voted funds		81 811	(1 646)
Annual appropriation		50 000	(1 646)
Conditional grants		31 812	-
Departmental revenue and NRF receipts	13	2 405 970	2 260 440
Aid assistance		-	-
SURPLUS FOR THE YEAR		2 487 781	2 258 794

PART E:**STATEMENT OF FINANCIAL POSITION**
for the year ended 31 March 2023

		2022/23	2021/22
	<i>Note</i>	R'000	R'000
ASSETS			
Current assets		328 619	173 733
Cash and cash equivalents	9	252 700	24 922
Receivables	11	75 919	148 811
Non-current assets		39 601	55 222
Prepayments and advances	10	826	826
Receivables	11	38 775	54 396
TOTAL ASSETS		368 220	228 955
LIABILITIES			
Current liabilities		364 089	224 608
Voted funds to be surrendered to the Revenue Fund	12	81 335	(476)
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	211 190	184 114
Payables	14	60 963	30 369
Aid assistance unutilised	3	10 601	10 601
TOTAL LIABILITIES		364 089	224 608
NET ASSETS		4 131	4 347
		2022/23	2021/22
	<i>Note</i>	R'000	R'000
Represented by:			
Recoverable revenue		4 131	4 347
TOTAL		4 131	4 347

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Recoverable revenue			
Opening balance		4 347	4 049
Transfers:		(216)	298
Irrecoverable amounts written off	6.1	(1 394)	(637)
Debts revised		-	-
Debts recovered (included in departmental revenue)		513	(1 109)
Debts raised		665	2 044
TOTAL		4 131	4 347

		2022/23	2021/22
	Note	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		15 248 442	13 839 999
Annual appropriation funds received	1.1	12 854 013	11 571 718
Departmental revenue received	2	2 394 171	2 268 250
Interest received	2.3	258	31
Net (increase)/decrease in net working capital		103 486	(46 833)
Surrendered to Revenue Fund		(2 378 896)	(2 321 749)
Current payments		(8 130 446)	(6 082 583)
Interest paid		-	(3)
Payments for financial assets		(6 512)	(2 579)
Transfers and subsidies paid		(1 743 025)	(1 459 039)
Net cash flow available from operating activities	15	3 093 049	3 927 213
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution/dividend received	2.3	38	34
Payments for capital assets	8	(2 892 217)	(4 027 514)
Proceeds from sale of capital assets	2.4	11 503	-
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets		-	-
(Increase)/decrease in non-current receivables	11	15 621	(46 178)
Net cash flow available from investing activities		(2 865 055)	(4 073 658)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(216)	298
Increase/(decrease) in non-current payables		-	-
Net cash flows from financing activities		(216)	298
Net increase/(decrease) in cash and cash equivalents		227 778	(146 147)
Cash and cash equivalents at beginning of period		24 922	171 069
Cash and cash equivalents at end of period	16	252 700	24 922

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act.

PRESENTATION OF THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Financial Statements have been prepared on a modified cash standard basis of accounting, except where stated otherwise. The modified cash standard basis constitutes the cash basis of accounting supplemented with additional disclosure items where it is deemed to be useful to the users of the financial statements. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

The "modification" results from the recognition of certain near-cash balances in the financial statements as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

1.2 Going concern

The financial statements have been prepared on a going concern basis.

1.3 Presentation currency

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

1.4 Rounding

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

1.5 Comparative figures

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

1.6 Errors

Current period errors in that period are investigated and corrected before the financial statements are authorised for issue. Material errors discovered in a subsequent period and these prior period errors are corrected in the comparative information presented in the financial statements for subsequent period.

1.7 Comparative figures - Appropriation Statement

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

2. REVENUE

2.1 Appropriated funds

Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

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

Total appropriated funds are presented in the Statement of Financial Performance.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

2.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

2.2.1 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the Statement of Financial Performance when the cash is received.

2.2.2 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the Statement of Financial Performance when the cash is received.

2.2.3 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the Statement of Financial Performance when the cash is received.

2.2.4 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

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

Forex gains are recognised on payment of funds.

2.2.5 Transfers received (including gifts, donations, and sponsorships)

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

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

PART E:

2.3 Aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

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

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

3. EXPENDITURE

3.1 Compensation of employees

3.1.1 Short-term employee benefits

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is affected on the system (by no later than 31 March of each year).

All other payments are classified as current expense.

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

3.1.2 Post-retirement benefits

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

3.1.3 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is affected on the system (by no later than 31 March of each year).

3.1.4 Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is affected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or Position.

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is affected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5,000 or more is purchased. All assets costing less than R5,000 will also be reflected under goods and services.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is affected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Financial transactions in assets and liabilities

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

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

3.5 Transfers and subsidies

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

3.6 Unauthorised expenditure

The overspending of a vote or a main division within a vote; or expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

When discovered unauthorised expenditure is recognised in the Statement of Changes to Net Assets and the notes to the financial statements when confirmed. Unauthorised incurred in the current year.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

PART E:

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. It is expenditure made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:

- fruitless and wasteful expenditure that was under assessment in the previous financial year;
- fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and
- fruitless and wasteful expenditure incurred in the current year.

3.8 Irregular expenditure

Irregular Expenditure is recorded in the notes to the financial statements when confirmed. Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation.

Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:

- irregular expenditure that was under assessment in the previous financial year;
- irregular expenditure relating to previous financial year and identified in the current year; and
- irregular expenditure incurred in the current year.

