

Quarter 3 2023/24 Procurement Disclosure Report



**Western Cape
Government**
FOR YOU

Authored by
Provincial Treasury
Provincial Government
Supply Chain Management

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ABBREVIATIONS

B-BBEE	Broad Based-Black Economic Empowerment
bn	Billion
CSD	Central Supplier Database
ePS	Electronic Procurement Solution
FAQs	Frequently Asked Questions
GTB	Government Tender Bulletin
IPS	Integrated Procurement Solution
MTEF	Medium-term Expenditure Framework
NT	National Treasury
PCC	Procurement Client Centre
PPPFA	Preferential Procurement Policy Framework Act
PPFR	Preferential Procurement Policy Framework Regulations
PT	Provincial Treasury
PTIs	Provincial Treasury Instructions
RDP	Reconstruction and Development Programme
RFQ	Request For Quotations
TBEC	Transversal Bid Evaluation Committee
TBAC	Transversal Bid Adjudication Committee
WCG	Western Cape Government
WCBD	Western Cape Bid Document
WCSEB	Western Cape Supplier Evidence Bank

EXECUTIVE SUMMARY



This report is the **Western Cape Government's third procurement disclosure for the 2023/24 financial year** highlighting financial and non-financial performance. This government prioritizes fairness, transparency, and cost-effectiveness in procurement, and supports socio-economic development through preferential policies.

For the third quarter of the 2023/24 financial year, the Western Cape Government spent **R14.73 billion** on procurement and related provisions. This spending highlights our commitment to efficient practices and supporting local businesses.

- 27.07% went to SMMEs.
- 60.14% supported black-owned companies.
- 56.21% was spent with suppliers based in the Western Cape, with 49.04% going to those in the City of Cape Town.



Automated tools and electronic solutions improve procurement efficiency and transparency. 2,728 planned procurement opportunities valued above R100 000 were made available during the 2023/2024 financial year.

The e-Procurement solution was crucial, facilitating 28 543 RFQ opportunities, of which 16,245 were awarded in the 2023/24 fiscal year. Additionally, 149 formal tenders were advertised and 41 awards were published through the e-tender portal.

Goods and services made up **77.83% of the total procurement and related provisions expenditure**. The top three were Property Payments (R2.67 billion), Medical Supplies (R1.32 billion) and Computer Services (R1.16 billion). The procurement strategy emphasises value for money and strategic supply chain management.



The 2022 Preferential Procurement Regulations aims to align with constitutional requirements and the Preferential Procurement Policy Framework Act. The WCG is reviewing its SCM requirements to better align with section 217 of the Constitution, enhancing service delivery and economic empowerment.

On 11 September 2023, the WCG submitted comments to the Standing Committee on Finance and the National Assembly on the **Public Procurement Bill [B18-2023]**. The WCG expressed dissatisfaction and does not support the Bill in its current form, despite its aim to streamline public procurement regulations, citing several concerns.



In response to **the economic and fiscal constraints**, the WCG is focusing on fiscal consolidation, protecting essential priorities, and managing expenditures. Departments are tasked with cost savings opportunities through contract renegotiations and policy adjustments.

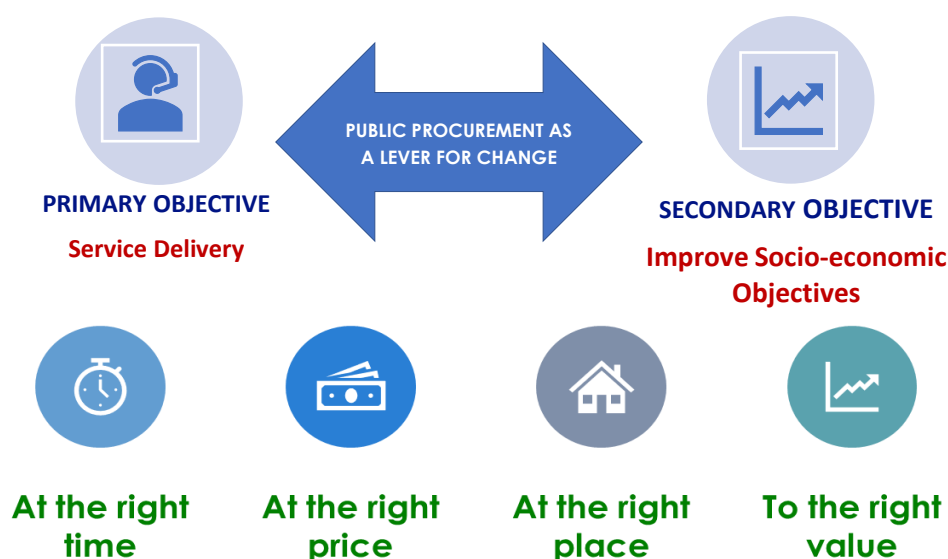
1. INTRODUCTION

This is Western Cape Government's (WCG) seventh procurement disclosure report since COVID-19. It covers the financial and non-financial procurement performance for the 2023/24 highlights regulatory changes and initiatives to improve procurement processes.

