

# VOTE 15

## DEPARTMENT OF INFRASTRUCTURE DEVELOPMENT

To be appropriated by vote in 2019/20	R 3 465 840 000
Responsible MEC	MEC for Infrastructure Development
Administering Department	Department of Infrastructure Development
Accounting Officer	Head of Department

### 1. OVERVIEW

#### Vision

To be a leading sustainable infrastructure provider and facilitator that positions Gauteng as a globally competitive city region with inclusive economic growth and decent work for all.

#### Mission

To contribute towards the radical transformation, modernisation and re-industrialisation of Gauteng by accelerating integrated service delivery, maintenance and management of public infrastructure and deploying build environment professionals while encouraging the active participation of an empowered citizenry.

#### Strategic Goals

- Optimise state assets for economic development and supporting entrepreneurs;
- Empowering communities through job creation in partnership with the public and private sector;
- Accelerate service delivery;
- Integrated planning;
- Sustainable infrastructure; and
- Organisational development for building state capacity.

#### Core functions and responsibilities

- Implementation of social Infrastructure;
- Skills development;
- Community participation;
- Capital project management;
- Maintenance services; and
- Provincial property management.

#### Main services

Our mandate is to develop and maintain socio-economic infrastructure that enables all the province's people to have access to social services by:

- Utilising the construction sector as a catalyst for the development of sustainable communities;
- Ensuring participation and involvement of communities through the implementation of the Expanded Public Works Programme (EPWP) within Gauteng Provincial Government (GPG) capital expenditure (CAPEX) projects and other departmental projects;
- Ensuring the implementation of all infrastructure programmes and projects reflected in the short, medium and long-term plans of the GPG;
- Managing the construction of GPG CAPEX projects such as schools, hospitals, clinics and recreation centres;
- Managing the provision of maintenance services for all GPG infrastructure; and
- Managing the provincial property portfolio.

## Ten Pillar programmes of Transformation, Modernisation and Reindustrialisation

The departments plan and initiatives are aligned to the outcomes planned for the Gauteng-City Region in terms of the Ten Pillar Programme of Transformation, Modernisation and Re-industrialisation. The outcomes and initiatives planned under each pillar are provided below.

### Pillar 1: Radical economic transformation

Over the next five years, the Gauteng Provincial Government (GPG) is determined to revitalise and mainstream the township economy by supporting the development of township enterprises, co-operatives and SMMEs, that will produce goods and services that meet the needs of Gauteng township residents. As part of this, the focus will be on the reindustrialisation of the Gauteng economy through strategic infrastructure development. In terms of this outcome, the department has managed to ensure that 80.6 per cent of its procurement is spent on black-owned companies, while 11.6 per cent is spent on black-female-owned companies. Procurement spend on youth-owned companies is over 20 per cent with a performance of 41.5 per cent, while the amount spent on People-with-Disabilities owned companies stands at over 1 per cent, with a quarterly performance of 1.2 per cent.

The provincial government identified key sectors that have the potential to address the policy imperatives of creating decent employment and greater economic inclusion. These sectors include finance, the automotive industry, manufacturing, ICT, tourism, pharmaceuticals, creative industries, construction and real estate. The promotion of new SMMEs and township enterprises will also be brought into these key sectors of the economy. The department attained a 71.2 per cent procurement allocation to SMMEs in the third quarter owing to their high response rate. The total percentage procurement in terms of the Township Enterprise Revitalisation was at 14 per cent during the third quarter.

The department coordinated the creation of 2 658 job opportunities for the Zivuseni Reloaded Programme, and 2 568 for the National youth service (NYS) Skills Development Programme. To empower emerging contractors for economic growth, the department supported 20 SMMEs contractors with accredited skills and training support during the third quarter.

### Pillar 3: Accelerated social transformation

Economic and spatial transformation must be underpinned and supported by, an accelerated programme of social transformation, at the centre of which is raising the living standards and quality of life of all the people of Gauteng. At the centre of Gauteng's social transformation is our determination to improve the quality of education and healthcare; provide social protection to the vulnerable; in particular, women and children; eradicate poverty; and build social cohesion solidarity.

Over the MTEF, the department will contribute to supporting this pillar by ensuring the swift delivery of social infrastructure projects. The intention being to reduce poverty, inequality and unemployment through the provision of infrastructure projects on behalf of client departments. This will be achieved by ensuring that 90 per cent of projects being implemented on behalf of the client departments, are implemented on time and within budget. In addition, the department will begin focusing on the quality of the projects managed, by ensuring that 95 per cent of projects are delivered with zero-defects. A key focus over the MTEF will also be the roll-out of the National Health Insurance (NHI) based clinics in selected regions in the province; as well as the improvement of the conditions of hospitals within the province to a level of above average functionality.

### Pillar 4: Transformation of the state and governance

The second phase of transition to a national democratic society needs public representatives, public servants, and leaders from other sectors who will remain true to the values of loyal service to the people.

The department of Infrastructure Development is the custodian of a significant portion of immovable assets vested in the provincial government. The appointed Service Provider has completed the process of verifying and updating the immovable asset register (IAR). The department has already verified 2 237 assets on the IAR in accordance with the mandatory requirements of National Treasury in the current financial year. Based on this and the newly approved Property Optimisation Strategy, the department is moving towards a new approach to deliver and manage high impact infrastructure in the Province.

The implementation of the National Treasury prescribed Infrastructure Delivery Management System (IDMS) Model continues to be a catalyst - driving the introduction of a new strategy, organisational structure, systems and processes - that support the delivery and management of infrastructure within the department. The IDMS is a strategic framework, detailing the preferred method of implementing infrastructure projects in the province. In terms of the IDMS framework there are several processes and decision-gates through which approvals are obtained for the implementation of infrastructure and maintenance projects. The department has mapped all these key processes and trained relevant staff on the use of these processes.

### Pillar 5: Modernisation of public service

Government cannot talk about radical socio-economic transformation without fundamentally changing the way state institutions relate to society. Part of the radical shift in government, involves how it deals with, and eradicates corruption among public officials and public servants, including the private sector. Gauteng government will introduce measures to

strengthen the integrity of public institutions and public processes, so that fraud and corruption are prevented and detected early in the value chain to prevent losses.

In modernising the delivery of infrastructure, the department is fully operationalising the IDMS. This has taken place through aligning the department's organisational structure to the system, thereby putting it in an optimal position to implement and maintain infrastructure efficiently and effectively. Processes have been mapped that guide the implementation and maintenance of the department's infrastructure. To support the roll-out of the processes, the department employed information and communication technology systems, including the Oracle Primavera P6 system to manage the CAPEX projects of the department. This is a best-in-class system, interlinked to other support systems such as the Oracle Unifier System and Oracle Business Intelligence (BI) System within the department.

The Unifier System enables the department to track and manage payment processes, while the Oracle (BI) system enables the monitoring and analysis of all projects through various high-level dashboards. Systems introduced to manage the immovable assets of the department include the "Archibus System" which has enabled digitisation of the Immovable Asset Register (IAR). These systems are housed at Lutsinga Infrastructure House - (established and launched by the DID) to provide an integrated view of project performance, that will enable better coordination and management of the portfolio of projects and properties on behalf of our client departments in the GCR. The Lutsinga Infrastructure House will do so by integrating the outputs of the internal systems, capabilities, and a dedicated operational team under one roof. These inputs can then be used to monitor; analyse; and manage key construction; perform maintenance; manage the Expanded Public Works Programme and property portfolio management project; as well as pull portfolio-management-related progress reports.

#### **Pillar 6: Modernisation of the economy**

The provincial government identified key sectors that have the potential to address the policy imperatives of creating decent employment and greater economic inclusion. These sectors include finance; automotive industry; manufacturing; ICT; tourism; pharmaceuticals; creative industries; construction; and real estate.

The department identified its key initiatives to deliver on the stated objectives of the Green Agenda in the Province. In terms of this, various public private partnership (PPP) projects are in the pipeline - for the purpose of converting coal boilers to gas boilers; supplying gas to the boilers; installing trigen/cogen plants at health facilities; and installing solar rooftop panels.

#### **National Development Plan**

The Transformation, Modernisation and Re-industrialisation Programme of the GPG is aligned to the National Development Plan (NDP). As a result, all the above sections directly align to the NDP.

#### **External activities and events relevant to budget decisions**

An Inter-Departmental Infrastructure Coordination process has been undertaken in an effort to establish the portfolio to coordinate infrastructure projects within the Province. It should be noted that this portfolio requires strong support and coordination from all relevant stakeholders. The DID will be the lead department in relation to the functionality of the unit. The establishment of this unit will have an implication for the budget from a human resources perspective, as well as the systems that will be utilised.

#### **Acts, rules and regulations**

- Government Immovable Assets Management Act, 2007;
- Rental Housing Amendment Act, 2007;
- Space Planning Norms and Standards Notice, No. 1665 of 2005;
- Local Government: Municipal Property Rates Act, 2004;
- Broad Based Black Economic Empowerment Act, 2003;
- Gauteng Planning and Development Act, 2003;
- Planning Professions Act, 2002;
- Project and Construction Management Act, 2000;
- Property Valuers' Profession Act, 2000;
- Preferential Procurement Policy Act, 2000;
- Framework for Supply Chain Management, 1999;
- Rental Housing Act, 1999;
- Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998;
- Constitution of the Republic of South Africa, 1996;
- Gauteng Land Administration Act, 1996;
- Occupational Health and Safety Act, 1993 (and particularly the associated construction regulations);
- Rating of State Property Act, 1984;
- Deeds Registries Act, 1937;
- Expanded Public Works Programme Guidelines for implementation of labour intensive construction.

## 2. REVIEW OF THE CURRENT FINANCIAL YEAR (2018/19)

### Pillar 1: Radical economic transformation

In terms of the plans for 2018/9 financial year, the EPWP programme has targeted 51 605 work opportunities for Provincial Departments and 87 323 work opportunities for Municipalities. In response to targets set, the programme has created a total of 53 681 work opportunities through both departments and Municipalities which translate to a 39 percent achievement against the annual target. The demographic group is spread as follows: 29 364 for women, 28 625 for youth, and 327 for people with disabilities.

The lack of capacity in data collection is affecting the reporting of performance. Another challenge is that of municipalities that fail to report work opportunities created from Municipality Infrastructure Grant (MIG) projects. Beside provincial coordination, (under the banner of EPWP) the department is implementing National Youth Services (NYS) and Zivuseni Reloaded. The target set for beneficiaries of NYS is 2 500 and 4 500 for Zivuseni Reloaded. In terms of recruiting, NYS recruits' youth between the ages of 18 to 35. With regards to progress towards the set targets, the Zivuseni programme has achieved 4 106 and the NYS Skills Development programme achieved 2 230.

### Pillar 3: Accelerated social transformation

The department plans to implement varied education infrastructure programmes consisting of new smart schools; replacement schools; restorative repair to Grade R classrooms; Smart Schools Conversion and Special schools (schools for autism, LSENS). Under these programmes, the department has projects at various stages (planning and design, tender, construction and final accounts). The roll-out of the above programmes increases access to education through the deployment of ICT technology; improved and learning environment; much safer learning spaces; and enhanced social cohesion amongst learners.

