

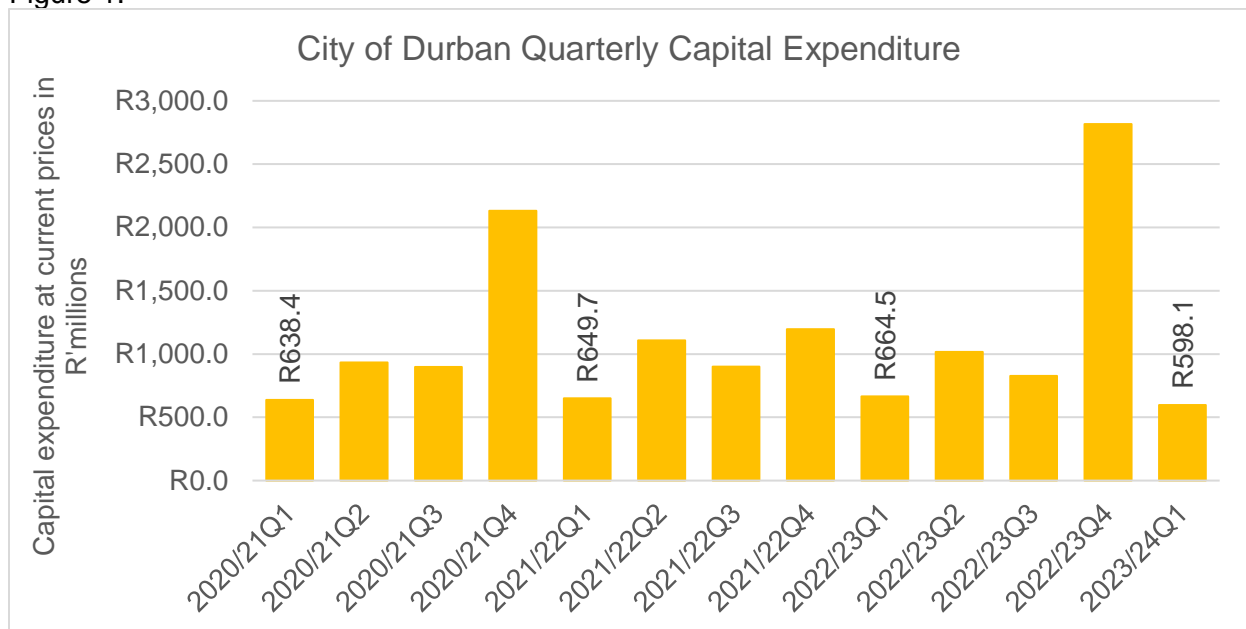


Q1 2023/24 CAPITAL EXPENDITURE DOMINATED BY HOUSING UNIT

Capital Expenditure Performance

The first quarter of the 2023/24 financial year began with a capital expenditure of R598.1, making up a mere 7.4% of the total yearly capital budget and constituting just 0.1% of the city's GDP. This initial low spending is in line with the recurring annual trend. Capital expenditures have historically been subdued in the first quarter due to lengthy approval procedures for the awarding of tenders. These administrative challenges often lead to lower expenditures at the onset of the fiscal year. However, as project approvals are granted, the capital spending typically accelerates, peaking in the fourth quarter of the year. It's worth highlighting that the City's capital budget for the 2023/24 fiscal year has seen a significant increase of 32.8%, rising from R6.1 billion to R8.1 billion. However, there needs to be a sustained increase in the capital budget over the medium term, while ensuring that the full budget is spent within the respective financial year. This will ensure that critical infrastructure assets are maintained and renewed within the City.

Figure 1:

