

Capital expenditure by the public sector for 2017

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20 August 2018



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Background

Reporting units for public-sector capex (2016 & 2017)¹

	2016: 772	2017: 751
Public Corporations	47	46
Provincial Government	123	123
Municipalities	278	257
National Government	47	47
Higher Education Institutions	26	26
Extra-Budgetary Accounts	251	252

¹Public sector classification committee

¹Not adjusted for the different financial years

Capital expenditure is:

“any expenditure incurred in or incidental to the acquisition or improvement of land, buildings, engineering structures and machinery and equipment”.

The expenditure normally confers a lasting benefit and results in the acquisition of, or extends the life period of, a fixed asset.

Capital expenditure does not:

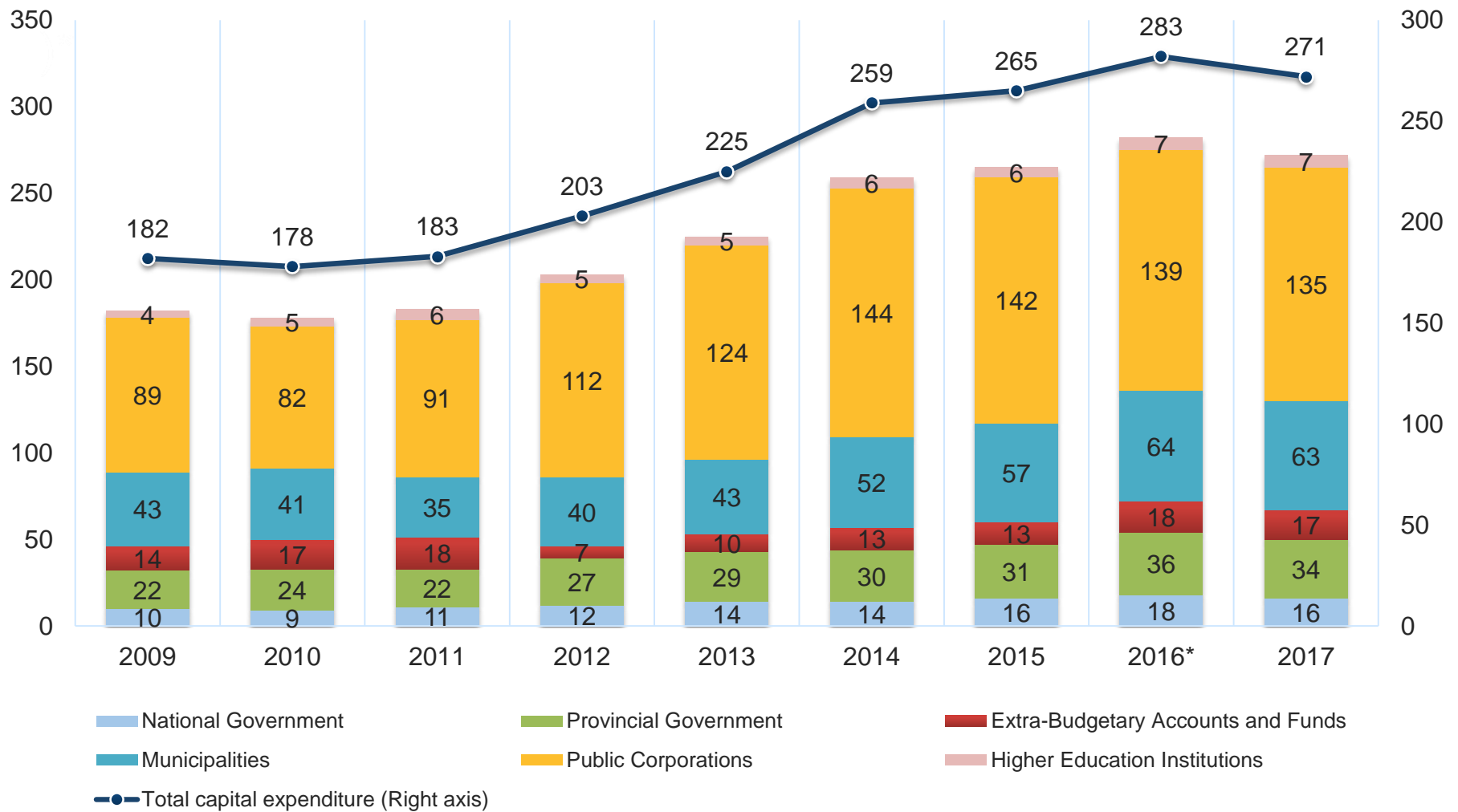
- Measure or monitor specific projects of specific entities. It only reports on capex spend (by type) during their financial year.
- Verify the existence of the fixed assets purchased or constructed.
- Indicate timeframes for structures completed or to be completed.
- Reconcile different year-ends of the reporting units.
- Compare capex spent across different reporting units.

Type of capital expenditure

- New construction works;
- Plant, machinery and equipment;
- Transport equipment;
- Land and existing buildings;
- Other fixed assets; and
- Leased assets and investment property.

