

VOTE 15

DEPARTMENT OF INFRASTRUCTURE DEVELOPMENT

To be appropriated by vote in 2024/25	R 3 221 480 000
Responsible MEC	MEC for Human Settlements and Infrastructure Development
Administering Department	Department of Infrastructure Development
Accounting Officer	Head of Department

1. OVERVIEW

Vision

A champion of GPG socio-economic development and spatial transformation through sustainable infrastructure development and comprehensive immovable asset management.

Mission

To lead infrastructure delivery, optimise fixed capital investments, and manage the full lifecycle of GPG owned immovable assets in a manner that contributes to economic transformation and job creation.

Strategic Goals

In contributing towards the department of Infrastructure Development (DID) desired impact of “Contributing to spatial and socio-economic transformation through the effective full lifecycle management of GPG-owned fixed property,” the Public Works Infrastructure Programme delivers against the following Outcomes reflected in the Strategic Plan:

- Outcome 1: Optimised public-owned fixed property portfolio;
- Outcome 2: Efficient and effective delivery of smart public infrastructure;
- Outcome 3: Functional, reliable and compliant infrastructure;
- Outcome 4: Increased Contribution of Infrastructure Spend to Socio-Economic Development;
- Outcome 5: Poverty Relief and Improved Employability of EPWP Beneficiaries; and
- Outcome 6: Capable, ethical and developmental organisation.

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.

DID's Outcomes

The six (6) outcomes inform the alignment with the delivery structure of DID, as well as the development of outputs, performance indicators and annual and quarterly performance metrics outlined in the rolling annual performance plans throughout the period of the strategic plan.

OUTCOME 1: OPTIMISED PUBLIC-OWNED FIXED PROPERTY PORTFOLIO

Optimal management of the provincial property portfolio will yield much needed benefits for the government and people of Gauteng. The department aims to reduce costs and increase income through professional commercialisation of the property portfolio, including initiatives such as land release for socio-economic infrastructure development. Non-core residential properties are planned to be disposed of through public auctions.

Maintaining a comprehensive and accurate Immovable Asset Register is crucial for audit purposes and essential to inform decision-making regarding the lifecycle management fixed property portfolio, encompassing both land and buildings. Capacity within the department will be strengthened, aligning with the decision to elevate the property management function. Furthermore, the DID will actively seek contracted partnerships with property management and management consulting firms led by women, youth, or people with disabilities.

OUTCOME 2: EFFICIENT AND EFFECTIVE DELIVERY OF SMART PUBLIC INFRASTRUCTURE

The reflection on the mid-term assessment indicates that DID is facing challenges to achieve the desired outcome. The department must address bottlenecks hindering project delivery within stipulated timelines, budget constraints, and in compliance with quality standards.

Planned performance for the remaining period will be facilitated through the following actions:

- Securing approval for a revised funding model to ensure that the DID has an adequate budget, technical resources, and tools of trade for efficient management of procurement processes during implementation of maintenance programmes.
- Enhancing the procurement processes and capabilities of the organisation.
- Improving the assessment and management of costs efficiencies to ensure value for money in infrastructure development.
- Strengthening social facilitation and stakeholder management processes to mitigate community work stoppages and other project disruptions.
- Enhancing the performance management of contractors through improved contracts and enforcement.
- Building and maintaining improved relationships with client departments.

OUTCOME 3: FUNCTIONAL, RELIABLE, AND COMPLIANT INFRASTRUCTURE

GIAMA requires that DID conducts regular assessments facility conditions. Based on these assessments, proactive maintenance plans should be developed and implemented to enhance the state of GPG properties.

Planned performance over the 6th Administration included:

- The DID aimed to ensure that all facilities comply with OHS Act regulations.
- The DID planned to facilitate a substantial improvement in the condition-based ratings number GPG facilities (offices and health facilities), aiming for a rating of at least 3. As custodian, the DID will also guide schools to compliance with GIAMA requirements.
- The immediate focus is on addressing the provincial priority of bringing 10 hospitals up to a minimum condition-based assessment rating of 3.
- The DID is in the process of finalising a revised comprehensive maintenance strategy and operating model which is focused on ensuring 80 per cent of maintenance work is preventive and just 20 per cent reactive.
- The 24/7/365 turnaround commitments will continue, and the maintenance teams will aim to ensure that all statutory maintenance backlogs are resolved, bringing facilities up to standard.

OUTCOME 4: INCREASED CONTRIBUTION OF INFRASTRUCTURE SPEND TO SOCIO-ECONOMIC DEVELOPMENT

With regards to outcome 4, planned performance over the period includes:

- Increasing the targeted spend on designated groups, with a special focus on women and youth-owned businesses.
- Ensuring sustainable opportunities are provided to SMMEs across the construction and maintenance value chains, including a programme to empower at least 50 emerging black firms (40 per cent women and 30 per cent youth-owned).
- Creating ongoing opportunities for SMMEs to be developed, with a special focus on the maintenance programme and repairs to GPG facilities.

The DID will continue its efforts to support vulnerable groups, especially women, youth, people with disabilities, and military veterans. Special focus is being given to ensuring that SMMEs are paid within thirty days, in line with Treasury regulations.

OUTCOME 5: POVERTY RELIEF AND IMPROVED EMPLOYABILITY OF EPWP BENEFICIARIES

As the coordinator of the EPWP across all sectors and municipalities within the Gauteng province, DID continues to optimise the GPG's contribution to the government's priorities mentioned above. Gauteng's EPWP target for the period to March 2024 is 500 000 reported work opportunities. The EPWP mandates that 60 per cent of reported work opportunities must be women, 55 per cent for youth, and 2 per cent for People with Disabilities.

Planned performance over the period includes:

- Developing the EPWP Phase 4 Roadmap for Gauteng, supported by the Gauteng EPWP Policy Framework, for Exco approval.
- Supporting all departments and municipalities with the implementation of the biometrics system, providing technical assistance on document requirements and the use of the EPWP system.
- Ensuring that beneficiaries are upskilled and acquire at least one skill that they did not have when entering the programme. As the lead for the infrastructure sector, DID will continue with the roll-out of the Moses Kotane Skills Centre, focusing on gaining accreditation, and increasing the range of training courses available.
- Developing and maintaining partnerships with other public and private sector organisations to create exit opportunities for EPWP beneficiaries.

OUTCOME 6: A CAPABLE, ETHICAL, AND DEVELOPMENTAL ORGANISATION

Essential to a capable, ethical, and developmental organisation is sound financial management and effective internal controls, both of which are reflected in positive audit outcomes.

National Development Plan

In alignment with the National Development Plan (NDP), the TMR Programme of the GPG directly corresponds to all sections of the NDP.

External activities and events relevant to budget decisions

An Inter-Departmental Infrastructure Coordination process unit has been established to coordinate infrastructure projects within the province. It should be noted that this portfolio requires strong support and coordination from all relevant stakeholders. The GDID will be the lead department in relation to the functionality of the unit. The establishment of this unit will have implications for the budget from a human resources perspective as well as a technology perspective.

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; and
- Deeds Registries Act, 1937.

2. REVIEW OF THE CURRENT FINANCIAL YEAR (2023/24)

Pillar 1: Radical economic transformation

Outcome 4: Increased Contribution Of Infrastructure Spend To Socio-economic Development

The target for procurement allocated to black-owned enterprises was set at 82 per cent for all four quarters. An overachievement of 98.68 per cent was recorded for quarter 1, and another 1, 99.9 per cent was recorded for the quarter 2, followed by 99.9 per cent in quarter 3. The overachievement can be attributed to the significant representation of black-owned firms on the maintenance panel, with the majority selected as service providers for quotation. The proportion of procurement awarded to black women-owned businesses was set at a target of 40 per cent across all quarters. In quarter 1 48.7 per cent, followed by 1, 46.3 per cent in quarter 2 and 46 per cent in quarter 3.

The overachievement for all three quarters resulted from appointing a significant number of black women-owned contractors through the maintenance panel, contributing positively to reaching the target. The annual target for the percentage of procurement allocated to enterprises owned by people with disabilities was set at 5 per cent across all quarters. In quarter 1 the target was partially achieved at 1.3 per cent due to the limited amount of PWD companies within the maintenance panel that could be allocated work. In the beginning of quarter 2, SCM is to select projects where quotations will only be sourced from the targeted group. The department improved in terms of this targeted group and managed to achieve 5.1 per cent in quarter 2. Due to the limited number of transactions, only 2.2 per cent was achieved in quarter 3.

The aim to achieve the annual target of 30 per cent for procurement allocated to youth-owned enterprises was a success for both quarters one and two, reaching 31.1 per cent sequentially. However, in quarter 3 the department only achieved 25.2 per cent against the target of 30 per cent due to the insufficient contract values for the appointments. The 2 per cent annual target of procurement allocated to MV-owned enterprises was partially met at 0.33 per cent in quarter 1, 1 per cent in quarter 2 and 1.7 per cent in quarter 3.

The partial achievement was the result of a significantly low number of firms on the maintenance panel, limiting the appointments made to this targeted category. The goal of 50 per cent for procurement allocated to small, middle, and micro enterprises (SMMEs) was exceeded by 91.1 per cent in quarter 1, 99.5 per cent in quarter 2 and 98.5 per cent in quarter 3. The overachievement was attributed to most firms nominated through the maintenance panel and quotation process falling into this group. The target of 30 per cent for Township Enterprise Revitalisation (TER) procurement was met by 39.1 per cent in quarter 1, 38.3 per cent in quarter 2 and 31.1 per cent in quarter 3. The overachievement recorded was due to numerous appointments made to this targeted group during the reviewed quarter.

The percentage of DID service providers' invoices settled within 30 days was set at 100 per cent in annually and across all quarters. In quarter one, 98 per cent was achieved, reflecting transactions posted before the 2022/23 year-end system closure, and paid subsequently in the first quarter of the current financial year. This resulted in the non-achievement of the 30 days payments in April, affecting the overall performance for the reporting period. As a mitigation measure, alignment to the internal payments processes will be made to the year-end closure cut off.

Subsequently, the department achieved a 100 per cent for both quarter 2 and quarter 3. An annual objective of 100 emerging black enterprises empowered through contracting and sub-contracting was set. In quarter 1, with a target of 10 per cent emerging firms, 77 per cent was achieved. This included a subcontracting success rate 42.9 per cent for women-owned firms, over the target of 40 per cent, and 22.1 per cent for youth-owned firms, over a target of 30 per cent. For quarter 2, the target was increased to 20 emerging firms, and an achievement of 118 was recorded. This resulted in sub-contracting success rate of 52.7 per cent for women-owned, over a target of 40 per cent, and 18.7 per cent for youth-owned firm, over a target of 30 per cent. The maintenance, where all the construction appointments had been made for the quarter, comprised firms falling within CIDB range 2 to 5, meeting the criteria for emerging contractors. In quarter 3, the department achieved 128, ensuring the sub-contracting success rate of 51.6 per cent for women-owned, over a target of 40 per cent, 26.6 per cent achievement on youth-owned, over a target of 30 per cent, and 21.9 per cent for other groups.

Outcome 5: Poverty relief and improved Employability of Epwp beneficiaries

For the 2023/24 financial year, the department has reported a total of 24 662 EPWP work opportunities in the infrastructure sector in Gauteng (departments), achieving 14 721 against the target of 14 797 for women, 13 117 against the target of 13 564 for youth, and 44 against the target of 493 for PWD. For social sector, the department recorded 23 389 EPWP work opportunities, achieving 16 094 against target of 14 033 for women, 11 567 against the target of 12 864 for youth and 131 against the target of 468 for PWD. Subsequently, the department achieved 14 969 EPWP work opportunities, accomplishing 9 077 against target of 8 981 for women, 6 439 against the target of 8 233 for youth and 22 against the target of 299 for PWD.