The department put measures in place to implement various Education Infrastructure projects, which range from the construction of new schools; restorative repairs; restorative repair of Grade R classrooms; fencing projects and others. Through the Project Readiness Matrix, projects have been categorised as platinum, gold and silver. The platinum projects are those that are planned to be completed during the current financial year. In relation to Education Infrastructure, the department has completed 15 projects out of the 14 planned during the period under review. The completed projects include renovation and rehabilitation of the following schools: Dikgabane Primary School; Kondelelani Primary School; Laërskool Werda; Soshanguve South Secondary School; Prinshof LSEN School; Inxiweni Primary School; Hlompanang Secondary schools; Kagiso Secondary School; Lakeside Primary School; Matshediso Primary School; Evaton Primary School; Sekampaneng Primary School; The conversion of the Dr Harry Gwala Secondary School to SMART Classrooms; and the Rehabilitations of Palisade Fencing at Venterspost Primary School.

Amongst the projects completed to date is the construction of new Menzi Primary School in Tsakane. As a primary school it caters for approximately 1 200 learners, starting from Grade R to Grade seven, and is situated in Langaville Ext 4. Learners at Menzi Primary School have been using mobile classrooms and other temporary structures as classrooms since the 1990s. During March 2018, the department commenced with the construction of the new school using brick and mortar.

The new school and its facilities consists of: 33 smart classrooms; an admin block; two smart science laboratories; two smart multi-purpose rooms; two computer laboratories; IT control rooms; a library; nutrition centre and dining hall; 1 088 capacity school hall; Cochrane fence; guard house; covered walkways; sports facilities; soccer and rugby fields; combo courts (to accommodate netball, basketball and tennis courts); ablution facilities and covered refuse yard; as well as a plant room.

Some of the projects were not completed due to various reason such as poor performance of contractors and time-extensions.

Projects currently in various phases of completion have been implemented on behalf of Social Development department during the period under review. One such is the Kwasokhulumi Early childhood development (ECD), which has been completed and handed-over to the client. Another project completed and handed-over was the Desmond Tutu Child and Youth Care Centre (CYCC). The construction of the new offices and accommodation at Rearabilwe Garankuwa Child Youth Care Centre resumed in November 2018 after the contractor abandoned the site for two months, due to non-payment of invoices by the Client Department. The project is anticipated to be completed in the fourth quarter of the 2018/19 financial year. Lastly, the Walter Sisulu CYCC which is still in the design stage. The project entails the demolition of the administration block and construction of the new administration block.

The department is also implementing Sebokeng DLTC which is still under construction and at 90 per cent completion. Due to slow progress by the contractor, the project completion date was revised to the fourth quarter of 2018/19 FY. The

Suikerbosrand Nature Reserve Southern Waterline project was completed during the period under review despite the challenges experienced.

The Operation Mabaleng project was handed over to the contractor on 12 February 2018 and construction work is currently at 86 per cent. It is anticipated that this project will be completed during the fourth quarter of 2018/19 FY. The construction work for Akasia Community library is at 15 per cent. There were delays in construction, due to community unrest sparked by rates disputes between the main contractor and sub-contractors. Work was stopped for five months; however, the conflict was later resolved, and the contractor is back on site and work is continuing. Construction work at the Atteridgeville Community library is currently at 85 per cent. Community disruption and delayed payments have caused progress of this project to proceed slowly. It is anticipated that the project will be completed in the next quarter.

As for Kokosi Community library, progress at the construction site is recorded at 62 per cent. The project was anticipated to be completed on 13 November 2018 but, due to community protests and insufficient allocation of funds, the project was delayed. Boipatong Community Library progress is at 60 per cent completion and is anticipated to be completed in March 2019. The construction progress reported at Rust Ter Vaal Community Library is at 48 per cent and it is anticipated to be completed in March 2019. Impumelelo Community Library progress is currently listed as 30 per cent. The additional funding required for the project and community disruptions have caused slow progress. Lastly the construction of Randfontein Community Library is currently at 96 per cent progress. However, non-release of funds by the client could potentially significantly delay the project.

Among the projects implemented on behalf of Health, a total of six projects are part of the National Health Insurance (NHI) pilot phase programme. The design of the small clinic prototype was approved and is currently being implemented in three pilot projects under construction, namely: New Kekana Gardens clinic, Kekanastad clinic and Dewaggensdrift clinic (all are NHI projects). The department is currently implementing 12 small clinics, some of which are NHI clinics in different project implementation phases. During the period under review, the Kekana Gardens clinic was completed.

The other flagship project that the department is pursuing in the Kopanong Precinct, is an office accommodation project that encapsulates the refurbishment of 19 buildings owned by the Gauteng Provincial Government. The buildings are in the Johannesburg Central Business District (CBD). The intention is to refurbish buildings to accommodate the head office functions of the GPG. The Project will be procured via a Public Private Partnership (PPP), in strict compliance with National Treasury Regulation 16. The preferred bidder will be required to finalise the detailed designs of the 11 Health Facilities and will require a Generation License application for those facilities with an ERF capacity above more than 1MW. DID and Gauteng Infrastructure Funding Agency (GIFA) are awaiting clarification response for ministerial determination from the Department of Energy. The evaluation of structural engineer tender is underway and the Treasury Approval (TAIII) documents will be submitted to National Treasury once the above issues are completed and the Ministerial determination is approved.

The Women's Living Heritage Monument project has been completed and handed-over to the client department. The project consisted of two phases:

Phase 1: The phase entailed preparation of sub-structure and bulk-services in the basements below ground level. The structural grid of existing reinforced concrete columns and beams in the parking basements was modified with additional structural pile foundations to support the new top structure of the exhibition centre on the ground level.

Phase 2: This phase entailed the construction of the three-storeys with new exhibition centre and square with the amphitheatre and sculptures. Moreover, it also included a new facility to host historical elements, audio-visual content of South African women representation. Other features are the installation of moisture control and fire-protection systems to preserve the exhibition content and local artist master pieces in optimal environmental conditions. Lastly, a standby generator with UPS systems, fire tanks, & CCTV systems with ICT infrastructure were installed. Also worth noting is that in this second phase, the cost of the heritage and artwork totals one third of the contract.

#### **Pillar 4: Transformation of the state and governance**

During the period under review, the department has achieved notable success in achieving its targets regarding Small and Medium Enterprises. The department continues striving towards achieving the targets set for procurement spent on Broad-Based Black Economic Empowerment. This is evident by virtue of the target for procurement spent on firms owned by Black people, Black Women and People with Disabilities having been exceeded. The procurement channeled towards military veterans has also shown a notable improvement. The appointments were made through the quotation process construction works with the Construction Industry Development Board (CIDB) level 1 to 4. The department is still experiencing challenges regarding the channeling of procurement spent for Military Veterans to main contractors within the construction space. The department contributed to BBBEE Targets through implementation of Section 9 of the Revised Preferential Procurement

Framework Act Regulation 2017 related to subcontracting, as condition of tender bids above R30 million. A total of R781 747,20 was channelled to black-owned sub-contractors.

#### **Pillar 5: Modernisation of the public service**

Maintenance of state properties continues to be one of the key deliverables that the department is responsible for. During the period under review, there were 138 maintenance requests from the Department of Social Development institutions, and 281 maintenance defects at DID buildings which were verified to need maintenance. The department is also working on the removal of an obstruction at Simmonds Street erected to provide a safety barrier at FNB building. The project has been completed during the period under review. Installation of sewer pumps at Luckhoff, and the first phase of removal of the oil spillage at Spaarwater plot in Heidelberg were also completed.

The department is still engaged in conducting a due diligence on 447 properties, however, this exercise needs to be afforded time to allow proper procedures to be followed. There are challenges in that it is difficult to convince the user Departments to surrender the surplus properties as per Government Immovable Asset Management Act. In case of non-cooperation the Infrastructure Development HoD is engaging with the transgressing departments' HoDs urging them to surrender those properties. Furthermore, the department has verified 5 250.

### **3. OUTLOOK FOR THE COMING FINANCIAL YEAR (2019/20)**

#### **Pillar 1: Radical economic transformation**

**Implementation of the NYS and the Zivuseni Reloaded Programme:** The DID – being both an implementer and coordinator of the EPWP programme in the province – will continue the roll out the programme through the National Youth Service and the Zivuseni Reloaded Programme. This will be achieved through a targeted 7000 work opportunities to be created in the 2019/20 financial year, with a special focus on women, youth and people with disabilities. To ensure a positive impact of the programme on the lives of beneficiaries, and to enhance their employability; the department has undertaken a collaborative initiative with Technical, Vocational Education and Training (TVET) institutions, and the University of Johannesburg through the launch of the Moses Kotane Skills Centre. The core focus during the 2019/20 financial year is to utilise this skills centre to offer further technical and vocational skills to these beneficiaries – particularly with respect to scarce skills that are possessed by artisans – to increase their chances of securing employment post-participation in the programme.

**Coordination of Provincial implementation of EPWP Phase 3:** Provincial co-ordination of the EPWP function is a mandate of the DID. The department will fulfil its programme coordination role through ensuring that 4 beneficiary Empowerment Interventions are undertaken in the province. In addition, 19 public bodies will be tasked with reporting on the programme, which will assist with routine monitoring of work opportunities created. Given the identified data-collection challenges faced during the implementation of phase 3 of the programme, the department will be rolling-out a biometrics system to automate the tracking of opportunities where jobs were created. This forms part of the Turn-Around Strategy that the department has undertaken to tease out performance issues in the programme and ensure a positive contribution to economic transformation in the province, in keeping with the provincial mandate of radical economic transformation.

#### **Pillar 2: Decisive Spatial Transformation**

**Establishment of Kopanong Precinct:** The Kopanong Precinct development project remains a key project of the GPG that the department will implement over the medium term through a Public Private Partnership (PPP). The aim is to mobilise more than R10 billion in public and private investments in the regeneration of the Johannesburg CBD as the seat of the Provincial government. This will be effected via the refurbishment of 19 buildings in the inner-city precinct for this purpose. Six buildings have already undergone partial refurbishment. Currently, the department is still awaiting TA1 Approval from National Treasury based on the condition that User Departments commit to contributions of the Unitary Payments. Once these are in place, the focus for the department for the 2019/20 financial year will be to appoint a preferred bidder to commence with early works, which is anticipated to occur in the third quarter of 2019/20 on the first cluster. The department is also planning to receive the National Treasury issued TALL Approval by October 2019.

#### **Pillar 3: Accelerated social transformation**

**Implementation of Education Infrastructure Projects:** DID's role in contributing to the provinces education value chain will continue to involve the provision of new education infrastructure - restorative repairs; SMART schools; replacement schools; and the subsequent maintenance thereof. Part of the focus of the department in the previous financial years has been to ensure that education infrastructure adheres to the National Minimum Uniform Norms and Standards. The National Treasury ensures that the costs of new school construction are kept within the newly defined costs norms, by utilising prototypes where possible, to ensure the standardisation of project design and manage costs. The department's focus area over the MTEF will be; to accelerate the delivery of education infrastructure projects on behalf of clients' departments, within

90 per cent of the stipulated time-frame; to ensure budget and acceptable quality standards with the central purpose of enhancing spatial transformation through integration, modernisation and the re-industrialisation of the Gauteng City Region (GCR). For the 2019/20 financial year, the department will be implementing 127 education infrastructure projects on behalf of the Education Department in what the DID has classified as silver projects (projects that will be completed during the 2019/20 financial year).

**Implementation of Health Infrastructure Projects:** The department is tasked with the provision of health infrastructure within the province over the MTEF; to assist in the provision of integrated health services in partnership with stakeholders; to contribute to the reduction of vulnerability to health; and the burden of disease in province. In contributing to the impact of improving the health of residents in the province, DID will continue to implement infrastructure projects within 90 per cent of the agreed time and budget, and acceptable quality standards over the MTEF. Given the national health mandate to roll-out the National Health Insurance, DID will systematically ensure that hospitals and clinics within the GCR are built and maintained to meet the existing and emerging demands. Some of the hospitals planned for delivery in the 2019/20 financial year include: New Eersterust Clinic; extension (NHI) P2; and the Chris Hani Hospital (Revitalisation). For the 2019/20 financial year, the department will be implementing a total of 42 health infrastructure projects.