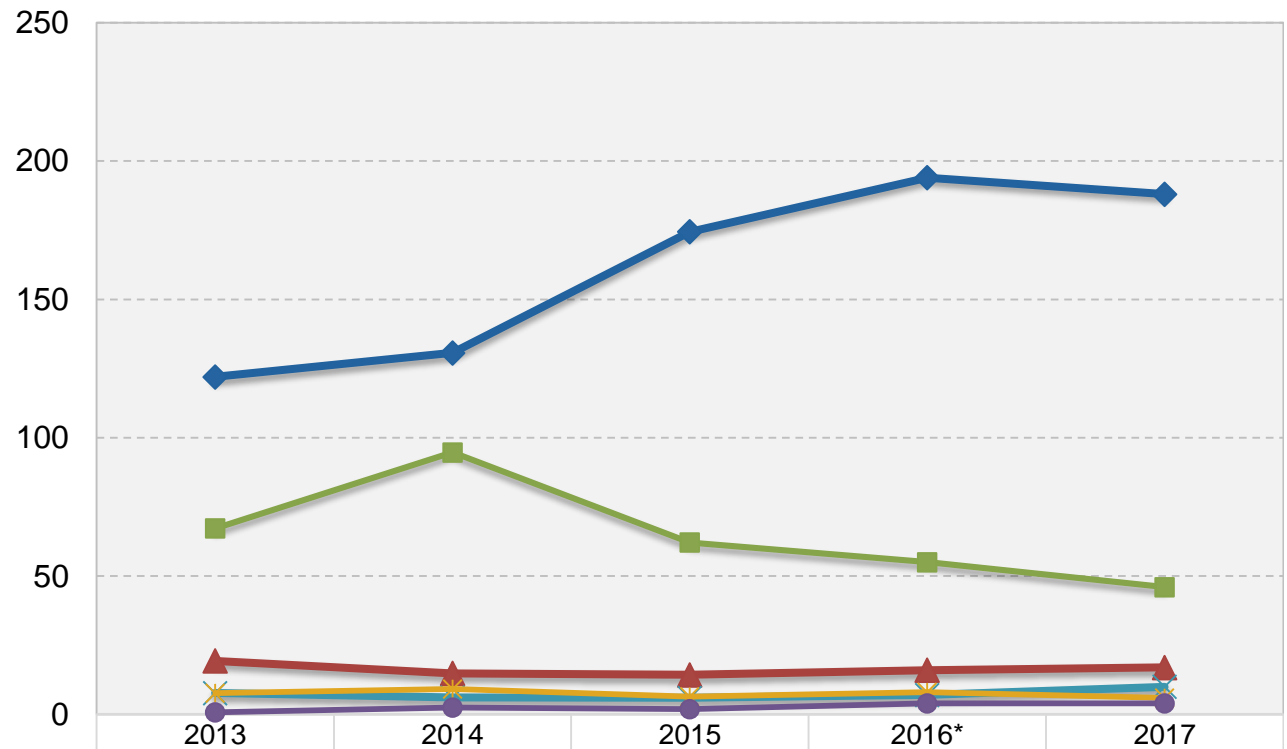
Key findings

Contribution to total capex by institution (R billion)*



* Rounded off

Total capex by asset (R billion)



◆ New construction works	122	131	174	194	188
■ Plant, machinery and equipment	67	95	62	55	46
▲ Land and existing buildings	19	15	14	16	17
✕ Other fixed assets	8	6	6	7	10
✱ Transport equipment	8	9	6	8	6
● Leased assets and investment property	1	2	2	4	4

Total capex by type of asset (R billion)