3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is affected on the system (by no later than 31 March of each year).

4 ASSETS

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

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

4.2 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and derecognised as and when the goods/services are received, or the funds are utilised.

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Investments

Capitalised investments are shown at cost in the Statement of Financial Position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the Statement of Financial Performance when the cash is received.

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

4.6 Loans

Loans are recognised in the Statement of Financial Position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in the disclosure notes.

Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost.

4.7 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes. This would be inventory held in the form of materials or supplies that are to be consumed or distributed in the rendering of services.

The cost formula used to measure inventory is "First In First Out (FIFO)".

4.8 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

4.9 Capital assets

4.9.1 Movable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital asset", recorded in the notes of the financial statements and is capitalised in the asset register of the department on completion of the project. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Repairs and maintenance are expensed as current "goods and services" in the Statement of Financial Performance.

4.9.1 Immovable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital asset". Completed projects before final completion and handover to Department of Public Works is disclosed in the notes. On final completion and handover, the total cost of the project is included in the asset register of the department that legally owns the asset or the provincial/national Department of Public Works.

Repairs and maintenance are expensed as current "goods and services" in the Statement of Financial Performance.

PART E:

4.9.2 Intangible assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital asset”, recorded in the notes of the financial statements and is capitalised in the asset register of the department on completion of the project. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

5 LIABILITIES

5.1 Voted funds to be surrendered to the Revenue Fund

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

5.2 Departmental revenue to be surrendered to the Revenue Fund

Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position at cost.

5.3 Bank overdraft

The bank overdraft is carried in the Statement of Financial Position at cost.

5.4 Payables

Payables comprise of all money owed by the department which is due after reporting date. This is recognised in the Statement of Financial Position at cost.

5.5 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

5.6 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

5.7 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the notes.

Accrued expenditure payable is recorded in the notes to the financial statements. Accrued expenditure payable is measured at cost.

5.8 Payables not recognised

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the notes.

5.9 Employee benefits

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

5.10 Lease commitments

Lease commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the notes.

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

5.11 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits because of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

6 ACCRUED DEPARTMENTAL REVENUE

Accrued departmental revenue are disclosed in the notes to the annual financial statements. These accrued departmental revenues are written off when identified as irrecoverable and are disclosed separately.

7 NET ASSETS

7.2 Capitalisation reserve

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

7.3 Recoverable revenue

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

PART E:

8 RELATED PARTY TRANSACTIONS

Specific information with regards to related party transactions is included in the notes.

Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

9 KEY MANAGEMENT PERSONNEL

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

10 PRINCIPAL-AGENT

The department is party to a principal-agent arrangement. In terms of the arrangement the department is the principal. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

PART E:

1. ANNUAL APPROPRIATION

1.1. Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	2022/23			2021/22		
	Final Budget	Actual Funds Received	Funds not requested / not received	Final Budget	Appropriation Received	Funds not requested / not received
Programmes	R'000	R'000	R'000	R'000	R'000	R'000
1. ADMINISTRATION	641 217	641 217	-	494 729	494 729	-
2. TRANSPORT INFRASTRUCTURE	8 766 037	8 766 037	-	8 084 149	8 084 149	-
3. TRANSPORT OPERATIONS	2 330 394	2 330 394	-	1 895 852	1 895 852	-
4. TRANSPORT REGULATION	1 087 665	1 087 665	-	1 056 451	1 056 451	-
5. COMMUNITY BASED PROGRAMMES	28 700	28 700	-	40 537	40 537	-
TOTAL	12 854 013	12 854 013	-	11 571 718	11 571 718	-

1.1 Conditional grants

	Note	2022/23 R'000	2021/22 R'000
Total grants received	31	4 687 564	3 478 698

2. DEPARTMENTAL REVENUE

	Note	2022/23 R'000	2021/22 R'000
Tax revenue		2 158 063	2 103 961
Sales of goods and services other than capital assets	2.1	122 578	75 360
Fines, penalties and forfeits	2.2	14 535	69 647
Interest, dividends and rent on land	2.3	296	65
Sales of capital assets	2.4	11 503	-
Transactions in financial assets and liabilities	2.5	98 995	11 407
Total revenue collected		2 405 970	2 260 440
Less: Own revenue included in appropriation		-	-
Total		2 405 970	2 260 440

PART E:

2.1. Sales of goods and services other than capital assets

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Sales of goods and services produced by the department		122 578	75 360
Sales by market establishment		4 845	5 138
Administrative fees		117 710	63 654
Other sales		23	6 568
Sales of scrap, waste and other used current goods		-	-
Total	2	122 578	75 360

2.2. Fines, penalties and forfeits

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Fines		14 535	69 647
Total	2	14 535	69 647

2.3. Interest, dividends and rent on land

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Interest		258	31
Dividends		38	34
Total	2	296	65

2.4. Sales of capital assets

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Tangible capital assets			-
Machinery and equipment		11 503	-
Total	2	11 503	-

2.5. Transactions in financial assets and liabilities

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Receivables		-	1 257
Other receipts including Recoverable Revenue		98 995	10 148
Total	2	98 995	11 405

PART E:

3. AID ASSISTANCE

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Opening balance		10 601	10 601
Prior period error			
As restated		10 601	10 601
Transferred from statement of financial performance		-	-
Transfers to or from retained funds		-	-
Paid during the year		-	-
Closing balance		10 601	10 601