**Implementation of STARS Infrastructure Projects:** The STARS project refers to all infrastructure projects undertaken for the Department Social Development; Roads and Transport; Agriculture and Rural Development; Sports, Arts, Culture and Recreation; Community Safety; and Infrastructure Development itself. However, these exclude the Department of Human Settlements, and the road-works undertaken by the Gauteng Department of Roads and Transport. In the 2019/20 financial year, the department will be implementing 7 infrastructure projects on behalf of the Department of Social Development.

#### **Pillar 4: Transformation of state and governance**

##### **Leveraging procurement to benefit previously disadvantaged entities and individuals:**

The department will channel procurement spent to Broad Based Black Economic Empowerment (BBBEE) owned entities; Black Women owned entities; Youth owned entities; People with Disability owned entities; Military Veterans owned entities; and Small, Medium and Micro Enterprises (SMME's), -especially those from previously-disadvantaged townships - to tender in Infrastructure based projects through the implementation of the Revised Preferential Procurement Regulations Act; 2017. The Regulations allow the department to incorporate Prequalification-Criteria or Mandatory-Subcontracting, to empower the abovementioned designated groups as a condition of tender. This has given effect to the department's plans to mainstream these previously disadvantaged groups into the economy by targeting to have 82 per cent of procurement spent on Black owned enterprises; 32 per cent on procurement spent on black female-owned enterprises; and 2.5 per cent on procurement spent on People with Disabilities owned enterprises.

Infrastructure-based programmes and projects continue to be a key catalyst for economic growth and development by leveraging the public sectors procurement processes to benefit PDI's. At the heart of addressing the challenges within the procurement/supply chain, management function will continue strengthening the centralised procurement system to ensure that a percentage of all invoices, without dispute, are paid within 30 days of receipt from the service providers.

**Improving human resource capacity and capability:** The department has worked tirelessly to ensure that it has the right capacity and skills to provide the infrastructure delivery and management services required in terms of its mandate and the new organisational structure in place since January 2015. Since then, the Human Resource function has managed to fill 2366 (84 per cent) of the 2811 posts on the organisational structure, with 2272 (81 per cent) being core, and technical posts. Of these posts a total of 599 consist of; Registered Build Professionals; Candidate Engineering and Related Professionals; Chief Artisans; Artisans; Foremen and Planners. The intent is to increase this pool by a further 257 professionals. Plans are also underway to enhance the number of artisans in the department by recruiting 500 artisans through the expanded public works programme. The development and strengthening of the skill set of existing technical staff will also be prioritised, through bursaries and in-house training opportunities, such that as many of them as possible can be fully registered professionals in their respective fields.

The filling of the vacant funded posts will consider policy imperatives on employment equity (50 per cent of women in management positions and 2 per cent of People with Disabilities) within the department and will strive to ensure all vacant posts are filled within a 10 per cent variation.

#### **Pillar 5: Modernisation of the Public Service**

**Updating and maintaining a compliant immovable asset register:** The DID is the custodian of a significant portion of the immovable assets vested with the provincial government. The compilation of a compliant baseline Immovable-Asset-Register (IAR) is of paramount importance for addressing all negative audit findings. The department is committed to ensuring 80 per cent compliance on the Immovable Asset Register within the requirements of the Government Immovable Asset Management Act (GIAMA) per annum.

**Development of User-Asset Management Plans and Custodian-Asset Management Plan:** The department commits to register and verify 7 011 immovable assets in the IAR, in accordance with the mandatory requirements of National Treasury.

The department will further facilitate the completion of 14 User-Asset Management Plans (U-AMP's) by respective client departments in Gauteng, while developing one Custodian-Asset Management Plan (C-AMP), for submission to the Gauteng Treasury in accordance with GIAM Act.

#### **Pillar 6: Modernisation of the economy:**

**Implementation of green technology solutions at GPG facilities:** In response to the GPG Green Agenda, DID is responsible for developing and implementing green technology solutions that are aimed at contributing to the conservation initiatives, and the efficient use of infrastructure technologies, to contribute to making Gauteng a nature efficient City Region. The department will continue contributing to these initiatives through the design and construction of facilities that incorporate energy efficiency mechanisms such as the co-generation plants at health facilities.

DID is currently compiling submission documentation for TA III of the PPP Procurement Phase. In accordance with the new requirements, the preferred bidder was required to apply for a license to generate more than 1 Mega Watt of electricity for three Academic hospitals (without these, the project is not feasible) from NERSA. Continuation of the project depends on NERSA granting the generation license to the Preferred Bidder, and the Department of Health confirming availability of the operational budget. EXCO then decided to cancel this project.

#### **Pillar 7: Modernisation of Human Settlements and Urban Development:**

**Strengthening the implementation of e-maintenance strategy and system:** The focus of Health Maintenance will be to continue with the implementation of the e-maintenance strategy, which commits the department to attend to minor breakdowns within 24 hours, major breakdowns within 7 days, and to carry out major refurbishments within 365 days. This was done to ensure that small maintenance and day-to-day issues and challenges are resolved quickly and efficiently, without having undergone the entire procurement value chain, by adopting a single supplier system to ensure quality and timely delivery, removing the need for the continuous SCM processes.

This is complemented by the e-maintenance system, which is an online maintenance system designed to report, log and monitor maintenance defects at hospitals. It enables any member of the public, not just hospital staff, to log any maintenance issue via the maintenance reception at the facility; SMS; the website, or social media. Reducing the health maintenance backlog will be a crucial indicator that will be monitored in real-time.

**Infrastructure maintenance:** DID has a responsibility to ensure it provides quality maintenance services to the assets within its custodianship. In addition, one of its key responsibilities is to ensure that all public health facilities in GCR are properly maintained. As part of planning, 32 hospitals have undertaken condition assessment exercises that aim to determine the functionality level of these hospitals. The department plans to establish a fully-fledged facilities-management capability, which forms part of the Maintenance Turn-Around Strategy, which will address poorly rated hospitals. This will assist the department in moving from reactive maintenance to proactive maintenance of health facilities. The focus over the 2019/20 financial year will be on increasing the condition assessment ratings of health facilities to acceptable levels. In addition, the department will be implementing 72 planned maintenance projects to ensure that they are completed within the allotted time and budget.

## **4. REPRIORITISATION**

The budget allocated for the 2019/20 financial year is R3.5 billion of which 86 (R3 billion) is ring-fenced and approximately 14 per cent (R500 million) can be allocated to departmental commitments and other goods and services.

The reprioritisation process took into consideration the departmental needs by first allocating funds to essential commitments; and then designate the remainder for goods and services. In terms of goods and services the department could not increase the budget allocated but instead had to reprioritise to fund Security Services, GIAM, and ICT.

It is also important to note that this reprioritisation did not take to account the possible accruals that will be carried forward from the 2018/19 financial year. A total amount of R333 million has been reprioritised between programmes to ensure that the department has fully funded the current commitments.



## 5. PROCUREMENT

Supply Chain remains a trajectory for service delivery, thus there have been consistent improvements in the area resulting from changes made or the introduction of new regulatory frameworks. The following are key initiatives and challenges noted within the Supply Chain Environment.

### Standards for Infrastructure Procurement and Delivery Management

The Standard for Infrastructure Procurement and Delivery Management (SIPDM) which covers the supply chain management system for infrastructure delivery came into effect on 1 July 2016. The aim of the standard is to ensure that Supply Chain Management Processes are executed “efficiently” to minimise time delays, scope creep, unproductive costs, and to mitigate the effects of uncertainty on objectives, to maintain the value-for-money proposition formulated at the outset of the project.

The policy (Supply Chain Management Policy Infrastructure Procurement and Delivery Management) in line with SIPDM was approved on the 24 November 2017 and is currently in place.

To this end, the department developed its processes in alignment with the standard to ensure efficiency in procurement, and timeous project implementation.

The standard also identifies a framework agreement as a suitable procurement method. Currently the department is utilising the Framework Agreement for construction projects from CIDB grading 6 to 9. The main aim is to shorten turnaround times and have service providers in place who possess the necessary capacity and capability. The Framework agreement has certainly improved the departments turnaround time, especially on emergency projects.

### Open tender processes

In the 2015/16 financial year, Gauteng Province introduced ‘open tenders’, which were applicable to tenders above R50 million, where the public can observe tender adjudication proceedings. The openness of tenders was introduced in the interest of transparency, fairness, value for money, equity and cost-effectiveness in the tender processes. For the 2018/19 financial year, the department has set a target of at least 60 percent of its tenders to be subjected to the open adjudication process, regardless of transactional value.

### Irregular expenditure

The department implemented guidelines and a procedure manual to assist with the early detection, timeous reporting, and prevention of irregular, unauthorized, fruitless and wasteful expenditure. Reporting processes have been enhanced to ensure completeness of disclosures and investigations, so that action is taken to curb recurrence. The department strengthened processes to ensure that no new irregular expenditure occurs, with a minimum of 3 quotations being required, and proper SCM processes being adhered to. Bid Committees in conjunction with the Internal Control Unit are also instrumental in ensuring that no new irregular expenditure occurs on tenders. In addition, probity auditors for projects above R50 million will highlight any irregularities before being awarded.

### Achievements

The department continues to maintain procurement channelled to targeted groups such as SMMEs, black-owned businesses, women, youth empowerment, people with disabilities and military veterans. The department, through the enactment of the revised Preferential Procurement Regulation (2017), can now partake in the tender process through pre-qualified criteria, and mandatory subcontracting to advance targeted groups - including township enterprises. The Supply Chain Management office will continue to conduct training and workshops that will provide insight on the procurement process to targeted groups. The Supply Chain Management office has filled 90 percent of the vacant positions in line with the IDMS structure.

### Challenges

In terms of the procurement targets, there was under-achievement regarding Military Veterans, and the department is embarking on addressing procurement spent on Cooperatives. The core work in the department is construction and due to Budget Cuts on Goods and Services less Companies benefits from the department. Especially small companies that are not registered on CIDB. In addition, the prices for the quotation provided by these firms are not market related.

There has been a delay in appointing subcontractors due to the engagement that must first occur between the main contractor and the community. The process of engagement may be lengthy at times, delaying appointment of subcontractors intended to service the needs of targeted groups such as military veterans and people with disabilities. These processes are also controlled by Ward Councillors who may not be aware of the departmental Targets for Targeted Groups.

### Strategies to address challenges

Workshops, training initiatives, and public engagements are being strengthened to encourage competition amongst these groups to avert underperformance.

The department will also collaborate with the Department of Economic Development on incubation programmes for SMMEs in the construction sphere

With regards to subcontracting, the department through Stakeholder Management, will engage with communities to discuss the importance of appointment of subcontractors to prevent poor service delivery.

## 6. RECEIPTS AND FINANCING

### 6.1 Summary of receipts

TABLE 15.1: SUMMARY OF DEPARTMENTAL RECEIPTS: DEPARTMENT OF INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Equitable share	2 349 141	2 546 440	3 005 269	3 019 184	3 019 184	3 019 184	3 441 962	3 488 832	3 682 518
Conditional grants	9 205	17 167	19 192	17 780	17 780	17 780	23 878		
Expanded Public Works Programme	9 205	17 167	19 192	17 780	17 780	17 780	23 878		
<b>Total receipts</b>	<b>2 358 346</b>	<b>2 563 607</b>	<b>3 024 461</b>	<b>3 036 964</b>	<b>3 036 964</b>	<b>3 036 964</b>	<b>3 465 840</b>	<b>3 488 832</b>	<b>3 682 518</b>

Departmental receipts increased from R2.4 billion in 2015/16 to R3 billion in the 2017/18 financial year. In the previous financial year, the department was allocated additional funding amounting to R317 million to fund Infrastructure projects and the payment of property leases. In the current financial year, the department continues to provide adequate funding to fully provide for leases (including lease accruals).