The department planned the following targets for 2023/24 financial year:

- Planned an annual target of 2 500 work opportunities created by Provincial Public Works through the National Youth Service Programme, targeted to be achieved in the first quarter, and 2 646 was achieved. The over-achievement was due to absorption of 146 additional participants to sustain the target, which could be negatively impacted by attrition.
- The plan for 22 public bodies reporting on EPWP targets in the province was scheduled from quarter two to four. A partial achievement of 18 was recorded in the second quarter, with delays due to system glitches. For quarter three the department recorded 22 public bodies reporting on EPWP targets as planned.
- The planned targets of 1 020 beneficiaries participating in the Health Maintenance Programme, 1 095 beneficiaries participating in the vacant sites & facilities EPWP Maintenance Programme, and 2 500 EPWP participants completing skills development programmes will only be reported in quarter four of the 2023/24 financial year.

Pillar3: Accelerated social transformation

Outcome 2: Efficient and Effective Delivery Of Smart Public Infrastructure

Design of Infrastructure Projects

For the 2023/24 financial year, the department initially planned to have 20 infrastructure designs ready for tender. The target was later revised to 22, of which 6 were targeted for quarter 1, and all were achieved. In quarter 2, the target was also 6, with an achievement of 3 in education infrastructure and a non-achievement of 3 libraries.

Construction of Infrastructure Projects

For the 2023/24 financial year, the department initially planned the construction of 51 GPG infrastructure facilities. The target was later revised to 48 GPG facilities, comprising 6 new completions, 27 rehabilitations, renovations, and refurbishments, 5 completed upgrades and additions, and 10 commissioned electro-mechs. In quarter 2, the department aimed to complete 3 construction projects (1 new facility - Treatment centre and other drug facility, and 2 schools for upgrades and additions), all of which were achieved as planned. In quarter 3, the department successfully renovated 3 schools, and 3 GPG facilities, with an additional school upgraded in the same quarter.

Table 3: Completed Infrastructure Projects – 2023/24 Financial Year

	No.	PROJECTS NAME	PROJECT DESCRIPTION	MUNICIPALITY	TOWNSHIP	CORRIDOR
	2023/24 FINANCIAL YEAR					
EDUCATION	REHABILITATED, RENOVATED AND REFURBISHED (5)					
	1	Seotwana Primary School	Restorative repairs and refurbishment	City of Ekurhuleni	Tembisa	Eastern Corridor
	2	Laerskool Frikkie Meyer	Restorative Repairs (P9hase 1)	Emfuleni Local Municipality	Vanderbijlpark	Southern Corridor
	3	Krugerlaan LSEN School	Repairs and Renovations	Emfuleni Local Municipality	Vereeniging	Southern Corridor
	4	Mulbarton Primary School	Restorative Repairs	City of Johannesburg	Mulbarton Extension 3	Central Corridor
	5	Meyerton Primary School	Maintenance, Repairs of widening joints, Repairs of floor slabs cracks, Provision of Walk away support structure, Replacement of floor finishes after crack repairs, General repairs of the vandalized infrastructure	Midvaal Local Municipality	Meyerton Extension 3	Southern Corridor
	UPGRADES AND ADDITIONS (3)					
	6	LG Holele	Upgrades and Additions (Sectional)	City of Tshwane	Ga-Rankuwa	Northern Corridor
STARS	7	Germiston High School	Supply and Install the prefabricated mobile classrooms	City of Ekurhuleni	Germiston	Eastern Corridor
	8	Vereeniging Gymnasium	Supply of Mobile Units	Sedibeng	Vereeniging	Southern Corridor
	REHABILITATED, RENOVATED AND REFURBISHED (3)					
	9	Thusanong Building	Thusanong Building OHS Statutory compliance Refurbishment	City of Johannesburg	Johannesburg	Central Corridor
	10	Tshwane Maintenance Hub (51 Bloed Street)	Interior and Exterior Ground Floor Renovations	City of Tshwane	Tshwane	Northern Corridor
	11	Dr Fabian & Florence Ribeiro	Rehabilitation (Phase 1A)	City of Tshwane	Cullinan	Northern Corridor
UPGRADES AND ADDITIONS (1)						
	12	75 Fox Street, Johannesburg	Water Reticulation	City of Johannesburg	Johannesburg	Central Corridor

Pillar4: Transformation of the state and governance

Outcome 1: Optimised Public-Owned Fixed Property Portfolio

Property revenue and costs management

In the period under review (2023/24), the department initially planned to collect R32 million but has since revised its annual target to R24 million for the financial year due to the challenges faced during the disposal and leasing of properties. In quarter one, the target was R8 million and only R6.1 million was collected. In contrast, in quarter 2 only R4.1 million was collected, resulting in a shortfall of R3.9 million. Both targets for quarter 1 and quarter two were not fully met due to tenant's resistance to paying rent, citing reasons such as lack of property maintenance, delays in disposal of non-core assets, and expired leases. To address this, commercial tenants with valid leases were encouraged to pay 50 per cent of their debt, and a debit order mandate was implemented to alleviate misconduct. Furthermore, in the third quarter, the department received proceeds from the sale of property ERF 539 Waterkloof contributed to the R3.9 million.

In relation to the payment of municipal rates and taxes, the department planned to pay R1.77 billion in 2022/23 financial year, of which only R1.03 billion was paid since all accounts were confirmed fully settled by municipalities. The savings were attributed to credits allocations made by municipalities during the 2021/22 financial year. For the period under review, the department planned to pay R1.23 billion for the financial year with the breakdown target of R400 million for quarter 2, R500 million for quarter 3 and R329 million for quarter 4. In quarter 2, the department successfully paid R412 million, and R543,7 million in quarter 3.

Non-core properties (residential) disposed

In the 2023/24 financial year, the department initially planned to sell and transfer 50 properties respectively, but the targets were later revised down to 30 properties to be sold and 20 properties to be transferred. In quarter 1, the department planned to sell 10 properties, however, the target was not met due to earmarked properties undergoing governing structures. These properties can only be sold once all due approvals were obtained for the disposal processes. In quarter 2, the department planned to sell 20 properties, however, only 5 properties were sold, primarily because occupants refused to vacate the properties. Subsequently, the department aimed to transfer 10 properties, of which only 2 were eventually transferred. The challenge to transfer the properties was the restriction of title deeds on sold properties, and buyers were unable to pay the full purchase price.

Land and buildings released for development or commercialisation

In the 2023/24 financial year, 3 properties are planned to be released for socio-economic infrastructure development, with 2 targeted for quarter 2. The department overachieved by releasing 12 properties. In quarter 3, the target was 1, but due to the approval of the Property Optimisation Strategy and the rapid land release, the department was only able to release 7 properties.

The department further planned to provide 6 facilities to user departments, with all quarterly targets for quarter 1, 2 and 3 achieved as planned. Furthermore, the department planned to conduct 4 utilisation inspections for office accommodation for the period under review and achieved all 3 planned inspections in quarter three.

Compliant Immovable Asset Register (IAR)

In the 2023/24 financial year, the department planned to verify 6579 immovable assets in Immovable Assets Register (IAR). The quarter 1 target of 1290 has been fully achieved, together with the quarter 2 target of 3290.

Regarding the 1700 Immovable Assets planned to be transferred from the Immovable Asset Register, the department of Roads and Transport (DRT) quarter 1 target of 122 was accumulated to the quarter 2 target of 711, which could not be achieved in both quarters due to non-acceptance of the property transfers to DRT. The department established a committee to develop a catch-up plan, recommending to the DRT: HOD for approval of S42 transfer as part of acceptance.

Outcome 3: Functional, Reliable, and Compliant Infrastructure

In the 2023/24 financial year, the department planned 74 condition assessments on state-owned properties (66 for STARS and 8 for Health Facilities). Out of the 17 STARS assessments planned for quarter 1, 19 were conducted, and the overachievement was caused by identified schools adding more buildings. In quarter 2, 17 assessments were planned, of which 23 were conducted. The overachievement resulted from the replacement of 5 assessments at Matsie-Steyn with 11 buildings assessed at Lindisa Primary School.

Subsequently, the overachievement of 19 planned assessments was recorded against the quarter 3 target of 17 in GPG facilities. Additionally, the department successfully completed all 6-condition assessment planned for health facilities, with 2 accomplice in each of the quarters (quarter 1, quarter 2, and quarter 3.)

In the 2023/2024 financial year, the department aimed to award 138 maintenance projects, comprising 48 for STARS and 90 for health facilities). However, only 21 out of the targeted 37 STARS maintenance awards for quarter 1, were granted due to insufficient budget. Subsequently, the quarter 2 target of 11 was awarded without deficiency. Furthermore, the department successfully awarded all 20 health maintenance projects targeted for quarter 1 and an additional 28 in quarter 2.

The department further planned to complete 127 maintenance projects (47 for STARS and 80 for health facilities) to be completed in the 2023/24 financial year. For the 37 STARS projects scheduled for completion in quarter one, the department exceeded expectations by finishing 39 projects, driven by the need for deep cleansing services at certain sites. Furthermore, the department successfully completed all 12 health maintenance projects targeted for quarter one, 26 planned for quarter 2, and 18 for quarter 3. The department further planned to commission Electro Mechanicals at 10 health facilities and achieved the targeted 6 for quarter 3.

Pillar 5: Modernisation of the Public Service

Outcome 6: A Capable, Ethical, and Developmental Organisation

The department set the following targets for 2023/24 financial year:

- An unqualified audit with reduced findings of financial statements was planned and achieved in the second quarter.
- A 30 per cent reduction in prior year fruitless and wasteful expenditure was targeted for the second quarter, adversely and 124 per cent increase was recorded. The increase of R48 million incurred for 2022/23 was attributed to court order settlements fees.
- A 40 per cent reduction in prior year accruals (excluding rates and taxes) was planned, and the department recorded 48 per cent reduction in the second quarter.
- A 30 per cent reduction in prior year irregular expenditure was targeted, and a 53 per cent reduction was achieved in the second quarter.
- A 30 per cent year-on-year reduction in the number of material findings on the audit of predetermined objectives was planned and achieved in quarter one.

3. OUTLOOK FOR THE COMING FINANCIAL YEAR (2024/25)

While supporting delivery towards all six (6) Outcomes of the Strategic Plan, the specific focus and contribution

Programme 1: Administration over the medium-term

Pillar 1: Radical economic transformation

Outcome 4: Increased contribution of infrastructure spending to socio-economic development:

GGT 2030 Priority 1: Economy, jobs, and infrastructure

As the department consolidates the 6th Administration, a strong focus on this GGT:2030 Priority and DID outcome will be biased towards Township development, Informal Settlements eradication, and Hostel refurbishments (TISH). The focus is designed to ensure that the department attains its procurement set asides for target groups. Demonstrated by the targets, more than 80 per cent of procurement spending is directed towards majority black-owned enterprises, and strides are being made to achieve 40 per cent of spend on women-owned businesses and 30 per cent on youth-owned businesses, aligning with MTSF 2019-2020 and GGT2030.

The initiative to allocate a percentage of procurement to Military Veterans (MV)- owned enterprises aligns with the department's commitment to supporting and acknowledging the contributions of the Military Veterans realising a peaceful, democratic and prosperous South Africa. For the 2024/25 financial year, the department plans to allocate 2 per cent of procurement to MV- owned enterprises. Furthermore, the department aims to allocate 5 per cent of it spend to persons with disabilities.