3.1. Analysis of balance by source

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Aid assistance from other sources		10 601	10 601
Closing balance	3	10 601	10 601

3.2. Analysis of balance

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Aid assistance unutilised		10 601	10 601
Closing balance	3	10 601	10 601

4. COMPENSATION OF EMPLOYEES

4.1. Analysis of balance

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Basic salary		926 534	892 281
Performance award		532	73 401
Service based		2 719	2 147
Compensative/circumstantial		196 393	171 420
Periodic payments		36 434	35 008
Other non-pensionable allowances		232 920	162 784
Total		1 395 532	1 337 041

PART E:

4.2. Social contributions

		2022/23	2021/22
Employer contributions	Note	R'000	R'000
Pension		110 310	112 407
Medical		109 154	103 986
UIF		823	18
Bargaining council		383	362
Insurance		2 967	3 273
Total		223 637	220 046
Total compensation of employees		1 619 169	1 557 087
Average number of employees		4 544	3 556

5. GOODS AND SERVICES

		2022/23	2021/22
	Note	R'000	R'000
Administrative fees		93 702	89 891
Advertising		14 024	4 899
Minor assets	5.1	3 556	5 583
Bursaries (employees)		2 461	2 150
Catering		6 540	1 011
Communication		29 337	35 336
Computer services	5.2	150 988	151 167
Consultants: Business and advisory services		8 539	896 634
Infrastructure and planning services		856 238	51 445
Laboratory services		404	626
Legal services		13 998	18 109
Contractors		3 396 532	2 138 344
Agency and support / outsourced services		310 132	4 724
Audit cost - external	5.3	20 481	11 242
Fleet services		354 496	250 189
Inventories	5.4	193 403	84 221
Consumables	5.5	24 342	23 276
Operating leases		60 690	52 277
Property payments	5.6	243 523	173 664
Rental and hiring		824	1 363
Transport provided as part of the departmental activities		553 552	457 069
Travel and subsistence	5.7	143 698	58 408
Venues and facilities		15 607	2 531
Training and development		3 717	995
Other operating expenditure	5.8	10 495	4 828
Total		6 511 279	4 519 982

PART E:

5.1. Minor Assets

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Tangible capital assets			
Machinery and Equipment		3 556	5 583
Total	5	3 556	5 583

5.2. Computer services

	<i>Note</i>	2022/23 R'000	2021/22 R'000
SITA computer services		27 508	151 167
External computer service providers		123 480	-
Total	5	150 988	151 167

5.3. Audit cost - external

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Regularity audits		11 835	5 385
Investigations		7 361	989
Computer audits		1 285	4 868
Total	5	20 481	11 242

5.4. Inventories

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Clothing material and accessories		24 580	15 734
Food and food supplies		34	153
Fuel, oil and gas		113 500	42 548
Materials and supplies		55 289	25 786
Total	5	193 403	84 221

5.5. Consumables

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Consumable supplies		9 124	10 509
Uniform and clothing		3 421	5 830
Household supplies		4 571	3 497
Building material and supplies		-	16
IT consumables		97	-
Other consumables		1 035	1 166
Stationery, printing and office supplies		15 218	12 767
Total	5	24 342	23 276

PART E:

5.6. Property payments

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Municipal services		54 986	43 382
Property maintenance and repairs		88 811	53 712
Other		99 726	76 570
Total	5	243 523	173 664

5.7. Travel and subsistence

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Local		143 533	58 267
Foreign		165	141
Total	5	143 698	58 408

5.8. Other operating expenditure

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Professional bodies, membership and subscription fees		109	79
Resettlement costs		821	699
Other		9 565	4 050
Total	5	10 495	4 828

6. PAYMENTS FOR FINANCIAL ASSETS

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Debts written off	6.1	6 512	2 579
Total		6 512	2 579

6.1. Debts written off

Nature of debts written off	<i>Note</i>	2022/23 R'000	2021/22 R'000
Other debt written off			
Employee Debt		1 394	637
Zibambele		216	-
Assets Written-Off		-	1 942
Inter-governmental debt		4 902	-
Total debt written off	6	6 512	2 579

PART E:

7. TRANSFERS AND SUBSIDIES

	Note	2022/23 R'000	2021/22 R'000
Provinces and municipalities		44 354	10 835
Departmental agencies and accounts	Annex 1A	5 262	4 135
Public corporations and private enterprises	Annex 1B	1 652 546	1 401 105
Non-profit institutions	Annex 1C	23 049	27 162
Households	Annex 1D	17 814	20 697
Total		1 743 025	1 463 934

8. EXPENDITURE FOR CAPITAL ASSETS

	Note	2022/23 R'000	2021/22 R'000
Tangible capital assets		2 890 994	4 028 627
Buildings and other fixed structures	29	2 385 209	3 675 071
Machinery and equipment	27	505 785	353 556
Intangible capital assets		1 223	1 155
Software	28	-	1 155
Patents, licences, copyright, brand names and trademarks	28	1 223	-
Total		2 892 217	4 029 782

8.1. Analysis of funds utilised to acquire capital assets - Current year

Name of entity	2022/23		
	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible capital assets	2 890 994	-	2 890 994
Buildings and other fixed structures	2 385 209	-	2 385 209
Machinery and equipment	505 785	-	505 785
Intangible capital assets	1 223	-	1 223
Patents, licences, copyright, brand names and trademarks	1 223	-	1 223
Total	2 892 217	-	2 892 217

