

# Capital expenditure by the public sector, 2018

Measuring public-sector investment  
in the nation's infrastructure

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Statistics South Africa  
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# Why measure capital expenditure?

**Capital expenditure** is money that an institution spends to buy, maintain or upgrade fixed assets, such as buildings, vehicles, land and equipment

Well-maintained infrastructure facilitates trade, improves connectivity, attracts investment, and allows communities to access services

## Limitations of the report

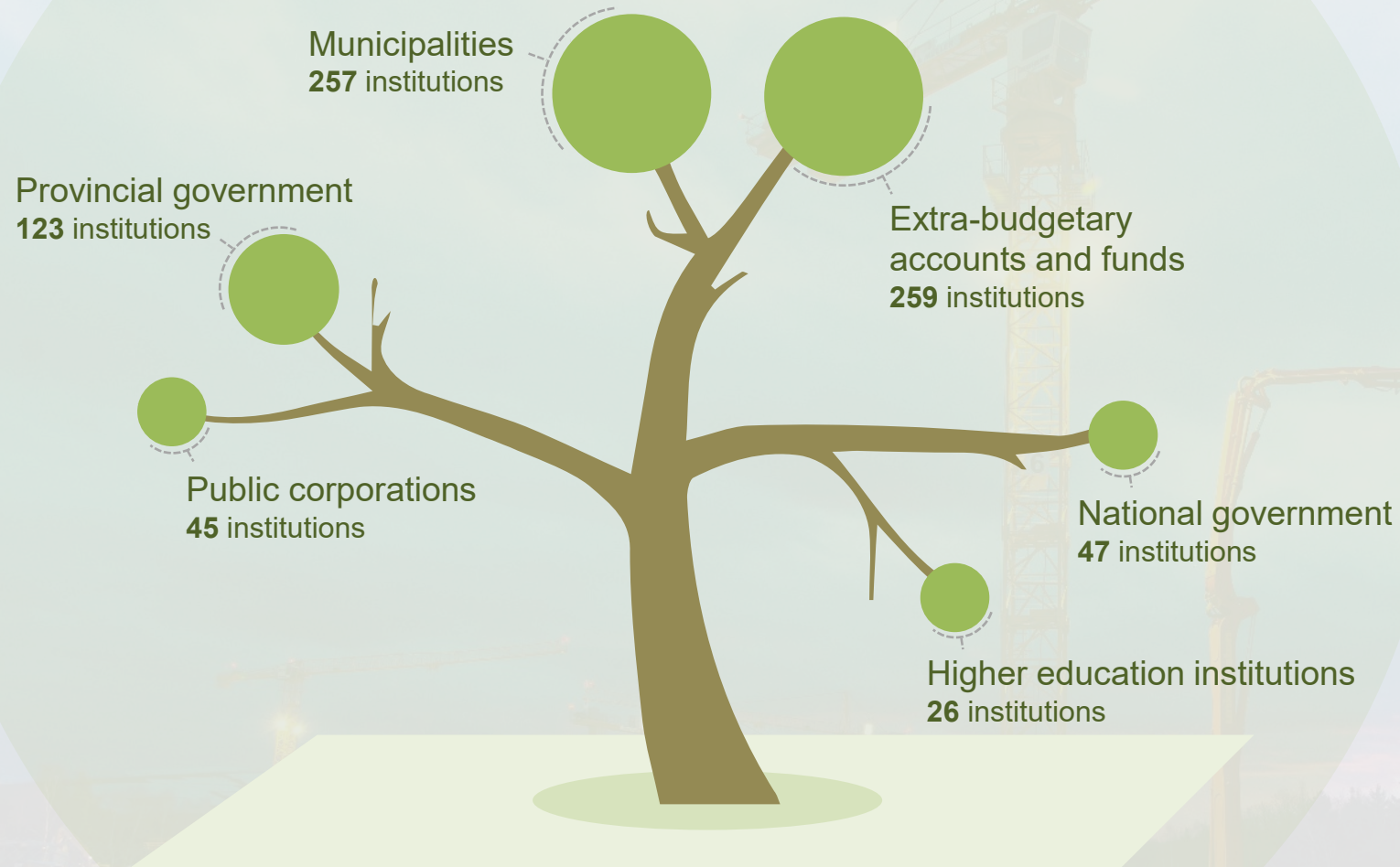
- Reports only capex spend (by type) during their financial year
- Does not verify the existence of the fixed assets purchased or constructed
- Does not indicate timeframes for structures completed or to be completed
- Reports on funds that were actually spent, not future or expected capex
- Does not reconcile different year-ends of the reporting units
- Does not compare capex spent across different reporting units



# Types of capital expenditure



# 757 institutions belong to the public-sector family (year: 2018)



*'Public sector classification committee Not adjusted for the different financial years*



# Key findings



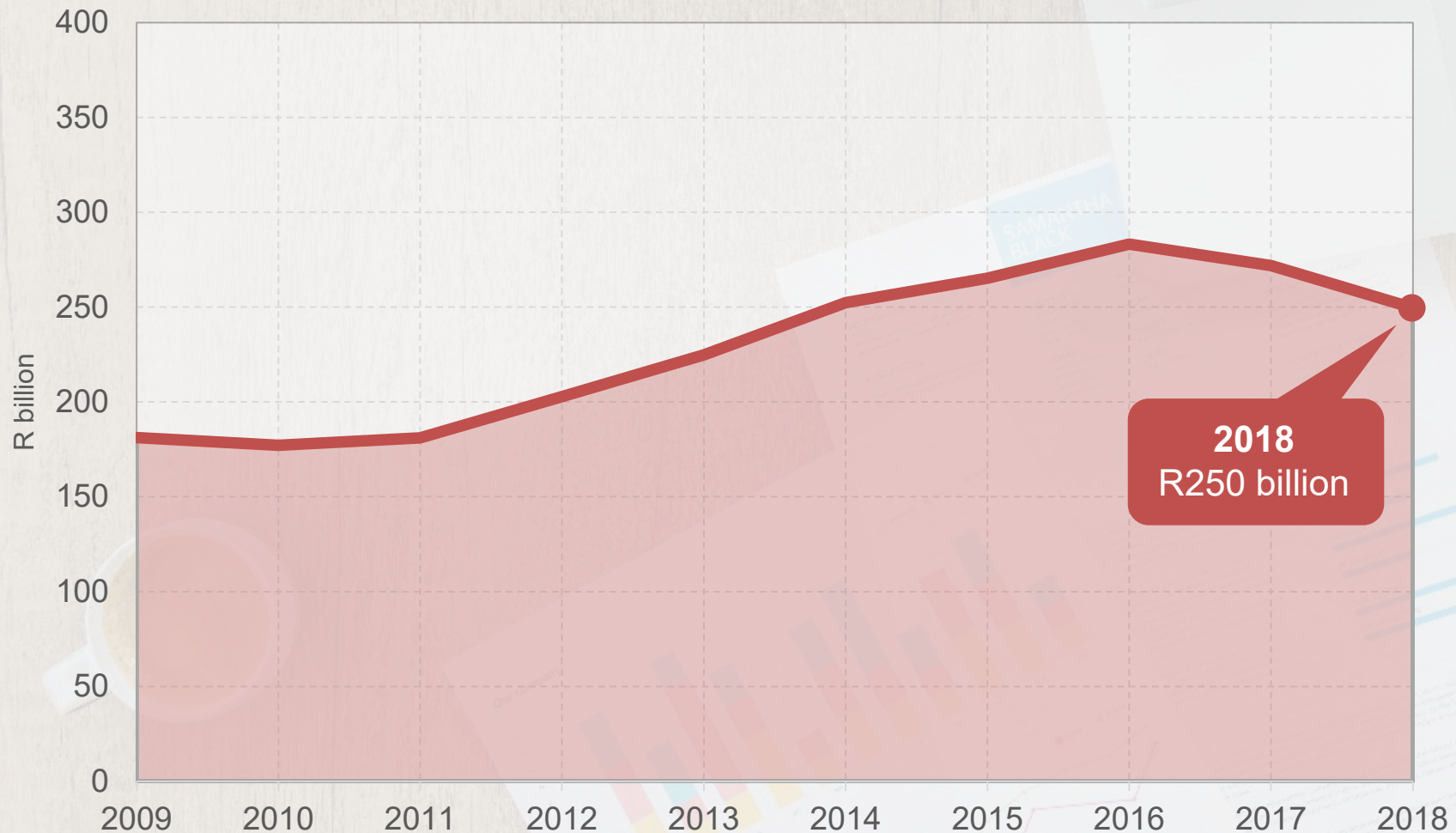
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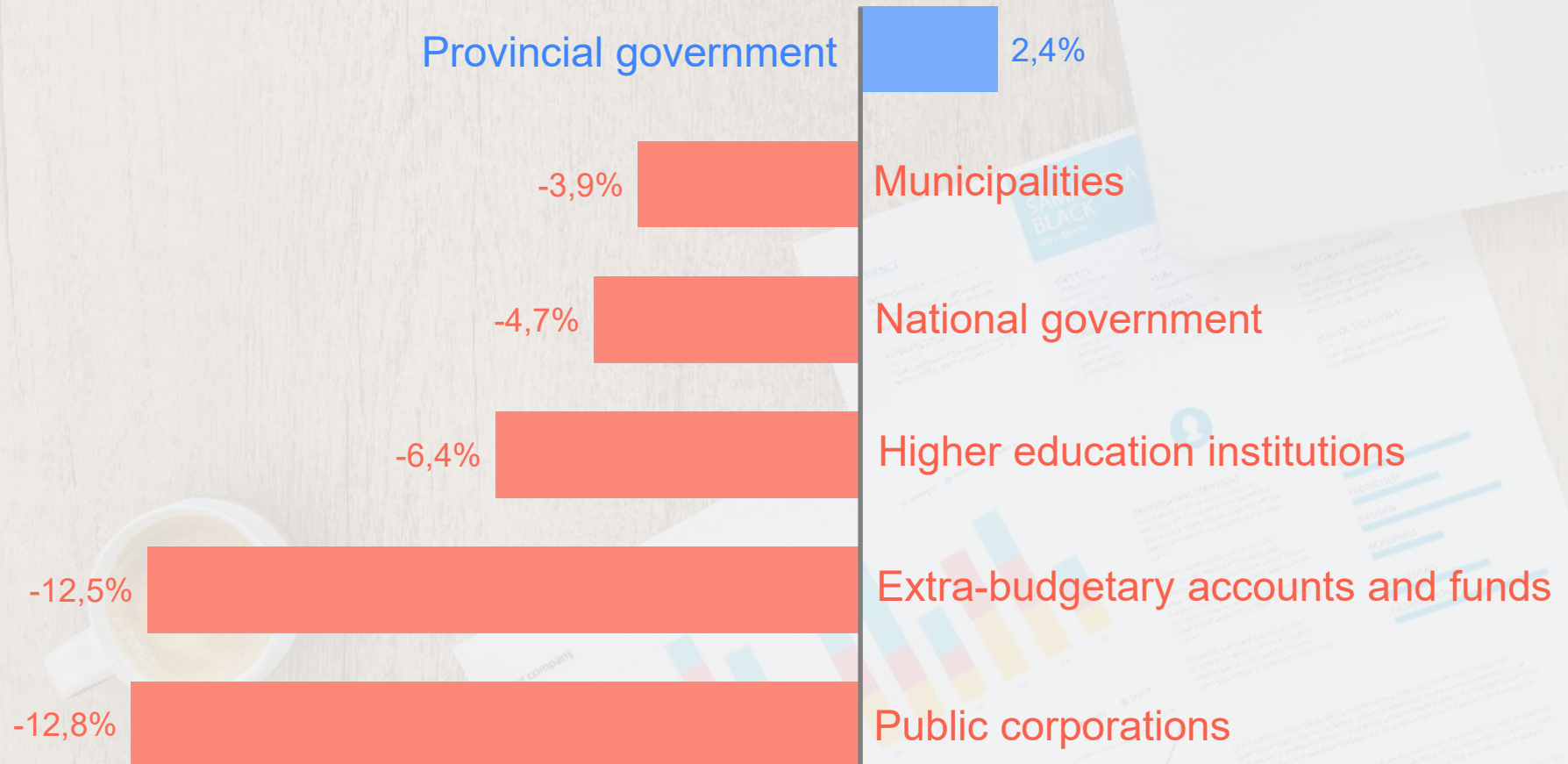
# Public-sector capex has been on the decline since 2016