2016

2017

Plant, Machinery & Equipment

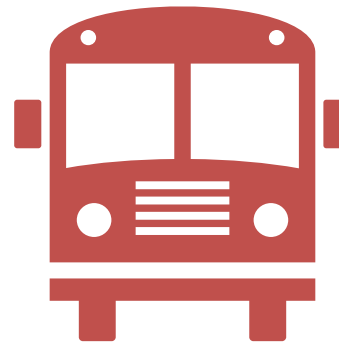


↓ 16%

R55,0

R46,1

Transport Equipment



↓ 18%

R7,8

R6,4

Land & Existing Buildings



↑ 7%

R15,8

R16,8

New Construction Works



↓ 3%

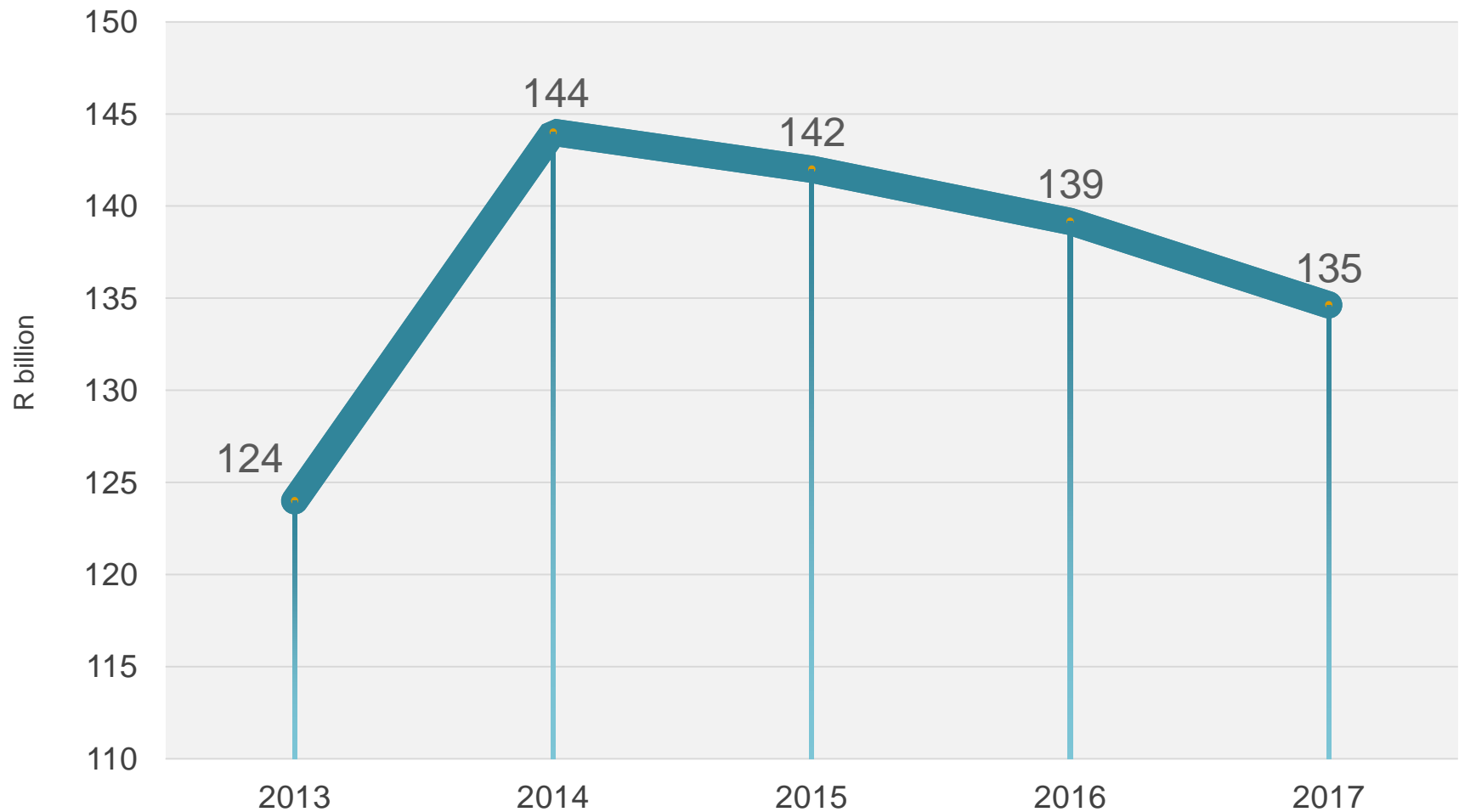
R193,7

R188,3

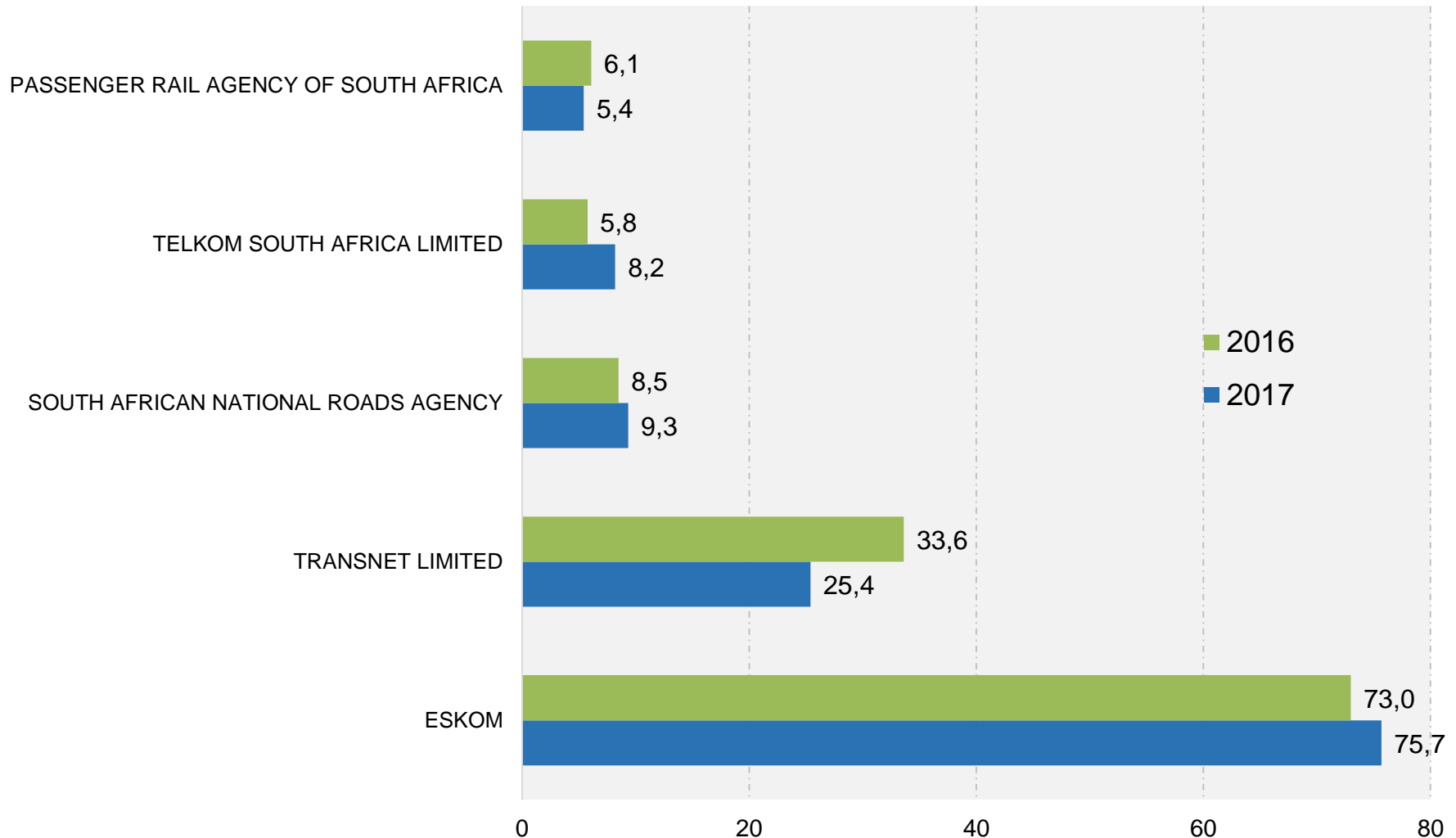
Examples of capex by public sector institutions in 2017

Public corporations

Public corporations (R billion)



Major contributions: public corporations, 2017 (R billion)



Major contributions by public corporations, 2017

Eskom



Eskom remains the main contributor to the total capital expenditure (R75,7 billion) during the 2016/17 financial year, which was spent mainly on the power generation projects at Kusile and nationwide on new electricity distribution programmes.

Major contributions by public corporations, 2017

South African National Roads Agency



The South African National Roads Agency capital expenditure increased to R9,3 billion in 2017 from R8,5 billion in 2016.

Its capital works on roads (such as Moloto road), amounted to R6,3 billion.

Major contributions by public corporations, 2017

Transnet Limited



Transnet spent R1,9 billion on purchases of new wagons for freight rail and R22,5 billion on various equipment for various operating divisions across the country.