PART E:

8.2. Analysis of funds utilised to acquire capital assets - Prior year

Name of entity	2021/22		Total R'000
	Voted funds R'000	Aid assistance R'000	
Tangible capital assets	4 028 627	-	4 028 627
Buildings and other fixed structures	3 675 071	-	3 675 071
Machinery and equipment	353 556	-	353 556
Intangible capital assets	1 155	-	1 155
Software	1 155	-	1 155
Total	4 029 782	-	4 029 782

9. CASH AND CASH EQUIVALENTS

	Note	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General Account		242 148	24 897
Cash receipts		10 527	-
Cash on hand		25	25
Total		252 700	24 922

10. PREPAYMENTS AND ADVANCES

	Note	2022/23 R'000	2021/22 R'000
Travel and subsistence		826	826
Total		826	826

Analysis of Total Prepayments and advances

Non-current Prepayments and advances		826	826
Total		826	826

11. RECEIVABLES

	Note	2022/23			2021/22		
		Current R'000	Non- current R'000	Total R'000	Current R'000	Non- current R'000	Total R'000
Claims recoverable	11.1	44 211	34 145	78 356	98 936	48 822	147 758
Staff debt	11.2	849	4 630	5 479	793	2 397	3 190
Other receivables	11.3	30 859	-	30 859	49 082	3 177	52 259
Total		75 919	38 775	114 694	148 811	54 396	203 207

PART E:

11.1. Claims recoverable

	<i>Note</i>	2022/23 R'000	2021/22 R'000
National departments		12 033	11 719
Provincial departments		66 323	136 039
Total	11	78 356	147 758

11.2. Staff debt

	<i>Note</i>	2022/23 R'000	2021/22 R'000
In-Service Debts		2 558	2 761
Tax Debt		409	429
Out-of-Service Debts		2 091	-
Private Entities		421	-
Total	11	5 479	3 190

11.3. Other receivables

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Unauthorised expenditure		3 177	3 177
Fruitless and wasteful expenditure		310	310
Dishonoured Cheque		66	66
Sal: Reversal		2 975	1 563
Ex-employee		-	2 014
Other		24 331	45 129
Total	11	30 859	52 259

12. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Opening balance		(476)	50 396
Prior period error		-	-
As restated		(476)	50 396
Transferred from statement of financial performance (as restated)		81 811	(1 646)
Add: Unauthorised expenditure for the current year		-	1 646
Conditional grants surrendered by the provincial department	12.1	-	-
Paid during the year		-	(50 872)
Closing balance		81 335	(476)

PART E:

12.1. Reconciliation on unspent conditional grants

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Total conditional grants received	1.2	4 687 564	-
Total conditional grants spent		-4 687 564	-
Unspent conditional grants to be surrendered		-	-
Less: Paid to the Provincial Revenue Fund by Provincial department		-	-
Approved for rollover		-	-
Not approved for rollover		-	-
Add: Received from provincial revenue fund by national department		-	-
Due by the Provincial Revenue Fund		-	-

13. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Opening balance		184 116	186 676
Prior period error		-	-
As restated		184 116	186 676
Transferred from statement of financial performance (as restated)		2 405 970	2 260 440
Paid during the year		(2 378 896)	(2 263 000)
Closing balance		211 190	184 116

14. PAYABLES - CURRENT

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Advances received	14.1	10 153	16 416
Clearing accounts	14.2	3 136	3 177
Other payables	14.3	47 674	10 776
Total		60 963	30 369

14.1. Advances received

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Public entities		10 153	16 416
Total	14	10 153	16 416

PART E:

14.2. Clearing accounts

Description	Note	2022/23	2021/22
		R'000	R'000
Sal:ACB		502	407
Sal:Gehs Refund Control		416	793
Sal:UIF		-	4
Sal:Income Tax		2 218	1 973
Total	14	3 136	3 177

14.3. Other payables

Description	Note	2022/23	2021/22
		R'000	R'000
Online Travel Control Account		12 700	2 413
Public Entities		8 363	8 363
Other payables		26 611	-
Total	14	47 674	10 776

15. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	Note	2022/23	2021/22
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		2 487 781	2 266 669
Add back non-cash/cash movements not deemed operating activities		605 268	1 660 544
(Increase)/decrease in receivables		72 892	(50 448)
(Increase)/decrease in prepayments and advances		-	-
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables - current		30 594	5 262
Proceeds from sale of capital assets		-	-
Proceeds from sale of investments		(37)	(34)
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		2 892 217	4 027 513
Surrenders to Revenue Fund		(2 378 896)	(2 321 749)
Surrenders to RDP Fund/Donors		-	-
Voted funds not requested/not received		-	-
Own revenue included in appropriation		(11 502)	-
Other non-cash items		-	-
Net cash flow generating		3 093 049	3 927 213

PART E:

16. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	Note	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General account		242 148	24 897
Cash receipts		10 527	-
Cash on hand		25	25
Total		252 700	24 922

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

17.1. Contingent liabilities

Liable to	Nature	Note	2022/23 R'000	2021/22 R'000
Claims against the department		Annex 2	346 597	338 792
Intergovernmental payables		Annex 4	7 640	25 482
Environmental rehabilitation liability		Annex 2	-	35 783
Other			-	-
Total			354 237	400 057

Contingent liabilities consist of;