2. CONTEXT AND INTENT OF PUBLIC PROCUREMENT

Public procurement involves government organizations buying goods, services, and works from suppliers, guided by fairness, transparency, competitiveness, and cost-effectiveness. These principles, ensure timely and value-driven procurement to support service delivery. Socio-economic development is also a focus, encouraging preferential procurement to empower historically disadvantaged entities.

Bid evaluations consider factors beyond price, including responsiveness to bid documents, and compliance with terms, and conditions. Non-compliance can lead to disqualification, even if a supplier offers a lower price. Specifications and criteria are designed to allow participation from all qualified suppliers. Preference points are given to historically disadvantaged entities, and bids are scored based on both price and preference, with the highest-scoring companies winning the tender.



3. PREFERENTIAL PROCUREMENT REGULATIONS, 2022

The National Minister of Finance introduced new Preferential Procurement Regulations, in 2022 to replace the invalidated 2017 regulations, aligning with constitutional requirements and court judgments.

Key Insights from the judgments:

- Preferential procurement policies must advance the requirements of s 217(1) of the Constitution [Supreme Court of Appeal]¹;
- The Minister of Finance cannot prescribe policies outside the framework of national legislation (PPPFA) [Constitutional Court]²;
- Each organ of state must determine and implement its own preferential procurement policy within the framework. [Constitutional Court]³.

¹ Afribusiness NPC v Minister of Finance [2020] ZASCA 140; 2021(1) SA 325 (SCA) (Supreme Court of Appeal judgment)

² Minister of Finance v Afribusiness NPC (CCT 279/20) [2022] ZACC 4; 2022(4) SA 362 (CC); 2022(9) BCLR 1108(CC) (16 February 2022)

³ Supra

The regulations require organs of state to specify preference point systems and goals in tender documents, such as contracting with historically disadvantaged individuals and implementing programs like the Reconstruction and Development Programme.

The Western Cape Government is committed to evidence-based decision-making, international best practices, and ensuring value for money and redress. The current procurement system, guided by the Provincial Treasury will continue until new policies are finalised. A technical review is underway, to reform the procurement system, considering legal alignment, best practices, and stakeholder input. The goal is to implement a Change Management Strategy with training and collaboration.

4. PUBLIC PROCUREMENT BILL

On 11 September 2023, the Western Cape Government (WCG) submitted comments to the Standing Committee on Finance and the National Assembly on the Public Procurement Bill [B18-2023], advocating for a careful reconsideration of the Bill due to several concerns:

- **Constitutional Compliance:** The Bill does not fully align with the constitutional standards, particularly in balancing transparency, competitiveness, and cost-effectiveness with fairness and equity. Ensuring value for money in public procurement is crucial.
- **Centralization Concerns:** The proposed centralization into a national Public Procurement Office (PPO) lacks clear constitutional, policy, and legal basis. Additional central controls may not effectively reduce corruption and could lead to delays and litigation.
- **Transparency and Oversight:** The Bill lacks sufficient provisions to enhance transparency and public oversight in supply chains, limiting opportunities for public scrutiny.
- **Financial Framework Alignment:** While the Bill is correctly placed under the appropriate constitutional section (section 216), there are about the potential disconnect between procurement processes and the financial regime. Synergy between procurement procedures and financial regulations is essential.
- **Scope and Fragmentation:** The broadened scope of procurement regulation, covering goods, services, infrastructure, Public-Private Partnerships, and donations, may counteract simplification efforts. Public procurement should remain connected to financial management and service delivery systems.
- **Investment and Local Content:** The Bill's provisions related to local content should not cause delays or cost escalation in infrastructure projects. Explicit safeguards against such unintended consequences are essential.
- **e-Procurement and IFMS:** Supporting e-procurement and integrated financial management systems is crucial. However, addressing development, implementation planning, change management, costs, and sub-national engagements is essential.
- **Dispute Resolution Complexity:** The proposed dispute resolution process is overly complex and impractical, potentially compromising accountability and judicial oversight.
- **Preferential Procurement Framework:** Extending the Bill's framework for preferential procurement beyond necessary limits, may contradict court rulings on the autonomy of procuring entities.
- **Sub-National Government Reform:** Limiting sub-national government reform could hinder ongoing modernisation efforts in provinces and municipalities.
- **Effective Implementation and Change Management:** Enacting the Bill requires robust implementation and change management strategies, including resource allocation, infrastructure, cost analysis, and monitoring and evaluation.