Total capital expenditure by public-sector institutions



# Provincial government was the only institution type that increased capex

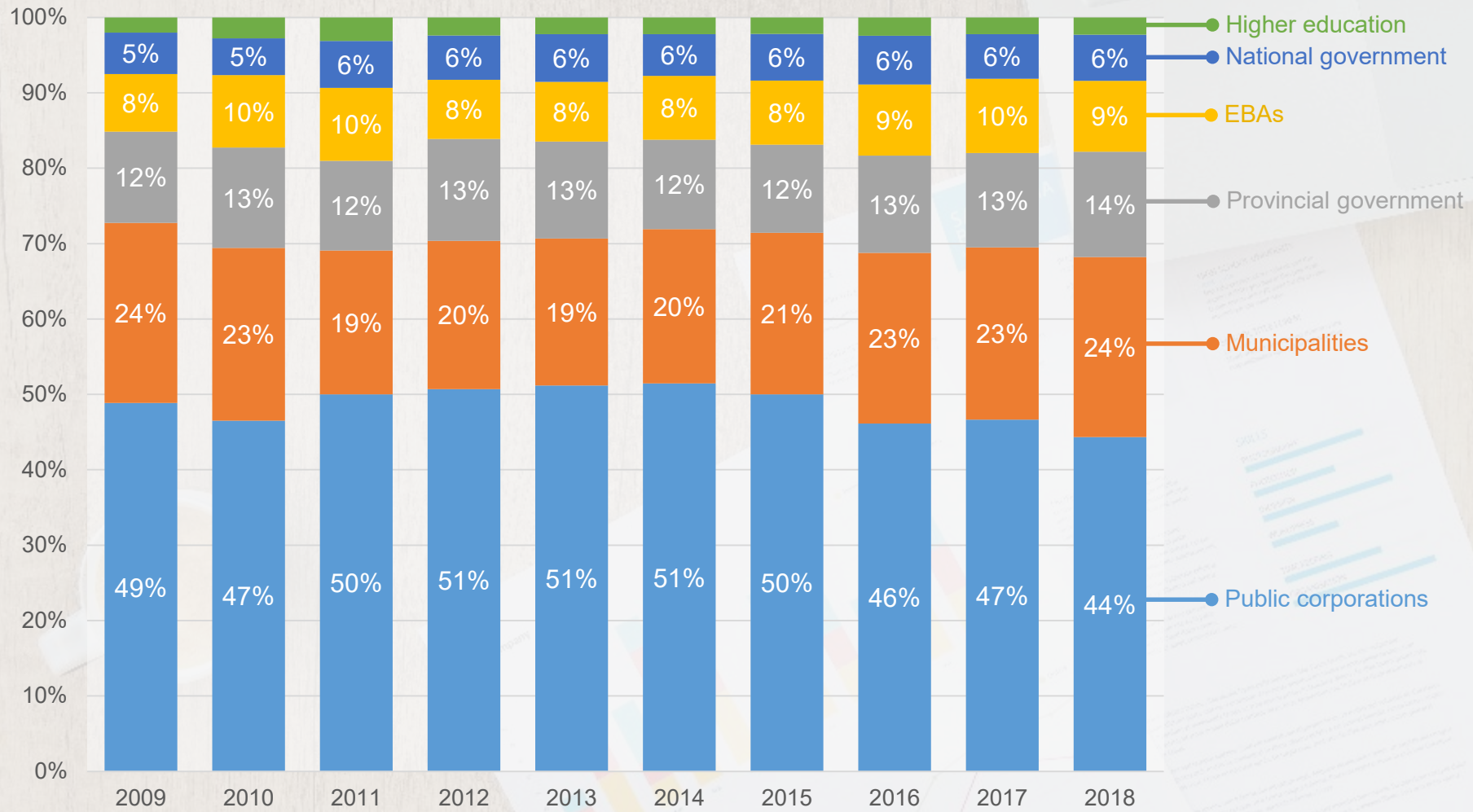
Percentage change in total capital expenditure, 2018 compared with 2017