- a) *Claims against the Department - these are third party claims against the department and are handled at the Legal Services and Loss Control of the department. The outcome of the claims is dependent on the legal process and detailed investigations.*
- b) *Intergovernmental payable (unconfirmed Balances) - these are amounts from other government departments, that the department does not accept liability for .*
- c) *Environmental Rehabilitation Liability - these are anticipated restoration / rehabilitation site costs of quarries.*

17.2. Contingent assets

Nature of contingent asset	Note	2022/23 R'000	2021/22 R'000
Claims Recoverable by the State		12 006	11 443
Total		12 006	11 443

18. CAPITAL COMMITMENTS

	Note	2022/23 R'000	2021/22 R'000
Buildings and other fixed structures		5 806 948	4 331 765
Machinery and equipment		40 764	201 404
Total		5 847 712	4 533 169

PART E:

19. ACCRUALS AND PAYABLES NOT RECOGNISED

19.1. Accruals

Listed by economic classification	Note	2022/23			2021/22
		30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Goods and services		135 585	29 269	164 854	51 368
Interest and rent on land		-	-	-	-
Transfers and subsidies		1 175	-	1 175	21
Capital assets		31 682	5 412	37 094	70 089
Other		8 642	-	8 642	4 685
Total		177 084	34 681	211 765	126 163

Listed by programme level	Note	2022/23 R'000	2021/22 R'000
Administration		30 182	11 785
Transport Infrastructure		163 476	106 838
Transport Operations		1 126	111
Transport Regulations		16 981	7 410
Community Based Programme		-	19
Total		211 765	126 163

19.2. Payables not recognised

Listed by economic classification	Note	2022/23			2021/22
		30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Goods and services		329 146	8 793	337 939	44 036
Interest and rent on land		-	-	-	-
Transfers and subsidies		1 414	19	1 433	1 930
Capital assets		264 978	460	265 438	62 878
Other		211	11	222	1 328
Total		595 749	9 283	605 032	110 172

Listed by programme level	Note	2022/23 R'000	2021/22 R'000
Administration		70 887	13 267
Transport Infrastructure		520 560	87 481
Transport Operations		2 343	7 749
Transport Regulations		11 242	1 675
Community Based Programme		-	-
Total		605 032	110 172

Included in the above totals are the following:	Note	2022/23 R'000	2021/22 R'000
Confirmed balances with other departments	Annex 4	7 640	-
Confirmed balances with other government entities	Annex 4	-	-
Total		7 640	-

PART E:

20. EMPLOYEE BENEFITS

	Note	2022/23 R'000	2021/22 R'000
Leave entitlement		92 079	93 539
Service bonus		36 006	34 060
Performance awards		-	2 198
Capped leave		48 865	54 738
Total		176 950	184 535

At this stage the department is not able to reliably measure the long term portion of the long service awards. There are also negative leave credits that have been recorded on PERSAL.

21. LEASE COMMITMENTS

21.1. Operating leases

	Specialised military equipment R'000	Land R'000	2022/23 Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	-	-

	Specialised military equipment R'000	Land R'000	2021/22 Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	76	68	4 575	4 719
Later than 1 year and not later than 5 years	-	74	-	3 351	3 425
Later than 5 years	-	-	-	-	-
Total lease commitments	-	150	68	7 926	8 144

21.2. Finance leases

	Specialised military equipment R'000	Land R'000	2022/23 Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	18 720	18 720
Later than 1 year and not later than 5 years	-	-	-	10 574	10 574
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	29 294	29 294

	2021/22				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	923	923
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	923	923

21.3. Operating lease future revenue

	2022/23				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	2 601	2 601
Later than 1 year and not later than 5 years	-	-	-	70	70
Later than 5 years	-	-	-	-	-
Total operating lease revenue receivable	-	-	-	2 671	2 671

22. ACCRUED DEPARTMENTAL REVENUE

	<i>Note</i>	2022/23	2021/22
		R'000	R'000
Fines, penalties and forfeits		143 284	311 874
Total		143 284	311 874

22.1. Analysis of accrued departmental revenue

	<i>Note</i>	2022/23	2021/22
		R'000	R'000
Opening balance		311 874	385 377
Less: amounts received		(14 535)	(33 081)
Less: services received in lieu of cash		-	-
Add: amounts recorded		272 527	405 064
Less: amounts written off/reversed as irrecoverable		(426 582)	(445 486)
Less: amounts transferred to receivables for recovery		-	-
Other (<i>Specify</i>)		-	-
Closing balance		143 284	311 874

22.2. Accrued departmental revenue written off

Nature of losses	<i>Note</i>	2022/23	2021/22
		R'000	R'000
Traffic Fines		426 582	445 486
Total		426 582	445 486

PART E:

23. UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Unauthorised expenditure - current year		-	1 647
Irregular expenditure - current year		3 016 606	4 303 494
Fruitless and wasteful expenditure - current year		17	50
Total		3 016 623	4 305 191

Only R22,884,040.48 relates to new incidents of irregularities incurred in the current year. The balance of R2,993,722,296.92 relates to carry through costs of multi-year projects where the irregularities were identified in the previous years. The contracts are coming to an end and therefore the drop in the irregular expenditure.

24. RELATED PARTY TRANSACTIONS

Year end balances arising from revenue/payments	<i>Note</i>	2022/23 R'000	2021/22 R'000
Receivables from related parties		675	1 367
Payables to related parties		-	-
Total		675	1 367

The Department of Transport shares the same MEC with the KZN Department of Community Safety and Liaison.