5. METHODS OF PROCUREMENT

The following procurement methods as regulated have been utilized in government, and will continue to be, followed in the WCG:



**It must be noted that the ePS is used for procurement from R10 000 up to R1million, whilst utilisation of the system between R2 001 to R10 000 is discretionary and will be articulated in the accounting officer's system of each procuring entity.*

6. SCM REPOSITIONING

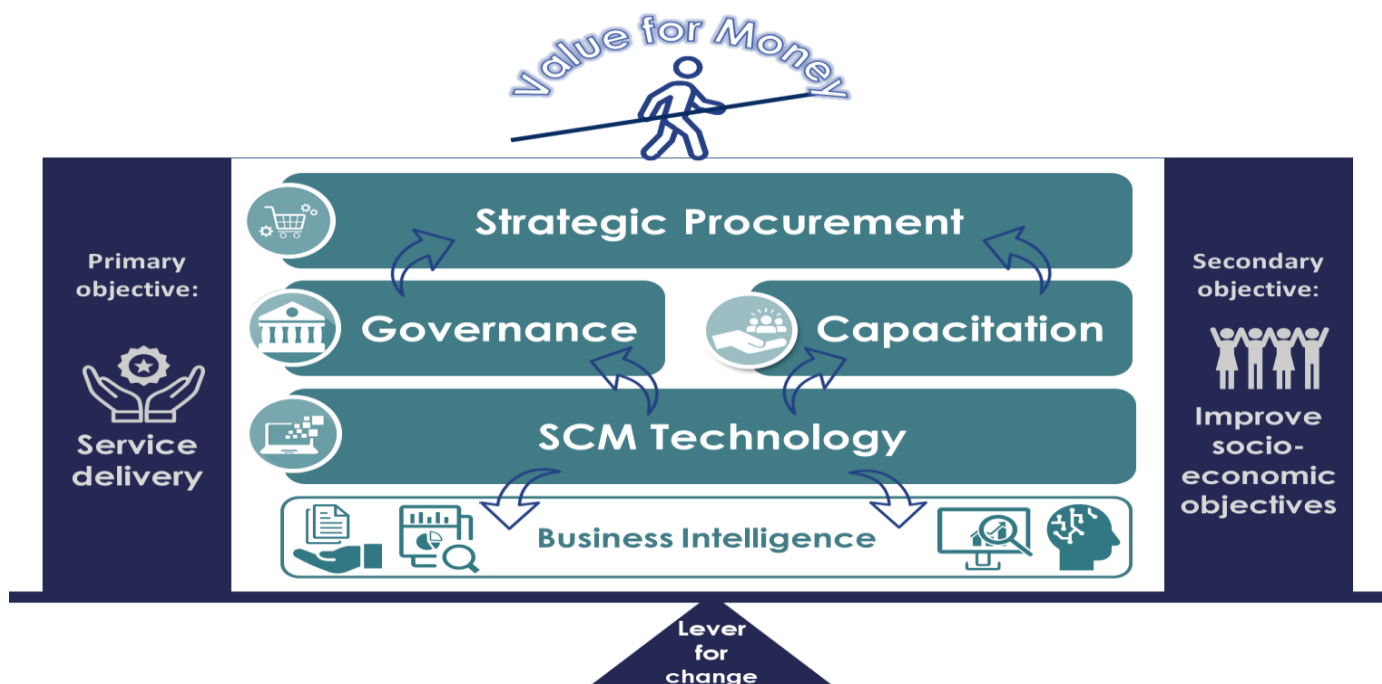
The Provincial Treasury oversees Supply Chain Management (SCM) policy and financial systems in the province, areas highlighted for improvement by National Treasury. Despite anticipated reforms not fully materializing, the Province has adapted and innovated.

Over the last decade, the SCM strategy focused on governance, technology, strategic procurement, and capacity development. Challenges with implementing the Integrated Financial Management System (IFMS) led to reliance on upgrading existing systems.

In 2022, the Provincial Executive initiated a technical review of SCM to develop a procurement system ensuring value for money and socio-economic redress. Senior SCM officials and CFOs adopted the Problem Driven Iterative Adaptation (PDIA) approach to identify and address root causes of service delivery challenges linked to procurement.

Led by the Provincial Treasury, this effort established four cross-departmental workgroups to design a value-driven procurement system. Discussions affirmed the need to maintain and refresh the SCM strategy, emphasising a renewed perspective and approach. This re-positioning is depicted in Illustration 1 hereunder:

Illustration 1: SCM Strategy



Outcome: The main goal of public procurement is to efficiently deliver services to citizens with a secondary goal of advancing socio-economic objectives.

Strategic Procurement: Implementing a commodity-based procurement approach is crucial for a value-driven perspective. This approach requires institutions to see procurement as integral to their mandates and plan comprehensively, avoiding isolated efforts. Understanding markets deeply enables developing a procurement strategy that aligns with both primary service delivery and socio-economic goals.