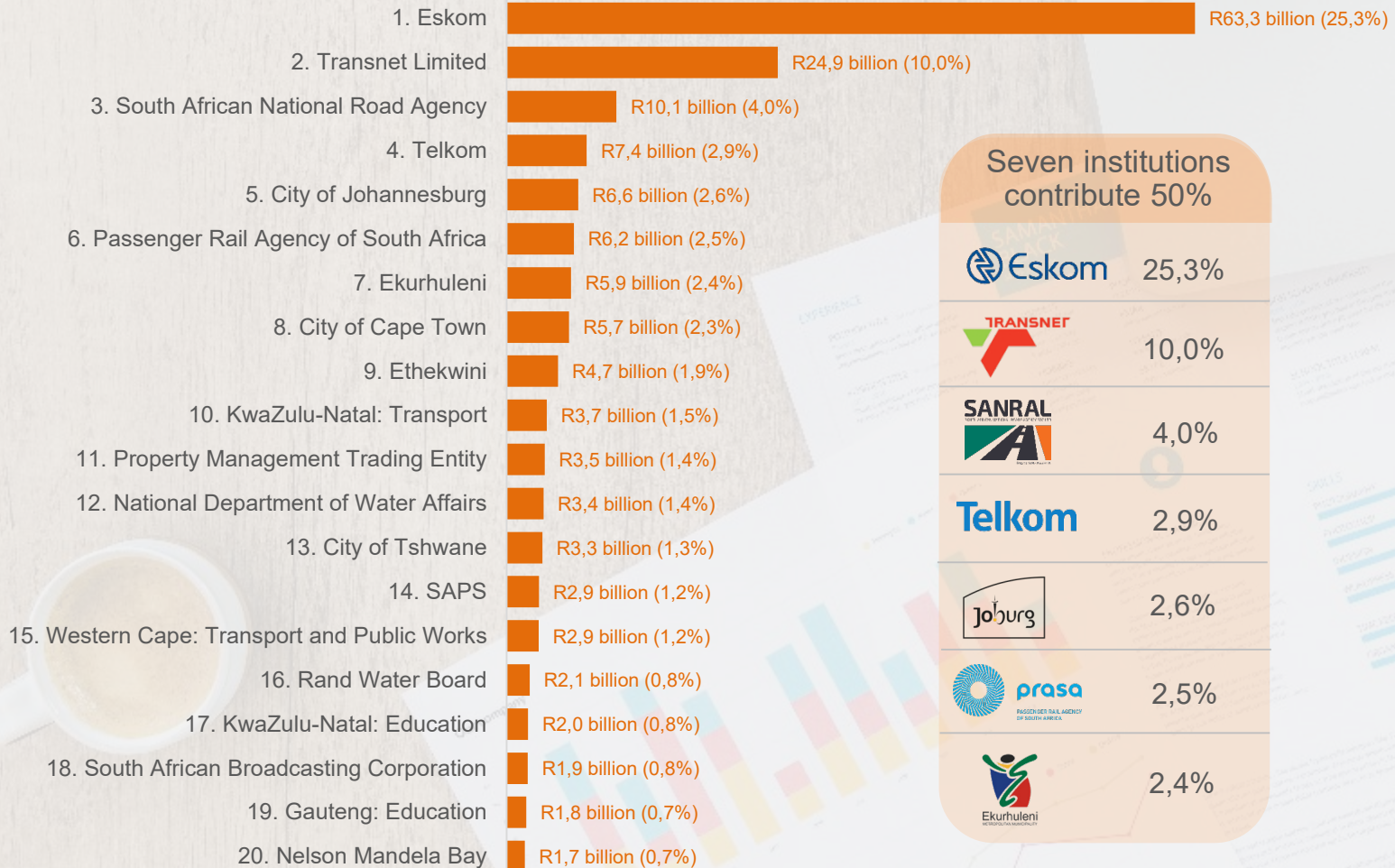
# Public corporations are responsible for over 40% of public-sector capex

Contribution to total capital expenditure by institution (2018 total: R250 billion)



# Eskom was responsible for a quarter of total public-sector capex

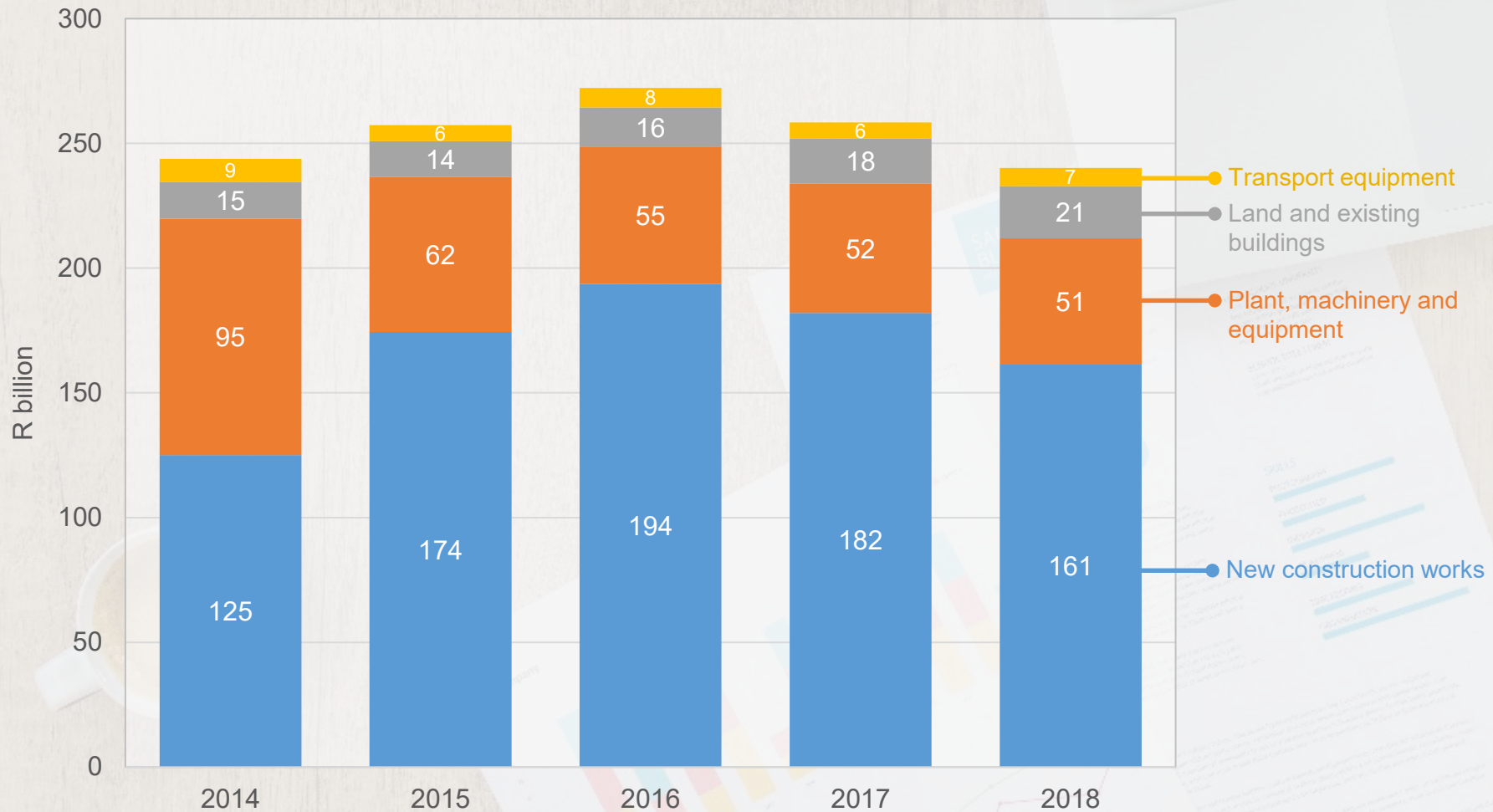
## Top 20 biggest public-sector spenders on capex in 2018