25. KEY MANAGEMENT PERSONNEL

	2022/23 R'000	2021/22 R'000
Political office bearers (<i>provide detail below</i>)	2 005	2 000
Officials:		
Level 15 to 16	7 784	8 651
Level 14	11 256	11 405
Family members of key management personnel	2 372	2 292
Total	23 417	24 348

26. PROVISIONS

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Claims Against the State		259	114
Retention on infrastructure Projects		71 983	60 202
Total		72 242	60 316

26.1. Reconciliation of movement in provisions - Current year

	2022/23		
	Claims Against the state	Infrastructure Retention	Total provisions
	R'000	R'000	R'000
Opening balance	114	60 202	60 316
Increase in provision	145	35 202	35 347
Settlement of provision	-	(23 421)	(23 421)
Closing balance	259	71 983	72 242

26.2 Reconciliation of movement in provisions - Prior year

	2021/22		
	Claims Against the state	Infrastructure Retention	Total provisions
	R'000	R'000	R'000
Opening balance	68	80 395	80 463
Increase in provision	46	66 192	66 238
Settlement of provision	-	(86 385)	(86 385)
Closing balance	114	60 202	60 316

27. MOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23				
	Opening balance	Value ad- justments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	2 370 948		485 652	39 448	2 817 152
Transport assets	1 095 965	-	248 683	10 772	1 333 876
Computer equipment	110 654	-	75 179	283	185 550
Furniture and office equipment	33 632	-	1 922	136	35 418
Other machinery and equipment	1 130 697	-	159 868	28 257	1 262 308
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	2 370 948	-	485 652	39 448	2 817 152

Movable Tangible Capital Assets under investigation

Number

Value

Note

R'000

Included in the above total of the movable tangible capital assets per the asset register that are under investigation:

Machinery and equipment	5 219	239 644
Total	5 219	239 644

27.1. MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22				Closing balance R'000
	Opening balance	Prior period error	Additions	Disposals	
	R'000	R'000	R'000	R'000	
MACHINERY AND EQUIPMENT	2 099 422	34 980	239 222	2 676	2 370 948
Transport assets	916 377	52 317	129 526	2 255	1 095 965
Computer equipment	103 537	199	7 091	173	110 654
Furniture and office equipment	30 304	124	3 225	21	33 632
Other machinery and equipment	1 049 204	(17 660)	99 380	227	1 130 697
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	2 099 422	34 980	239 222	2 676	2 370 948

27.1.1. Prior period error

Nature of prior period error	Note	2021/22 R'000
Relating to the year ended 31 March 2022		34 980
Total prior period errors		34 980

27.2. Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23					Total R'000
	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	
Opening balance	-	-	-	36 814	-	36 814
Value adjustments					-	-
Additions	-	-	-	2 429	-	2 429
Disposals	-	-	-	639	-	639
Total Minor assets	-	-	-	38 604	-	38 604
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	34 436	-	34 436
Number of minor assets at cost	-	-	-	21 577	-	21 577
Total number of minor assets	-	-	-	56 013	-	56 013

Minor capital assets under investigation	Number	Value
	<i>Note</i>	R'000
Included in the above total of the minor capital assets per the asset register that are under investigation:		
Machinery and equipment	24 112	11 887

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22					
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	34 951	-	34 951
Prior period error	-	-	-	251	-	251
Additions	-	-	-	1 895	-	1 895
Disposals	-	-	-	283	-	283
Total Minor assets	-	-	-	36 814	-	36 814
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	34 505	-	34 505
Number of minor assets at cost	-	-	-	21 315	-	21 315
Total number of minor assets	-	-	-	55 820	-	55 820

27.2.1. Prior period error

Nature of prior period error	<i>Note</i>	2021/22 R'000
Relating to the year ended 31 March 2022		251
Total prior period errors		251

PART E:

28. INTANGIBLE CAPITAL ASSETS

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23			Closing balance R'000
	Opening balance R'000	Additions R'000	Disposals R'000	
Software	3 658	12	-	3 670
Patents, licences, copyright, brand names, trademarks	55 541	13 549	-	69 090
Services and operating rights	73	-	-	73
TOTAL INTANGIBLE CAPITAL ASSETS	59 272	13 561	-	72 833

28.1. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22				Closing balance R'000
	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	
Software	3 658	-	-	-	3 658
Patents, licences, copyright, brand names, trademarks	55 541	-	-	-	55 541
services and operating rights	47	-	26	-	73
TOTAL INTANGIBLE CAPITAL ASSETS	59 246	-	26	-	59 272

29. IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23			Closing balance R'000
	Opening balance R'000	Additions R'000	Disposals R'000	
BUILDINGS AND OTHER FIXED STRUCTURES	41 564 816	1 616 149	3 243	43 177 722
Non-residential buildings	141 633	114 520	-	256 153
Other fixed structures	41 423 183	1 501 629	3 243	42 921 569
LAND AND SUBSOIL ASSETS	116 357	19 573	-	135 930
Land	116 357	19 573	-	135 930
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	41 681 173	1 635 722	3 243	43 313 652

PART E:

The MCS on Accounting and Reporting for Immovable Assets currently provides for the phasing-in of roads for recording in the annual financial statements over a specified period of time, commencing in the 2021/2022 financial year. Prior to this it was presumed that departments had not recorded roads and related structures in their financial statements. The department had over a number of years recorded roads on completion of construction in its annual financial statements, effectively applying an accounting practice prior to it being required by MCS. The department after consultation with Office of the auditor general, received a directive to remove all completed roads recorded in its notes to the annual financial statements to align with the requirements of the MCS. The department in line with the phased in approach as well as the direction provided by the frequently asked questions relating to disclosure of road and related structures, brought in the fair value of all roads segments that are on class 1 and 2 roads as at 31 March 2020. This resulted in a prior period error of R39,958,192,000. All subsequent additions to class 1 and 2 roads had been added at historic cost. Work in progress on class 1 and 2 roads has been excluded from the fair value exercise and will be added in line with MCS.