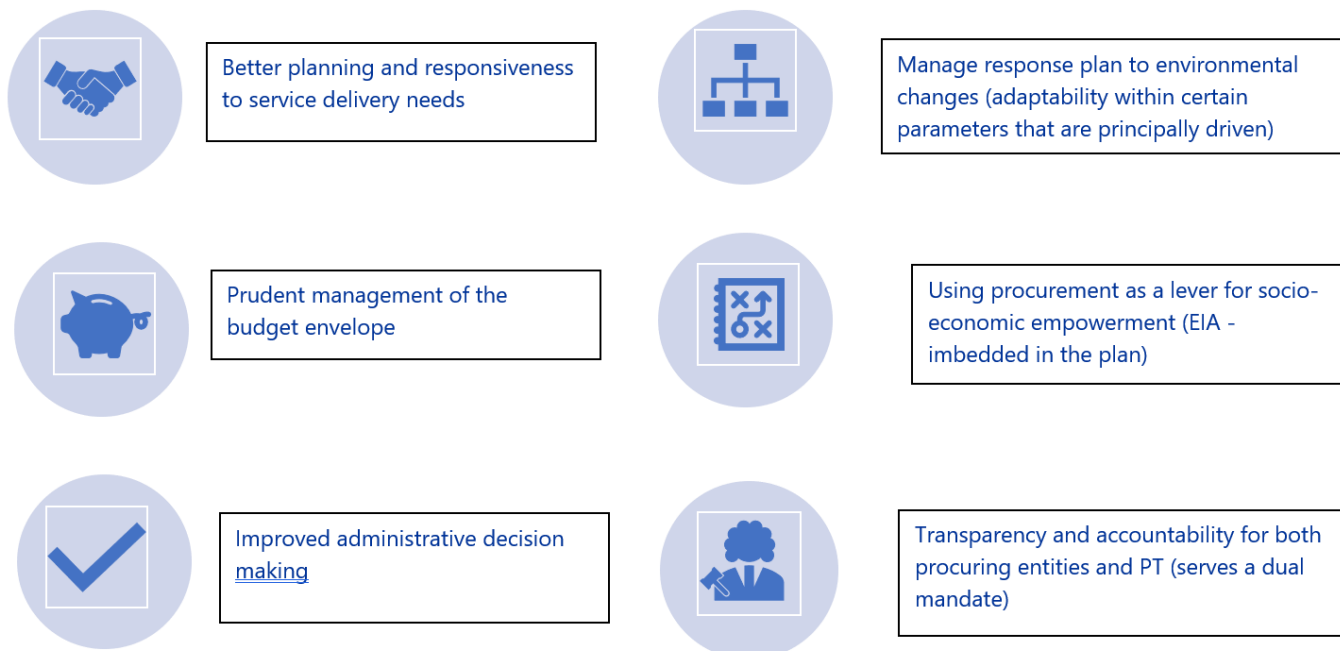
Governance and Capacity Building: While maintaining strong governance, we aim to reduce excessive regulation and control by reviewing provincial treasury instructions, accounting officer systems, and restrictive delegations. Collaborating with lawmakers, we seek to streamline the procurement system, to be more responsive and less burdensome. Increasing transparency, we will share more information about our procurement plans, product needs, and spending with the private sector to better meet our requirements.

Repositioning of the SCM Strategy: Shifting from a compliance-focused to a value-for-money procurement system, requires reskilling SCM staff and engaging with suppliers to promote performance-based practices.

7. PROCUREMENT PLANNING

Procurement plans are an essential part of the WCG's procurement activities for a financial year. This ensures that procurement activities are aligned to service delivery objectives and budgets. Illustration 2 hereunder depicts the thinking.

Illustration 2 Procurement Planning Rationale



WCG implemented an automated procurement planning toolkit in the 2021/22 financial year. All departments have transitioned to the automated procurement planning toolkit and hence the Provincial Treasury is able to produce a provincial procurement plan as well as view progress on departmental plans when the information becomes available on a quarterly basis.