# New construction works took up two-thirds of public-sector capex

Total capital expenditure by asset type



# New construction works experienced the biggest drop in 2018

Change in capital expenditure in 2018 compared with 2017

Land and  
existing buildings



↑16,0%

Up from R18 billion  
to R21 billion

Transport  
equipment



↑14,0%

Up from R6 billion  
to R7 billion

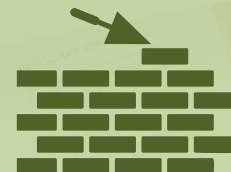
Plant, machinery  
& equipment



↓2,5%

Down from R52 billion  
to R51 billion

New construction  
works



↓11,3%

Down from R182 billion  
to R161 billion





# Public corporations

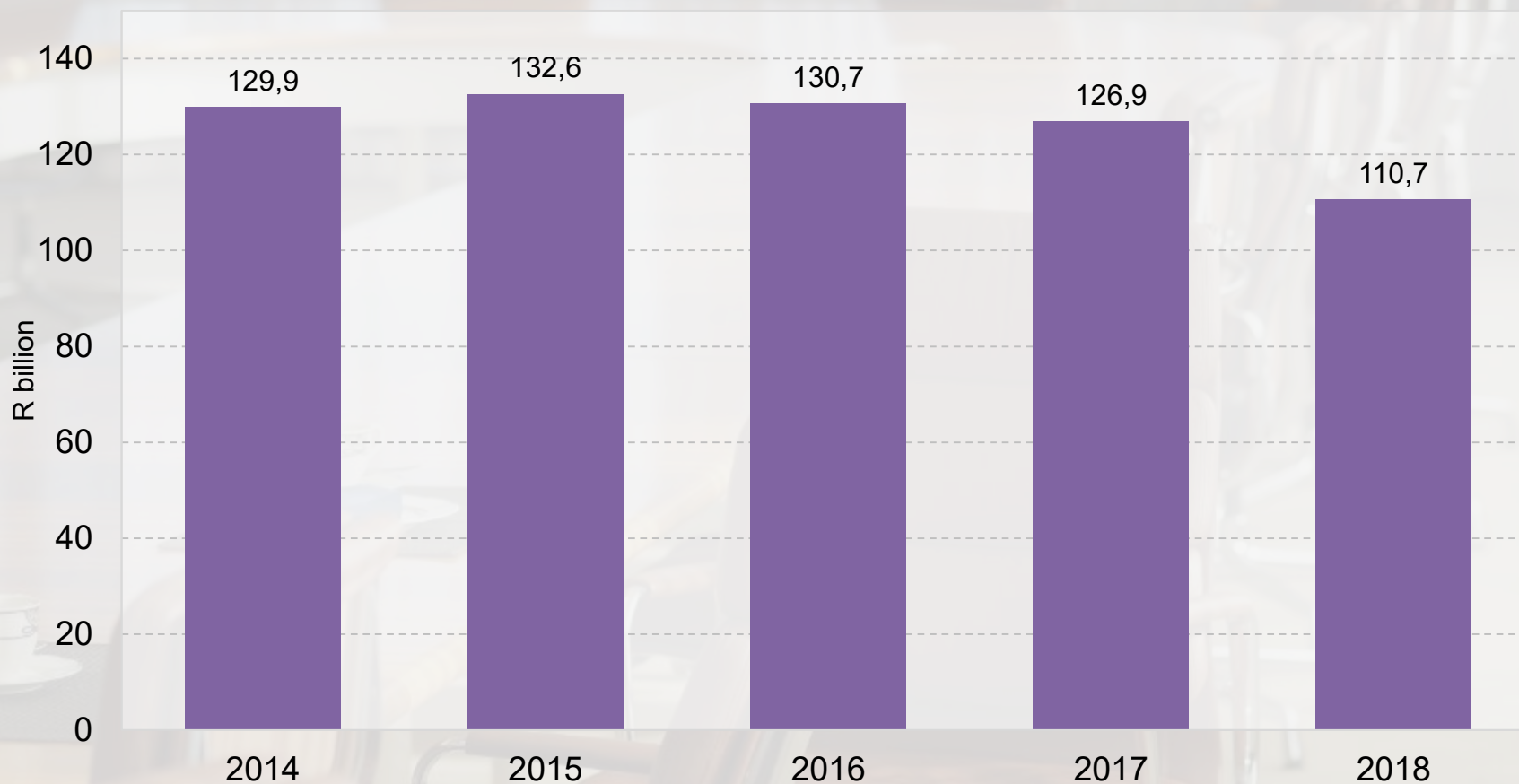


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# Public corporations have cut back on capex since 2016

Total capital expenditure by public corporations





## Public corporations with the highest capex spend, 2018



The main contributor to overall public-sector capex. R63,3 billion was spent on government funded electricity generation projects, plant and vehicle builds



Downscaled capex projects in 2018. Most of the capex (R24,9 billion) was spent on purchases of various equipment and on new wagons for freight rail.



Decreased capex from R8,2 billion in 2017 to R7,4 billion in 2018. Spending was mainly focused on the Next Generation Network Programme and expansion of the mobile network.



Capex declined to R6,2 billion in 2018 from R6,7 billion in 2017. Spending was focused on the acquisition of new trains, replacement of old network lines and on the National Station Improvement Programme.

