

NCOP WEEK 17-20 SEPTEMBER

GAUTENG PROVINCIAL TREASURY (GPT)

INCOMPLETE/DELAYED INFRASTRUCTURE PROJECTS

17 SEPTEMBER 2024



GAUTENG
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

GGT2030
GROWING GAUTENG TOGETHER

SUMMARY OF GPG INFRASTRUCTURE EXPENDITURE

| Departments | Main Budget | Preliminary Expenditure End of August 2024 | % Expenditure | Remaining Budget |
|--------------|-------------------|---|------------------|---------------------|
| DoH | 1 989 206 | 1 022 786 | 51% | 966 420 |
| GDE | 2 692 233 | 930 343 | 35% | 1 761 890 |
| DSD | 188 531 | 45 469 | 24% | 143 062 |
| DHS | 4 826 349 | 1 420 226 | 29% | 3 406 123 |
| DRT | 2 793 768 | 1 206 102 | 43% | 1 587 666 |
| GDARD | 26 195 | 5 000 | 19% | 21 195 |
| SACR | 32 701 | 4 380 | 13% | 28 321 |
| DID | 179 007 | 75 773 | 42% | 103 234 |
| Total | 12 727 990 | 4 710 080 | 37% | 8 017 910 |

The above provides the summary of infrastructure expenditure **(37%)** as at the end of August 2024 against the budget of R12.7 billion.

- R12.7 billion is funded from Conditional Grants: R9.6 billion (75%) and Equitable Share R3.1 billion (25%)
- Expenditure : Conditional Grants R3.3 billion (34%) and Equitable Share R1.4 billion (46%)
- The review of the infrastructure programme to be concluded by the end of October 2024 to inform the Mid Year Budget Adjustment.

SUMMARY OF INFRASTRUCTURE INCOMPLETE AND DELAYED PROJECTS

| Department | No. of projects | Budget | Preliminary Expenditure End of August 2024 | % Expenditure | Remaining Budget |
|--------------------|-----------------|------------------|--|---------------|------------------|
| Health | 7 | 243 900 | 122 031 | 50% | 121 869 |
| Education | 18 | 357 769 | 90 197 | 25% | 267 572 |
| Social development | 12 | 34 400 | 3 735 | 11% | 30 665 |
| Human Settlement | 2 | 141 762 | 137 625 | 97% | 4 137 |
| Roads & Transport | 3 | 351 542 | 132 986 | 38% | 218 556 |
| Sports | 3 | 4 347 | 1 560 | 36% | 2 787 |
| Total | 45 | 1 133 720 | 488 133 | 43% | 645 587 |

The above table summarises the 45 projects that are incomplete/delayed

- 24 projects are incomplete of which construction is in progress to address the outstanding work. These projects are delayed for various reasons e.g. land ownership, non approval of building plans, incorrect zoning, poor performance by Contractors and/or Professional Service Providers, bulk services, township establishment not gazetted.
- 21 are facilities that were completed but the occupancy certificates were not issued due to occupancy certificates not being issued by municipalities for various reasons such as land ownership, non approval of building plans, incorrect zoning. The 21 projects includes 5 projects that are still at planning stage.
- Funding for both categories has been made available based on the readiness to proceed.

SUMMARY OF INFRASTRUCTURE INCOMPLETE AND DELAYED PROJECTS

- **Health Projects (7 Projects):** Johannesburg Forensic Pathology Services, Emergency Repairs at Chris Hani and Randfontein clinic are reported at construction stage but have experienced delays due to sluggish performance by contractor mostly emanating from insufficient cash flow to fund the projects. The other projects which includes Boikhutsong and New Kekana Gardens are delayed due to outstanding plans approval and rezoning.
- **Education Projects (17 Projects) :** twelve (12) projects are reported at construction stage which includes the key projects such as Dr WK Duplessis, Athlone girls, Semphatho, Inkululeko Yesizwe. Projects at construction are reported delayed due to contractors not having sufficient cash flow to fund the projects. The other five projects such as Mdelwa Hlongwane Primary school were completed without the occupancy certificates.
- **Social Development (12 Projects) –** Three projects (Bekkersdal Social Integrated Facility, Bantubonke Early Childhood Facility and the upgrading at Father Smangaliso Mkhathshwa) are reported at construction stage. These projects are delayed due to sluggish performance by the contractors. The other projects which includes the Garankuwa Office Accommodation, Wintersveldt Social Integrated Facility and Hammanskraal Social integrated Facility were completed without the occupancy certificate and land ownership they are currently not being utilised. Cogta and DID are in the process of addressing the outstanding issues. CoGTA estimated that it might take 1- 2 years to resolve the land ownership affecting the Wintersveldt Social Integrated Facility.