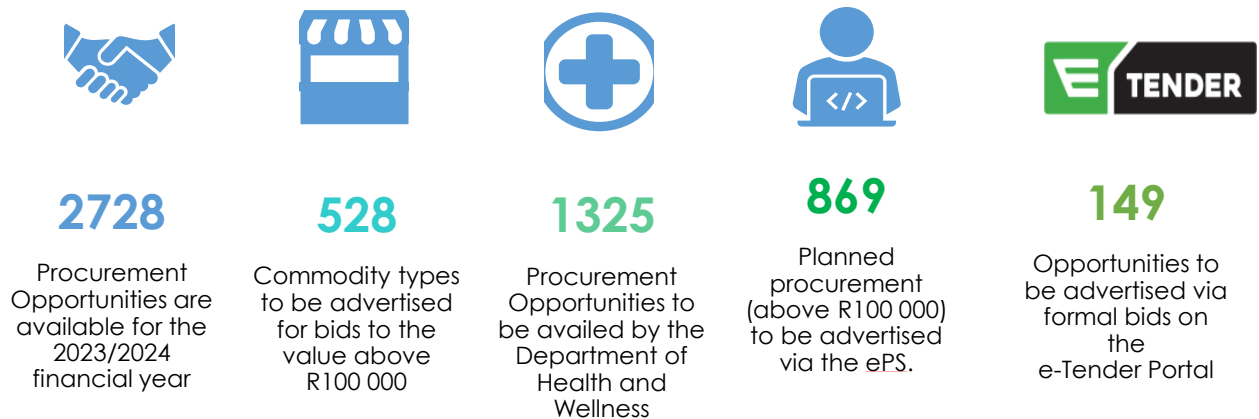
The advertised procurement plans for all 13 of our provincial departments may be viewed via this link here: <https://www.westerncape.gov.za/provincial-treasury/procurement-disclosure-report>.

The Illustrations 3 and 4 hereunder depict the potential opportunities that are available to suppliers via the envisaged departmental procurement processes during the 2023/24 financial year:

Note: The procurement plans is signed off by the Provincial Departments on 31 March 2023, however, given the National fiscal framework are subject to change as the year progresses due to various factors such as budgetary constraints; refocused strategic indicators; and intended procurement is no longer a need; or there is a postponement of the need, this information is purely indicative of the planned procurement only.

7.1 PLANNED TENDER OPPORTUNITIES

Illustration 3 Planned Procurement Opportunities 2023/24



7.2 PROCUREMENT OPPORTUNITIES AND AWARDS FOR 2023/24

Illustration 4 Procurement Opportunities 2023/24

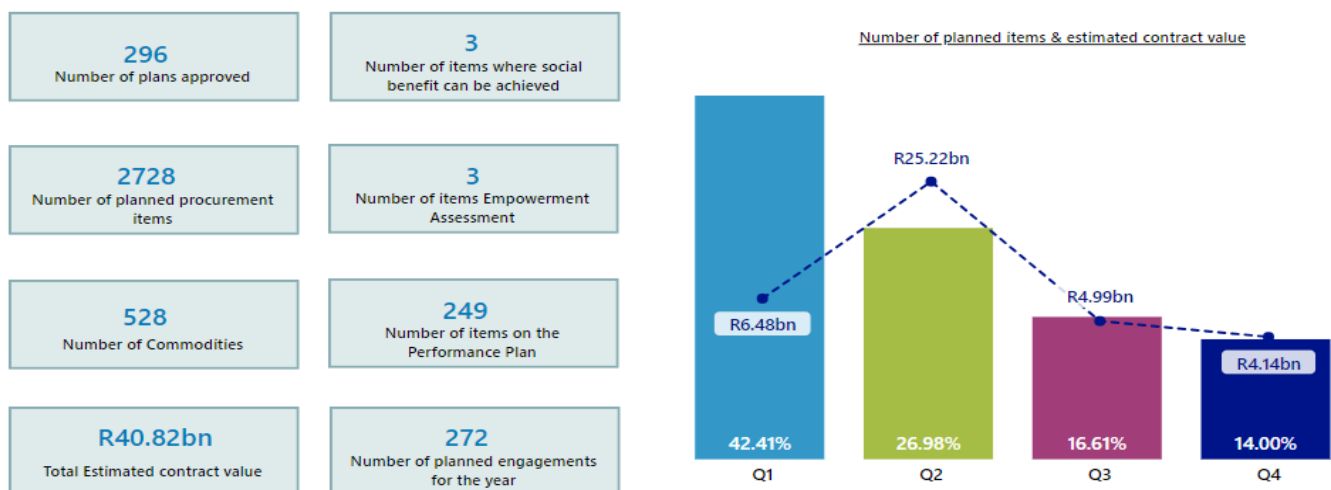


Table 1 Planned Items per Department

Number of planned items per department		
Department New	Est.Total Value	Count of Item Ref.No.
Department of Infrastructure	R21,883,561,612.53	235
Department of Health and Wellness	R8,994,072,307.61	1325
Department of Education	R6,204,474,836.55	398
Department of Mobility	R2,459,105,913.69	49
Department of The Premier	R418,910,832.90	192
Department of Social Development	R257,787,033.26	68
Department of Cultural Affairs and Sport	R234,497,514.60	167
Department of Police Oversight and Community Safety	R136,707,697.03	34
Department of Agriculture	R100,164,225.09	131
Department of Local Government	R60,042,250.00	49
Department of Environmental Affairs and Development Planning	R26,936,312.00	18
Provincial Treasury	R26,516,719.77	25
Department of Economic Development and Tourism	R19,550,000.00	37
Total	R40,822,327,255.03	2728