The departmental receipts remained at R3 billion for the 2018/19 financial year. Over the MTEF, the departmental receipts are expected to increase from R3.5 billion in 2019/20 to R3.7 billion in 2021/22.

The conditional grant is not reflected over the MTEF due to the allocation being determined based on performance in the preceding year. This grant is allocated directly by the National Public Works to assist the department in the EPWP program. This means that the department's budget will increase over the MTEF as the allocations for the grant are confirmed.

### 6.2 Departmental receipts

TABLE 15.2: SUMMARY OF DEPARTMENTAL RECEIPTS: DEPARTMENT OF INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Sales of goods and services other than capital assets	18 152	18 855	16 480	24 895	24 895	24 895	26 289	27 735	29 260
Interest, dividends and rent on land	119	23	58						
Transactions in financial assets and liabilities	2 002	1 230	705	655	655	655	692	730	770
<b>Total departmental receipts</b>	<b>20 273</b>	<b>20 108</b>	<b>31 628</b>	<b>25 550</b>	<b>25 550</b>	<b>25 550</b>	<b>26 981</b>	<b>28 465</b>	<b>30 030</b>

The department's revenue collection has increased from R20.2 million in the 2015/16 financial year to an estimated R31 million in 2017/18 financial year. This increase is informed by an EXCO decision to sell non-core assets and other properties, where the transfers were finalised in 2017/18. The 2018/19 budget amounts to R25.5 million. This estimate does not include the estimated sales that will take place during the 2018/19 financial year as the department is moving into Phase 2 of property auctions. The revenue over the MTEF is expected to increase from R27 million in 2019/20 to R30 million in the 2021/22 financial period.

## 7. PAYMENT SUMMARY

### 7.1 Key assumptions

The department will continue to provide for the infrastructure needs of the province as mandated by the provincial administration. The following elements have been considered when determining budgets for the 2019/20 MTEF:

**Personnel:** the department had factored in the cost of living adjustments agreements as published by the DPSA for levels 1 to 12. The department used the average of 6.5 per cent for levels 13-16. The provision has also been made for 2 per cent pay progression and 1.5 per cent performance bonus. The housing allowance increases were also considered.

**Goods and services:**

The consumer price index (CPI) inflation projection will be used for all non-personnel items over the MTEF. For the 2019/20 financial year it will be 5.3 per cent, 5.5 per cent in 2020/21 and 5.5 per cent in the 2021/22 financial year.

### 7.2 Programme summary

TABLE 15.3: SUMMARY OF PAYMENTS AND ESTIMATES: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1. Administration	442 542	449 445	336 158	326 559	326 559	369 824	338 631	347 127	357 940
2. Public Works Infrastructure	1 677 464	1 796 898	2 237 025	2 392 642	2 392 642	2 409 136	2 796 296	2 807 137	2 963 284
3. Expanded Public Works Programme	296 097	317 264	285 838	317 763	317 763	258 004	330 913	329 568	361 294
<b>Total payments and estimates</b>	<b>2 416 103</b>	<b>2 563 607</b>	<b>2 859 021</b>	<b>3 036 964</b>	<b>3 036 964</b>	<b>3 036 964</b>	<b>3 465 840</b>	<b>3 483 832</b>	<b>3 682 518</b>

### 7.3 Summary of economic classification

TABLE 15.4: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>1 480 663</b>	<b>1 667 259</b>	<b>2 028 512</b>	<b>1 991 827</b>	<b>1 961 016</b>	<b>1 965 766</b>	<b>2 187 215</b>	<b>2 306 198</b>	<b>2 461 290</b>
Compensation of employees	708 008	838 730	912 381	1 033 479	1 033 479	1 041 942	1 130 365	1 174 590	1 259 627
Goods and services	766 295	828 203	1 115 701	957 548	926 736	922 832	1 055 850	1 130 541	1 200 537
Interest and rent on land	6 360	326	430	800	801	992	1 000	1 067	1 126
<b>Transfers and subsidies to:</b>	<b>682 843</b>	<b>727 118</b>	<b>710 057</b>	<b>907 444</b>	<b>907 073</b>	<b>905 167</b>	<b>1 059 204</b>	<b>1 121 511</b>	<b>1 186 611</b>
Provinces and municipalities	679 060	717 417	703 868	901 394	901 394	901 394	1 054 375	1 117 931	1 183 359
Departmental agencies and accounts				4	4		4	4	4
Households	3 783	9 701	6 189	6 046	5 675	3 773	4 825	3 576	3 248
<b>Payments for capital assets</b>	<b>251 898</b>	<b>152 035</b>	<b>117 156</b>	<b>137 693</b>	<b>168 875</b>	<b>165 845</b>	<b>219 421</b>	<b>56 123</b>	<b>34 617</b>
Buildings and other fixed structures	185 480	110 690	90 109	103 693	134 874	134 874	187 421	22 363	
Machinery and equipment	28 467	41 345	27 047	34 000	34 001	30 971	32 000	33 760	34 617
Software and other intangible assets	37 951								
<b>Payments for financial assets</b>	<b>699</b>	<b>17 195</b>	<b>3 296</b>			<b>186</b>			
<b>Total economic classification</b>	<b>2 416 103</b>	<b>2 563 607</b>	<b>2 859 021</b>	<b>3 036 964</b>	<b>3 036 964</b>	<b>3 036 964</b>	<b>3 465 840</b>	<b>3 483 832</b>	<b>3 682 518</b>

The the prior financial years, the department has seen an increase in expenditure amounting to 100 percent of the budget allocated, without any unauthorised expenditure or rollovers. This has been an improvement as compared to previous years

where - in the 2014/15 financial year - only 97 percent was spent, which resulted in a surrender of R59 million. In the 2015/16 financial year an amount of R2.4 billion was spent, which increased to R2.8 billion in 2017/18 financial year. Rates and Taxes were fully paid, the NYS program was improved with the introduction of the Zivuseni programme. The budget allocated for the 2018/19 financial year will be fully expensed with reduced accruals.

The departmental budget over the MTEF will increase from R3.5 billion in 2019/20 to R3.7 billion in 2021/22. The department's budget will increase by approximately 14 per cent from the 2018/19 financial year to 2019/20 due to the additional funding of R200 million for rates and taxes, and Kopanong Precinct – Facilities Management. The budget will increase at less than a percent over the 2019/20 and 2021/22 financial year periods, which is below inflation and will have an impact on projects that are overlapping over the MTEF.

Compensation of Employees' (CoE) budget has increased significantly because of the filling of critical posts over the years. The expenditure has increased from R708 million in 2015/16 to R912 million in the 2017/18 financial year. In 2018/19 the CoE budget amounted to R1 Billion. Over the MTEF the budget will increase from R1.130 billion in 2019/20 to R1.260 billion in 2021/22. This represents a 3 per cent increase per annum which is below inflation. This allocation includes the NYS stipends budget as it is paid under compensation of employees. The allocation of the stipends is over and above the compensation budget.

Goods and services expenditure for previous years increased from R766.3 million in 2015/16 to R1.1 billion in the 2017/18 financial year. This was attributable to the increase in allocation for maintenance of government infrastructure, and property leases during adjustment budget process. In the 2018/19 financial year, the budget for Goods and Services was adjusted down from R957.5 million to R922.8 million due to the shifting of funds from Maintenance to Infrastructure projects. The department experienced challenges with regards to the safety of its own buildings, triggered by the fire that took place at the Bank of Lisbon building. Therefore, funding was urgently required to ensure that all the buildings are compliant with the Occupational Health & Safety Act. Over the MTEF, the allocation will increase from R1,063 million in 2019/20 to R1,200 million in the 2021/22 financial year.

Transfers in the department constitute the devolution of rates and taxes, and Household which is for bursaries for non-employees and the leave gratuity that is paid out when an employee leaves the department. Over the MTEF the budget will increase from R1.1 billion to R1.2 billion at 5 per cent per annum. During the prior financial year, the department fully depleted the allocated budget for rates and taxes, which has increased from R 682.8 million in 2015/16 to R710 million in the 2017/18 financial year. In the 2018/19 financial year the budget increased to R907 million, including additional funding of R100 million for rates and taxes - to offset arrears incurred due to reprioritisation of funding, that took place during the 2017/18 financial year (to fund the Property Leases in December 2017).

During the 2015/16 financial year the department changed service providers (responsible for providing software utilised to track items and Other intangible assets). None of the software can be capitalised and the department has been using the item Computer Services which falls under goods & services. During the 2016/17 financial year, the Standard Chart of Accounts (SCOA), required the re-classification of cellphone contracts from operating leases to finance leases. It also required the procurement of furniture for floors 13 to 17; which resulted in a significant increase, from R28.5 million in 2015/16 to R41.3 million. The expenditure reduced in 2017/18 to R27 million, which included the cost of cellphones, no furniture was procured during that financial year.

During the 2018/19 financial year the budget for Capital Asset has been closely monitored to ensure that use of cellphones is kept to a minimum to promote reduced expenditure. The budget allocated was R34 million which funded the procurement of tools of trade such as computers, laptops and cellphones. This budget was decreased for the 2019/20 financial year as tools had been procured for all new staff and those that required them. In that year, only replacement computers will be procured (projected quantities for replacements are expected to be low). Over the outer years the budget will increase at 5 percent while being closely managed.

## **7.4 Infrastructure payments**

### **7.4.1 Departmental infrastructure payments**

Please refer to the 2019 Estimates of Capital Expenditure (ECE)

### **7.4.2 Departmental Public-Private-Partnership (PPP) projects**

The department allocated R100 million for Kopanong Precinct – Facilities Management project.

## 7.5 Transfers

### 7.5.1 Transfers to public entities

N/A

### 7.5.2 Transfers to other entities

N/A

### 7.5.3 Transfers to local government

TABLE 15.5: SUMMARY OF DEPARTMENTAL TRANSFERS TO LOCAL GOVERNMENT BY CATEGORY: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Category A	566 223	644 295	647 532	766 000	766 000	766 000	905 000	965 931	1 028 359
Category B	105 178	63 381	109 930	135 394	135 394	135 394	149 375	152 000	155 000
Category C	7 658	9 740							
Unallocated	1	1							
<b>Total departmental transfers</b>	<b>679 060</b>	<b>717 417</b>	<b>757 462</b>	<b>901 394</b>	<b>901 394</b>	<b>901 394</b>	<b>1 054 375</b>	<b>1 117 931</b>	<b>1 183 359</b>

Over the course of the prior year, the department fully expensed its allocated budget for Rates and Taxes due to arrears carried forward year in and year out. The department has issued an Asset Register to all the Municipalities, to ensure that the department is only billed for properties that have been devolved to the province. Expenditure increased from R679 million in 2015/16 to R757.5 million in the 2017/18 financial year.

The department has been allocated additional funding of R100 million during the 2018/19 financial year, due to reprioritisation of funding that took place during the 2017/18 financial year. Over the MTEF the budget remains constant at R1.1 billion in 2019/20 and 2020/21 before increasing to R1.2 billion in 2021/22. This budget has been increased by an additional R100 million which will increase at 5 per cent per annum.