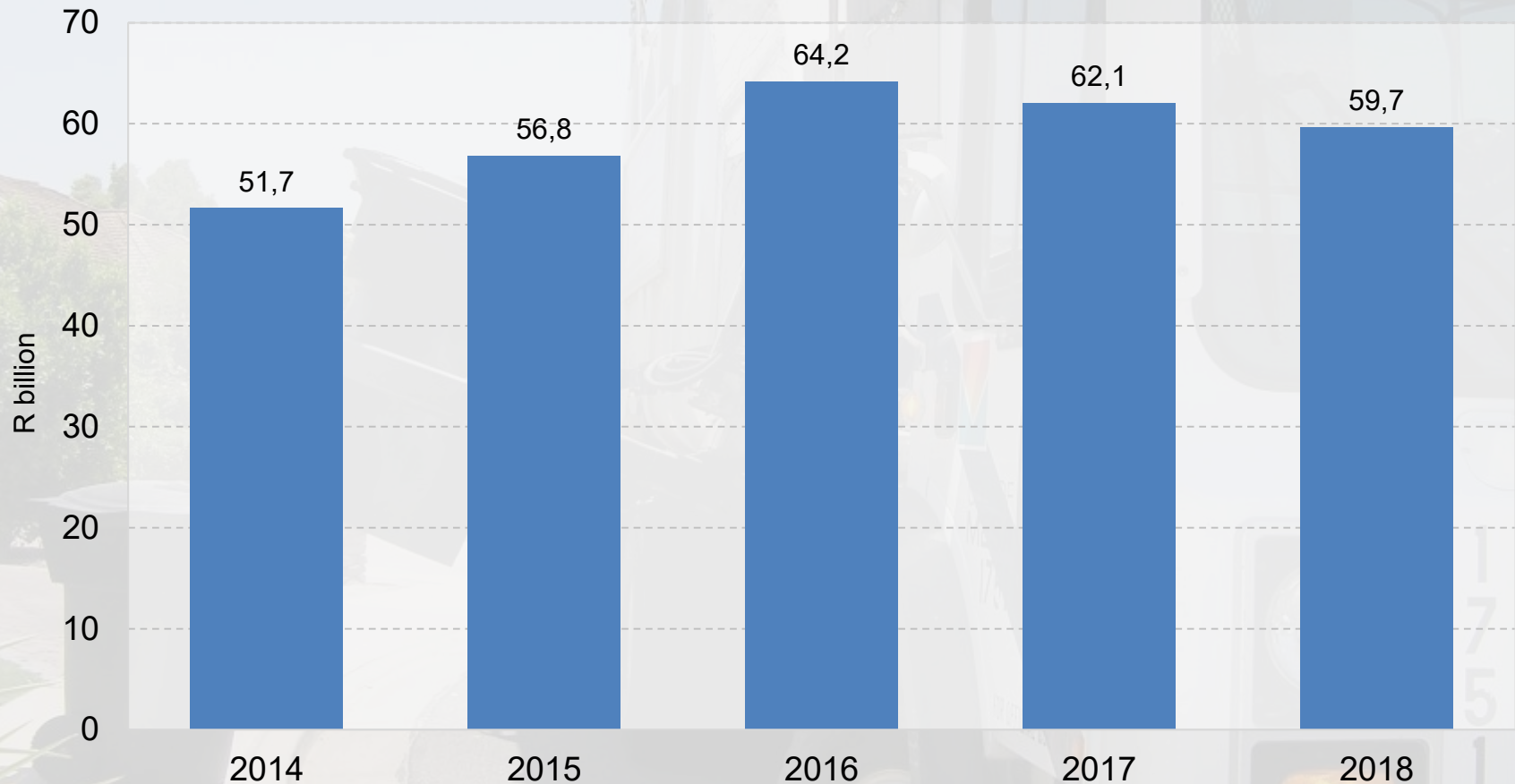


# Municipalities

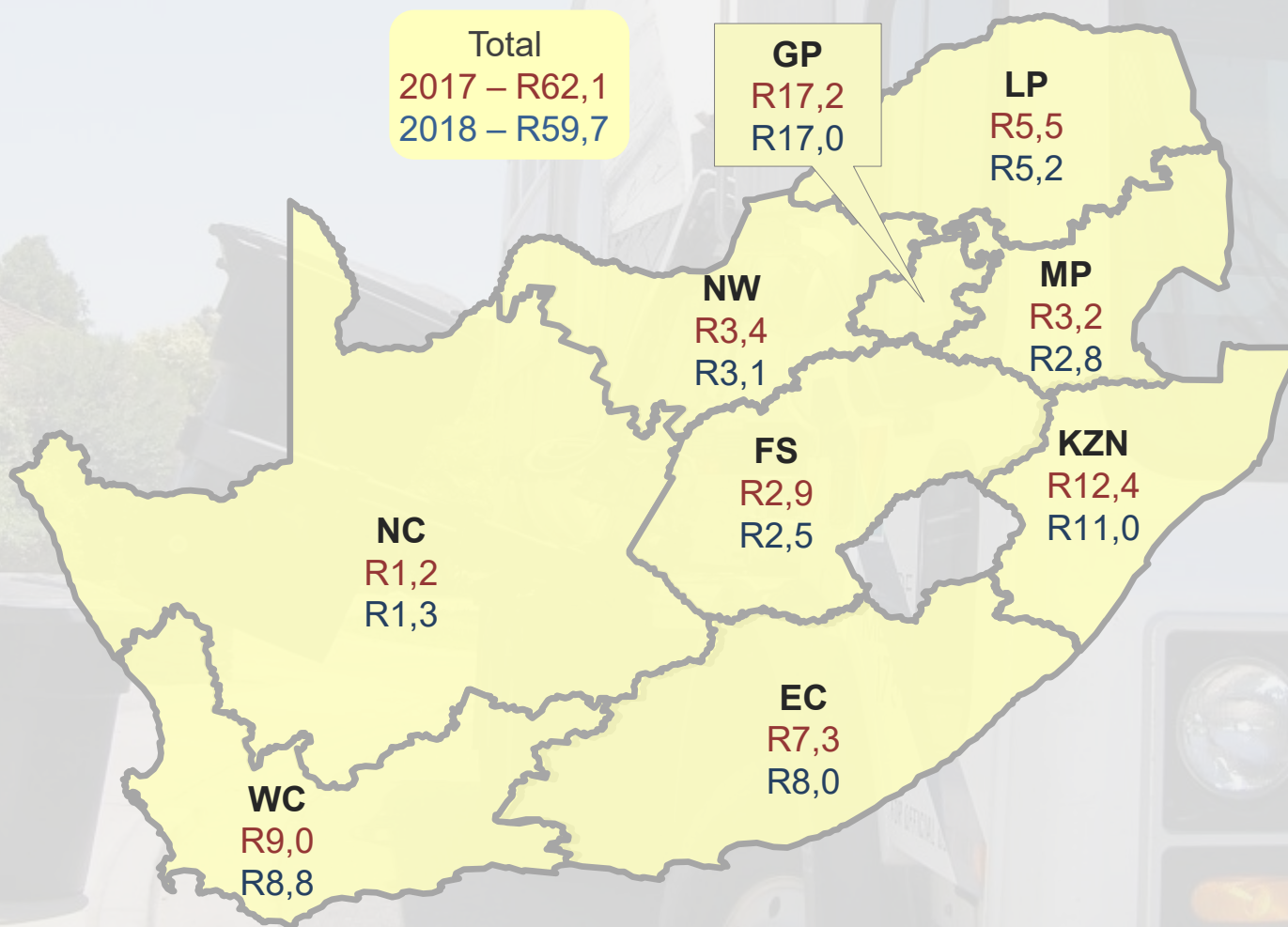


# Municipalities have cut back on capex since 2016

Total capital expenditure by municipalities



# Total capex by municipalities per province





# Municipalities with the highest capex spend, 2018



## Johannesburg

*Down from R7,7 billion in 2017 to **R6,6 billion** in 2018*

Expenditure incurred mainly on design and construction of a Park 'n Ride in Greenside Region E and on the purchases of air lifting equipment for Martindale B and on the construction of a new community Centre in Matholesville C region.



## Ekurhuleni

*Up from R5,1 billion in 2017 to to **R5,9 billion** in 2018*

Expenditure incurred mainly on the construction of Tembisa West Fire Station, KwaThema Precinct, new EMPD Training Academy, upgrades and refurbishment of Kempton Park and Germiston Civic Centre buildings.



## Cape Town

*Down from R6,3 billion in 2017 to **R5,7 billion** in 2018*

Expenditure incurred mainly on infrastructure assets under construction and service concessions assets on airports, energy distribution networks, electricity mains in prisons, hospitals, and upgrades of roads, drains, bridges and tunnels.

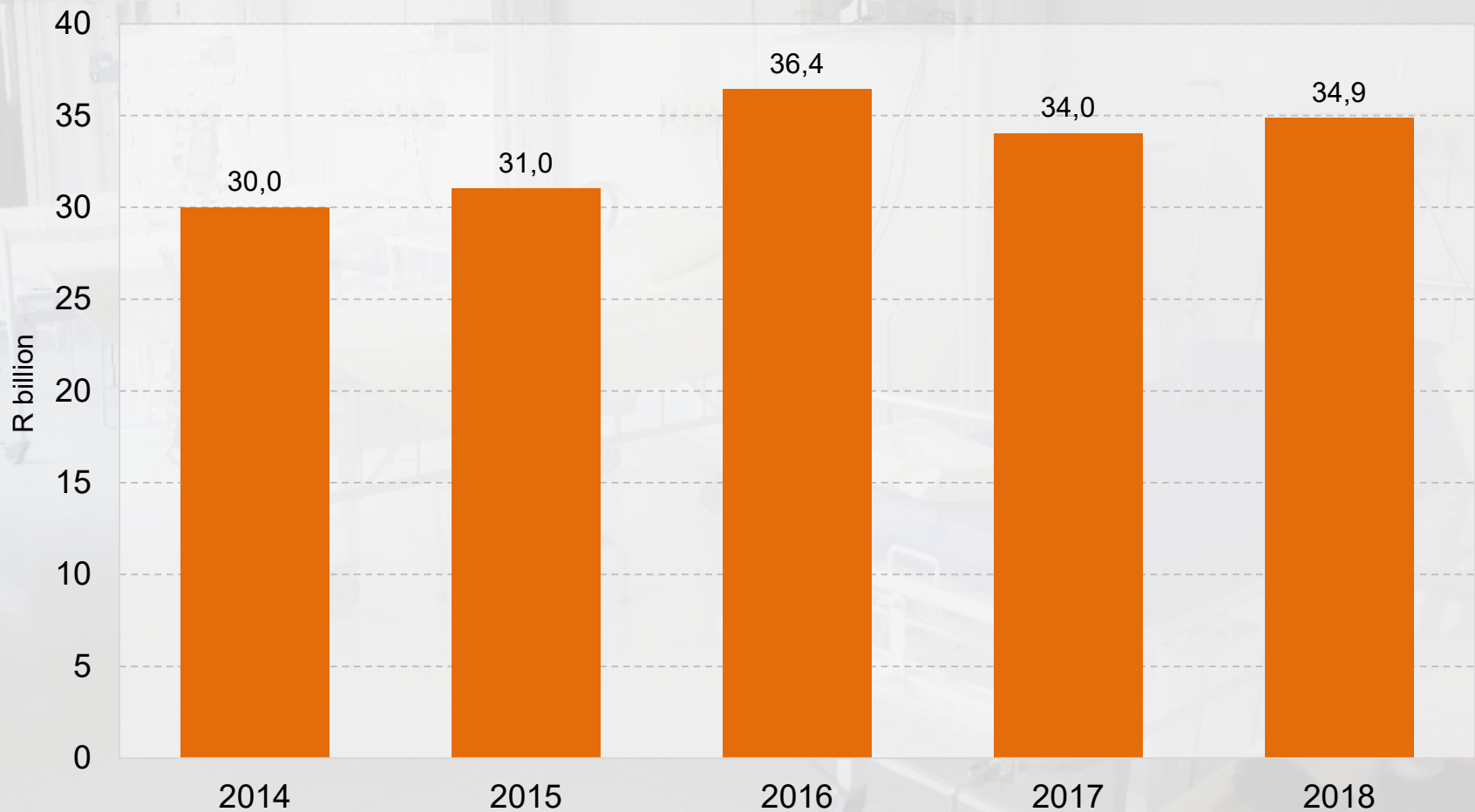
A photograph of a hospital ward with several beds, some with blue and some with yellow linens. Medical equipment like monitors and IV stands are visible. A semi-transparent blue banner is overlaid across the middle of the image.

# Provincial government



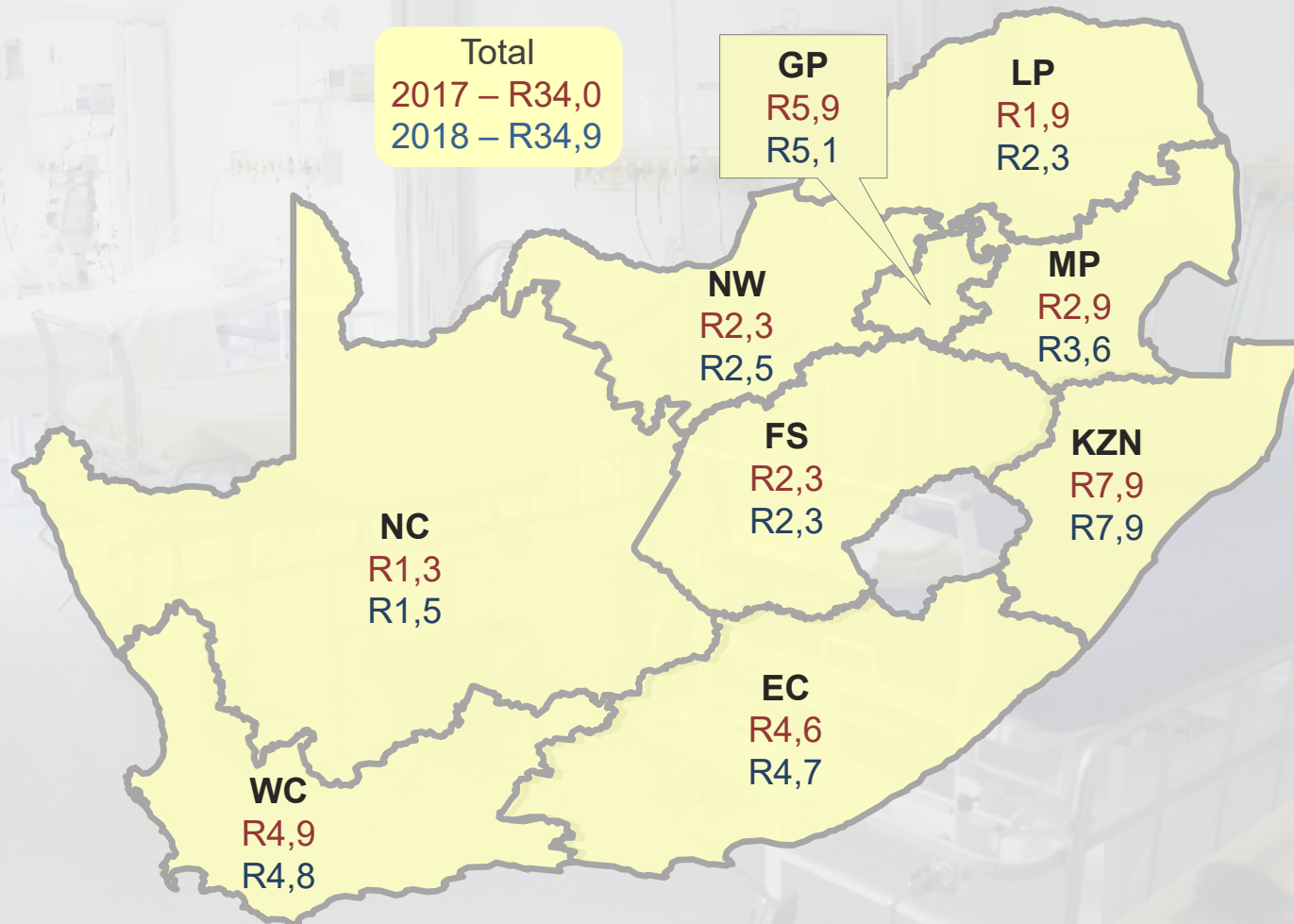
# Provincial government capex increased in 2018