The department's objectives include empowering 400 emerging black firms over the five-year period, ensuring that at least 40 per cent of the firms are women-owned, 30 per cent youth-owned, and 30 per cent fall under other categories.

There are several of bottlenecks impeding the DID from paying all service providers within 30 days, including delays related to the interface between DID and client departments, inefficiencies in project and contract management, and poor contractor performance, and accruals. A multidisciplinary plan of action has been established to address these bottlenecks, with a target set to pay 100 per cent of DID invoices to service providers within 30 days in the 2024/25 financial year. Over the medium-term period, a concerted effort will be made to eliminate these bottlenecks and achieve the objective of paying all service providers within 30 days of receiving a valid invoice.

Pillar4: Transformation of the state and governance

Outcome 1: Optimised public-owned fixed property portfolio:

Approximately one third of the department's budget is allocated to the payment of municipal rates and taxes, exceeding R1 billion annually. As redundant and non-core properties are sold or repurposed for other socio-economic objectives. The department anticipates cost savings in municipal rates and taxes payments.

Pillar 5: Modernisation of the Public Service

Outcome 6: Capable, ethical and developmental organisation

Outcome 6 contributes to the range of interventions outlined in MTSF 2019-2024 aimed at building a capable, ethical, and developmental state. Output indicators and targets have, therefore, been committed to, focussing on the three conditions for a clean audit, namely, an unqualified audit of financial statements, zero material findings on the audit of performance objectives, and non-compliance with legislation.

The outputs align with the Premier's priorities, emphasising the reduction and elimination of fruitless and wasteful expenditure, irregular expenditure, and paying service providers (within 30 days, and 15 days for township enterprises). Throughout the MTEF period, the department will persist in its efforts to obtain an unqualified audit opinion, with no material misstatements on AFS and non-compliance.

Programme 2: Public Works over the medium-term

Pillar3: Accelerated social transformation

Outcome 2: Efficient and effective delivery of smart public infrastructure:

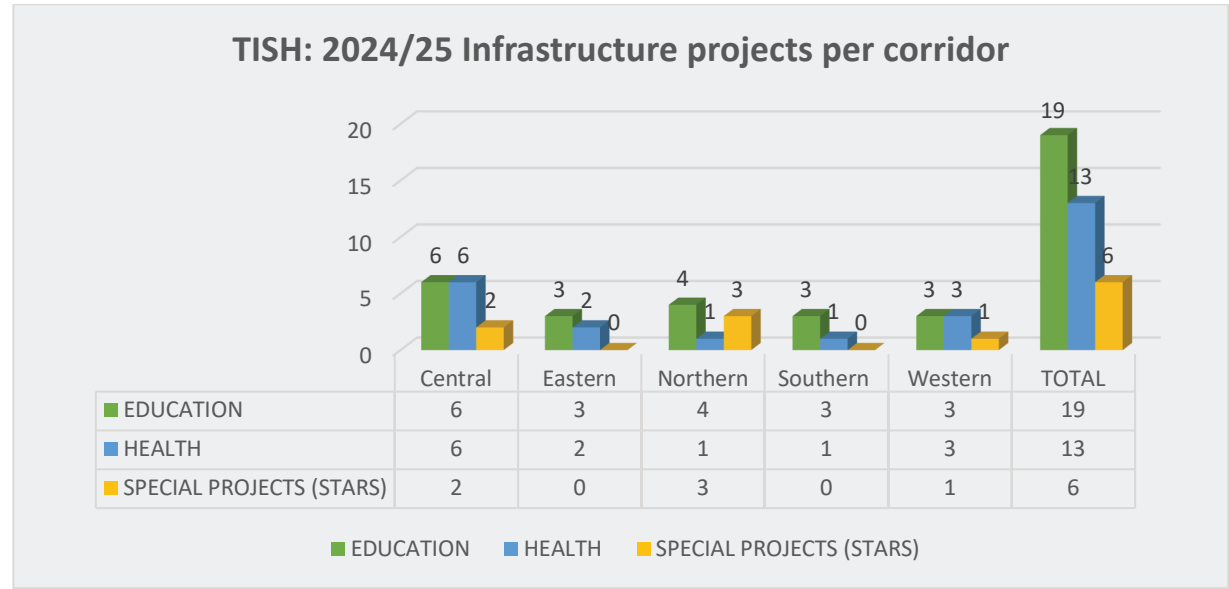
The outcome relates to accelerating the delivery of smart public infrastructure through the development and implementation of the five-year infrastructure pipeline, aligning with the priorities of GGT2030 and Gauteng Integrated Infrastructure Master Plan (GIIMP).

For the fiscal year 2024/25, the department aims to complete a total of four (2) health construction projects, including the Johannesburg forensic pathology laboratory and Helen Joseph Hospital. Additionally, one (1) renovation for Diepkloof FPS is slated for completion, along with the commissioning of twelve (12) electro-mechs at health facilities.

In the realm of education projects, the department is set to construct new schools, schools tailored for learners with special needs, and undertake renovations, rehabilitations, refurbishments, including upgrades and additions.

This encompasses four (4) new construction projects, namely Rust Ter Vaal Secondary School, Simunye Secondary School, Semphato SS, and Dr. WK Du Plessis LSEN.

Additionally, there are plans for nine (9) renovations at Goudwesskool, Laerskool Noordhoek (Mobile Classroom), Kokosi Primary School (Emergency scope), Tshirela Primary School (Emergency scope), Refithlilepele PS, Athlone Girls HS, Robin Hills PS, Lenasia SS, and Thubelihle IS in the 2024/25 financial year. Furthermore, the department aims at six (6) upgrades and additions to education state facilities, including Thuto Pele Secondary School (completion contract), Laerskool Queenswood, Laerskool Swartkop, Sandown SS (ES), Mogobeng PS (completion), and Inkululeko Yesizwe PS.



Pillar4: Transformation of the state and governance

Outcome 1: Optimised public-owned fixed property portfolio:

The principal objective of a custodian is to provide immovable assets to users to meet their service delivery outcomes. DID, as the principal custodian, developed the Provincial Property Optimisation Strategy, which was approved by the Executive Council in 2016. It recognises the Provincial Immovable Asset Register (IAR) as a significant tool that must be positively leveraged to redress historical spatial imbalances. The process of reviewing the Provincial Property Optimisation Strategy is currently underway and involves the analysis of the immovable asset portfolio to develop interventions for the optimisation of GPG’s fixed property portfolio.

This is being done through a highly controlled operating environment, ensuring that all property related transactions are conducted on one platform, i.e., ARCHIBUS. More focus will continue to be given to the upscaling of property maintenance, physical verification through property inspections, and condition assessments in line with the Government Immovable Asset Management Act (GIAMA) prescripts. The overall impact of the development and implementation of property management systems and policies, including relevant approvals, will ensure a stable property management environment, impacting directly on revenue generation from optimal utilisation of provincial property.

The immediate benefit is revenue generation, and the longer-term benefit is a reduction in non-revenue generating costs, such as rates and taxes. The DID will actively seek to develop partnerships and contract with property development and management companies that are women, youth or PwD-owned, thus contributing to the transformation of the property sector.

Redundant and non-core properties are sold or repurposed for other socio-economic initiatives, allowing the department to avoid expenditures on municipal rates and taxes, rather than expending resources on maintenance. In the 2024/25 financial year, the department plans to release ten (10) properties for socio-economic purposes.

Managing a complete and accurate immovable asset register is not only important for audit purposes but is also essential to inform decision-making regarding the lifecycle management of the fixed property portfolio, encompassing land and buildings. In the 2024/25 financial year, the department has planned to provide ten (10) facilities/buildings tailored to users' needs.

In the 2024/25 financial year, the department aims to register and verify 6256 immovable assets in the Immovable Asset Register (IAR), aligning with the mandatory requirements outlined by National Treasury.

Outcome 3: Functional, reliable and compliant infrastructure:

Ensuring functional, reliable, and compliant infrastructure for the GPG remains a top priority for the department through effective management and timely facility maintenance. A GIAMA-compliant, comprehensive maintenance strategy and plan are under development, aiming to increase the ratio of preventive to reactive maintenance to 80:20 over the MTEF period.

In the 2024/25 financial year, the maintenance programme will include completing of approximately 8 condition-based assessments at health facilities and 228 condition based assessment at state facilities.

To ensure effective, ongoing maintenance at health facilities, the DID and the department of Health have formed a health infrastructure working group, including the Gauteng Provincial Treasury. Throughout the 2024/25 financial year, the group will regularly meet to discuss maintenance requirements and implantation progress. Maintenance plans have been developed, costed, and incorporated in the MTEF budget of the department of Health.

Similar to the capital development programme, priority will be given to providing SMMEs owned by women, youth and persons with disabilities, especially those from townships, with opportunities to participate in the maintenance and repairs programmes.

Pillar 5: Modernisation of the public service

Outcome 6: Capable, ethical and developmental organisation:

DID has been assigned the responsibility of creating an integrated planning function to oversee the implementation of the GPG public infrastructure project pipeline. Establishing this function, along with the necessary capacity, is integral to the ongoing organisational review process. Upon achieving the required capacity and functionality, the aim is to reform the system for planning and delivering public infrastructure. This entails transitioning from a project-based (sector/silo) approach to a portfolio or programme approach, embracing a multi-sectoral, multidisciplinary strategy across all spheres of government and stakeholder groupings.

Programme 3: EPWP over the medium-term

Pillar 1: Radical economic transformation

Outcome 5: Poverty relief and improved employability of programme participants:

The MTSF 2019-2024 aims to engage 1 million youths as participants in public employment programmes (EPWP, CWP) by 2024, underscoring the importance of connecting programme participants with sustainable exit opportunities. In alignment with the GGT2030 strategic intervention, the goal is to place 250 000 young people in public works employment programmes, with 60 per cent of EPWP work opportunities designated for unemployed youth. The EPWP contributes 60 per cent to youth, 55 per cent women and 2 per cent PWD, contributing to 500 000 work opportunities outlined by the National Department of Public Works and Infrastructure, within the framework of the GGT 2030.

The DID, serving as the coordinator of the EPWP across all sectors and municipalities within the Gauteng province, will continue to optimise the GPG's contribution set by the Gauteng government. The department also aims to successfully complete skills development programmes for 2 500 EPWP participants. The new standard sector indicators were introduced in the 2022/23 financial year and will continue to be integrated in the 2024/25 financial year. Consequently, the EPWP has two (2) standard sector indicators. Additionally, the department plans to create 2 500 work opportunities through the National Youth Service Programme in the 2024/25 financial year.

To strengthen the department's role as coordinator of the EPWP and to improve the likelihood of the province achieving its EPWP targets, the following initiatives are planned as part of the Gauteng EPWP Phase 4 Implementation Roadmap:

- Appointment of an external technical support service to assist the department in its co-ordination role and assist all public bodies.
- Ensure EPWP targets for all 22 Gauteng Public bodies are reported at EXCO as a monitoring mechanism in terms of the protocol agreements signed between Mayors, MECs, the Premier and the National Department of Public Works and Infrastructure and DID.;
- Implementation of the 2 500 National Youth Service (NYS) Programme, managed by DID within the infrastructure sector.
- Support all departments and municipalities in implementing the EPWP Reporting System and providing technical support on the use of the EPWP system and supporting document requirements. This includes:
 - Biometrics for the NYS programme report to enhance accountability across the programme;
 - Sourcing of external technical support for inclusion of EPWP labour intensive construction principles in the design of all infrastructure projects; and
 - Provision of EPWP reporting system (ERS) capacity building, to ensure that departments and municipalities can utilise the ERS in the reporting of their job creation initiatives.
- Ensuring NYS participants acquire skills development and transformation programmes during their exposure within the EPWP- NYS programmes:
 - Inclusion of skills programmes in NYS, providing practical work experience aligned with their areas of interest and tertiary qualifications, on-the-job training, life skills programmes, work readiness preparation programmes and formal accredited training programmes.
- Engage with public and private sector organisation to encourage learning pathways and promote exit opportunities into permanent work outside of programme at the end of the participant contracts.