Major contributions by public corporations, 2017

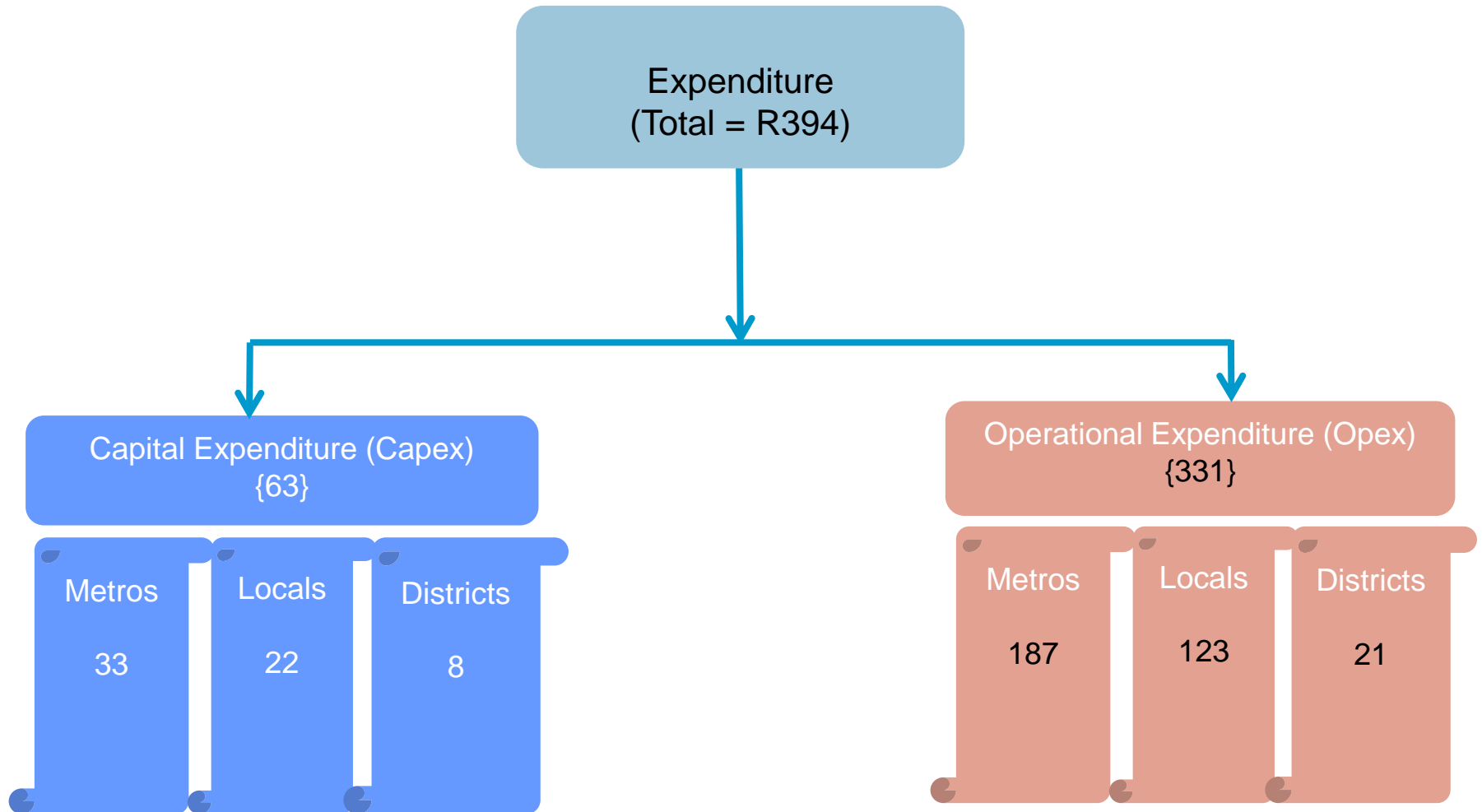
Telkom SA Ltd



About R8,2 billion invested mainly in submarine cable systems, network evolution initiatives, sustainment programme, freehold buildings, network, support equipment, IT and operating software systems and the new next generation network programme.

Municipalities

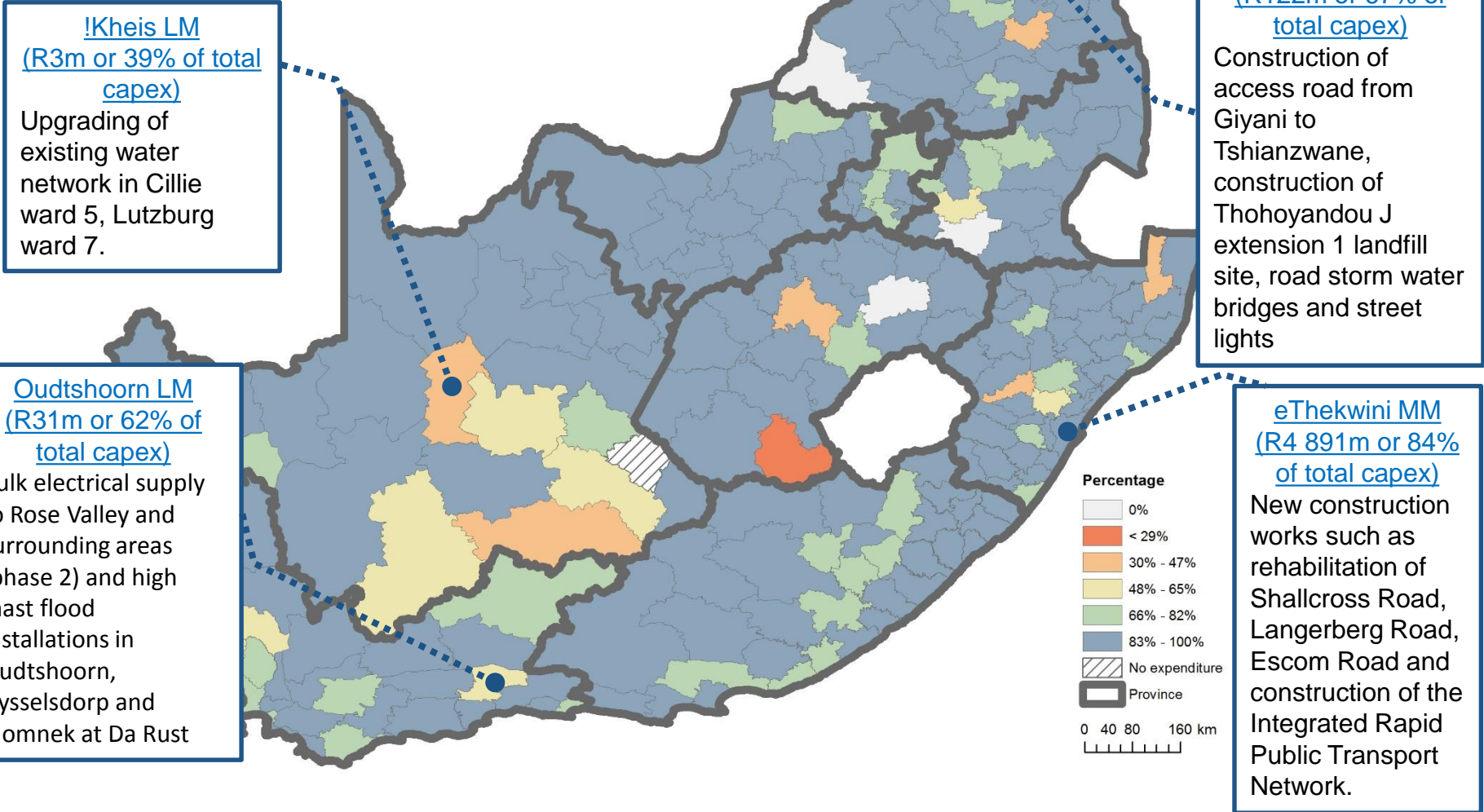
Municipal expenditure in 2017 (R billion) : Capex vs Opex