Table 2 Envisaged Number, Value and Process for purchasing Planned Procurement Items

Number and value of items per Procurement Process				
Procurement Process	Number of Items	Items % of GT	Total Estimated Value	%GT Total Estimated Value
COMPETITIVE BIDDING	1308	47.95%	R19,938,077,893.32	48.84%
LIMITED BIDDING - SINGLE SOURCE	162	5.94%	R16,000,250,164.48	39.19%
TRANSVERSAL CONTRACT	122	4.47%	R2,441,835,249.21	5.98%
LIMITED BIDDING - MULTI SOURCE	30	1.10%	R905,090,465.84	2.22%
FORMAL QUOTATIONS	860	31.52%	R639,837,531.05	1.57%
DEPARTMENTAL CONTRACT	130	4.77%	R379,756,138.02	0.93%
FRAMEWORK AGREEMENT	59	2.16%	R332,038,317.35	0.81%
LIMITED BIDDING - SOLE SOURCE	45	1.65%	R178,091,044.76	0.44%
Frame work agreement	3	0.11%	R4,020,451.00	0.01%
INFORMAL QUOTATIONS	9	0.33%	R3,330,000.00	0.01%
Total	2728	100.00%	R40,822,327,255.03	100.00%

Tender opportunities will decline as the year progresses; hence it is critical for suppliers to ready themselves for these opportunities.

Illustration 5 Actual Procurement for Quarter 1, 2 and 3 of 2023/24 based on Quarterly Feedback from Departments



Procurement Process	No. of Awards	Awarded Value
Competitive Bidding	371	R51,224,362,296
Departmental Contract	49	R32,869,492
Emergency Procurement	2	R1,811,069
Formal Quotations	341	R404,185,714
Framework Agreement	2	R1,762,243
Informal Quotations	4	R785,583
Limited Bidding - Multi Source	13	R74,032,565
Limited Bidding - Single Source	62	R71,045,295
Limited Bidding - Sole Source	32	R129,193,045
Transversal Contract	35	R55,274,942
Total	911	R51,995,322,244

8. ECONOMIC AND FISCAL CONTEXT

Global Economic Landscape

The world economy faces heightened risks, due to conflicts like the Ukraine-Russia and Middle East conflict, uncertain inflation, and slow recovery in China. Tightened financial conditions, influenced by higher borrowing costs and persistent inflation, could impact global growth. These challenges emphasise the need for careful monitoring and strategic responses to mitigate potential negative effects.

Macroeconomic Situation in South Africa

South Africa's economic challenges, worsened by global risks and internal issues, affect the Western Cape. Modest national GDP growth is hindered by factors like power cuts, energy shortages, and logistical disruptions. Infrastructure concerns, unemployment, inflation pressures, and sector-specific risks in tourism, agriculture, and finance add to the complexity. Strategic responses are crucial to safeguarding economic performance.

Financial Constraints and Government Response

The Western Cape Government faces significant financial constraints. Medium-term goals include achieving fiscal sustainability by reducing deficits and stabilizing debt levels. Supporting economic growth through infrastructure investment and pro-growth policies is prioritized. Establishing fiscal buffers to withstand future shocks is essential, emphasizing prudent financial management and resource allocation.

Medium Term Expenditure Framework (MTEF) Guidelines

The 2024 MTEF guidelines suggest reduced funding for government departments in the coming years. This requires a revised approach to budget planning and procurement strategies to align with national financial plans and potential cuts in provincial funding.

Adjusting Fiscal Strategy

In response, the Western Cape Government is intensifying fiscal consolidation efforts to protect priorities and manage expenditures strategically amid reduced resources. The 2024 budget process focuses on fiscal certainty and executing strategies to absorb baseline reductions while prioritizing key areas like employment, safety, and well-being. Innovative service delivery and alternative financing approaches are emphasized, guided by historical analysis to identify savings and prioritize spending adjustments.

Procurement Adjustments

Departments are tasked with finding savings through renegotiating contracts and adjusting policies to optimize spending on goods and services, ensuring efficient use of available budgets.

9. e-PROCUREMENT SOLUTION AND THE WESTERN CAPE SUPPLIER EVIDENCE BANK

Since 1999, the WCG has used an online platform for inviting bids, including a supplier database. Since 2016, the National Treasury introduced a Central Supplier Database (CSD), as compulsory for all provinces and suppliers dealing with government.