Total capital expenditure by provincial government departments



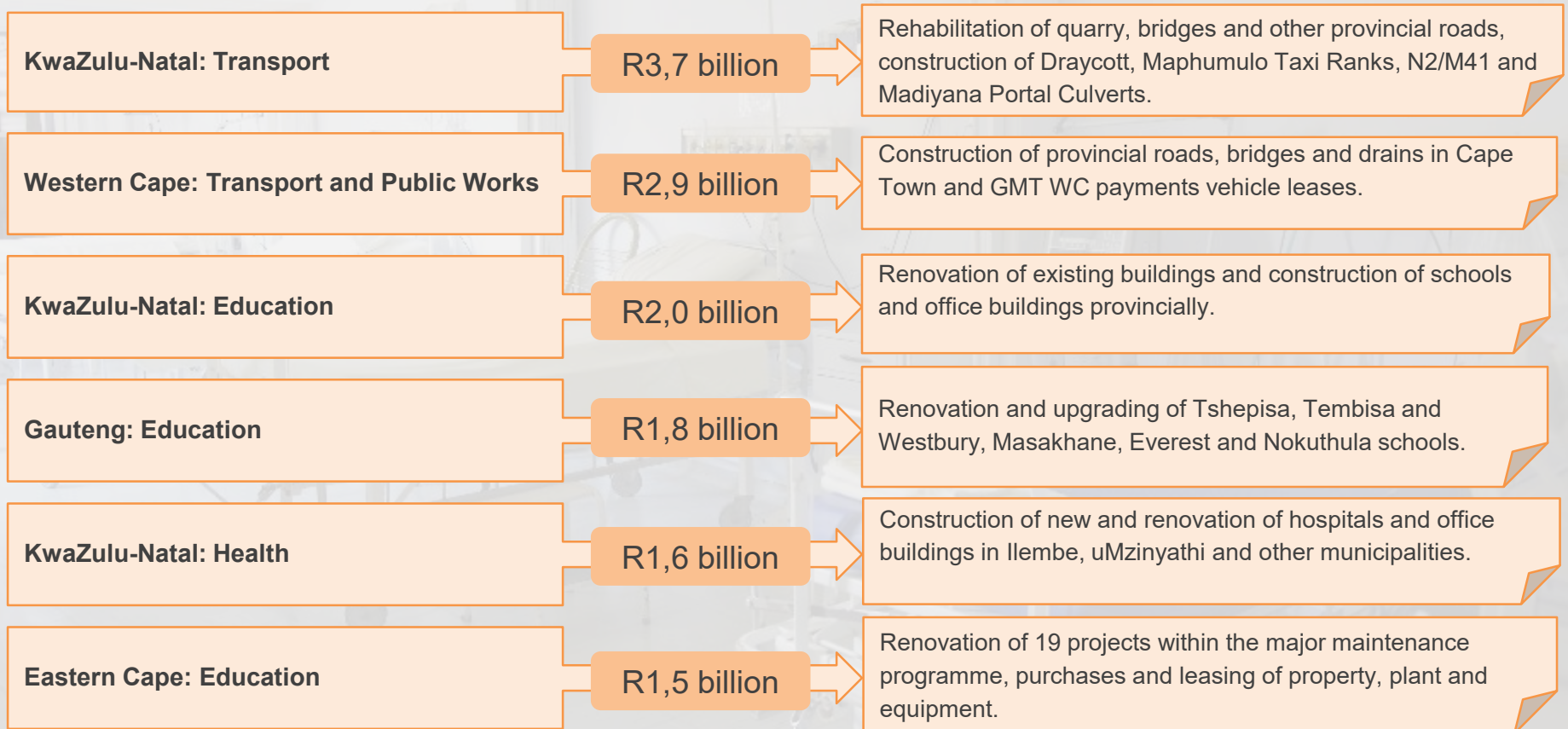
# KwaZulu-Natal had the highest capex in 2018

Capital expenditure by provincial governments





# Provincial government departments with the highest capex spend, 2018





## Extra-budgetary accounts and funds (EBAs)



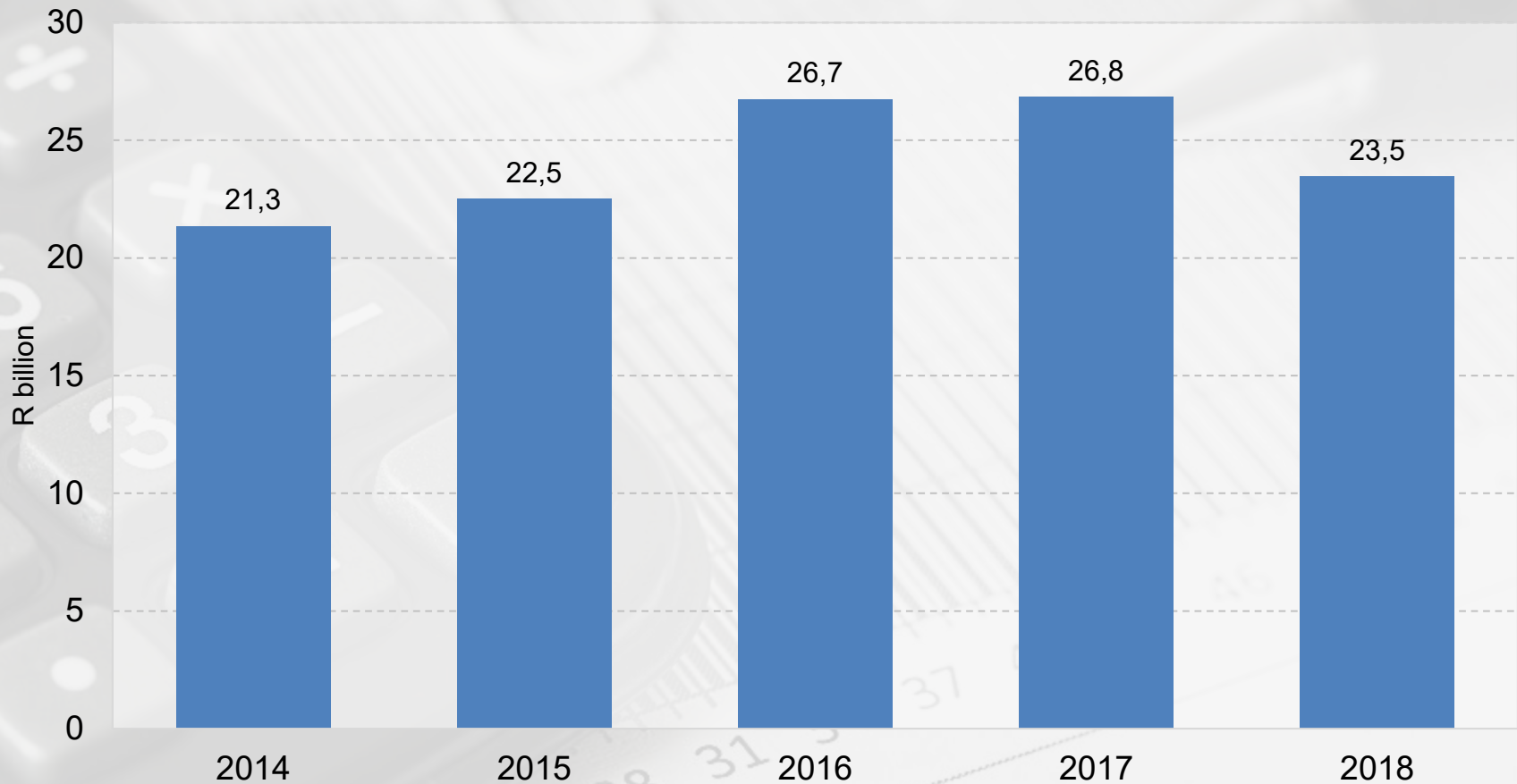
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# EBA's have cut back on capex since 2016

Total capital expenditure by extra-budgetary accounts and funds



# EBAs with the highest capex spend, 2018

<b>South African National Roads Agency</b>	<b>R10,1 billion</b>	Strengthening, improvements and construction of new roads including work on the R573 Moloto Road.
<b>Property Management Trading Entity</b>	<b>R3,5 billion</b>	New purchase and tenant installation, state owned refurbishments and new constructions of schools.
<b>Road Agency Limpopo</b>	<b>R1,6 billion</b>	Construction of new roads and bridges around Limpopo.
<b>Water Trading Entity</b>	<b>R1,6 billion</b>	Construction of 11 project phases, a training centre and 47 projects were completed under the Water Services Infrastructure Grant (WSIG).
<b>Agricultural Land Holding Account</b>	<b>R0,6 billion</b>	Construction of Agri-Parks programme, 149 primary production and 45 socio-economic infrastructure projects for revitalisation of rural town's villages.
<b>South African Revenue Service</b>	<b>R0,5 billion</b>	Development of IT software and acquisition of computer and other equipment including leases.