Capex: municipalities

Local and metropolitan municipalities

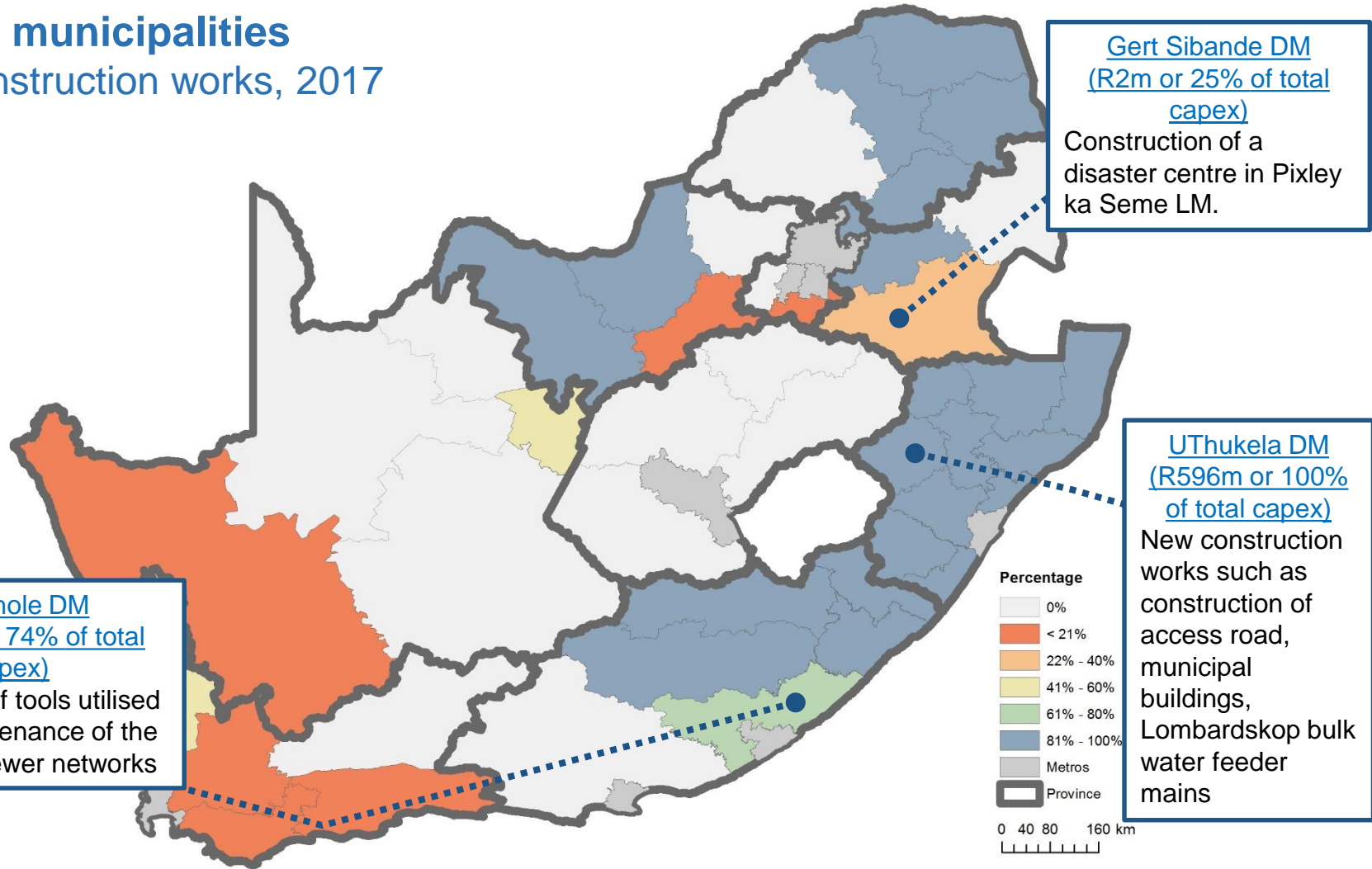
New construction works, 2017



Capex: municipalities

District municipalities

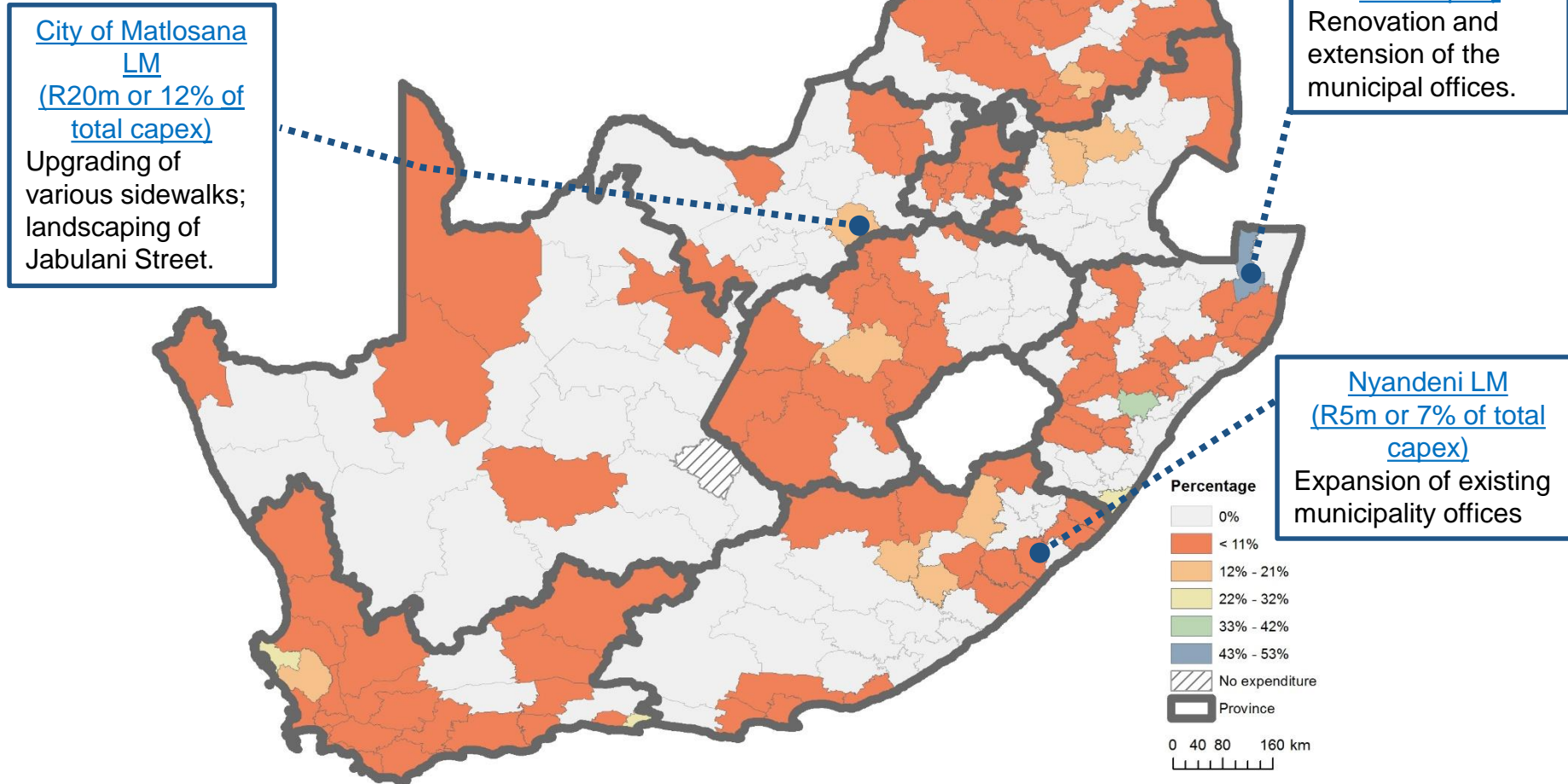
New construction works, 2017



Capex: municipalities

Local and metropolitan municipalities

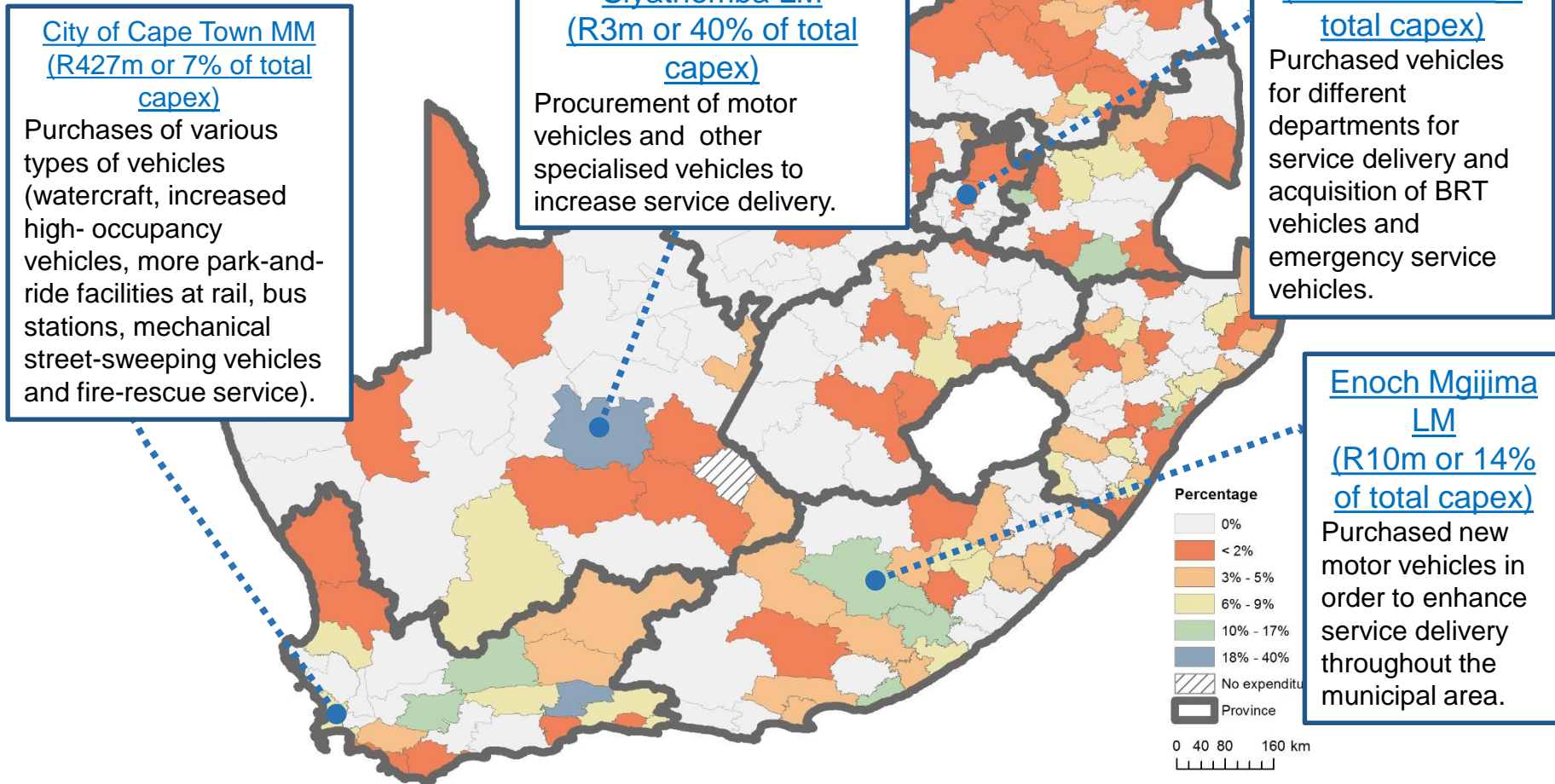
Land and existing buildings, 2017



Capex: municipalities

Local and metropolitan municipalities

Transport equipment, 2017



Capex: municipalities

Local and metropolitan municipalities

Plant, machinery & equipment, 2017