## 8. PROGRAMME DESCRIPTION

### PROGRAMME 1: ADMINISTRATION

#### Programme description

The purpose of this programme is to provide strategic leadership to the department and to support the core programmes in their efforts to implement the mandate of the department. This includes the provision of strategic and operational support services for the MEC and the HOD, provision of Financial Management and Supply Chain Management services, provision of Corporate Support Services including Human Resource Management, Information Systems Management, Internal and External Communications, Strategic Planning and Monitoring and Evaluation as well as Legal Services and Security Management, and the provision of Internal Audit and Organisational Risk Management services.

#### Programme objectives

The following are the programme specific objectives that will be the focus of the Department over the next three years.

- Leveraging procurement to benefit historically disadvantaged entities and individuals;
- Improving human resource capacity and capability;
- Effective and sustainable management of departmental resources;
- Operationalisation of IDMS;
- Utilizing Information Technology, Innovation and Benchmarking to stay ahead of the Infrastructure Delivery Curve;
- Reducing the contingent liability of the Department;
- Informing the review of norm and standards, and definition of policies for infrastructure delivery and property management; and
- Building the image and reputation of the department.

TABLE 15.6: SUMMARY OF PAYMENTS AND ESTIMATES: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1. Office Of The Mec	9 789	9 330	8 851	8 246	8 005	6 961	7 168	7 562	7 978
2. Corporate Support	427 911	428 322	312 931	306 237	306 457	348 136	318 975	326 389	336 061
3. Management Of The Department	4 842	11 793	14 376	12 076	12 097	14 727	12 488	13 176	13 901
<b>Total payments and estimates</b>	<b>442 542</b>	<b>449 445</b>	<b>336 158</b>	<b>326 559</b>	<b>326 559</b>	<b>369 824</b>	<b>338 631</b>	<b>347 127</b>	<b>357 940</b>

TABLE 15.7: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>398 680</b>	<b>402 926</b>	<b>312 796</b>	<b>288 288</b>	<b>288 658</b>	<b>336 805</b>	<b>304 160</b>	<b>312 563</b>	<b>322 475</b>
Compensation of employees	160 195	184 058	203 019	195 708	195 708	236 821	206 668	218 035	231 787
Goods and services	232 263	218 723	109 643	92 081	92 449	99 927	96 992	93 989	90 119
Interest and rent on land	6 222	145	134	500	501	57	500	539	569
<b>Transfers and subsidies to:</b>	<b>2 221</b>	<b>6 378</b>	<b>3 595</b>	<b>4 271</b>	<b>3 900</b>	<b>2 213</b>	<b>2 471</b>	<b>804</b>	<b>848</b>
Provinces and municipalities									
Households	2 221	6 378	3 595	4 271	3 900	2 213	2 471	804	848
<b>Payments for capital assets</b>	<b>40 943</b>	<b>38 946</b>	<b>19 271</b>	<b>34 000</b>	<b>34 001</b>	<b>30 620</b>	<b>32 000</b>	<b>33 760</b>	<b>34 617</b>
Machinery and equipment	25 709	38 946	19 271	34 000	34 001	30 620	32 000	33 760	34 617
Software and other intangible assets	15 234								
<b>Payments for financial assets</b>	<b>698</b>	<b>1 195</b>	<b>496</b>			<b>186</b>			
<b>Total economic classification</b>	<b>442 542</b>	<b>449 445</b>	<b>336 158</b>	<b>326 559</b>	<b>326 559</b>	<b>369 824</b>	<b>338 631</b>	<b>347 127</b>	<b>357 940</b>

The Administration programme has seen a decrease in the budget allocated, due to realignment of functions to correct programmes and ensure accurate reporting. The department has moved the function of Security Management from Corporate Services to Immovable Asset Management, tied to its function of property Management and the allocation of budget under the core programme, Programme 2: Public Works.

The expenditure decreased from R442 million in 2015/16 to R336 million in the 2017/18 financial year. During the 2018/19 financial year, the department centralised procurement of stationery. This resulted in expenditure of approximately R1 million for the entire department. Over the MTEF the budget will increase from R339 million in 2019/20 to R358 million in 2020/21. The department has implemented cost-cutting measures, which have increased efficiencies in allocation of resources and reduced spending. Other functions, such as procurement of ICT equipment, has been centralised with ICT; procurement of furniture and other equipment has been centralised with Asset Management.

The department is struggling with allocation of personnel according with their appointments per directorate. This has resulted in a mis-allocation of personnel expenditure. Some directorates and Hospitals were omitted on the approved structure, which resulted in several officials holding posts additional to the establishment. The structure will need to be reviewed to include those omitted functions, and to load these posts on PERSAL. In prior years, expenditure increased from R160.2 million in 2015/16 to R203 million in 2017/18, due to misallocation in personnel that are on excess and new appointments. This decreased to R195.7 million in the 2017/18 financial year, however, the department intends to overspend on this programme due to under-funding or allocation. Over the MTEF the budget will increase from R207 million in the 2019/20 financial year to R232 million in 2021/22.

Goods and services include the operating costs of the department, for example payment of ICT licenses; Telecommunication; Stationery; Legal Services; and Audit Fees etc. The department has seen an increase in cases that require settlement, however, the client departments are not assisting in paying the court orders. This has resulted in an increase in expenditure that the department cannot absorb without delaying or suspending other projects. Over the years, the goods and services budget has decreased from R232.3 million in 2015/16 to R109.6 million - due to shifting of the Security Services function from Administration to Immovable Asset Management in Programme 2. There has been an increase in expenditure for Legal costs

attributable to Court Orders. This budget has further reduced to R92 million in 2018/19 financial year due to cost-cutting measures. Over the MTEF the budget will decrease from R96.9 million to R90.1 million. This is as a consequence of the centralisation of the procurement of stationery (which previously was very expensive) and also thanks to strict measures regarding the allocation of cellphones and procurement of furniture. These measures have allowed the department to be able to allocate approximately R12 million to Government Immovable Asset Management (GIAM), for conveyancing and updating of the Immovable Asset Register with all Devolved properties.

Transfers and subsidies will decrease over the MTEF in line with the cost-cutting measures, and to ensure that the department has sufficient funding to fill critical posts to deliver on its mandate. In the 2019/20 financial year an amount of R2.4 million has been allocated to fund the bursaries for non-employees (which are expected to decrease significantly if there is no new intake). Over the past years the department has seen a significant spending on bursaries for non-employees which in 2015/16 was R2.2 million and increased to R6.4 million in 2016/17 - due to accruals carried from the 2015/16 financial year - which later decreased to R3.5 million in the 2017/18 financial year. During the 2017/18 financial year a decision was taken by management not to issue new bursaries as part of cost-cutting measures, and to manage and decrease accruals.

Payment for capital assets includes the funding for the acquisition of tools of trade, which has been a challenge over the years. The department through cost-cutting measure was able to allocate R7 million for the procurement of computers during the 2018/19 financial year. Over the MTEF the budget will decrease from R32 million allocated in the 2019/20 financial year to R34.6 million in 2021/22.

## SERVICE DELIVERY MEASURES

### PROGRAMME 1: ADMINISTRATION

Programme performance measures	Estimated performance	Medium-term estimates		
	2018/19	2019/20	2020/21	2021/22
Amount of Revenue collected	24 million	24 million	24 million	24 million
Percentage of service provider's invoices without a dispute paid within 30 days from date of receipt of proper invoice	90%	90%	90%	90%
Percentage of management posts filled by women	50%	50%	50%	50%
Departmental vacancy rate in percentage	10%	10%	10%	10%

### PROGRAMME 2: PUBLIC WORKS INFRASTRUCTURE

#### Programme Description

This Public Works infrastructure Programme is responsible for providing the core services that are mandated to the Department. This includes being the implementer of infrastructure and maintenance projects on behalf of all GPG Departments. Maintenance projects include renovations, refurbishments and upgradings. In the case of the Provincial Department of Health, it also includes the implementation of day-to-day, routine/preventative and emergency maintenance at all Health Facilities in the Province with the exception of Jubilee Hospital and Odi Hospital which are maintained by the Provincial Department of Health.

The DID manages the construction procurement projects for Provincial departments and issues framework/term contracts for day-to-day, routine/preventative maintenance, when required, for all Provincial departments. This includes the maintenance and estate management services provided for shared offices including the offices used by DID.

The programme is also responsible for managing immovable assets of the GPG as the Provincial Custodian. It manages and plans for effective and efficient utilisation of immovable assets, management of leases, estates and payment of creditors for allocated areas, management of acquisition and disposal of immovable properties and facilitation of property development.

#### Programme Objectives

The following are the programme specific objectives that will be the focus of the Department over the next three years.

- Establishment of Kopanong Precinct;
- Implementation of Education, Health and STARS Infrastructure Projects;
- Adherence to the IDMS Delivery Process;
- Provide Research that informs leading practice and strategic thinking for the delivery of impactful and sustainable infrastructure;
- Value Optimisation of the Infrastructure Delivery Management System;
- Continuous Improvement and Monitoring of IDMS Business Processes and Systems;
- Provide Support for the Implementation of IDMS Process and Systems;
- Updating and maintaining a compliant immovable asset register;
- Property Management Optimisation Plan;

- Disposal of Non-core and Non-Strategic Assets;
- Acquisition and Disposal of Land;
- High-impact Precinct Development;
- Development of User-Asset Management Plans and Custodian-Asset Management Plan;
- Accelerated delivery of client projects through Lutsinga Infrastructure House; and
- Implementation of green technology solutions at GPG facilities.



TABLE 15.8: SUMMARY OF PAYMENTS AND ESTIMATES: PUBLIC WORKS INFRASTRUCTURE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1. Construction	324 391	282 419	353 187	270 649	270 648	281 393	331 304	190 375	179 118
2. Maintenance	404 092	475 361	552 653	602 337	602 338	610 913	668 722	702 843	744 357
3. Immovable Asset Management	948 981	1 039 118	1 331 185	1 519 656	1 519 656	1 516 830	1 796 270	1 913 919	2 039 809
<b>Total payments and estimates</b>	<b>1 677 464</b>	<b>1 796 898</b>	<b>2 237 025</b>	<b>2 392 642</b>	<b>2 392 642</b>	<b>2 409 136</b>	<b>2 796 296</b>	<b>2 807 137</b>	<b>2 963 284</b>

TABLE 15.9: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: PUBLIC WORKS INFRASTRUCTURE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>804 707</b>	<b>963 188</b>	<b>1 433 200</b>	<b>1 385 892</b>	<b>1 354 711</b>	<b>1 370 958</b>	<b>1 552 258</b>	<b>1 664 267</b>	<b>1 777 732</b>
Compensation of employees	455 115	538 183	659 272	706 421	706 421	724 838	779 889	830 029	887 691
Goods and services	349 454	424 824	773 632	679 171	647 990	645 185	771 869	833 710	889 484
Interest and rent on land	138	181	296	300	300	935	500	528	557
<b>Transfers and subsidies to:</b>	<b>680 622</b>	<b>720 731</b>	<b>706 462</b>	<b>903 057</b>	<b>903 057</b>	<b>902 953</b>	<b>1 056 617</b>	<b>1 120 507</b>	<b>1 185 552</b>
Provinces and municipalities	679 060	717 417	703 868	901 394	901 394	901 394	1 054 375	1 117 931	1 183 359
Departmental agencies and accounts				4	4		4	4	4
Households	1 562	3 314	2 594	1 659	1 659	1 559	2 238	2 572	2 189
<b>Payments for capital assets</b>	<b>192 134</b>	<b>112 979</b>	<b>97 363</b>	<b>103 693</b>	<b>134 874</b>	<b>135 225</b>	<b>187 421</b>	<b>22 363</b>	
Buildings and other fixed structures	185 480	110 690	90 109	103 693	134 874	134 874	187 421	22 363	
Machinery and equipment	2 743	2 289	7 254			351			
Software and other intangible assets	3 911								
<b>Payments for financial assets</b>	<b>1</b>								
<b>Total economic classification</b>	<b>1 677 464</b>	<b>1 796 898</b>	<b>2 237 025</b>	<b>2 392 642</b>	<b>2 392 642</b>	<b>2 409 136</b>	<b>2 796 296</b>	<b>2 807 137</b>	<b>2 963 284</b>

Expenditure on this programme over the prior financial years increased from R1.7 billion in 2015/16 to R1.8 billion in 2016/17. The department fully paid its allocated budget on Rates and Taxes and there was improvement on Infrastructure spending as well. The expenditure for the 2017/18 financial year amounted to R2.2 billion, due to post being filled, and increased payments on property leases and utilities. The department was allocated an amount of R2.4 billion for the 2018/19 financial year which is expected to increase from R2.8 billion to R3 billion over the 2019 MTEF.