# National government

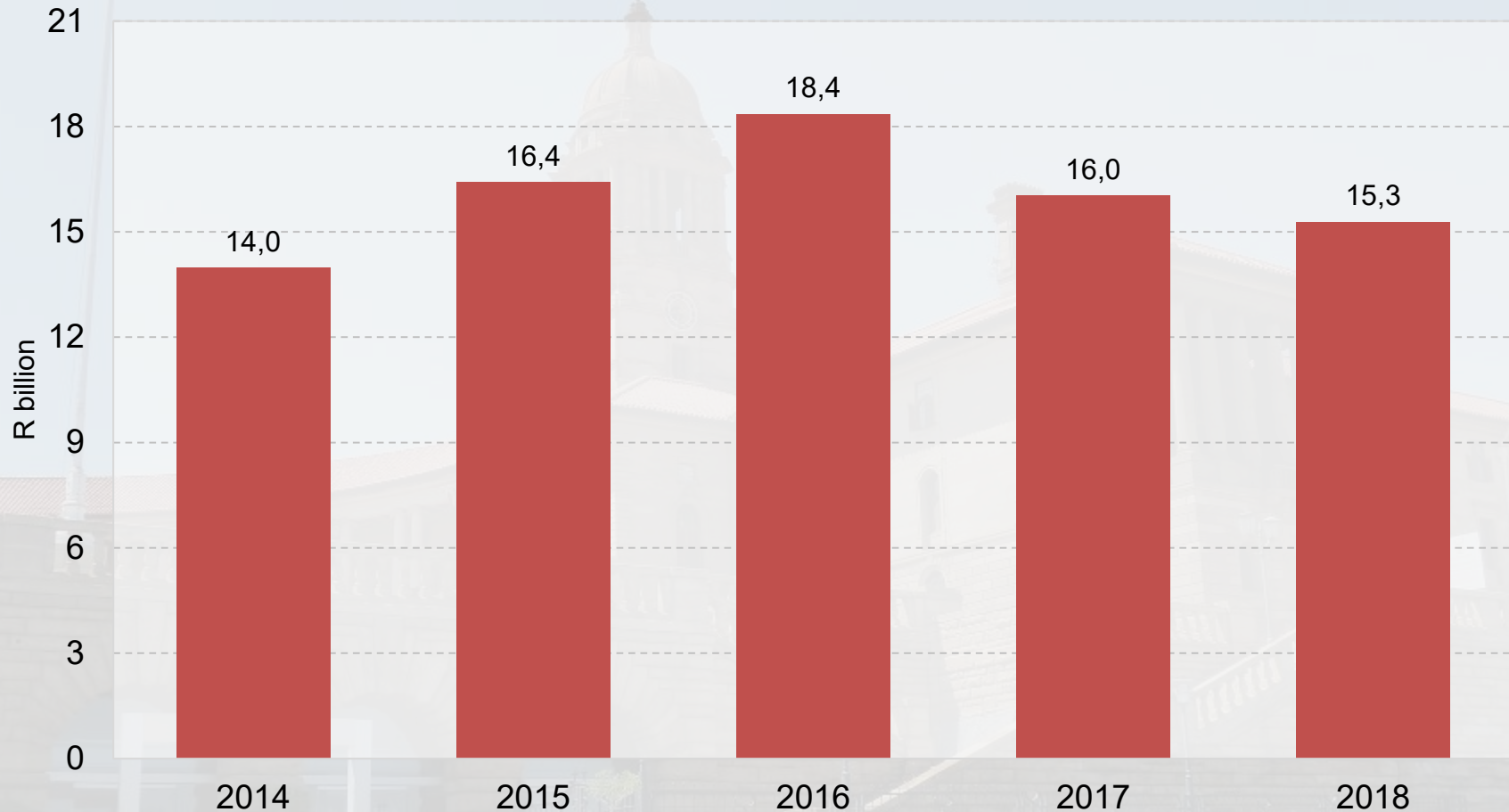


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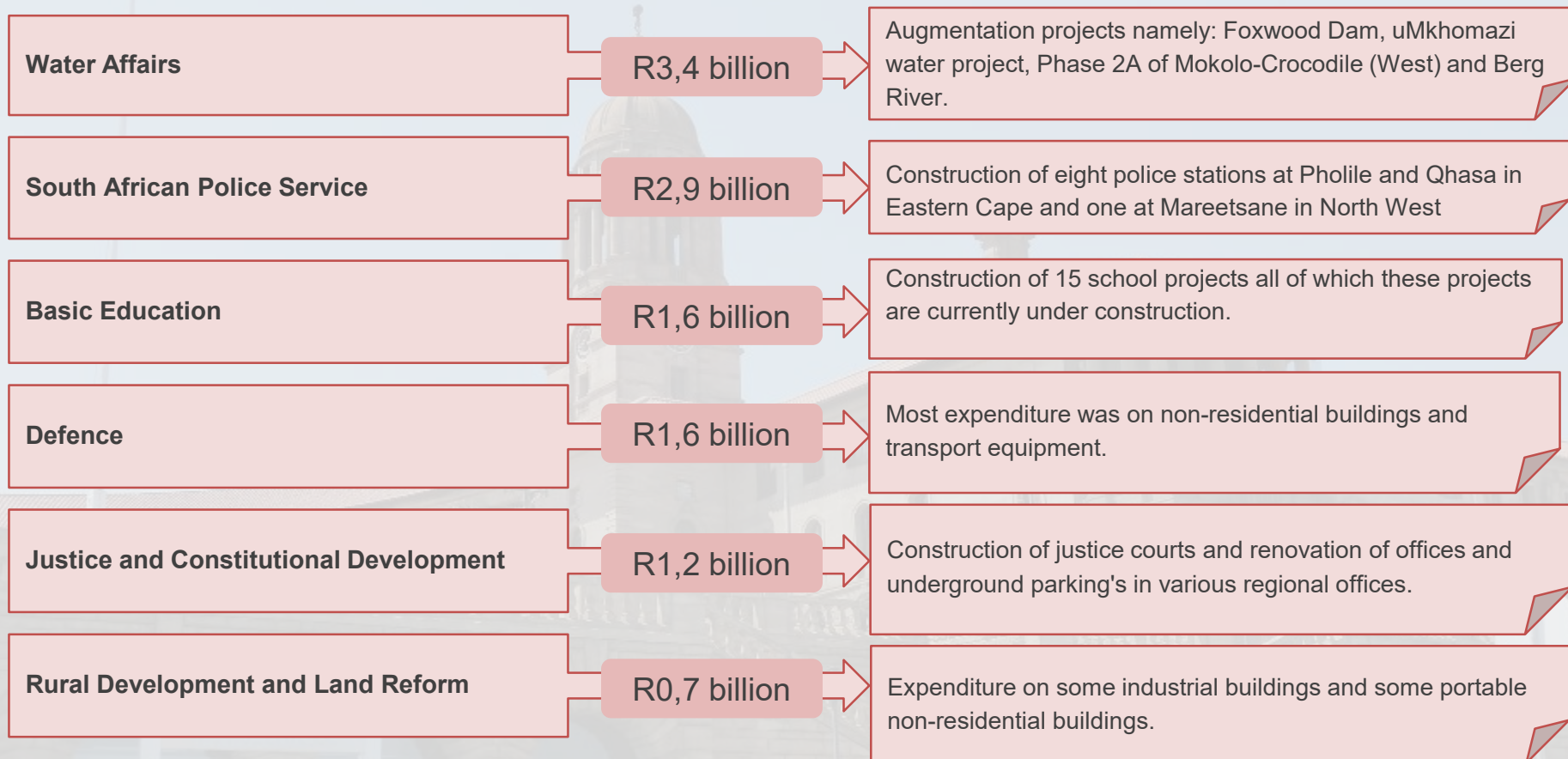
# National government has cut back on capex since 2016