4. REPRIORITISATION

The department's budget is allocated across seven cost drivers: rates and taxes, compensation of employees, property leases, infrastructure projects, EPWP training and stipends, security services and soft services. The remaining budget is earmarked for other operating costs, including provision of tools of trade, ICT systems and G-Cars. The budget underwent reprioritised with an amount of R519 million in the 2024/25 financial year and R53.8 million in the 2025/26 financial year, ensuring proper alignment of resources with targets.

Goods and services reprioritisation will ensure effective resource allocation. The budget was reprioritised with a net amount of R177 million for 2024/25 financial year and R53.8 million for 2025/26 financial year. This addresses budget, mitigating overspending on items such as leases, security services, property payments, fleet services and transport claims, utilities, probity audit and provides for tools of trade. The reprioritisation within EPWP is due to delays in implementing the training program.

The reprioritisation of infrastructure aligns with ECE estimates, although infrastructure projects are still underspending due to challenges in access to sites, resulting in surrounding some of the funding back to Treasury. The reprioritisation for this year is to align the budget allocation with operational needs. Additional funding was received during the adjustments to implement alternative energy project across all GPG buildings. Maintenance costs exceeded the budget, leading to the reprioritisation of funds from capex to maintenance. A rates and taxes roll-over of R3 million was approved.

5. PROCUREMENT

Supply chain management operated within a highly regulated environment, and this Chief Directorate plays a crucial role in facilitating the procurement of the goods and services required by various business unites. It is thus essential for this unity to stay updates on relevant regulations, ensure proper record keeping, and report all transactions audit trail purposes. The following are key initiatives and challenges noted within the supply chain environment.

Irregular expenditure

The department adheres to National Treasury guidelines on irregular and unauthorised expenditure. Bid committees, in collaboration, with the Internal Control Unit plays a vital role in preventing new irregular expenditure on tenders. In addition, probity auditors will audit all tender advertised of R2 million and above highlight any irregularities before the contracts are awarded.

Achievements

The department understands the importance of economic empowerment and therefore continuous procurement is channelled towards targeted groups such as Black owned enterprises, Black women, youth, people with disabilities, military veterans, SMMEs and township-based enterprises. Awareness sessions in communities of forthcoming construction projects seek to identify potential subcontractors that fall within these targeted groups and ultimately to be appointed by the successful main contractors. This will then streamline procurement towards these targeted groups at a subcontracting level. Shortened procurement and acquisition processes through the procurement and approval of various panels this process has ensured that there is value for money.

Panel for solar supply, install and commission solar photovoltaic (PV) and battery storage systems at Hospitals and clinics with the aim of conversion to green technology and reduce electricity load from the grid. The panels for mobile units ensure that there is quality products and efficient service delivery. Panel for real estate agents has ensured that there is provision of pre-determined standard and suitable office accommodation.

There has been an improvement in the payment of service providers within 30 and 15 days this has since reduced the number of accruals in the department. The department is committed to paying service providers within 30 days to that effect, the service providers are now submitting invoices on the system electronically thereby reducing the timelines of processing and paying invoices.

The filling of vacancies in the department has boosted the increase of the compensation budget over the years.

An increase in the number of devolved properties through various investigation processes has necessitated a budget increase in the allocation of rates and taxes over the years. The budget increases from R1. billion in 2021/2022 to R1.2 million in the 2022/2023 financial year. Due to stringent verification processes on the rates and taxes bill, the department has been able to receive credit on the City of Johannesburg rates bill. In the year 2023/2024 allocation increased to R1.2 million due to additional properties that were identified by municipalities during verification and in the last year of the MTEF increase to R1.3 billion.

Achievements on irregular expenditure include:

A target of 30 per cent reduction in irregular expenditure was set for the 2020/21 financial year, and a the achieved reduction of 58 per cent from the previous year was mainly attributed to security and cleaning contracts running on a quotation basis, along with previous contracts being terminated.

Achievements on Year-on-Year reduction in the number of material findings:

- The department aimed for a 30 per cent year-on-year reduction in the number of material findings on performance objectives in 2020/21, and managed more than double that, achieving a 67 per cent reduction. The success was largely due to enhanced controls on performance information.
- The target for the following year, 2021/22, was a 30 per cent reduction on the previous year.
- The target for irregular expenditure in the year 2022/23 remain 30 per cent reduction based on the prior year, however there was 58 per cent reduction in irregular expenditure compared to the prior year.
- Clean audit will be obtained once the department has achieved 100 per cent on non-compliance

The improvement is due to implementation of stringent controls with SCM unit.

Challenges

Among the factors influencing the compensation budget are an incentive grant for the Department of National Public Works and an allocation for the EPWP stipends. The allocation for 2022/23 is R1.1 billion. Over the MTEF, the allocation increases to R1.2 billion in 2023/2024. This rise is attributed to a reduction in budget cuts and cost of living salary adjustment, In the outer years the allocation continues to increase due to non-implementation of budget cuts.

Conditional grant allocations were reduced by an average of 6 per cent across the 22 public body allocations. This reduction has significantly impacted the capability of specifically the local municipalities to implement their job creation programmes, leading to a decrease in the achievement of job creation targets. It has also affected the ability of public bodies to carry out skills development programmes for the EPWP job creation programme participants.

Goods and services decreased from R899 million to R836 million during 2019/2020 and 2020/2021, respectively, due to cost containment measures introduced throughout the department and budget cuts. Additional funding received increased the budget to R959 million. In the year 2022/23, the goods and service budget increased from R679 million to R839million. Over the MTEF period, the budget allocation for 2024/2025 decreased to R798 million because of compulsory budget cuts over the MTEF and increased to R869 million in the last year of the MTEF.

Since the minimum percentage ownership must be more than 50 per cent for targeted groups, transactions where entity ownership is below the minimum percentage cannot be recognised, contributing to underachievement in certain categories. The process of empowering companies to compete for projects that are construction-related has indicated that these targeted groups not only require business opportunities but also support in terms of mentorship and skills development. Hence the department has embarked in Contractor Incubator Programmes (CIPs) where contractors will be appointed for construction works of a predetermined value.

The process of allocating a 30 per cent contracting threshold to SMMEs remains challenging. Communities have high expectations for business opportunities, and collaboration between project and ward councillors has historically negatively impacted on-site project implementation. However, the department is working on improved processes including screening systems for selecting and appointing sub-contractors and the involvement of the Community Liaison Officer (CLO). Additionally, the pandemic led to project delays as many were put on hold, effecting the appointment of subcontractors.

There is a challenge regarding the number of probity auditors available for the workload, the limited number of military veterans and people with disabilities (PwD) for construction contracts and supplier performance management.

Strategies to address challenges

Increased capacity has been requested from probity auditors, and there is an augmentation of the maintenance panel targeting military veterans and PwD. The approved restriction of the service provider policy, SOP and Charter for Restriction Committee has been implemented. Additionally, there has been brainstorming for the supplier performance system to be implemented on the infrastructure pipeline portfolio, and there is a performance of compliance with the procurement planning process through IDMS process.

The streamlined SCM processes aim to ensure the completion of outstanding infrastructure projects within the term.

Projects totalling R1.7 billion have been identified as outstanding and need to be completed before the end of the 6th administrative term. These projects span across all portfolios within DID, including Education, STARS, and Health Infrastructure. Internal SCM processes and timelines will be geared towards ensuring seamless procurement processes for these projects during the 2023/2024 financial year.

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 2023/24	Revised estimate	Medium-term estimates		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Equitable share	3 270 518	3 230 032	3 235 713	3 301 264	3 764 254	4 054 104	3 212 470	3 301 588	3 469 278
Conditional grants	21 163	18 988	6 768	10 006	9 031	9 031	9 010		
Expanded Public Works Programme					9 031	9 031	9 010		
Total receipts	3 291 681	3 249 020	3 242 481	3 311 270	3 773 285	4 063 135	3 221 480	3 301 588	3 469 278

The department's receipts for the year 2021/22 decrease by 1 per cent compared to the prior year, pushing the allocation for the financial year 2021/22 to R3.2 billion. This was due to budget cut implemented during the mid-year budget adjustments on compensation of employees, goods and services, aimed at addressing the impact of Covid-19.

The budget increased from R3.2 billion from the financial year 2022/2023 to R3.3 billion in the 2023/24 financial year. The total budget comprises of funding allocated as both equitable share and conditional grants.

The department is allocated an EPWP conditional grant, mainly for job creation and poverty alleviation. This grant is an incentive from the national Department of Public Works to fund the stipends in the NYS programme. The allocation for this grant has been decreasing due to delayed submissions of POE (proof of evidence) to account for the funds given to the department. Conditional grants saw fluctuations throughout the period. In 2020/21, the department received around R 21.2 million, decreasing to R 19 million in 2021/22, before experiencing a significant drop to R 6.8 million in 2022/23 due to imposed grants to all provincial departments.

However, this allocation increased reaching R 10 million in 2023/24. In the current financial year, the department received a grant cut of R975 million.

In the 2024/25 financial year, the conditional grant will be R9 million due to the previous year's performance.

6.2 Departmental receipts

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

R thousand	Outcome			Main appropriation	Adjusted appropriation 2023/24	Revised estimate	Medium-term estimates		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Tax receipts									
Sales of goods and services other than capital assets	12 374	15 953	16 537	32 013	32 013	32 013	33 450	34 949	36 557
Interest, dividends and rent on land	503	35	271						
Sales of capital assets			11 378			4 321			
Transactions in financial assets and liabilities	3 028	905	7 534	843	843	435	881	920	962
Total departmental receipts	15 905	16 893	35 720	32 856	32 856	36 769	34 331	35 869	37 519

After the Covid-19 pandemic the department has been facing various challenges, especially regarding debt collections on leased properties. Since the pandemic, several tenants applied for payment holidays, leading to an increase in their credit risk.

Total collection for the 2020/21 financial year amounted to R15.9 million, R16.9 million and R35.7 million in 2021/22 and 2022/23, respectively. Transactions in financial assets and liabilities during the 2021/2022 financial year were R905 000 and historical debt collection data indicates that some debts are irrecoverable and need removal from the debtors' books. For the 2022/23 financial year, an amount of R7.5 million has been received compared to R 843 000 in the 2023/24 financial year. Over the MTEF, the department is expecting the situation to worsen, with an additional write-off of R2.8 million expected in the 3-year period.

The collection of R35,7million in 2022/23 million is due to the disposal of properties amounting to 50 per cent of revenue to be collected, and rentals received from commercial and residential properties.

In the year 2020/2021, the sale of goods and services in the department raised revenue of R12.4 million. The low collections were due to strict lockdown regimes during the COVID-19 pandemic, affecting auctions and rentals from commercial and residential properties. Revenue projections for the 2021/2022 financial year are based on 30 properties going on public auction. The number of properties projected to go on auction in the years 2022/23, 2023/24, and 2024/25 are 31, 32, and 32, respectively. The auction is expected to raise revenue of about R32 million in the year 2023/24.