City of Cape Town MM
(R935m or 15% of total capex)

Purchases of more park-and-ride facilities at rail and bus stations under construction, computers, tables, phones and laptops, computers for libraries, expansion of CCTV cameras on the areas of Kewton, Gatesville, Goodwood and Parow and furniture for additional staff.

City of Johannesburg MM
(R1 881m or 24% of total capex)

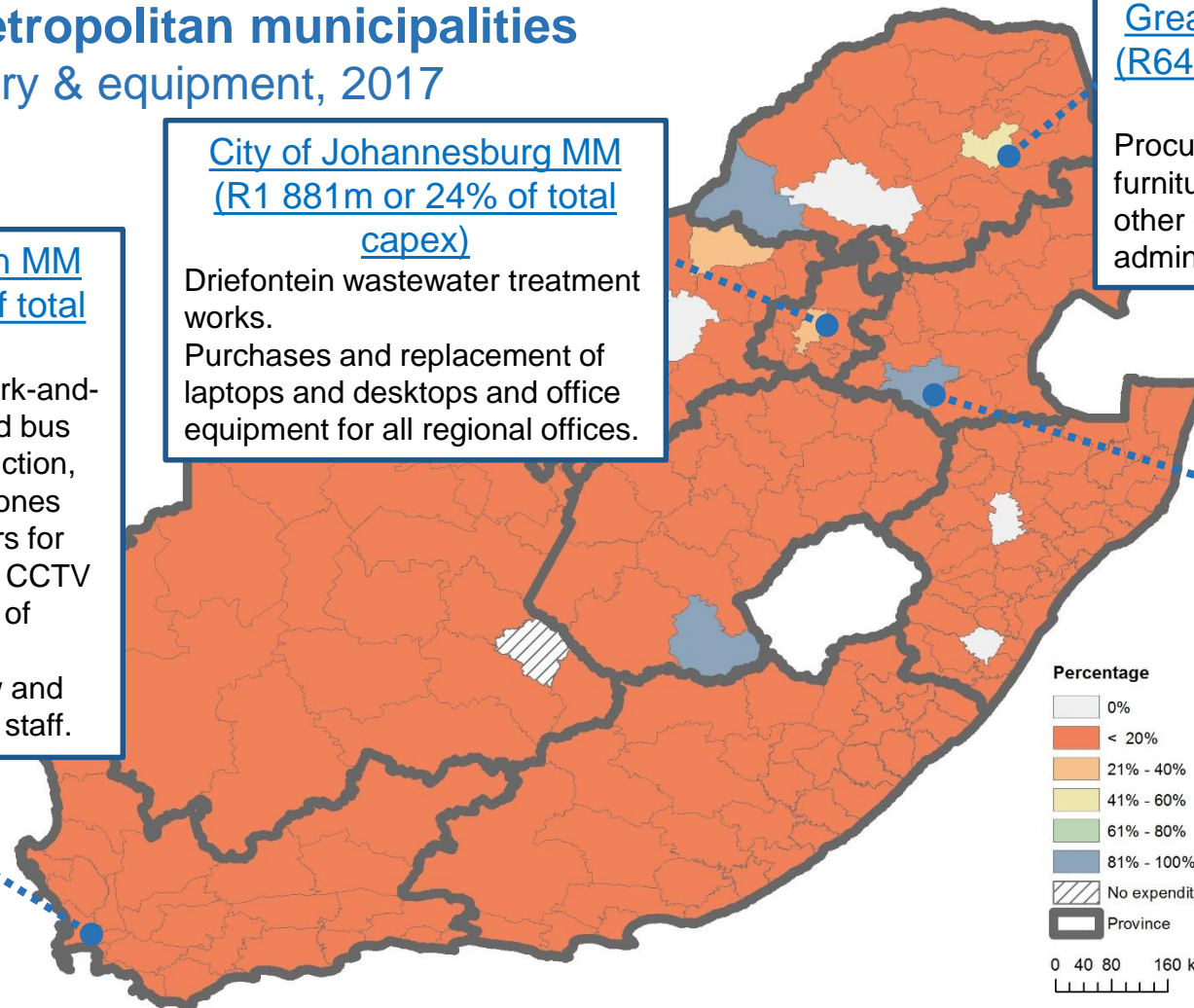
Driefontein wastewater treatment works.
Purchases and replacement of laptops and desktops and office equipment for all regional offices.