29.1. MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	40 782 874	(29 030)	810 972	-	41 564 816
Non-residential buildings	141 609	-	24	-	141 633
Other fixed structures	40 641 265	(29 030)	810 948	-	41 423 183
LAND AND SUBSOIL ASSETS	116 357	-	-	-	116 357
Land	116 357	-	-	-	116 357
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	40 899 231	(29 030)	810 972	-	41 681 173

29.1.1. Prior period error

Nature of prior period error	Note	2021/22 R'000
Relating to 2021/22		(29 030)
Total prior period errors		(29 030)

29.2. Immovable tangible capital assets: Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23			
	Opening balance	Current Year	Ready for use	Closing balance
	1 April 2022	WIP	(Assets to the AR) / Contracts terminated	31 March 2023
	R'000	R'000	R'000	R'000
Buildings and other fixed structures	6 795 071	2 409 407	1 832 801	7 371 677
Total	6 795 071	2 409 407	1 832 801	7 371 677

Note
Annex 7

PART E:

Payables not recognised relating to Capital WIP	Note	2022/23 R'000	2021/22 R'000
<i>Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress</i>		203 878	23 276
Total		203 878	23 276

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2022

	Note	Opening balance 1 April 2021 R'000	Prior period error R'000	Current Year WIP R'000	2021/22 Ready for use (Assets to the AR) / Contracts terminated R'000	Closing balance 31 March 2022 R'000
Buildings and other fixed structures		4 577 098	(138 201)	3 675 073	1 318 899	6 795 071
Total		4 577 098	(138 201)	3 675 073	1 318 899	6 795 071

29.3. Immovable tangible capital assets written off

IMMOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023

	Note	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
Assets written off		3 243	-	-	3 243
Total Immovable capital assets written off		3 243	-	-	3 243

IMMOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2022

	Note	Buildings and other fixed structures R'000	Heritage assets R'000	Land and subsoil assets R'000	Total R'000
Assets written off		-	-	-	-
Total immovable capital assets written off		-	-	-	-

30. PRINCIPAL-AGENT ARRANGEMENTS

30.1. Department acting as the principal

	Note	2022/23 R'000	2021/22 R'000
Municipal Agents - Natis Agency Fees		84 065	139 862
Total		84 065	139 862

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Departmental Agency or Account	2022/23					2021/22		
	TRANSFER ALLOCATION			TRANSFER		Final Budget	Actual transfer	R'000
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Construction CETA	4 473	-	-	4 473	4 473	4 135	4 135	4 135
Safety and Security CETA	789	-	-	789	789	-	-	-
TOTAL	5 262	-	-	5 262	5 262	4 135	4 135	4 135

ANNEXURE 1B

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

Name of public corporation / private enterprise	2022/23						2021/22		
	GRANT ALLOCATION			EXPENDITURE			Current	Final Budget	Actual transfer
	Adjusted Budget R'000	Roll overs R'000	Adjust- ments R'000	Total Available R'000	Actual transfer R'000	% of Available funds trans- ferred			
Public Corporations Transfers									
Public Transport Operations Grant	1 309 303	-	-	1 309 303	1 652 546	126,2%	-	1 393 618	1 401 105
TOTAL	1 309 303	-	-	1 309 303	1 652 546	126,2%	-	1 393 618	1 401 105

ANNEXURE 1C

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	2022/23					2021/22	
	TRANSFER ALLOCATION			EXPENDITURE		Final Budget R'000	Actual transfer R'000
	Adjusted Budget R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual transfer R'000		
Non-profit institutions							
Transfers							
KWANABACO	4 000	-	-	4 000	1 638	4 919	4 919
SA National Taxi Council	22 542	-	-	22 542	21 411	22 243	22 243
TOTAL	26 542	-	-	26 542	23 049	27 162	27 162

ANNEXURE 1D

STATEMENT OF TRANSFERS TO HOUSEHOLDS

Household	2022/23						2021/22	
	TRANSFER ALLOCATION			EXPENDITURE			Final Budget R'000	Actual transfer R'000
	Adjusted Budget R'000	Roll overs R'000	Adjust- ments R'000	Total Available R'000	Actual transfer R'000	% of available funds transferred %		
Transfers								
Claims Against the State - Cash	2 020	-	-	2 020	2 019	100%	1 558	1 558
Employee Benefits: Leave Gratuity	17 020	-	-	17 020	12 789	75%	5 166	5 166
Claims Against the State - Cash	125	-	-	125	124	99%	4 238	4 238
Refund & Rem-Act	2 800	-	-	2 800	2 782	99%	1 240	1 240
Donations & Gifts	100	-	-	100	100	100%	-	-
Bursaries (non-employee)	-	-	-	-	-	-	2 201	2 201
TOTAL	22 065	-	-	22 065	17 814		14 403	14 403