Revenue Strategies to improve debts collections

- **Recovery of long outstanding debts**
Appointment of debt collectors is underway to assist the department in recovering outstanding debt. In the initial phase of the project, 50 percent of the current debtor's book value will be handed over to the service provider. Engagements with the Top 50 owing tenants (both commercial and residential) will involve one-on-one interactions. Tenants will be required to sign an acknowledgment of debt. The current outstanding debt for the Top 50 is at R24.7 million. Non-paying tenants will be handed over to legal services for the recovery of outstanding debt.
- **Leasing of vacant and underutilised properties**
Develop a leasing framework to accommodate the element of leasing to NGO's & NPO's and to enable the department to offer available facilities through open market tenders.
- **Disposal of Noncore Assets**
Five residential assets were sold on auction in the current financial year. Four assets have already been transferred and one been lodged and is pending registration. A total of R8.1 million net revenue received as proceeds from sale of assets in the current financial year. Estimated revenue of R6 million still to be realized between now and end of current financial year through sale of noncore assets. A total of 25 DCS officials have expressed interest and accepted the offer to purchase residential properties they currently occupy. These assets have a market value of R20.4 million. Service provider finalising Offer to Purchase (OTP's) to be signed by prospective buyers. Sixty vacant land parcels identified for sale are awaiting EXCO approval.

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 budgetary considerations for the 2023 MTEF consider the following elements:

Personnel:

Over the MTEF, the department has implemented a 0 per cent increase in Cost-of-Living Adjustment (COLA) and had made no provision for performance bonuses.

Goods and Services:

The consumer price index (CPI) inflation projections will be used for all non-personnel items over the MTEF.

7.2 Programme Summary

TABLE 15.3: SUMMARY OF PAYMENTS AND ESTIMATES: INFRASTRUCTURE DEVELOPMENT

Outcome				Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2020/21	2021/22	2022/23				2023/24	2024/25	2025/26
1. Administration	315 008	403 641	448 389	446 533	472 462	493 282	446 177	338 076	353 625
2. Public Works Infrastructure	2 657 579	2 629 775	2 670 562	2 491 396	3 047 952	3 301 045	2 499 344	2 596 908	2 732 366
3. Expanded Public Works Programme	55 745	142 993	123 530	373 341	252 871	268 808	275 959	366 604	383 287
Total payments and estimates	3 028 332	3 176 409	3 242 481	3 311 270	3 773 285	4 063 135	3 221 480	3 301 588	3 469 278

7.3 Summary of Economic Classification

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

Outcome				Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2020/21	2021/22	2022/23	2023/24			2024/25	2025/26	2026/27
Current payments	1 848 209	2 104 822	2 162 226	1 912 469	2 081 684	2 378 097	2 171 146	2 095 766	2 317 966
Compensation of employees	1 011 818	1 151 014	1 151 970	1 232 558	1 242 183	1 186 478	1 271 993	1 307 610	1 366 452
Goods and services	836 391	932 309	1 007 596	679 911	839 501	1 191 162	899 153	788 156	951 514
Interest and rent on land	1	21 500	2 660			457			
Transfers and subsidies to:	1 093 610	1 031 252	1 039 759	1 242 977	1 246 517	1 248 531	965 616	1 133 874	1 059 864
Provinces and municipalities	1 089 927	1 025 348	1 033 435	1 238 977	1 242 517	1 242 517	961 539	1 131 010	1 057 230
Departmental agencies and accounts	1								
Households	3 682	5 904	6 324	4 000	4 000	6 014	4 077	2 864	2 634
Payments for capital assets	85 872	39 567	38 477	155 824	445 084	436 456	84 718	71 948	91 448
Buildings and other fixed structures	57 509	10 143	13 887	117 524	398 784	398 784	45 760	61 500	81 000
Machinery and equipment	26 217	28 611	24 590	38 300	46 300	37 672	38 958	10 448	10 448
Software and other intangible assets	2 146	813							
Payments for financial assets	641	768	2 019			51			
Total economic classification	3 028 332	3 176 409	3 242 481	3 311 270	3 773 285	4 063 135	3 221 480	3 301 588	3 469 278

The department's budget increased from R3 billion in the 2020/21 financial year to R3.1 billion in the 2021/22 financial year due to the reduction of accruals. It further increased to R3.2 billion for the 2022/23 financial year, attributed to higher allocations for compensation of employees, goods and services and NYS training. The final budget for the 2023/24 financial year was R3.3 billion, growing to R3.7 billion due to an additional funding of R329 million and rollover received during the year. The department had an underspending of R112.7 million surrender in that financial year, primarily resulting from delays in the implementation of EPWP training plans, slow recruitment processes, and delays in the implementation of capex projects as a result poor contractor performance.

Over the MTEF, the budget increases from R3.2 billion in the 2024/25 financial year to R3.3 billion in the 2025/26 financial year and further increases to R3.4 billion in 2026/27 financial year due, driven by increased infrastructure allocations and budget inflationary increases.

Programme 1: Administration

Expenditure of R315 million was incurred in 2020/21, increasing to R403.6 million in 2021/22. The programme was allocated a budget of R448.4 million in the year 2022/23, with the adjusted allocation in 2023/24 is R472.5 million. Over the MTEF period, the total allocation is expected to decrease to R446.2 million in the year 2024/25 due to additional budget allocations for compensation of employees. In the year 2026/27, the budget is projected to be R353.6 million, marking the last year of the MTEF.

Programme 2: Public Works Infrastructure

Public Work infrastructure had an expenditure of R2.7 billion in the 2020/21 financial year, remaining constant in the following year and the year after. An increase in the adjusted allocation for the 2023/24 financial year to R3 billion is due to additional funding received for the implementation of alternative energy amounting to R329 million. The scope of work is derived from the continues power cut in the country, mandating DID to address load shedding at GPG facilities, hospitals, health centres, clinics and schools. Over the MTEF period, the budget for 2024/25 will be R2.5 billion. In the year 2025/26, the budget will increase to R2.6 million and thereafter to R2.7 million in the last year.

Programme 3: Expanded Public Works Programme

The Expanded Public Works Programme had a budget of R55.7 million in the year 2020/21 and thereafter increased to R143 million in the following year, aiming at providing training for the EPWP beneficiary. There was a reduction in the year 2022/23, with an allocation of R123.5 million. To provide training to the EPWP beneficiaries and introduce two new programmes, the budget for the year 2023/24 adjusted budget decreased to R252 million from a main appropriation of R373.3 million. The budget for the 2024/25 financial year is R275 million and increase to R366 million in the 2025/26 financial year.

There has been an improvement in the turnaround time on payment of the service providers within 30 days. To date the department has paid 100 per cent of the service providers within 15 days, reducing the number of accruals reported in the current and prior years. There has been migration from manual submission of invoice to electronic invoicing system, whereby service provider upload invoices on the system or submit them through email. This has reduced the processing and payment timelines to 10 days.

Compensation of Employees:

The trend shows a consistent increase, reflecting ongoing investment in human resources within infrastructure development programmes. The budget allocation for the year 2020/21 is R1 billion, this increased to R1.1 billion in the year 2021/22 and thereafter remain constant in 2022/23. Although there have been compulsory budget cuts on the EPWP grants, the budget for the year 2023/24 was increased to R1.2 billion to cover salary wage agreement. Over the MTEF, the allocation is at R1.2 billion in the 2024/25. In the outer years the allocation will increase to R1.4 billion due to reduction in budget cuts and cost of living salary adjustment.

Goods and Services:

Goods and service budget increased from R836.4 million in the year 2020/21 to R932 million in the year 2021/22. In the year 2022/23 the budget allocation was R1 billion. The main allocation amounted to R680 million and was reduced to R839 million in the adjusted appropriation in year 2023/24 despite receiving additional allocation of R153 million in relation to the leases and rollover. Compulsory budget cuts on goods and services have resulted in severe budget pressures. Over the MTEF, it is expected that the budget for goods and service will increase to R899.1 million in the 2024/25 financial year and R951.5 million in the 2026/27 financial year.

Transfers and Subsidies:

The allocation for the year 2020/21 was R1.1 billion and thereafter remain constant in the following year and there year after. In the year 2022/23, municipalities identified more properties owned by the Gauteng Province. In the same year the department received credit on City of Johannesburg rate bill. The decrease of budget in the outer years is due to some of the properties that were identified by the department during verification and transferred to other departments in accordance with GIAMA. The budget for the 2024/25 financial year will decrease to R961 million billion and increase to R1 billion in the 2026/27 financial year.

7.4 Infrastructure payments

7.4.1 Departmental Infrastructure Payments

Please refer to the 2024 Estimates of Capital Expenditure (ECE)

7.4.2 Departmental Public-Private-Partnership (PPP) projects

The Kopanong PPP project is still in the procurement stage.

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

N/A

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		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Category A	933 005	951 181	847 450	1 089 195	1 092 735	1 074 714	840 249	1 009 720	930 082
Category B	142 765	141 000	185 985	128 000	128 000	146 021	104 000	104 000	109 063
Category C	14 157	13 972		21 782	21 782	21 782	17 290	17 290	18 085
Unallocated	-	(80 805)							
Total departmental transfers	1 089 927	1 025 348	1 033 435	1 238 977	1 242 517	1 242 517	961 539	1 131 010	1 057 230

The arrear accounts owed to municipalities for rates and taxes, coupled with the identification of additional state properties to be added to the Assets Register, necessitate an increase in the allocation for rates and taxes over the years. The budget allocation over the MTEF is R961.5 million in the 2024/25 financial year, subsequently increasing to R1 billion in the 2026/27 financial year.

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 Member of the Executive Council (MEC) and the Head of Department (HOD), provision of Financial Management and Supply Chain Management (SCM) services, corporate support services, 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;
- Sound financial management and compliance to good governance principles
- Effective and sustainable management of departmental resources;
- Operationalisation of IDMS;
- Utilising 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		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
1. Office Of The Mec	16 269	12 747	11 864	14 638	14 740	14 740	11 643	11 795	12 338
2. Corporate Support	286 410	377 430	426 762	412 782	438 609	473 115	415 559	307 103	321 226
3. Management Of The department	12 328	13 464	9 763	19 113	19 113	5 427	18 975	19 178	20 061
Total payments and estimates	315 008	403 641	448 389	446 533	472 462	493 282	446 177	338 076	353 625

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

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Current payments	285 506	374 650	421 269	414 233	432 162	454 270	403 219	338 076	353 625
Compensation of employees	202 277	217 613	237 188	267 476	270 020	256 310	276 077	278 977	291 811
Goods and services	83 230	157 037	181 421	146 757	162 142	197 555	127 142	59 099	61 814
Interest and rent on land			2 660			405			
Transfers and subsidies to:	616	1 433	1 328	4 000	4 000	2 661	4 000		
Provinces and municipalities									
Households	616	1 433	1 328	4 000	4 000	2 661	4 000		
Payments for capital assets	28 244	26 790	23 773	28 300	36 300	36 300	38 958		
Machinery and equipment	26 098	25 977	23 773	28 300	36 300	36 300	38 958		
Software and other intangible assets	2 146	813							
Payments for financial assets	641	768	2 019			51			
Total economic classification	315 008	403 641	448 389	446 533	472 462	493 282	446 177	338 076	353 625

The sub-programmes within this programme are administrative in nature. Expenditure within the Office of the MEC remained below R16.3 million during the 2020/21 financial year and increased to R12 million in the 2021/22 financial year due to core functions sufficiently funded to improve service delivery. The budget then decreased to R11.9 million in the 2022/23 financial year due to the continued implementation of strict cost containment measures. In the year 2023/24 the budget increased to R14.7 million. Over the MTEF, the allocation will increase from R11.6 million in the 2024/25 financial year to R12.3 million in the year 2026/27.