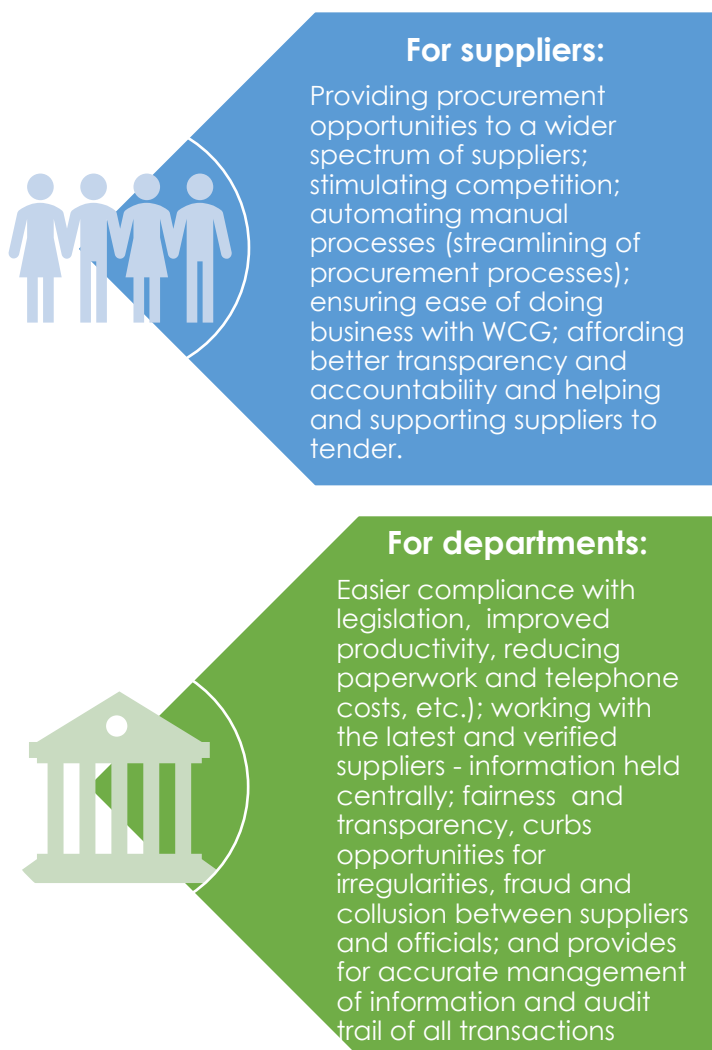
Using technology in government, particularly in procurement, is crucial for improving efficiency, reducing red tape for suppliers and ensuring accountability and transparency. Automated systems help us manage the large-scale financial transactions in government operations.

9.1 THE IN-HOUSE DEVELOPED e-PROCUREMENT SOLUTION (ePS)

Since 1999, WCG has utilised an e-Procurement Solution to facilitate the procurement of goods, services and works up to the value of R500 000. Since 1 December 2021, the WCG implemented an in-house developed ePS that facilitates the procurement of goods, services, and works up to the value of R1 million.

9.2 VALUE AND BENEFITS OF AN ELECTRONIC PROCUREMENT SOLUTION (ePS)

The ePS include the Western Cape Supplier Evidence Bank (WCSEB) that serves as a central repository of governance documentation:



- The WCSEB uses the national Central Supplier Database (CSD) as the master database of information that feeds into the WCSEB; which houses compulsory governance documents and serves as a central document store.
- Registration on the WCSEB for procurement via ePS is a policy decision made by the WCG to ensure that compulsory tender requirements are met and the WCSEB constitutes a single central store of governance documentation i.e., WCBD 4 Declaration of interest; Bidders Past SCM Practices & Independent Bid Determination); WCBD 6.1 (Preference Points Claim and B-BBEE certification required in the procurement process), by all provincial government departments.
- An actively registered supplier is a supplier who has a valid WCBD 4 on the WCSEB. The WCBD 4 is valid for a period of one year. Should this WCBD 4 expire, the supplier will become suspended on the WCSEB and will not be eligible to receive opportunities via the ePS.

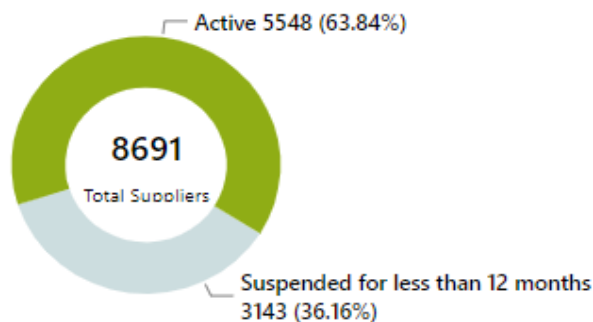
9.3 WESTERN CAPE SUPPLIER EVIDENCE BANK (WCSEB)

There are 8 691 suppliers registered on the WCSEB of which 63.84 per cent are active and 36.16 per cent are suspended. These suppliers will therefore not be eligible to receive opportunities advertised via the ePS. Suppliers are requested to check their status on the WCSEB and uplift the suspension by submitting a duly completed Western Cape Bidding Document 4 (WCBD 4) to the Procurement Client Centre (PCC) - (detail of which can be found at the end of this report).