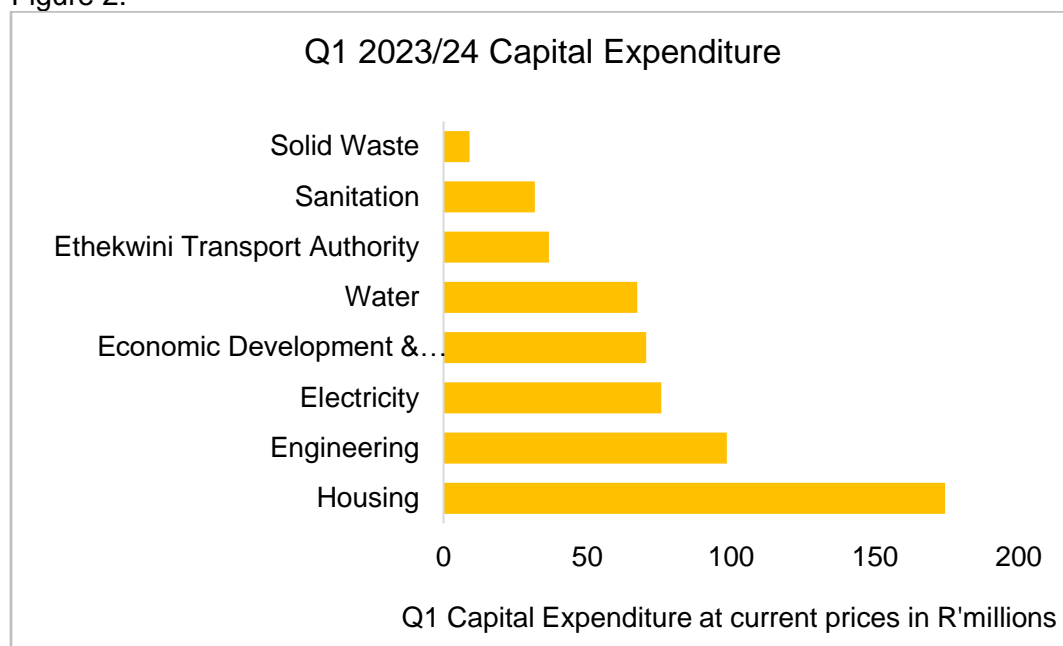


Source: Expenditure Unit, Economic Development Unit, 2023

Key Infrastructure Departments in Q1 Capital Expenditure

In the first quarter of the 2023/24 fiscal year, the strategic service delivery unit with the highest weighted spending rate¹ is Housing, contributing 2.1% to the total expenditure. This is followed by Engineering at 1.2%, and both Electricity and Economic Development & Planning at 0.9%. Water trails closely behind with a weighted spending rate of 0.8%. Notably, certain key departments have spent less than 1% during this period, including the Transport Authority and Sanitation, each with 0.4% expenditure, as well as Solid Waste, which has a minimal spending rate of 0.1%.

Figure 2:



Source: *Expenditure Unit, Economic Development Unit, 2023*

The **Housing** Unit's major spending projects in the first quarter included Cornubia Phase 2 Roads with an expenditure of R19.6 million, followed by Storm Disaster from October 2019 at R16.1 million. KwaMakhutha came in at R13.0 million, while Ntuzuma G Infill for road infrastructure had an outlay of R12.4 million. Strategic Land Acquisition & Housing was funded with R9.8 million, Ntuzuma D Phase 2&3 for roads and stormwater infrastructure received R8.3 million, and Redcliffe Valley View for roads was allocated R8.0 million.

The **Engineering** Unit's spending was directed toward various projects. These included Road Rehabilitation at R14.2 million and the Rehabilitation of Inkosi Albert Luthuli Freeway with an allocation of R12.1 million. The Flood Damage project on Umlazi R102 for stormwater berm and road received R11.6 million, while the Jabu Ngcobo Drive Culvert Upgrade in Umdloti, Ward 6 was funded with R7.2 million. Upgrades to low-volume roads in the west were allocated R7.1 million, and the 42 Bellamont Road project for stormwater pipe and embankment received R7.0 million.

¹ **Weighted Spending Rate** is calculated by taking the quarterly capital expenditure for each department as a percentage of the total quarterly capital expenditure, and then multiplying it by the annual allocated capital budget for each department as a percentage of the total annual capital budget.

The **Electricity** department allocated its largest share of spending to the Substation Equipment Breakdown project, with an expenditure of R28.8 million. This was followed by Sundry New Supply (Blocksum) at R16.0 million and Customer Prepayment Connection at R9.1 million. Additional key projects included Reinforcement (Blocksum) with a budget of R4.2 million, and Sundry EFA Informal (Blocksum) funded at R3.8 million.

The **Economic Development & Planning** Cluster's highest expenditure was on the Ntshongweni Road Upgrade, with a budget of R56.6 million. Other significant allocations included R4.1 million for the KwaMashu SAFE HUB, R3.4 million for the Mpumalanga Boxer Node – Phase, and R2.9 million for The Brickworks.

The **Water Unit's** largest spending was allocated to the Southern Aqueduct 1200 mm project, with a budget of R7.8 million. This was followed by the Install/Upgrade Reservoir project at R5.6 million and the Hazelmere WWTW to Grange Res project at R5.5 million. Additional noteworthy expenditures included R4.5 million for the Adams 6 Reservoir, R3.6 million for the Replacement of Water Pipes, R3.4 million for Installing Domestic Meters, R3.0 million for the Inwabi to Engonyameni Bulk Pipe, and R2.7 million for Informal Settlement Metering.

Summary of the Report

The capital expenditure started at a slow pace in the first quarter of 2023/24. There is an increasing urgency to find ways to streamline the protracted approval processes for project implementation and to accelerate the execution of key infrastructure projects essential for service delivery.

The City's capital budget for the 2023/24 fiscal year has seen a significant increase of 32.8%. However, sustained investment (capital budget) in infrastructure remains crucial as both the population and the number of vehicles continue to grow constantly in Durban. Additionally, it's vital to persist in urging departments to ramp up their capital expenditure on essential infrastructure assets within the City. As such investment expenditure is crucial for the City's economic revival and job creation.

*Produced by **The Durban EDGE** Team of the
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