Additional funding of R200 million has been allocated to the department for the 2019/20 financial year, of which R100 million is for devolution of rates and taxes and the other R100 million for the Kopanong Precinct – Facilities Management. These funds will increase by approximately 5.5 per cent over the MTEF.

The budget allocated to this programme constitutes approximately 80 per cent of the total budget allocated to the department. Programme 2: Public Works is the Core programme and drives the mandate of the department.

Compensation of employees increased significantly over the years as the department prioritised filling of posts that are critical for delivery of infrastructure to the public, as well as the department's retention strategy, and the appointing of officials in accordance with the Occupational Specific Dispensation (OSD) salary scales. Over the MTEF the department's allocated budget will increase from R779.9 million in 2019/20, to R830 million in 2020/21 and then to R888 million in 2021/22. This allocation will increase at 5 per cent per annum.

Good and services allocation of R679 million in 2018/19 comprises the operational costs - such as protective clothing; operating lease; utilities; cleaning services travelling costs; G-fleet rentals; security services and infrastructure maintenance. Over the 2019 MTEF, the budget will increase from R771.9 in 2019/20 financial year to R889.5 million in the 2021/22 financial year. Over the years expenditure has been increasing significantly, due to allocation of resources and tools of trade to enable

the officials to perform. This increase is also in line with the increased recruitment of technical staff and artisans within this Core function. The expenditure has increased from R349.4 million in 2015/16 to R773.6 million in the 2017/18 financial year. Also included in the expenditure incurred in 2017/18, is an amount of R110 million, which was an additional allocation for property leases. This allocation has been increasing at 5 per cent per annum and was not a once off allocation.

The devolution of rates and taxes expenditure has increased from R679 million in 2015/16 to R717 million in the 2016/17. The expenditure then decreased to R703.9 million during the 2017/18 financial year, due to reprioritisation of the budget, to fund the lease which was overdue. To cater for the reprioritisation (that took place during the 2017/18 financial year), the budget for the 2018/19 financial year was increased by R100 million, to R901.4 million, adjusted for inflation over the MTEF, from R954 million to R1 billion in 2021/22. For the 2019/20 MTEF the budget has been increased by another R100 million to R1.054 billion in 2019/20 and will increase by 5.5 per cent over the MTEF.

Payments for Capital Assets have been fluctuating over the years due to allocation of projects to either DID or to Client departments. Expenditure decreased during the preceding years due to completion of projects. Effective 2017/18 the department only implemented projects that are in line with its mandate with the budget allocated. These projects include maintenance of DID's Regional Offices, Precinct Buildings and rehabilitation of all core properties. Over the 2019/20 MTEF, the allocation will decrease from R187 million in 2019/20 to R22 million in 2020/21. Allocated for the 2019/20 financial year is an amount of R92 million for the demolition of the Bank of Lisbon building. The department has appointed a service provider to commence with the work and the actual demolition is expected to take place in June 2019. This is a once-off project, hence the significant decrease in the budget for 2020/21 as compared to 2019/20 financial year.

## SERVICE DELIVERY MEASURES

### PROGRAMME 2: PUBLIC WORKS INFRASTRUCTURE

Programme performance measures	Estimated performance	Medium-term estimates		
	2018/19	2019/20	2020/21	2021/22
Number of infrastructure designs ready for tender	48	29	28	28
Number of capital infrastructure projects completed within the agreed time period	39	37	19	19
Number of capital infrastructure projects completed within agreed budget	39	35	19	19
Number of planned maintenance projects completed within the agreed contract period	50	55	55	55
Number of planned maintenance projects completed within agreed budget	50	55	55	55
Number of immovable assets verified in the Immoveable Asset Register (IAR) in accordance with the mandatory requirements of National Treasury	7 000	7 000	7 000	7 000
Number of condition assessments conducted on state owned buildings	3	3	3	3

### PROGRAMME 3: EXPANDED PUBLIC WORKS PROGRAMME

#### Programme Description

The purpose of Expanded Public Works Programme (EPWP) is 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 EPWP is a nationwide programme aimed at the reorientation of the public-sector spending in favour of projects that create more work opportunities.

#### Programme Objectives

The following are the programme specific objectives that will be the focus of the Department over the next three years.

- Increasing Labour Intensive Construction Content in Projects;
- Coordination of Provincial implementation of EPWP Phase 3;
- Implementation of the NYS and the Zivuseni Reloaded Programme;
- Implementation of the Contractor Incubation Programmes and Enterprise Development Programme; and
- Development of a Cooperative Model of Development Framework.

TABLE 15.10: SUMMARY OF PAYMENTS AND ESTIMATES: EXPANDED PUBLIC WORKS PROGRAMME

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1. Programme Support Cbp	181 900	190 218	54 457	77 200	77 200	67 970	80 691	228 668	242 873
2. Community Development	114 197	127 046	231 381	240 563	240 563	190 034	250 222	100 900	118 421
<b>Total payments and estimates</b>	<b>296 097</b>	<b>317 264</b>	<b>285 838</b>	<b>317 763</b>	<b>317 763</b>	<b>258 004</b>	<b>330 913</b>	<b>329 568</b>	<b>361 294</b>

TABLE 15.11: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: EXPANDED PUBLIC WORKS PROGRAMME

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>277 276</b>	<b>301 145</b>	<b>282 516</b>	<b>317 647</b>	<b>317 647</b>	<b>258 003</b>	<b>330 797</b>	<b>329 368</b>	<b>361 083</b>
Compensation of employees	92 698	116 489	50 090	131 350	131 350	80 283	143 808	126 526	140 149
Goods and services	184 578	184 656	232 426	186 297	186 297	177 720	186 989	202 842	220 934
Interest and rent on land									
<b>Transfers and subsidies to:</b>		<b>9</b>		<b>116</b>	<b>116</b>	<b>1</b>	<b>116</b>	<b>200</b>	<b>211</b>
Provinces and municipalities									
Households		9		116	116	1	116	200	211
<b>Payments for capital assets</b>	<b>18 821</b>	<b>110</b>	<b>522</b>						
Buildings and other fixed structures									
Machinery and equipment	15	110	522						
Software and other intangible assets	18 806								
<b>Payments for financial assets</b>		<b>16 000</b>	<b>2 800</b>						
<b>Total economic classification</b>	<b>296 097</b>	<b>317 264</b>	<b>285 838</b>	<b>317 763</b>	<b>317 763</b>	<b>258 004</b>	<b>330 913</b>	<b>329 568</b>	<b>361 294</b>

In the 2015/16 financial year the department spent R296.1 million which was reduced to R285.5 million in 2017/18. This amount was purely for the Expanded Public Works Program and excluded any infrastructure projects. The EPWP programme is allocated funding for job creation, community development, and training for beneficiaries that are participating in these programmes. In the previous financial year, the expenditure of this programme had been fluctuating due to many issues that were experienced in this programme. In the past the department was unable to spend the budget due to delays in the implementation of training programmes, and the fluctuating numbers of the NYS beneficiaries. Over the year the department established another programme - called The Zivuseni Reloaded Programme -, focusing on individuals that are older than 35 years. With this new programme the department has seen an increase in this programme's performance.

The department is anticipating spending the current year's allocated budget of R317.8 million which will increase from R330.9 million in 2019/20 to R361.3 million in 2021/22. This budget is expected to increase each year as the National public Works confirm the Conditional Grant that they will allocate to the department.

The conditional grant received during the 2016/17 financial year amounted to R17 million, it increased to R19 million for the 2017/18 financial year and was fully utilised. In the 2018/19 financial year, the department was allocated R18 million. The grant is used for job creation. An amount of R23.9 million has been allocated for the 2019/20 financial year. Over the outer year the budget will be allocated depending on the 2019/20 performance.

Compensation of employees increased from R92.7 million in 2015/16 to R116 million in 2016/17, before decreasing to R 50.1 million in the 2017/18 financial year. This fluctuation was due to the allocation of the NYS stipends being listed under compensation (because the item used to pay is currently reflecting as compensation). The budget increased significantly to R131.4 million in 2018/19 due to the payment of NYS stipends through the compensation allocation, in accordance with the Standard Chart of Account (SCOA). Over the MTEF the budget will decrease from R143.8 million in the 2019/20 financial year, to R126 million (pending the allocation of the Incentive grant in 2020/21) and will increase to R140 million for the 2021/22 financial year.

Goods and Services is intended mainly to train NYS and Zivuseni beneficiaries and includes the stipend for the Zivuseni and Military Veteran beneficiaries. Goods and Services expenditure increased from R184.6 million in the 2015/16 financial year to R232.4 million in 2017/18. Over the MTEF the budget will increase from R187.0 million in the 2019/20 financial year to R220.9 million in 2021/22.

## SERVICE DELIVERY MEASURES

### PROGRAMME 3: EXPANDED PUBLIC WORKS PROGRAMME

Programme performance measures	Estimated performance	Medium-term estimates		
	2018/19	2019/20	2020/21	2021/22
Number of EPWP work opportunities created by DID	7 000	7 000	7 000	7 000
Number of Full Time Equivalents (FTE's) created by DID	2 543	2 543	2 543	2 543
Number of interventions implemented to support public bodies in the creation of targeted number of work opportunities in the Province (4 sectors Infrastructure, Social, Environment & Non-State)	4	4	4	4
Number of Beneficiary Empowerment Intervention	12	12	12	12

## 9. OTHER PROGRAMME INFORMATION

### 9.1 Personnel numbers and costs

TABLE 15.12: SUMMARY OF DEPARTMENTAL PERSONNEL NUMBERS AND COSTS BY COMPONENT

R thousands	2015/16		Actual 2016/17		2017/18		Revised estimate 2018/19			Medium-term expenditure estimate				Average annual growth over MTEF 2018/19 - 2021/22					
	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Filled posts	Additional posts	Personnel numbers <sup>1</sup>	Costs	2019/20		2020/21		2021/22				
											Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs			
Salary level																			
1 – 6	1 003	200 519	1 222	255 248	1 370	285 022	1 335	6	1 341	189 314	1 458	203 892	1 458	216 370	1 458	230 376	3%	7%	18%
7 – 10	284	227 028	396	171 453	438	185 858	430	19	449	149 683	506	163 904	506	174 427	527	194 056	5%	9%	15%
11 – 12	92	125 908	152	156 988	138	141 035	95	8	103	81 109	158	138 205	158	147 188	158	157 699	15%	25%	11%
13 – 16	66	92 641	65	70 512	65	71 164	56	6	62	78 119	79	119 626	81	125 302	81	133 902	9%	20%	10%
Other	594	61 912	646	184 529	685	229 302	738	2	740	543 717	1 053	504 738	1 088	511 303	1 088	543 594	14%	(0%)	46%
Total	2 039	708 008	2 481	838 730	2 696	912 381	2 654	41	2 695	1 041 942	3 254	1 130 365	3 291	1 174 590	3 312	1 259 627	7%	7%	100%
Programme																			
1. Administration	294	160 195	367	184 058	409	203 019	365	41	406	236 821	474	206 668	476	218 035	497	231 787	7%	(1%)	
2. Public Works Infrastructure	1 718	455 115	2 054	538 183	2 232	659 272	2 235		2 235	724 838	2 714	779 889	2 749	830 029	2 749	887 691	7%	7%	70%
3. Expanded Public Works Programme	27	92 698	60	116 489	55	50 090	54		54	80 283	66	143 808	66	126 526	66	140 149	7%	20%	10%
Direct charges																	0%	0%	0%
Total	2 039	708 008	2 481	838 730	2 696	912 381	2 654	41	2 695	1 041 942	3 254	1 130 365	3 291	1 174 590	3 312	1 259 627	7%	7%	100%

The department is seeking to recruit more registered professionals in the construction and build environment, however, this has been a challenge as no candidates have responded to the department's adverts. Hence the department is using reputable recruitment agencies to source these candidates and offer them Market Related salaries. These candidates are taken for training on a regular basis, their annual professional registrations are paid for by the department to ensure their continuous development.