Greater Tzaneen LM
(R64m or 49% of total capex)

Procurement of office furniture, computer and other equipment for administrative staff.

Lekwa LM
(R40m or 100% of total capex)

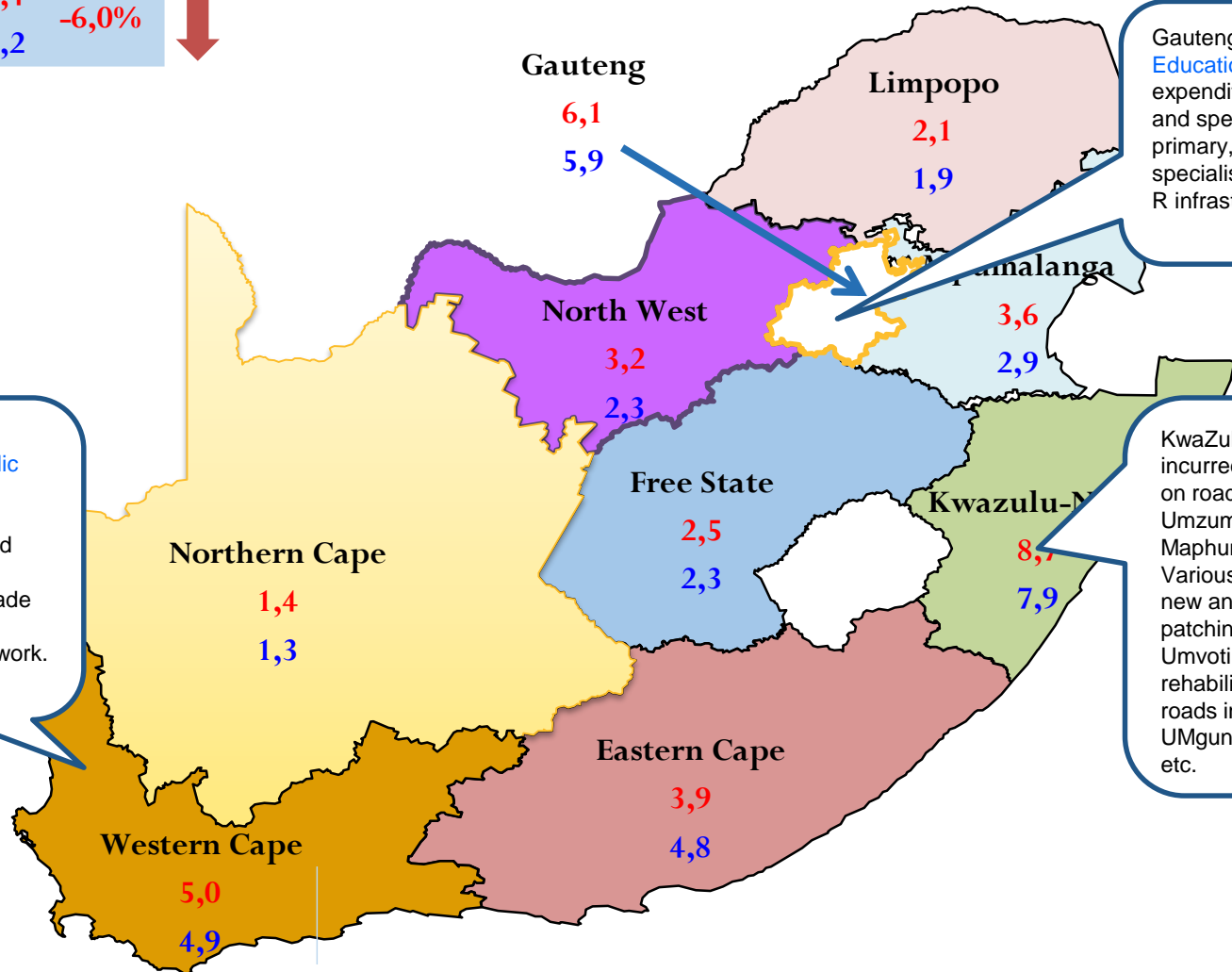
Expenditure was on printers, computers, cameras, vacuum cleaners and scanners for the office, workshop equipment and medical equipment.



Provincial government

Examples of provincial government capex, 2017 (R billion)

Total 2016: 36,4
 Total 2017: 34,2 -6,0%



Gauteng Department of Education had a capital expenditure of R2,5 billion and spent R2,4 billion on primary, secondary and specialised schools, grade R infrastructure, etc.

Western Cape Transport and Public Works R2,6 billion was on provincial roads and streets in order to preserve and upgrade conditions of the provincial road network.

KwaZulu-Natal Transport incurred R3,5 billion of its on road upgrades in Ulundi, Umzumbe, new gravel at Maphumulo and Abaqulisi. Various other spend on new and pedestrian bridges, patching and repairs in Umvoti, as well as rehabilitation of various roads in ILembe, eThekweni, UMgungundlovu, Uthukela, etc.

Examples of provincial government capex, 2017 (R billion)

Departments

R billion

Reasons

Western Cape: Transport and Public Works

2,9

- Construction of provincial roads and streets.

Gauteng: Education

2,5

- Construction of various primary, secondary and specialised schools for grade R, etc.

Examples of provincial government capex, 2017 (R billion)

Departments

R billion

Reasons

Kwazulu-Natal: Education

2,2

- Built 263 classrooms and 43 specialist classrooms in public ordinary schools for primary, secondary, specialised and grade R schools.

Eastern Cape: Basic Education

1,8

- Specialised schools, extension of old secondary schools, new primary schools etc. in Engcobo, Elundini and Buffalo City etc.

Gauteng: Health

1,6

- Construction of district, regional, central and tertiary hospitals throughout the province.