SUMMARY OF INFRASTRUCTURE INCOMPLETE AND DELAYED PROJECTS

- **Human Settlements (2 Projects)** – Jabulani Parcel K project awaiting approval of electrification design for the 726 units by Eskom. It is reported that illegal occupation/invasion of Western Mega project is being mitigated by the department.
- **Roads & Transport (2 Projects)** – Construction of road K54 was put on hold when the project was 73% complete due to encroachment. COT is reported to be relocating the people that occupied the road reserve and is anticipated to be finalized by 30 Oct 2024 and handed over to DRT in November 2024.
- **Sports (3 Projects)** – Construction works at Women Living Heritage Monument is reported to be in progress to obtain the Occupancy certificate. Minor works required to obtain the occupancy certificate for Kagiso Library has not commenced as the department is finalising planning.

SUMMARY OF DELAYED PROJECTS AT CONSTRUCTION STAGE

| Project / Programme Name | Contract Start Date | Contract End Date | Contract Duration (Months) | Time elapsed since construction commenced (July 2024) |
|---------------------------------------|---------------------|-------------------|----------------------------|---|
| New Joburg FPS | 03/11/2016 | 03/11/2019 | 36 | 93 |
| Randfontein CHC | 31/10/2018 | 27/11/2020 | 25 | 69 |
| Helen Joseph Nurses Res. | 20/08/2018 | 19-02-2021 | 30 | 71 |
| K101 Section 3 (P1-2) | 01/03/2022 | 31/08/2024 | 30 | 28 |
| Road R82 | 01/07/2022 | 30/06/2025 | 36 | 24 |
| Semphatho secondary | 10/03/2021 | 10/03/2023 | 24 | 40 |
| Athlone girl's | 25/02/2022 | 04/08/2023 | 18 | 28 |
| DR WK DU Plessis | 25/05/2021 | 01/12/2022 | 19 | 38 |
| Inkululeko Yesizwe | 21/01/2021 | 04/08/2022 | 19 | 42 |
| Bekkersdal Social Integrated Facility | 11/13/2018 | 11/1/2019 | 12 | 69 |
| Bantubonke ECD | 11/28/2018 | 7/28/2019 | 8 | 68 |

- The above table presents the summary of delays on some of the projects that are reported at construction stage.
- It provides the initial contract duration and the amount of time that has lapsed as at the end of July 2024.

Proposal

Projects should not be allowed to commence with the procurement process if the building regulation and land use schemes have not been complied with. This will prevent projects completed without occupancy certificates and delays associated with land ownership.

BLACKLISTING OF NON-PERFORMING CONTRACTORS

| ISSUES | RECOMMENDED INTERVENTIONS |
|---|--|
| <p>Projects are not completed due to non-performance by Professional Service Providers (PSPs) and/or Contractors.</p> <p>The majority of the PSPs and Contractors were selected against three-year Framework and/or Panel Agreements.</p> <p>National Treasury is the government institution that can Blacklist a Service Provider following a due process that can take many years to complete successfully.</p> | <ul style="list-style-type: none"> ▪ PSPs and Contractors that are not performing should be reported to National Treasury. ▪ Gauteng Provincial Government (GPG) can establish an internal arrangement where non performing Service Providers are not considered for re-appointment on GPG projects mainly through rating of tender proposals/bids by PSPs and/or Contractors. ▪ This process cannot be referred to as “Blacklisting” but can be managed as part of a transversal process where non performance are reported to GPT and included on a central list. ▪ GPT should prescribe the criteria and requirements for reporting non-performance prior to the Service Providers being placed on a central provincial list of defaulters. ▪ The above to be included in the Revised Infrastructure Delivery Model for the Province for submission to EXCO in November 2024.. |

PROJECT ACCELERATION MECHANISMS

ISSUES

Service Level Agreements with PSPs and Contractors usually have clauses included in the contracts that details termination procedures inclusive of arbitration processes prior to termination.

It also requires Notices of Non Performance to be timeously issued by departments and/or Implementing Agents.

Prior to appointing new PSPs and/or completion Contractors, existing contracts should be termination which usually is a lengthy process, especially if the required due processes were not followed.

RECOMMENDED INTERVENTIONS

- GPT to prescribe standard clauses to be included in all Service Level Agreements and Contracts to introduce standardised procedures applicable to all GPG institutions and/or Implementing Agents in terms of termination of contracts due to non performance.
- In terms of PSPs non performance should be linked to end of stage deliverables.
- Timeframes and procedures for appointment of replacement PSPs and completion Contractors to be prescribed by GPT.
- The above to be included in the Revised Infrastructure Delivery Model for the Province for submission to EXCO in November 2024.

THANK YOU