Corporate support allocation was R286.4 million in the 2020/21 financial year and rose to R377.4 million in the 2021/22 financial year due to an escalation in litigations. With the continued rise in litigations in 2022/23, the budget further augmented to R426.8 million. In 2023/24, a modest increase to R438 million was made to acquire tools of the trade for newly appointed officials. However, over the MTEF, the budget is set to decline from R415.5 million in the 2024/25 financial year to R321.2 million in 2026/27 due to implementation of cost containment measures effected throughout the department.

Management of the department's spending was at R12.3 million in the 2020/21 financial year and increased to R13.4 million in the year 2021/22. In 2022/23 the budget was reprioritised to R9.8 million to fund the core mandate of the department. The adjusted appropriation for 2023/24 is increased to R19 million. Throughout the MTEF, the budget will increase gradually from R19 2024/25 and thereafter to R20 million in the last year of the MTEF.

Supply chain management within the corporate support sub-programme remains one of the critical functions that support our core branches in the department. This necessitates the need to create and fill vacant posts under corporate support. The cost of living adjustment was implemented throughout, resulting in a gradual increase in the compensation of employee's budget. Spending for the year 2020/21 was R202.3 million and increased to R217.6 million in 2021/22. The allocation continues to increase from R237.2 million in 2022/23 to R270 million in 2023/24 to fill in critical posts. Over the MTEF period, budgets will increase from R276.1 million in the 2024/25 financial year to R291.8 million in the 2026/27 financial year.

Goods and services expenditure was R83.2 million in the 2020/21 financial year. In the year 2021/22, it increased to R157 million. During the year 2022/23, the budget amounted to R181 million to fund legal claims. Compulsory budget cuts resulted in an allocation of R16.12 million in the year 2023/24 from the original budget of R146.7. Over the MTEF, the allocated budget will continue to decrease to R127 million in 2024/25 financial year and R61.8 million in the 2026/37 financial year.

The households' budget increased from R616 000 in the year 2020/21 to R1.4 million in 2021/22, and R4 million in the 2022/23 to allow officials to acquire the required skills at various learning institutions. In the 2023/24 and 2024/25 financial years, the allocation remains constant at R4 million.

The machinery and equipment budget for the 2020/21 financial year is R26.1 million and declined to R26 million in the year 2021/22. In 2022/23 the allocation decreased to R23.8 million due to cost-cutting measures and strict monitoring of the cell phone. During the mid-year budget adjustment in 2023/24, the budget was revised from R28.3 million to R36.3 million to make provision for additional funding under tools of trade. Over the MTEF, the budget for capital assets will continue to increase to R38.9 million.

SERVICE DELIVERY MEASURES

PROGRAMME 1: ADMINISTRATION

Programme performance measures	Estimated performance	Medium-term estimates		
	2023/24	2024/25	2025/26	2026/27
Amount of Revenue collected	24 million	24 million	24 million	24 million
Percentage of DID service provider invoices settled within 30 days	100%	100%	100%	100%
Percentage of client department service provider invoices settled within 30 days	80%	80%	80%	80%
Percentage of management posts filled by women	50%	50%	50%	50%

PROGRAMME 2: PUBLIC WORKS INFRASTRUCTURE

Programme Description

The purpose of the Public Works Programme is to deliver the essential services mandated to the department. This encompasses the planning, design and construction of infrastructure projects, implementation of maintenance projects, property management (immovable asset management), facilities management and provision of infrastructure research, policy and systems.

Within GPG, the DID has been exclusively delegated by Exco as the sole implementer of infrastructure and maintenance projects on behalf of all GPG departments. Maintenance projects involve renovations, refurbishments, and upgrades. In the case of the provincial Department of Health, this also includes implementation of day-to-day, routine/preventative, and the emergency maintenance at all health facilities in the province, excluding Jubilee Hospital and Odi Hospital, which are maintained by the provincial Department of Health.

The GDID manages construction procurement projects for provincial departments and issues the framework/term contracts for day-to-day, routine/preventative maintenance, as needed, for all provincial departments. This includes the maintenance and estate management services provided for shared offices.

The programme is additionally responsible for managing life cycle of immovable assets of the GPG as the provincial custodian. It oversees and plans for the effective and efficient utilisation of immovable assets, management of leases, estates and payment of creditors for allocated areas, as well as the 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 or Alternative energy 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		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
1. Construction	226 977	196 170	227 576	266 718	590 922	616 201	258 712	293 045	322 919
2. Maintenance	635 014	673 474	692 190	686 626	693 366	714 933	758 644	713 350	744 951
3. Immovable Asset Management	1 795 587	1 760 131	1 750 796	1 538 052	1 763 664	1 969 911	1 481 988	1 590 513	1 664 496
Total payments and estimates	2 657 579	2 629 775	2 670 562	2 491 396	3 047 952	3 301 045	2 499 344	2 596 908	2 732 366

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		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Current payments	1 506 970	1 587 182	1 617 435	1 124 895	1 396 651	1 655 068	1 492 045	1 391 337	1 581 233
Compensation of employees	757 978	817 740	824 872	843 257	851 207	829 714	874 398	913 517	954 327
Goods and services	748 991	747 942	792 563	281 638	545 444	825 302	617 647	477 820	626 906
Interest and rent on land	1	21 500				52			
Transfers and subsidies to:	1 092 993	1 029 816	1 038 423	1 238 977	1 242 517	1 245 821	961 539	1 133 623	1 059 685
Provinces and municipalities	1 089 927	1 025 348	1 033 435	1 238 977	1 242 517	1 242 517	961 539	1 131 010	1 057 230
Departmental agencies and accounts	1								
Households	3 066	4 468	4 988			3 304		2 613	2 455
Payments for capital assets	57 616	12 777	14 704	127 524	408 784	400 156	45 760	71 948	91 448
Buildings and other fixed structures	57 509	10 143	13 887	117 524	398 784	398 784	45 760	61 500	81 000
Machinery and equipment	107	2 634	817	10 000	10 000	1 372		10 448	10 448
Software and other intangible assets									
Payments for financial assets									
Total economic classification	2 657 579	2 629 775	2 670 562	2 491 396	3 047 952	3 301 045	2 499 344	2 596 908	2 732 366

This programme is considered core, with the bulk of the department's budget allocated to it. In the year 2020/21 financial year, the allocation for this programme was R2.6 billion, remaining constant at R2.6 billion in the 2021/22 financial year. For the 2022/23 financial year, the allocation continues to remain relatively constant at R2.7 billion. The initial appropriation for the 2023/24 financial year was R2.5 billion and then revised to R3 billion, aiming to provide funding for alternative energy, wage agreement, property leases, and utilities that were previously unfunded. The overall programme showed improvement in the allocation, although some of the items within the goods and service are not adequately funded.

The budget allocation is R2.5 billion the 2024/25 financial year, increasing to R2.6 billion for the 2025/26 financial year, and further increasing to R2.7 billion in the 2026/27 financial year.

In the 2023/24 financial year, the department identified 108 critical posts that must be filled, however, only 78 posts were filled during year due to budget cuts implemented over the MTEF periods. Overall, technical capacity has increased, however, the current vacancy rate in the department is 13 per cent, which is above the expected norm of 10 per cent, and this has a direct impact on the capacity to deliver services.

Allocation for compensation of employees has significantly increased over the years. The allocation for the 2020/21 financial year increased from R758 million to R817.7 million in the 2021/22 financial year. Appointing personnel is in accordance with Occupational Specific Dispensation (OSD) salary scales, which are higher than the normal government salary grades, having a significant impact on the budget. The allocation continues to increase from R824.9 in the 2022/23 financial year to an adjusted budget of R851.2 million in the 2023/24 financial year. The increase in the current year's allocation is due to reprioritisation of funds to cover wage agreement and filling critical posts.

Over the MTEF period, the allocation increased from R874.4 million in the 2024/25 financial year to R913 million in the 2025/26 financial year. In the last year of the MTEF, the allocation will continue to increase to R954.3 million.

Goods and service allocation for the 2020/21 and the 2021/22 financial years remain constant at R748 million, thereafter increasing to R792.6 million in the following year. During the 2023/24 budget adjustment period, the budget allocation was increased from R281.6 million to R545.4 million to cover underfunded property leases, security services and municipal bills on water and lights. Additional funding of R100 million and a roll-over of R52 million were received, which have since reduced some of the pressure on the item. Shifting and virements were implemented to ensure adequate provision of the tools and safeguarding of government assets.

Over the MTEF period, the allocated budget will increase to 617.6 million in the 2024/25 financial year due to annual escalation rate on property leases and the yearly increase on municipal bills, provision of security services and cleaning. Compulsory budget cuts continue to affect the allocation for the 2024/25 financial year. In the 2025/26 financial year the allocation was R477.8 million and increased to R626.9 million in the last year of the MTEF.

Expenditure on rates and taxes remain relatively constant at R1 million in the 2020/21, 2021/22 and 2022/23 financial years. The identification of additional state buildings/properties has put pressure on this allocation over the years. The additional properties normally come with arrear accounts. The department has, over the years, spent the entire allocation provided each year. In the 2023/24 financial year, the allocation increased to R1.2 billion due to approved roll-over and additional properties that were identified by the municipalities. Over the MTEF, the allocation amounts to R961.5 million in the 2024/25 financial year and thereafter increase to R1 billion in the 2026/27 financial year.

Expenditure on payments for capital assets has been reducing over the years. The programme spent R57.6 million in 2020/21, and in the following year the allocation was reduced to R10.1 million and thereafter to R13.9 million in the 2022/23 financial year. In the year 2023/24 the allocation was revised from R117.5 million to R398.8 million due to additional funding received in relation not alternative energy. Although there has been some decline in the performance of infrastructure due to poor contractor performance, overall, the department's allocation was increased. Over the MTEF period, the allocation will increase by R45.8 million in 2024/25 financial year to R81 million in the year 2026/27.

SERVICE DELIVERY MEASURES

PROGRAMME 2: PUBLIC WORKS INFRASTRUCTURE

Programme performance measures	Estimated performance	Medium-term estimates		
	2023/24	2024/25	2025/26	2026/27
Number of infrastructure designs ready for tender (IDMS Gate 4)	21	TBC	TBC	TBC
Number of new facilities completed	10	TBC	TBC	TBC
Number of facilities renovated	13	TBC	TBC	TBC
Number of upgrades and additions completed on GPG facilities	7	TBC	TBC	TBC
Number of smart meters installed at GPG facilities	100	TBC	TBC	TBC
Number of GPG facilities equipped with SolarPV +Battery Storage	20	TBC	TBC	TBC
Number of planned maintenance projects completed	130	TBC	TBC	TBC
Number of immovable assets verified in the Immovable Asset Register (IAR) in accordance with the mandatory requirements of National Treasury	7568	7568	7568	7567
Number of Electro Mechs commissioned at health facilities	10	TBC	TBC	TBC

PROGRAMME 3: EXPANDED PUBLIC WORKS PROGRAMME**Programme description**

The purpose of Expanded Public Works Programme (EPWP) is to oversee the implementation of programmes and strategies that foster the development and empowerment of communities and contractors. This involves the provincial management and co-ordination of the EPWP, a nationwide programme initiative designed to redirect public-sector spending toward projects that generate additional employment 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, vacant sites, and Health Maintenance 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		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
1. Programme Support Cbp	19 845	20 276	29 103	37 086	38 969	41 528	58 124	33 214	34 742
2. Community Development	35 900	122 718	94 427	336 255	213 902	227 280	217 835	333 390	348 545
Total payments and estimates	55 745	142 993	123 530	373 341	252 871	268 808	275 959	366 604	383 287

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		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Current payments	55 733	142 990	123 522	373 341	252 871	268 759	275 882	366 353	383 108
Compensation of employees	51 563	115 661	89 910	121 825	120 956	100 454	121 518	115 116	120 314
Goods and services	4 170	27 329	33 612	251 516	131 915	168 305	154 364	251 237	262 794
Interest and rent on land									
Transfers and subsidies to:		3	8			49	77	251	179
Households		3	8			49	77	251	179
Payments for capital assets	12								
Machinery and equipment	12								
Payments for financial assets									
Total economic classification	55 745	142 993	123 530	373 341	252 871	268 808	275 959	366 604	383 287

This programme is a key priority of the province as it creates job, develops communities, and trains beneficiaries participating in the programme. The aim is to improve the skills of the beneficiaries to empower them to be self-sufficient after they have exited the program. For the 2021/22 financial year, the programme was heavily hampered by COVID-19 restrictions, and participants were negatively impacted by the pandemic. This required that the training of these beneficiaries be implemented a staggered approach due to social distancing restrictions. As a result, most of the targets for the year were not met.