ANNEXURE 1E

STATEMENT OF AID ASSISTANCE RECEIVED

Name of donor	Purpose	Opening balance R'000	Revenue R'000	Expenditure R'000	Paid back on / by 31 March R'000	Closing balance R'000
Received in cash						
RTMC	Road Safety Improvement Programme	10 601	-	-	-	10 601
TOTAL		10 601	-	-	-	10 601

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

Nature of gift, donation or sponsorship	2022/23	2021/22
	R'000	R'000
Made in kind		
Various NPOs	173	-
TOTAL	173	-

ANNEXURE 2

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2023

Nature of liability	Opening balance 1 April 2022	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Potholes	59 316	8 403	2 018	-	65 701
Accidents	6 356	988	903	-	6 441
Civil	273 120	24 211	58 659	-	238 672
Subtotal	338 792	33 602	61 580	-	310 814
Environmental liability					
Environmental Liability - Rehabilitation on quarries	35 783	-	-	-	35 783
Subtotal	35 783	-	-	-	35 783
TOTAL	374 575	33 602	61 580	-	346 597

ANNEXURE 3

CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23*	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
National Departments								
Correctional Services	-	-	366	-	-	-	-	-
Justice	-	-	11 427	11 523	11 427	11 523	-	-
Other	-	-	240	524	240	524	-	-
Unallocated Credits	-	-	-	(329)	-	(329)	-	-
KZN Provincial Departments								
Agriculture	444	-	14	1 767	458	1 767	-	-
Economic Development	-	-	381	454	381	454	-	-
Education	10 372	-	1 933	40 769	12 305	40 769	-	-
Health	-	53 281	33 710	26 394	33 710	79 675	-	-
Human Settlement	48	63	-	-	48	63	-	-
Provincial Legislature	4	-	189	187	193	187	-	-
Office of the Premier	-	-	4	-	4	-	-	-
Provincial Treasury	93	-	99	-	192	-	-	-
Royal Household	-	-	1 679	1 679	1 679	1 679	-	-
Co-Operative Gov & Traditional Affairs	-	-	6 062	2 177	6 062	2 177	-	-
Social Welfare	-	-	1 502	1 915	1 502	1 915	-	-
Sport	1 801	791	-	2	1 801	793	-	-
Art & Culture	6 440	445	423	3 658	6 863	4 103	-	-
Community Safety and Liaison	-	-	675	1 367	675	1 367	-	-

ANNEXURE 3 (continue)

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23*	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Works	-	-	285	837	285	837	-	-
SASSA	-	-	164	177	164	177	-	-
Unallocated Credits	-	-	-	-	-	-	-	-
Other	-	-	-	77	-	77	-	-
TOTAL	19 202	54 580	59 153	93 178	78 355	147 758	-	-

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23*	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Payment date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
KZN Public Works	7 253	-	-	9 148	7 253	9 148	-	-
Office of the Premier	-	-	-	16 334	-	16 334	-	-
Provincial Treasury	387	-	-	-	387	-	-	-
TOTAL INTER-GOVERNMENT PAYABLES	7 640	-	-	25 482	7 640	25 482	-	-

INVENTORIES

ANNEXURE 5

Inventories for the year ended 31 March 2023	Insert major category of inventory R'000	Total R'000			
Opening balance	30 658	-	-	-	30 658
Add: Additions/Purchases - Cash	209 942	-	-	-	209 942
(Less): Issues	(64 600)	-	-	-	(64 600)
Add/(Less): Adjustments	(149 298)	-	-	-	(149 298)
Closing balance	26 702	-	-	-	26 702

Inventories for the year ended 31 March 2022	Insert major category of inventory R'000	Total R'000			
Opening balance	33 789	-	-	-	33 789
Add: Additions/Purchases - Cash	86 192	-	-	-	86 192
(Less): Issues	(55 119)	-	-	-	(55 119)
Add/(Less): Adjustments	(34 204)	-	-	-	(34 204)
Closing balance	30 658	-	-	-	30 658

ANNEXURE 6

MOVEMENT IN CAPITAL WORK IN PROGRESS

Movement in capital work in progress for the year ended 31 March 2023

	Opening balance	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	6 795 071	2 403 407	1 830 813	7 367 665
Non-residential buildings	201 420	32 228	114 520	119 128
Other fixed structures	6 593 651	2 371 179	1 716 293	7 248 537
TOTAL	6 795 071	2 403 407	1 830 813	7 367 665

Movement in capital work in progress for the year ended 31 March 2022

	Opening balance	Prior period error	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	4 577 098	(138 201)	3 675 073	(1 318 899)	6 795 071
Non-residential buildings	164 012	4 217	33 215	(24)	201 420
Other fixed structures	4 413 086	(142 418)	3 641 858	(1 318 875)	6 593 651
TOTAL	4 577 098	(138 201)	3 675 073	(1 318 899)	6 795 071

ANNEXURE 7

INTER-ENTITY ADVANCES RECEIVED (Note 14)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000
NATIONAL DEPARTMENTS						
Current						
RTMC Levies	9 118	-	-	7 065	9 118	7 065
DLCA	1 035	-	-	9 531	1 035	9 531
TOTAL	10 153	-	-	16 596	10 153	16 596



KWAZULU-NATAL PROVINCE

TRANSPORT
REPUBLIC OF SOUTH AFRICA

ANNUAL REPORT

2022/23 ANNUAL REPORT

VOTE 12

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