Extra-budgetary accounts and funds

Examples of EBA capex, 2017 (R billion)

Departments

R billion

Reasons

Property Management Trading Entity

4,7

- Major renovations and alterations in harbours for the Small Harbours and Coastline Development programme

Water Trading Entity

3,2

- Bulk water project in Mopani DM

South African Revenue Service

1,2

- Computer equipment and computer software to ensure that it remained current to OEM supported versions

Examples of EBA capex, 2017 (R billion)

Departments	R billion	Reasons
Road Agency Limpopo	1,2	<ul style="list-style-type: none">Upgrading, rehabilitation and resealing of roads; building of 2 road bridges.
Agriculture Land Holding Account	0,7	<ul style="list-style-type: none">Acquisition of land and agricultural equipment.
National Research Foundation	0,6	<ul style="list-style-type: none">Acquisition of land for astronomy reserve for SKA project, and construction of buildings for research purposes.

National government

Examples of national government capex, 2017 (R billion)

Departments	Amount	Reasons
Water Affairs	5,0	<ul style="list-style-type: none">Rehabilitation of conveyance systems and 31 Municipal Water Infrastructure programmes.
South African Police Service	2,8	<ul style="list-style-type: none">Purchases of motor vehicles and construction of driver testing centres, police stations and laboratories.
Justice and Constitutional Development	1,4	<ul style="list-style-type: none">Construction of new buildings and improvements to the head office in Gauteng

Examples of national government capex, 2017 (R billion)

Departments	Amount	Reasons
Basic Education	1,1	<ul style="list-style-type: none">▪ New construction and rehabilitation of schools
National Department of Defence	0,9	<ul style="list-style-type: none">▪ Construction of new buildings, purchased motor vehicles and audio visual, gardening, laundry equipment, etc.
Correctional Services	0,9	<ul style="list-style-type: none">▪ Procurement of capital assets to defray excess expenditure on goods and services and rehabilitation of prisons nationally.

Higher education institutions

Examples of higher education capex, 2017 (R million)

Stellenbosch University

1 050

- Expenditure was on non-residential buildings (offices and lecture rooms) in the university campus.

University of Pretoria

738

- New construction works in the university campus, new & replacement of computers, laboratory equipment and vehicles.

University of Venda

615

- Work-in-progress of student residential buildings and construction of office blocks.

Examples of higher education capex, 2017 (R million)

University of Mpumalanga

518

- 4 new buildings completed as part of phase 2 for the 2017 academic year

University of Witwatersrand

487

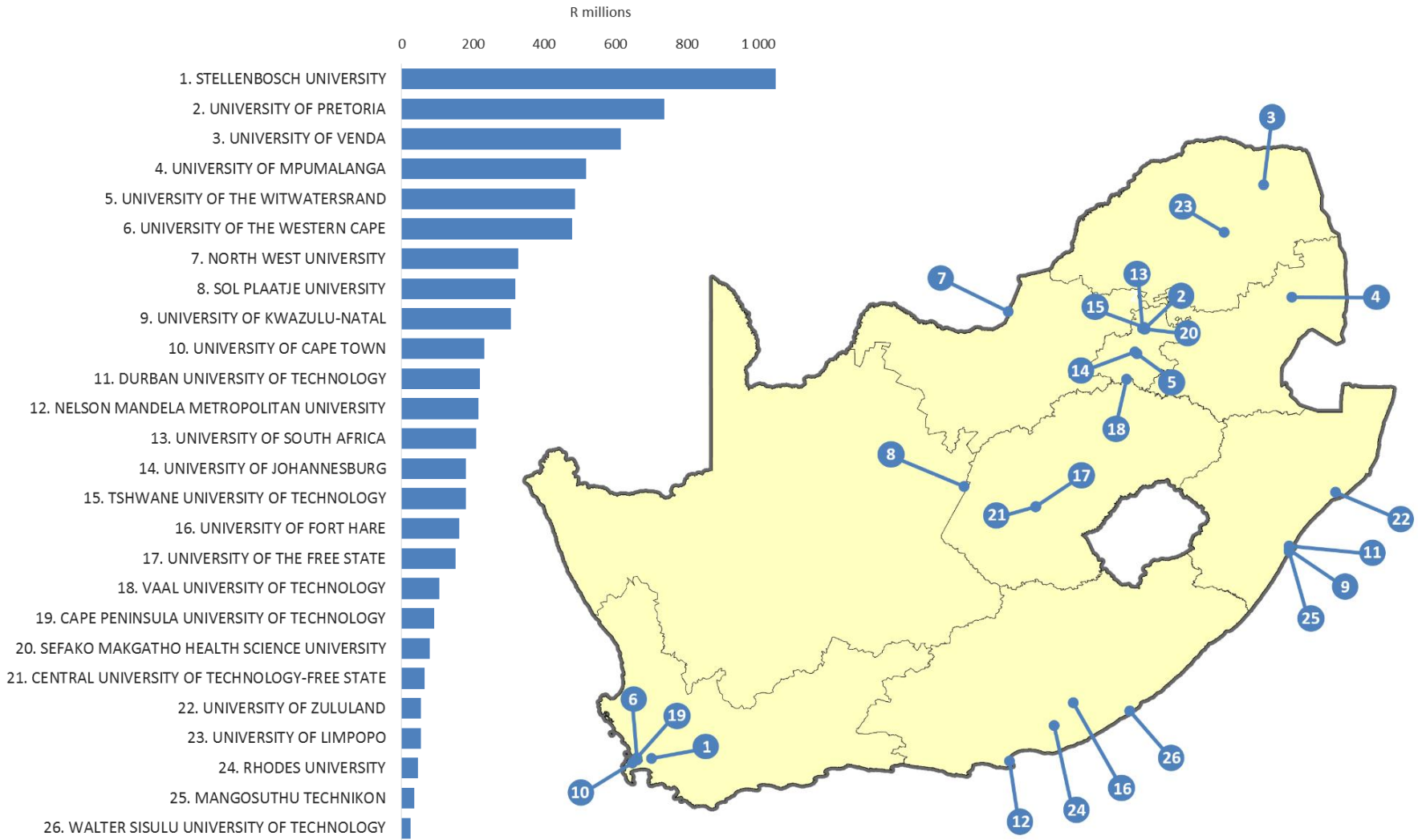
- Non-residential buildings particularly the teaching venues and research laboratories, IT and field work research vehicles.

University of the Western Cape

479

- 2 new buildings were constructed for the 2017 academic year.
- Capex on existing sport and recreation amenities

Capex on higher education institutions, 2017 (R million)



Conclusion

Conclusion

- Capex by public sector institutions for the last 5 years exceeded R1,3 trillion
- This is the first year-on-year capex decrease, since 2009_2010
- By Type: New construction was the largest component of public-sector capex
- By institution: Public corporations was the largest spenders
- Significant amounts were spent on service-delivery orientated aspects
- Unit data is available on the website (or on request)

Thank you

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