Expenditure on the programme amounted to R55.7 million in the 2020/21 financial year and increased to R143 million in 2021/22 financial year. The budget allocation for the 2022/23 financial year was revised downwards to R123.5 million due to late appointment of panel of service providers and the impact of PPR 2017. For the 2023/24 financial year, the initial allocation was R373.3 million and revised to R252.9 million due to late implementation of the training programme for the EPWP beneficiaries. Over the MTEF period, the allocation will increase from R276 million in the year 2024/25 financial year to R383.3 million in the 2026/27 financial year.

The Compensation of Employee's budget includes the conditional grant received from the National Department of Public Works and is primarily for the payment of stipends to the beneficiaries. This grant is allocated based on performance in the previous year's allocation. Expenditure on compensation of employees increased from R51.6 million in 2020/21 financial year to R115.7 million in the 2021/22 financial year and subsequently declined to R89.9 million due to challenges on recruiting NYS learners in the 2022/23 financial year. In the 2023/24 financial year, the budget increased to R120 million due to an increase in number of learners recruited during the year and funding of critical posts under programme. Over the MTEF, the budget will decrease from R121.5 million in the 2024/25 financial year to R120.3 million in 2026/27 financial year.

Expenditure on goods and services relates to training of the EPWP beneficiaries, tools of trade and protective clothing. The budget increased from R4.2 million in the year 2020/21 to R27.3 million in the year 2021/22, and it continues to increase to R33.6 million in the subsequent year. In the year 2023/24 financial year the programme witnessed a substantial increase in allocation to R131.9 million due to the implementation of the two programs Vacant land and Health Maintenance. In the same year, the department trained most of the EPWP beneficiaries. In the outer years, an amount of R154.4 million will be allocated for the 2024/25 financial year, increasing to R262.8 million in 2026/27 financial year.

SERVICE DELIVERY MEASURES

PROGRAMME 3: EXPANDED PUBLIC WORKS PROGRAMME

Programme performance measures	Estimated performance	Medium-term estimates		
	2023/24	2024/25	2025/26	2026/27
Number of work opportunities created by Provincial Public Works through the National Youth Service Programme	2 500	TBC	TBC	TBC
Number of Public Bodies reporting on EPWP targets in the province coordinated (the value of the indicator to the province)	22	TBC	TBC	TBC
Number of beneficiaries participating in the Health Maintenance Programme	1020	TBC	TBC	TBC
Number of beneficiaries participating in the Vacant Sites & Facilities EPWP Maintenance Programme	1095	TBC	TBC	TBC
Number of EPWP participants successfully completed skills development programmes	2 500	TBC	TBC	TBC

9. OTHER PROGRAMME INFORMATION

9.1 Personnel Numbers and Costs

The vacancy rate at the beginning of financial year 2022/23 was 16 per cent, with a total of 470 vacancies. Out of these, 200 positions were prioritised for filling in the financial year 2022/2023. All 200 identified positions were filled, along with other positions that became vacant due to natural attrition. It is note worth that more than 70 per cent of the filled positions were due to promotions, resulting in no significant impact on the vacancy rate. The annual turnover rate is 6.3 per cent. The vacancy rate at the beginning of financial year 2023/24 remained at 16 per cent with a total of 460 vacancies.

Out of the 460 vacancies, 108 positions were prioritised for filling during the 2023/2024 financial period. To date, 104 positions have been filled, and the remaining 4 positions are expected to be filled before the end of this financial year. Once more, most of the positions were filled through promotions.

A total of 136 critical vacant positions are planned to be filled during the 2024/2025 financial year. Approval has been granted by the Head of Department to advertise, and the approval has been communicated to the Director General in the Office of the Premier for further approval. The estimated cost to fill all 136 posts is R48 million.

The department will advertise and fill the identified critical posts in a phased approach over the 2023/2024 and 2024/2025 financial years to alleviate pressure on the Compensation of Employee (CoE) budget. The staggered plan is to fill 14 posts during 2023/2024 financial year, with the remaining 122 posts planned for filling during the 2024/2025 financial year, spread over a 12-month period. Additionally, the department will fill positions that become vacant due to natural attrition.

Delay in filling essential services posts has a negative impact on service delivery to client departments, resulting in cost implications for the overtime budget.

However, due to the COE cost containment measures applied over the MTEF by National Treasury, as indicated in the table below, the department has developed its Recruitment Plan in line with the National Treasury directive for departments to spend within the allocated COE budget baselines. Although the department plans to recruit within the allocated COE budget, there is a risk that the department may not meet the regulated 10 per cent vacancy rate:

Description	FY 2021/22	FY 2022/23	FY 2023/24
COE Budget before cuts	R 1,169,271,000	R 1,247,607,000	R 1,287,381,000
Minus: Budget cuts	(R 162,731,000)	(R 236,162,000)	(R 150,432, 000)
=COE budget after cuts	R 1, 006, 540,000	R 1, 011, 445,000	R1, 127,949,000

Furthermore, the Minister for Public Service and Administration introduced Circular No. 49 of 2023, dated 17 October 2023, outlining control measures to assist executive authorities in managing fiscal sustainability during the creation and filling of posts in the departments. According to this Circular, certain vacant posts in the department are programmatically blocked on PERSAL. This includes posts that become vacant after the implementation of this Circular, which is 17 October 2023. The restriction imposed by this Circular poses a risk that may adversely impact the timely filling of the remaining vacant posts in the department, as a consultation process with the MPSA must be followed for these posts to be considered for filling. The Department is currently in consultation with Provincial Treasury to confirm the budget availability for the implementation of the proposed organisational structure.

The current financial constraints have required cuts to some of the planned training interventions, leading to the inability to implement other priority training programmes. The Directorate: Human Resources Development (HRD) is concerned that the cost containment measures are likely to have a negative impact on the sustainability of the bursaries programme and the implementation of learnerships and internships as outlined in the current financial year.

9.2 Training

TABLE 15.13: INFORMATION ON TRAINING: INFRASTRUCTURE DEVELOPMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation 2023/24	Revised estimate	Medium-term estimates		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Number of staff	2 696	2 494	2 487	2 570	2 570	2 570	2 570	2 570	2 570
Number of personnel trained	2 000	1 330	1 510	1 490	1 490	1 490	1 540	1 550	1 550
of which									
Male	1 070	730	810	820	820	820	820	820	820
Female	930	600	700	670	670	670	720	730	730
Number of training opportunities	1 281	980	1 140	1 190	1 190	1 190	1 170	1 170	1 170
of which									
Tertiary	80	50	60	70	70	70	70	70	70
Workshops	150	130	140	150	150	150	150	150	150
Seminars	100	120	130	140	140	140	140	140	140
Other	951	680	810	830	830	830	810	810	810
Number of bursaries offered	193		150	100	100	100	150	150	150
Number of interns appointed	143		160	170	170	170	170	170	170
Number of learnerships appointed	383		40	60	60	60	70	80	80
Number of days spent on training									
Payments on training by programme									
1. Administration	17 533	1 494	5 813	5 871	5 871	5 871	5 930	6 196	6 481
2. Public Works Infrastructure	26 798	7 880	13 055	13 135	13 135	13 135	13 266	13 860	14 498
3. Expanded Public Works Programme	9 776	691	1 796	1 814	1 814	1 814	1 832	1 914	2 002
Total payments on training	54 107	10 065	20 664	20 820	20 820	20 820	21 028	21 970	22 981

The department has been experiencing financial constraints due to budget cuts over the years, leading to a shift in focus. A decision was made to prioritise staff training, provided necessary tools of trade, and ensure proper capacitation. Consequently, this impacted the issuance of bursaries and recruitment for learnerships and internships. This programme will be revisited in the future if the fiscal conditions improve.

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 2023/24	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Tax receipts									
Sales of goods and services other than capital assets	12 374	15 953	16 537	32 013	32 013	32 013	33 450	34 949	36 557
Sale of goods and services produced by department (excluding capital assets)	12 374	15 953	16 537	32 013	32 013	32 013	33 450	34 949	36 557
Sales by market establishments	12 374	15 953	16 537	32 013	32 013	32 013	33 450	34 949	36 557
Transfers received from:									
Fines, penalties and forfeits									
Interest, dividends and rent on land	503	35	271						
Interest	503	35	271						
Dividends									
Sales of capital assets			11 378			4 321			
Other capital assets									
Transactions in financial assets and liabilities	3 028	905	7 534	843	843	435	881	920	962
Total departmental receipts	15 905	16 893	35 720	32 856	32 856	36 769	34 331	35 869	37 519

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

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Current payments	1 848 209	2 104 822	2 162 226	1 912 469	2 081 684	2 378 097	2 171 146	2 095 766	2 317 966
Compensation of employees	1 011 818	1 151 014	1 151 970	1 232 558	1 242 183	1 186 478	1 271 993	1 307 610	1 366 452
Salaries and wages	877 087	1 009 038	1 001 049	1 065 778	1 075 403	1 024 239	1 095 612	1 122 672	1 173 006
Social contributions	134 731	141 976	150 921	166 780	166 780	162 239	176 381	184 938	193 446
Goods and services	836 391	932 309	1 007 596	679 911	839 501	1 191 162	899 153	788 156	951 514
Administrative fees	58	106	13	520	520	28	520		
Advertising	360	4 438	3 356	3 390	3 390	4 328	2 500		
Minor assets	206	428	454	2 870	2 870	2 870	2 300	800	837
Audit cost: External	10 104	22 929	38 056	20 000	25 000	16 411	17 971	11 463	11 990
Bursaries: Employees	641	89	103	6 000	6 000	6 561	6 500		
Catering: Departmental activities	14	607	603	500	1 417	2 447	200		
Communication (G&S)	1 013	1 506	1 089	1 750	2 054	2 191	2 096	1 145	1 198
Computer services	10 382	22 296	28 537	20 500	12 500	10 909	13 000	20 908	21 866
Consultants and professional services:									
Business and advisory services	1 167	17 404	6 794	31 085	34 085	31 085	34 000		
Legal services	30 713	46 887	62 038	21 070	26 232	83 104	21 000	10 448	10 929
Contractors	643	2 679	2 433	4 750	4 750	318	2 500		
Agency and support / outsourced services	2 734	28 317	41 991	245 416	135 921	166 748	147 650	244 208	255 442
Entertainment									
Fleet services (including	46 725	39 810	43 881	33 116	35 441	43 873	47 572	25 408	26 576