The department has recently appointed a task team to investigate the implementation of insourcing of Cleaning and Security services. The first meeting was held by this team to develop the Terms of Reference (TOR) and the structure of this task team. This will have an impact on the number of personnel and associated costs when it is finalised.

Over the MTEF, the department is anticipating filling critical posts whilst looking into reviewing the structure in line with IDMS.

## 9.2 Training

TABLE 15.13: INFORMATION ON TRAINING: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Number of staff	2 039	2 481	2 696	2 695	2 695	2 695	3 254	3 291	3 312
Number of personnel trained	810	1 510	1 610	1 710	1 710	1 710	1 850	2 000	2 200
of which									
Male	49	695	741	787	787	787	995	1 070	1 185
Female	761	815	869	923	923	923	855	930	1 015
Number of training opportunities	1 070	1 490	1 230	1 350	1 350	1 350	1 167	1 281	1 593
of which									
Tertiary	70	80	80	90	90	90	70	80	90
Workshops	334	470	130	140	140	140	150	150	150
Seminars	333	470	110	120	120	120	150	100	150
Other	333	470	910	1 000	1 000	1 000	797	951	1 203
Number of bursaries offered	150	100	309	100	100	325	166	33	33
Number of interns appointed	120	130	130	140	140	179	169	15	15
Number of learnerships appointed	70	80	100	120	120	76	17	17	
Number of days spent on training									
<b>Payments on training by programme</b>									
1. Administration	6 782	5 934	6 528	7 181	7 181	9 969	10 604	10 954	11 741
2. Public Works Infrastructure	9 966	8 720	9 592	10 551	10 551				
3. Expanded Public Works Programme	7 062	6 173	6 790	7 469	7 469				
<b>Total payments on training</b>	<b>23 810</b>	<b>20 827</b>	<b>22 910</b>	<b>25 201</b>	<b>25 201</b>	<b>9 969</b>	<b>10 604</b>	<b>10 954</b>	<b>11 741</b>

The department is prioritising employee training and ensuring that critical posts are filled for the artisans and technical staff. Employees such as Handyman, Boiler Assistants and Storeman are currently being re-skilled through the departmental artisan development programme. The intention is to reskill these employees to become qualified artisans.

Due to the current budget constraints, the department has prioritised filling of posts that became vacant during the 2018/19 financial year, to avoid possible over expenditure on compensation of employees. This has resulted in the department releasing all bursary holders from their contractual obligation to work back the years of funding. This will enable the department to fill more posts over the MTEF. It is for the same reason that the department will be unable to increase the number of interns and learnerships over the MTEF until such time as funding is available for a new intake.

The department allocates 1 per cent of the wage bill to training of employees - which does not include bursaries for employees and internships & learnerships. For the 2018/19 financial year, the department has allocated an amount of R9.4 million, of which to date, the department has spent R7.2 million of the allocation. Over the MTEF the department has allocated R10.6 million, R10.9 million and R11.7 million respectively.

### 9.3 Reconciliation of structural changes

N/A

# **ANNEXURE TO THE ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE**



TABLE 15.14: SPECIFICATION OF RECEIPTS: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Tax receipts</b>									
<b>Sales of goods and services other than capital assets</b>	<b>18 152</b>	<b>18 855</b>	<b>16 480</b>	<b>24 895</b>	<b>24 895</b>	<b>24 895</b>	<b>26 289</b>	<b>27 735</b>	<b>29 260</b>
Sale of goods and services produced by department (excluding capital assets)	18 152	18 855	16 480	24 895	24 895	24 895	26 289	27 735	29 260
Sales by market establishments	18 152	18 855	16 480	24 895	24 895	24 895	26 289	27 735	29 260
<b>Transfers received from:</b>									
<b>Fines, penalties and forfeits</b>									
<b>Interest, dividends and rent on land</b>	<b>119</b>	<b>23</b>	<b>58</b>						
Interest									
Dividends	119	23	58						
<b>Sales of capital assets</b>			<b>14 385</b>						
Other capital assets			14 385						
<b>Transactions in financial assets and liabilities</b>	<b>2 002</b>	<b>1 230</b>	<b>705</b>	<b>655</b>	<b>655</b>	<b>655</b>	<b>692</b>	<b>730</b>	<b>770</b>
<b>Total departmental receipts</b>	<b>20 273</b>	<b>20 108</b>	<b>31 628</b>	<b>25 550</b>	<b>25 550</b>	<b>25 550</b>	<b>26 981</b>	<b>28 465</b>	<b>30 030</b>

TABLE 15.15: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>1 480 663</b>	<b>1 667 259</b>	<b>2 028 512</b>	<b>1 991 828</b>	<b>1 961 016</b>	<b>1 965 766</b>	<b>2 187 215</b>	<b>2 306 198</b>	<b>2 461 290</b>
Compensation of employees	708 008	838 730	912 381	1 033 479	1 033 479	1 041 942	1 130 365	1 174 590	1 259 627
Salaries and wages	639 492	750 277	806 436	945 070	945 070	918 414	1 036 988	1 076 077	1 152 970
Social contributions	68 516	88 453	105 945	88 409	88 409	123 528	93 377	98 513	106 657
Goods and services	766 295	828 203	1 115 701	957 549	926 736	922 832	1 055 850	1 130 541	1 200 537
Administrative fees	180	230	158	200	150	103	300	211	223
Advertising	8 273	5 016	5 127	3 000	3 000	1 648	3 300	3 000	2 165
Minor assets	3 015	1 919	400	1 000	849	93	2 700	1 739	1 780
Audit cost: External	5 579	5 582	6 591	8 000	8 000	8 307	11 000	11 605	12 243
Bursaries: Employees	4 873	1 833	7 606	7 000	7 000	1 970	4 400	1 000	
Catering: Departmental activities	9 374	2 199	1 269	101	290	327	700	317	335
Communication (G&S)	12 882	13 924	15 078	11 000	9 509	11 570	10 100	13 444	11 844
Computer services	5 718	17 297	10 384	14 522	12 522	5 241	13 200	13 000	11 841
Consultants and professional services: Business and advisory services	15 460	28 185	19 109		1 200	2 139			
Legal services	46 059	44 618	51 774	20 000	20 000	35 374	32 000	32 660	30 000
Contractors	11	195	6	1 000		2	3 000	3 000	3 000
Agency and support / outsourced services	248 501	306 541	250 777	177 196	179 827	182 402	181 769	194 265	211 884

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Entertainment									
Fleet services (including government motor transport)	38 691	29 699	26 502	37 100	38 588	37 560	38 195	36 057	37 364
Inventory: Clothing material and accessories	6 279	476	898	11 200	11 384	8 467	10 050	10 081	10 269
Inventory: Food and food supplies	44	9		30	19	5			
Inventory: Fuel, oil and gas				()					
Inventory: Learner and teacher support material	1			()					
Inventory: Materials and supplies	260	64	108	1	9	141			
Inventory: Medical supplies									
Inventory: Other supplies						57	400	422	
Consumable supplies	4 567	3 051	1 831	5 955	6 413	4 189	3 400	4 211	4 223
Consumable: Stationery, printing and office supplies	10 215	4 048	4 534	6 130	5 648	1 894	3 500	2 000	2 000
Operating leases	203 021	181 917	383 653	382 091	383 091	389 889	385 000	417 575	452 911
Property payments	120 221	158 141	307 761	246 383	216 086	209 847	326 794	356 453	378 054
Transport provided: Departmental activity	1 003	82	54	()		73	100	100	106
Travel and subsistence	10 458	12 091	13 754	15 650	13 164	13 051	14 190	17 412	17 547
Training and development	9 035	7 963	5 573	9 389	9 389	7 240	10 252	10 889	11 693
Operating payments	909	918	712	600	598	464	500	100	
Venues and facilities	1 666	2 205	2 042			779	1 000	1 000	1 055
Interest and rent on land	6 360	326	430	800	801	992	1 000	1 067	1 126
Interest	6 222	326	430	800	801	992	1 000	1 067	1 126
Rent on land	138								
<b>Transfers and subsidies</b>	<b>682 843</b>	<b>727 118</b>	<b>710 057</b>	<b>907 444</b>	<b>907 073</b>	<b>905 167</b>	<b>1 059 204</b>	<b>1 121 511</b>	<b>1 186 611</b>
Provinces and municipalities	679 060	717 417	703 868	901 394	901 394	901 394	1 054 375	1 117 931	1 183 359
Provinces	1								
Provincial agencies and funds	1								
Municipalities	679 059	717 417	703 868	901 394	901 394	901 394	1 054 375	1 117 931	1 183 359
Municipalities	679 059	717 417	703 868	901 394	901 394	901 394	1 054 375	1 117 931	1 183 359
Departmental agencies and accounts				4	4		4	4	4
Provide list of entities receiving transfers				4	4		4	4	4
Households	3 783	9 701	6 189	6 046	5 675	3 773	4 825	3 576	3 248
Social benefits	1 713	3 947	2 848	2 946	2 946	1 568	3 198	2 915	2 551
Other transfers to households	2 070	5 754	3 341	3 100	2 729	2 205	1 627	661	697
<b>Payments for capital assets</b>	<b>251 898</b>	<b>152 035</b>	<b>117 156</b>	<b>137 693</b>	<b>168 875</b>	<b>165 845</b>	<b>219 421</b>	<b>56 123</b>	<b>34 617</b>

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Buildings and other fixed structures	185 480	110 690	90 109	103 693	134 874	134 874	187 421	22 363	
Buildings	185 480	110 690	90 109	103 693	134 874	134 874	187 421	22 363	
Machinery and equipment	28 467	41 345	27 047	34 000	34 001	30 971	32 000	33 760	34 617
Other machinery and equipment	28 467	41 345	21 904	34 000	34 001	30 971	32 000	33 760	34 617
Software and other intangible assets	37 951								
<b>Payments for financial assets</b>	<b>699</b>	<b>17 195</b>	<b>3 296</b>			<b>186</b>			
<b>Total economic classification</b>	<b>2 416 103</b>	<b>2 563 607</b>	<b>2 859 021</b>	<b>3 036 965</b>	<b>3 036 964</b>	<b>3 036 964</b>	<b>3 465 840</b>	<b>3 483 832</b>	<b>3 682 518</b>