Total capital expenditure by national government





# National government departments with the highest capex spend, 2018





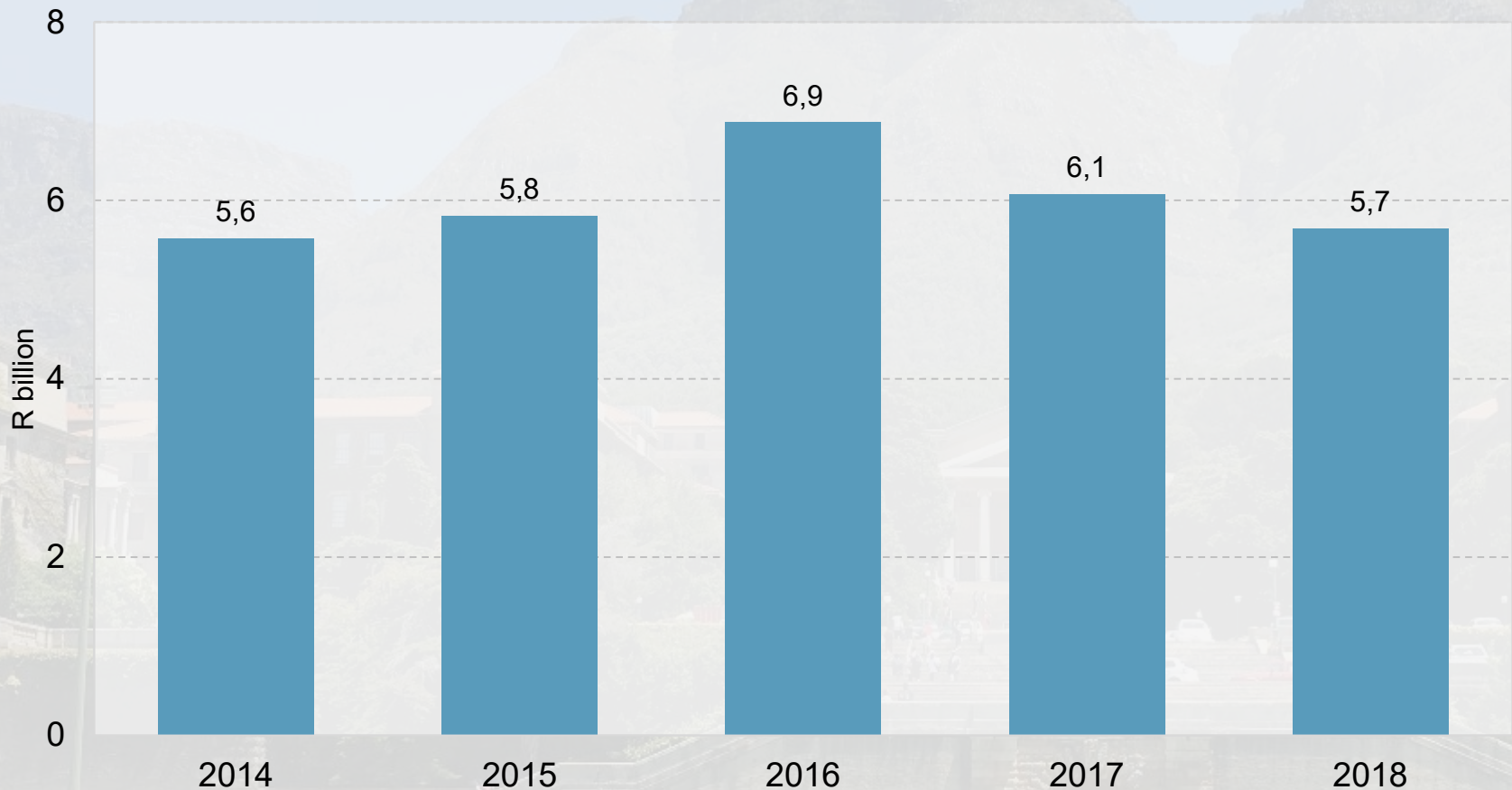
# Higher education institutions (HEIs)



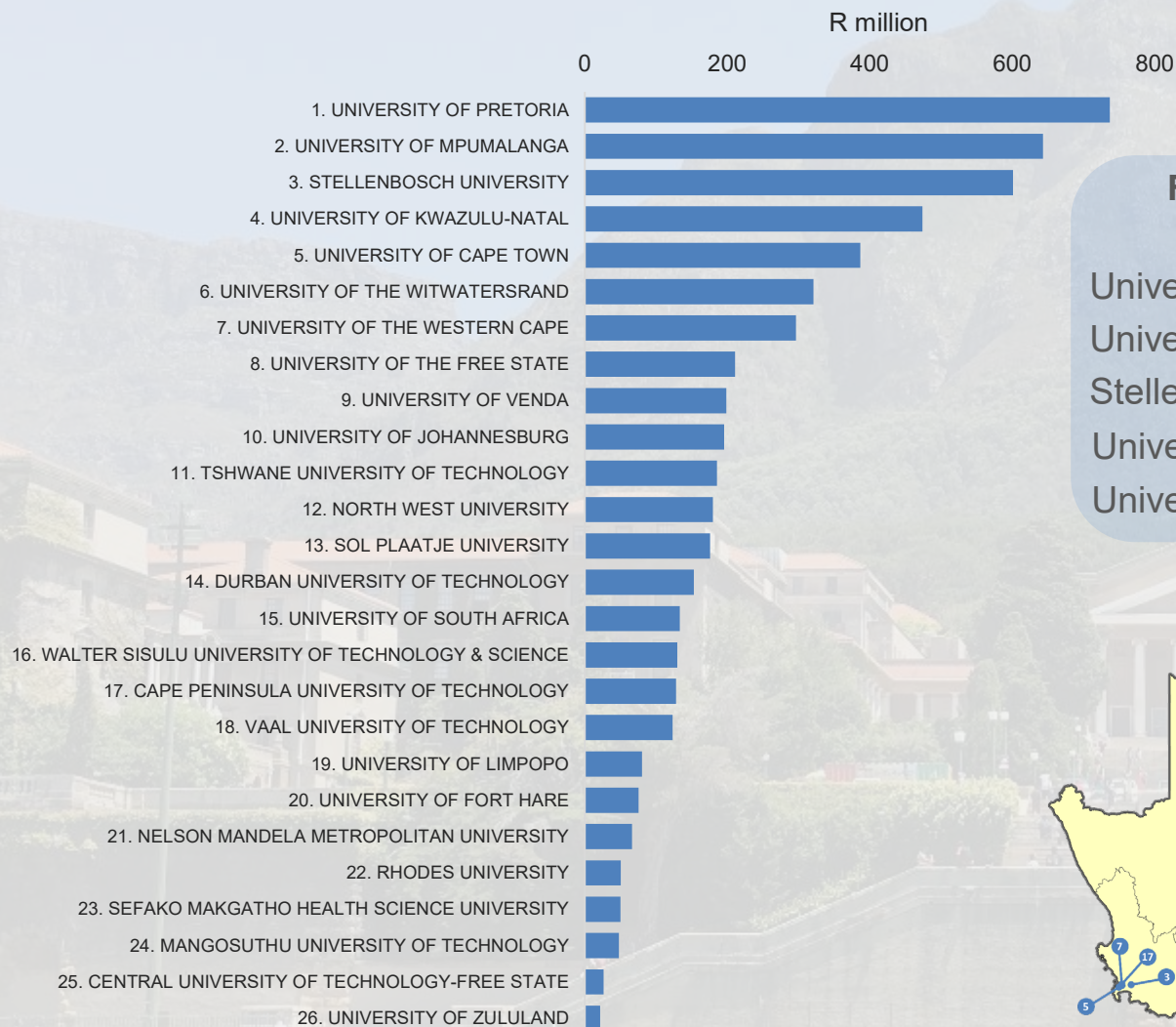


# HEIs have cut back on capex since 2016

Total capital expenditure by higher education institutions



# Capex spending for all higher education institutions, 2018



**Five institutions contributed 50% to total HEI capex**

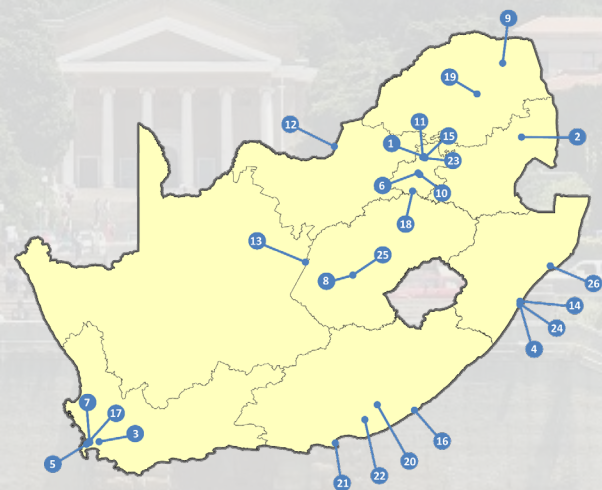
University of Pretoria: 12,9%

University of Mpumalanga: 11,3%

Stellenbosch University: 10,6%

University of KwaZulu-Natal: 8,3%

University of Cape Town: 6,8%





# Ndzi hela kwala!



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