R thousand	2020/21	2021/22	Outcome	Main	Adjusted	Revised	Medium-term estimates		
			2022/23	appropriation	appropriation	estimate	2024/25	2025/26	2026/27
					2023/24				
government motor transport)									
Inventory: Clothing material and accessories	1 236	3 826	3 280	8 080	8 349	4 556	14 100	4 193	4 386
Inventory: Food and food supplies									
Inventory: Materials and supplies	29	5	45	605	605	17			
Inventory: Medical supplies									
Inventory: Other supplies				620	620				
Consumable supplies	16 584	3 581	3 673	5 170	5 170	6 928	1 945	1 092	1 142
Consumable: Stationery, printing and office supplies	1 933	4 222	4 096	2 300	2 300	3 761	3 399	1 148	1 201
Operating leases	401 160	494 231	470 541	165 216	265 216	461 354	204 500	165 970	300 710
Property payments	293 484	205 729	263 011	84 024	239 601	310 722	352 202	285 162	298 280
Transport provided: Departmental activity	290	37							
Travel and subsistence	12 380	15 807	20 231	8 424	12 955	19 505	16 780	4 281	4 478
Training and development	4 231	13 629	11 455	11 393	11 393	11 846	7 018	11 930	12 479
Operating payments	210	1 165		402	402	402	400		
Venues and facilities	94	2 579	1 916	2 710	2 710	1 198	1 000		
Interest and rent on land	1	21 500	2 660			457			
Interest	1	21 500	2 660			457			
Rent on land									
Transfers and subsidies	1 093 610	1 031 252	1 039 759	1 242 977	1 246 517	1 248 531	965 616	1 133 874	1 059 864
Provinces and municipalities	1 089 927	1 025 348	1 033 435	1 238 977	1 242 517	1 242 517	961 539	1 131 010	1 057 230
Provinces									
Provincial agencies and funds									
Municipalities	1 089 927	1 025 348	1 033 435	1 238 977	1 242 517	1 242 517	961 539	1 131 010	1 057 230
Municipalities	1 089 927	1 025 348	1 033 435	1 238 977	1 242 517	1 242 517	961 539	1 131 010	1 057 230
Departmental agencies and accounts	1								
Provide list of entities receiving transfers	1								
Households	3 682	5 904	6 324	4 000	4 000	6 014	4 077	2 864	2 634
Social benefits	3 665	5 812	6 315	4 000	4 000	6 014	4 077	1 766	1 764
Other transfers to households	17	91	9				1 098	870	
Payments for capital assets	85 872	39 567	38 477	155 824	445 084	436 456	84 718	71 948	91 448
Buildings and other fixed structures	57 509	10 143	13 887	117 524	398 784	398 784	45 760	61 500	81 000
Buildings	57 509	10 143	13 887	117 524	398 784	398 784	45 760	61 500	81 000
Machinery and equipment	26 217	28 611	24 590	38 300	46 300	37 672	38 958	10 448	10 448
Other machinery and equipment	26 217	28 611	24 590	38 300	46 300	37 672	38 958	10 448	10 448
Software and other intangible assets	2 146	813							

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Payments for financial assets	641	768	2 019			51			
Total economic classification	3 028 332	3 176 409	3 242 481	3 311 270	3 773 285	4 063 135	3 221 480	3 301 588	3 469 278

TABLE 15.16: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Current payments	285 506	374 650	421 269	414 233	432 162	454 270	403 219	285 506	374 650
Compensation of employees	202 277	217 613	237 188	267 476	270 020	256 310	276 077	202 277	217 613
Salaries and wages	176 536	190 556	208 255	231 058	233 602	221 649	237 424	176 536	190 556
Social contributions	25 741	27 057	28 933	36 418	36 418	34 661	38 653	25 741	27 057
Goods and services	83 230	157 037	181 421	146 757	162 142	197 555	127 142	59 099	61 814
Administrative fees	58	67	13	520	520	28	520		
Advertising	360	4 438	3 356	3 390	3 390	4 328	2 500		
Minor assets	15	223	194	1 870	1 870	1 870	1 000		
Audit cost: External	10 104	22 929	38 056	20 000	25 000	16 411	17 971	11 463	11 990
Bursaries: Employees	641	89	103	6 000	6 000	6 561	6 500		
Catering: Departmental activities	14	174	410	500	723	817	100		
Communication (G&S)	256	1 394	672	1 750	1 750	1 750	2 096	1 145	1 198
Computer services	10 367	22 294	28 515	20 000	12 000	10 620	13 000	20 000	20 916
Consultants and professional services: Business and advisory services	1 167	17 404	6 794	31 085	31 085	31 085	17 000		
Legal services	30 708	46 866	62 038	21 070	26 232	83 104	21 000	10 448	10 929
Contractors	643	2 679	2 433	4 750	4 750	318	2 500		
Agency and support / outsourced services	473	5 061	4 777	4 100	14 100	5 088	10 000		
Fleet services (including government motor transport)	16 990	8 075	9 419	5 520	8 520	9 133	3 038	2 129	2 227
Inventory: Clothing material and accessories		74	502			34	8 100		
Inventory: Materials and supplies	1	5		605	605	2			
Inventory: Other supplies				620	620				
Consumable supplies	1 223	877	1 806	1 670	1 670	2 583	500		
Consumable: Stationery, printing and office supplies	1 932	3 737	3 961	2 300	2 300	3 759	3 099	1 148	1 201
Operating leases	2 838	3 416	2 402	2 500	2 500	2 500	4 500		
Property payments		31							
Transport provided: Departmental activity		37							
Travel and subsistence	941	1 665	2 899	4 004	4 004	4 120	5 300	836	874
Training and development	4 231	12 721	11 155	11 393	11 393	11 846	7 018	11 930	12 479

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Operating payments	175	1 150		400	400	400	400		
Venues and facilities	94	1 629	1 916	2 710	2 710	1 198	1 000		
Interest and rent on land			2 660			405			
Interest			2 660			405			
Rent on land									
Transfers and subsidies	616	1 433	1 328	4 000	4 000	2 661	4 000		
Households	616	1 433	1 328	4 000	4 000	2 661	4 000		
Social benefits	599	1 429	1 328	4 000	4 000	2 661	4 000		
Other transfers to households	17	4							
Payments for capital assets	28 244	26 790	23 773	28 300	36 300	36 300	38 958		
Machinery and equipment	26 098	25 977	23 773	28 300	36 300	36 300	38 958		
Other machinery and equipment	26 098	25 977	23 773	28 300	36 300	36 300	38 958		
Software and other intangible assets	2 146	813							
Payments for financial assets	641	768	2 019			51			
Total economic classification	315 008	403 641	448 389	446 533	472 462	493 282	446 177	338 076	353 625

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

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Current payments	1 506 970	1 587 182	1 617 435	1 124 895	1 396 651	1 655 068	1 492 045	1 506 970	1 587 182
Compensation of employees	757 978	817 740	824 872	843 257	851 207	829 714	874 398	757 978	817 740
Salaries and wages	650 933	704 561	704 752	714 888	722 838	704 618	739 743	650 933	704 561
Social contributions	107 046	113 179	120 120	128 369	128 369	125 096	134 655	107 046	113 179
Goods and services	748 991	747 942	792 563	281 638	545 444	825 302	617 647	477 820	626 906
Administrative fees		39							
Advertising									
Minor assets	192	205	260	1 000	1 000	1 000	1 300	800	837
Catering: Departmental activities		2	9		149	149	100		
Communication (G&S)	645	47	341		280	411			
Computer services	15	2	22	500	500	289		908	950
Consultants and professional services: Business and advisory services					3 000		3 000		
Legal services	5	21							
Agency and support / outsourced services		608	6 653						
Entertainment									
Fleet services (including government motor transport)	28 479	30 255	32 292	25 596	25 596	32 954	43 339	22 030	23 043
Inventory: Clothing material and accessories	1 040	2 981	2 501		269	2 267	6 000		

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2020/21	2021/22	2022/23	2023/24			2024/25	2025/26	2026/27
Inventory: Materials and supplies			45			15			
Consumable supplies	15 360	2 704	1 867	3 500	3 500	4 345	400		
Consumable: Stationery, printing and office supplies	1	485	135			2	300		
Operating leases	398 322	490 815	468 139	162 716	262 716	458 854	200 000	165 970	300 710
Property payments	293 484	205 698	263 011	84 024	239 601	310 722	352 202	285 162	298 280
Travel and subsistence	11 413	14 066	17 288	4 300	8 831	14 292	11 006	2 950	3 086
Operating payments	35	15		2	2	2			
Venues and facilities									
Interest and rent on land	1	21 500				52			
Interest	1	21 500				52			
Rent on land									
Transfers and subsidies	1 092 993	1 029 816	1 038 423	1 238 977	1 242 517	1 245 821	961 539	1 133 623	1 059 685
Provinces and municipalities	1 089 927	1 025 348	1 033 435	1 238 977	1 242 517	1 242 517	961 539	1 131 010	1 057 230
Provinces									
Provincial agencies and funds									
Municipalities	1 089 927	1 025 348	1 033 435	1 238 977	1 242 517	1 242 517	961 539	1 131 010	1 057 230
Municipalities	1 089 927	1 025 348	1 033 435	1 238 977	1 242 517	1 242 517	961 539	1 131 010	1 057 230
Departmental agencies and accounts	1								
Provide list of entities receiving transfers	1								
Households	3 066	4 468	4 988			3 304		2 613	2 455
Social benefits	3 066	4 380	4 979			3 304		1 515	1 585
Other transfers to households		87	9					1 098	870
Payments for capital assets	57 616	12 777	14 704	127 524	408 784	400 156	45 760	71 948	91 448
Buildings and other fixed structures	57 509	10 143	13 887	117 524	398 784	398 784	45 760	61 500	81 000
Buildings	57 509	10 143	13 887	117 524	398 784	398 784	45 760	61 500	81 000
Machinery and equipment	107	2 634	817	10 000	10 000	1 372		10 448	10 448
Other machinery and equipment	107	2 634	817	10 000	10 000	1 372		10 448	10 448
Software and other intangible assets									
Payments for financial assets									
Total economic classification	2 657 579	2 629 775	2 670 562	2 491 396	3 047 952	3 301 045	2 499 344	2 596 908	2 732 366

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

R thousand	Outcome			Main appropriation 2023/24	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2020/21	2021/22	2022/23				2024/25	2025/26	2026/27
Current payments	55 733	142 990	123 522	373 341	252 871	268 759	275 882	55 733	142 990
Compensation of employees	51 563	115 661	89 910	121 825	120 956	100 454	121 518	51 563	115 661
Salaries and wages	49 619	113 921	88 042	119 832	118 963	97 972	118 445	49 619	113 921
Social contributions	1 944	1 740	1 868	1 993	1 993	2 482	3 073	1 944	1 740
Goods and services	4 170	27 329	33 612	251 516	131 915	168 305	154 364	251 237	262 794
Advertising									
Catering: Departmental activities		431	184		545	1 481			
Communication (G&S)	112	65	76		24	30			
Agency and support / outsourced services	2 261	22 648	30 561	241 316	121 821	161 660	137 650	244 208	255 442
Fleet services (including government motor transport)	1 256	1 480	2 170	2 000	1 325	1 786	1 195	1 249	1 306
Inventory: Clothing material and accessories	195	771	277	8 080	8 080	2 255		4 193	4 386
Inventory: Other supplies									
Consumable supplies	1						1 045	1 092	1 142
Transport provided: Departmental activity	290								
Travel and subsistence	26	76	44	120	120	1 093	474	495	518
Operating payments									
Venues and facilities		950							
Transfers and subsidies		3	8			49	77	251	179
Households		3	8			49	77	251	179
Social benefits		3	8			49	77	251	179
Payments for capital assets	12								
Machinery and equipment	12								
Other machinery and equipment	12								
Software and other intangible assets									
Payments for financial assets									
Total economic classification	55 745	142 993	123 530	373 341	252 871	268 808	275 959	366 604	383 287