TABLE 15.16: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>398 680</b>	<b>402 926</b>	<b>312 796</b>	<b>288 288</b>	<b>288 658</b>	<b>336 805</b>	<b>304 160</b>	<b>312 563</b>	<b>322 475</b>
Compensation of employees	160 195	184 058	203 019	195 708	195 708	236 821	206 668	218 035	231 787
Salaries and wages	143 855	162 358	179 909	173 915	173 916	209 223	183 655	193 756	206 172
Social contributions	16 340	21 700	23 110	21 792	21 792	27 598	23 013	24 279	25 615
Goods and services	232 263	218 723	109 643	92 081	92 449	99 927	96 992	93 989	90 119
Administrative fees	180	230	158	200	150	103	200	211	223
Advertising	7 629	4 502	5 070	3 000	3 000	1 648	3 300	3 000	2 165
Minor assets	2 604	1 168	115			1	500	528	557
Audit cost: External	5 579	5 582	6 591	8 000	8 000	8 307	11 000	11 605	12 243
Bursaries: Employees	4 873	1 833	7 606	7 000	7 000	1 970	4 400	1 000	
Catering: Departmental activities	9 179	2 012	1 185	101	290	266	500	106	112
Communication (G&S)	6 374	2 781	12 127	8 000	8 000	10 071	7 000	10 279	8 844
Computer services	5 703	17 289	10 372	13 000	12 000	5 226	13 000	13 000	11 841
Consultants and professional services: Business and advisory services	15 303	23 911	4 743		1 200	2 110			
Legal services	46 059	44 618	41 927	20 000	20 000	35 374	20 000	20 000	20 000
Contractors		195	6	1 000		2	3 000	3 000	3 000
Agency and support / outsourced services	97 468	90 779	92	()	1 230	8 994	2 600		
Fleet services (including government motor transport)	7 905	6 581	4 097	7 500	7 411	6 943	6 220	6 287	6 358
Inventory: Clothing material and accessories					36	1 498	250	264	56
Inventory: Food and food supplies	13	8		30	19	5			
Inventory: Fuel, oil and gas				()					
Inventory: Learner and teacher support material	1			()					
Inventory: Materials and supplies		29	1	1	9	8			

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Inventory: Medical supplies									
Inventory: Other supplies							400	422	
Consumable supplies	859	591	137	3 129	3 131	1 300	2 000	2 000	2 000
Consumable: Stationery, printing and office supplies	6 638	2 769	3 907	5 080	4 709	1 473	3 500	2 000	2 000
Operating leases	2 912	1 958	2 593	4 000	5 000	4 663	5 000	5 275	5 565
Property payments		205				73			
Transport provided: Departmental activity	760	82	54	( )		73	100	100	106
Travel and subsistence	1 637	1 481	1 499	2 550	1 825	1 778	2 770	2 923	2 301
Training and development	9 035	7 963	5 569	9 389	9 389	7 237	10 252	10 889	11 693
Operating payments	138	262	5	100	50	53		100	
Venues and facilities	1 414	1 894	1 789			751	1 000	1 000	1 055
Interest and rent on land	6 222	145	134	500	501	57	500	539	569
Interest	6 222	145	134	500	501	57	500	539	569
Rent on land									
<b>Transfers and subsidies</b>	<b>2 221</b>	<b>6 378</b>	<b>3 595</b>	<b>4 271</b>	<b>3 900</b>	<b>2 213</b>	<b>2 471</b>	<b>804</b>	<b>848</b>
Households	2 221	6 378	3 595	4 271	3 900	2 213	2 471	804	848
Social benefits	151	745	283	1 171	1 171	51	1 471	804	848
Other transfers to households	2 070	5 633	3 312	3 100	2 729	2 162	1 000		
<b>Payments for capital assets</b>	<b>40 943</b>	<b>38 946</b>	<b>19 271</b>	<b>34 000</b>	<b>34 001</b>	<b>30 620</b>	<b>32 000</b>	<b>33 760</b>	<b>34 617</b>
Machinery and equipment	25 709	38 946	19 271	34 000	34 001	30 620	32 000	33 760	34 617
Other machinery and equipment	25 709	38 946	18 116	34 000	34 001	30 620	32 000	33 760	34 617
Software and other intangible assets	15 234								
<b>Payments for financial assets</b>	<b>698</b>	<b>1 195</b>	<b>496</b>			<b>186</b>			
<b>Total economic classification</b>	<b>442 542</b>	<b>449 445</b>	<b>336 158</b>	<b>326 559</b>	<b>326 559</b>	<b>369 824</b>	<b>338 631</b>	<b>347 127</b>	<b>357 940</b>

TABLE 15.17: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: PUBLIC WORKS INFRASTRUCTURE

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>804 707</b>	<b>963 188</b>	<b>1 433 200</b>	<b>1 385 892</b>	<b>1 354 711</b>	<b>1 370 958</b>	<b>1 552 258</b>	<b>1 664 267</b>	<b>1 777 732</b>
Compensation of employees	455 115	538 183	659 272	706 421	706 421	724 838	779 889	830 029	887 691
Salaries and wages	404 591	473 428	577 975	656 680	656 680	631 092	727 346	774 596	826 484
Social contributions	50 524	64 755	81 297	49 741	49 741	93 746	52 543	55 433	61 207
Goods and services	349 454	424 824	773 632	679 171	647 990	645 185	771 869	833 710	889 484
Administrative fees							100		
Advertising	22	125	20						
Minor assets	411	751	275	1 000	849	92	2 200	1 211	1 223
Catering: Departmental activities	5	1	39			17			

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Communication (G&S)	4 379	5 117	2 756	3 000	1 509	1 459	3 000	3 165	3 000
Computer services	15	8	12	1 522	522	15	200		
Consultants and professional services: Business and advisory services	157	4 274	14 366			29			
Legal services			9 847				12 000	12 660	10 000
Contractors	11								
Agency and support / outsourced services	53 371	39 515	19 522		1 400	1 655	2 000		
Entertainment									
Fleet services (including government motor transport)	29 005	22 009	21 781	28 500	30 077	29 110	29 875	28 715	29 893
Inventory: Clothing material and accessories	5 481	473	898	4 200	4 348	2 713	2 800	2 817	2 828
Inventory: Food and food supplies	31	1							
Inventory: Materials and supplies	260	35	107			133			
Consumable supplies	3 181	2 376	1 694	2 826	3 282	2 889	1 400	2 211	2 223
Consumable: Stationery, printing and office supplies	3 495	1 077	627	750	639	421			
Operating leases	120 109	179 959	381 060	378 091	378 091	385 226	380 000	412 300	447 346
Property payments	120 221	157 936	307 761	246 383	216 086	209 774	326 794	356 453	378 054
Travel and subsistence	8 493	10 370	12 156	12 399	10 639	11 210	11 000	14 178	14 917
Operating payments	771	656	707	500	548	411	500		
Venues and facilities	36	141				28			
Interest and rent on land	138	181	296	300	300	935	500	528	557
Interest		181	296	300	300	935	500	528	557
Rent on land	138								
<b>Transfers and subsidies</b>	<b>680 622</b>	<b>720 731</b>	<b>706 462</b>	<b>903 057</b>	<b>903 057</b>	<b>902 953</b>	<b>1 056 617</b>	<b>1 120 507</b>	<b>1 185 552</b>
Provinces and municipalities	679 060	717 417	703 868	901 394	901 394	901 394	1 054 375	1 117 931	1 183 359
Provinces	1								
Provincial agencies and funds	1								
Municipalities	679 059	717 417	703 868	901 394	901 394	901 394	1 054 375	1 117 931	1 183 359
Municipalities	679 059	717 417	703 868	901 394	901 394	901 394	1 054 375	1 117 931	1 183 359
Departmental agencies and accounts				4	4		4	4	4
Provide list of entities receiving transfers				4	4		4	4	4
Households	1 562	3 314	2 594	1 659	1 659	1 559	2 238	2 572	2 189
Social benefits	1 562	3 193	2 565	1 659	1 659	1 516	1 611	1 911	1 492
Other transfers to households		121	29			43	627	661	697
<b>Payments for capital assets</b>	<b>192 134</b>	<b>112 979</b>	<b>97 363</b>	<b>103 693</b>	<b>134 874</b>	<b>135 225</b>	<b>187 421</b>	<b>22 363</b>	

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Buildings and other fixed structures	185 480	110 690	90 109	103 693	134 874	134 874	187 421	22 363	
Buildings	185 480	110 690	90 109	103 693	134 874	134 874	187 421	22 363	
Machinery and equipment	2 743	2 289	7 254			351			
Other machinery and equipment	2 743	2 289	3 788			351			
Software and other intangible assets	3 911								
<b>Payments for financial assets</b>	<b>1</b>								
<b>Total economic classification</b>	<b>1 677 464</b>	<b>1 796 898</b>	<b>2 237 025</b>	<b>2 392 642</b>	<b>2 392 642</b>	<b>2 409 136</b>	<b>2 796 296</b>	<b>2 807 137</b>	<b>2 963 284</b>

TABLE 15.18: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: EXPANDED PUBLIC WORKS PROGRAMME

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>277 276</b>	<b>301 145</b>	<b>282 516</b>	<b>317 646</b>	<b>317 647</b>	<b>258 003</b>	<b>330 797</b>	<b>329 368</b>	<b>361 083</b>
Compensation of employees	92 698	116 489	50 090	131 350	131 350	80 283	143 808	126 526	140 149
Salaries and wages	91 046	114 491	48 552	114 474	114 474	78 099	125 987	107 725	120 314
Social contributions	1 652	1 998	1 538	16 876	16 876	2 184	17 821	18 801	19 835
Goods and services	184 578	184 656	232 426	186 296	186 297	177 720	186 989	202 842	220 934
Advertising	622	389	37						
Catering: Departmental activities	190	186	45			44	200	211	223
Communication (G&S)	2 129	6 026	195			40	100		
Agency and support / outsourced services	97 662	176 247	231 163	177 196	177 197	171 753	177 169	194 265	211 884
Fleet services (including government motor transport)	1 781	1 109	624	1 100	1 100	1 507	2 100	1 055	1 113
Inventory: Clothing material and accessories	798	3		7 000	7 000	4 256	7 000	7 000	7 385
Inventory: Other supplies						57			
Consumable supplies	527	84							
Consumable: Stationery, printing and office supplies	82	202		300	300				
Operating leases	80 000								
Transport provided: Departmental activity	243								
Travel and subsistence	328	240	99	700	700	63	420	311	329
<b>Operating payments</b>									
Venues and facilities	216	170	253						
<b>Transfers and subsidies</b>		<b>9</b>		<b>116</b>	<b>116</b>	<b>1</b>	<b>116</b>	<b>200</b>	<b>211</b>
Households		9		116	116	1	116	200	211
Social benefits		9		116	116	1	116	200	211
<b>Payments for capital assets</b>	<b>18 821</b>	<b>110</b>	<b>522</b>						

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Machinery and equipment	15	110	522						
Other machinery and equipment	15	110							
Software and other intangible assets	18 806								
<b>Payments for financial assets</b>		<b>16 000</b>	<b>2 800</b>						
<b>Total economic classification</b>	<b>296 097</b>	<b>317 264</b>	<b>285 838</b>	<b>317 762</b>	<b>317 763</b>	<b>258 004</b>	<b>330 913</b>	<b>329 568</b>	<b>361 294</b>