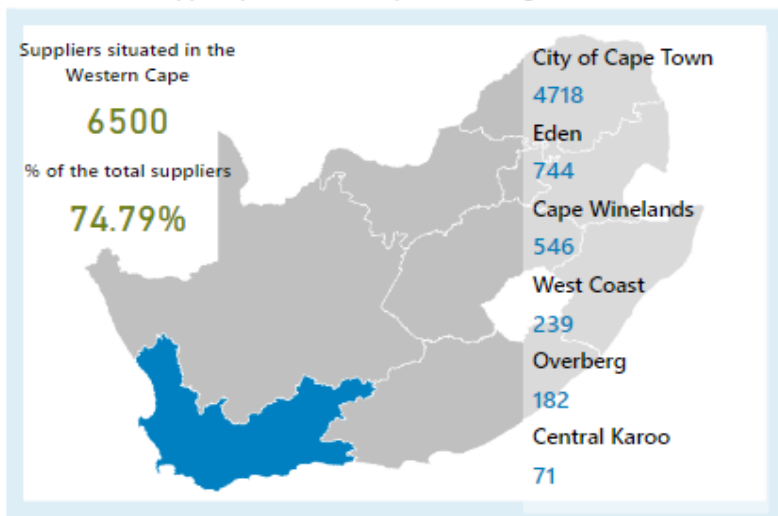
ILLUSTRATION 6 WCSEB

Supplier Categories as aligned to the RDP goals

Supplier Count by WCSEB status



Number of Supplier per Western Cape District registered on the WCSEB.



SMMEs



Woman Owned



Black Owned



Youth Owned



People with Disabilities



The visual presents the total number of suppliers (Active and Suspended for less than 12 months) registered on the WCSEB as at 29 February 2024.

- Among the 8 691 suppliers: 75.30% are at least 51% black owned; 82.79% are Small Medium Micro Enterprises (SMMEs); 41.87% are woman owned; 16.55% are youth owned and 1.28% are owned by people with disabilities.
- Geographically 74.79% (6 500 suppliers) are situated in the Western Cape.

Note that the registration status of suppliers changes continuously as suppliers maintain their profile from a suspended status to an active status. As the WCBD 4 expires these suppliers will become suspended.

It is incumbent on suppliers to ensure that their WCBD4 documents are current and that all their information is updated as required to avoid suspension and also to enable them to continue tendering with the Western Cape Government.

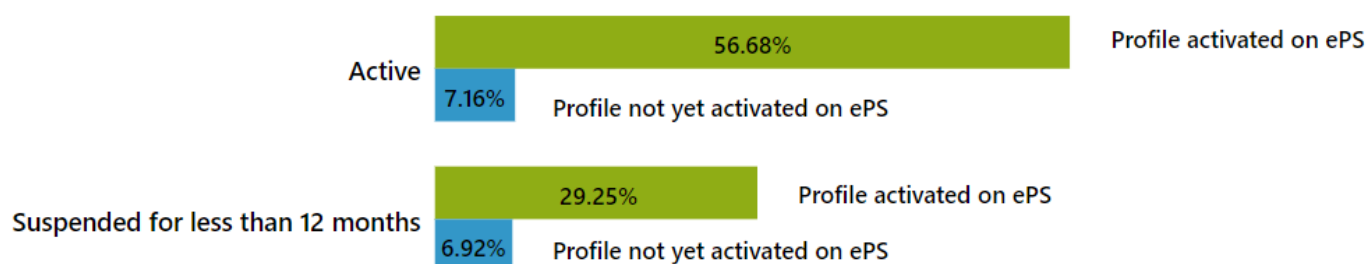
When the Province moved to the new system, suppliers registered on the WCSEB were assisted with the activation of their profiles on the ePS. Once these profiles have been activated, the system generates an email with brief instructions and a link to access the ePS. A Video Tutorial can be accessed on the WCG web page: <https://www.westerncape.gov.za/provincial-treasury/tenders/eprocurement-solution>.

9.4 ePS SUPPLIER REGISTRATION

7.16 per cent of the supplier base has not yet activated their profiles on the ePS and these suppliers will not be eligible to receive opportunities via the ePS even though the supplier is actively registered on the WCSEB.

29.25 per cent of the supplier base has a profile registered on the ePS but will not receive opportunities because they are suspended on the WCSEB (due to an expired WCBD 4). It is important for suppliers to understand and know their status on the ePS.

Illustration 7 WCSEB Stats vs E-PS Registration



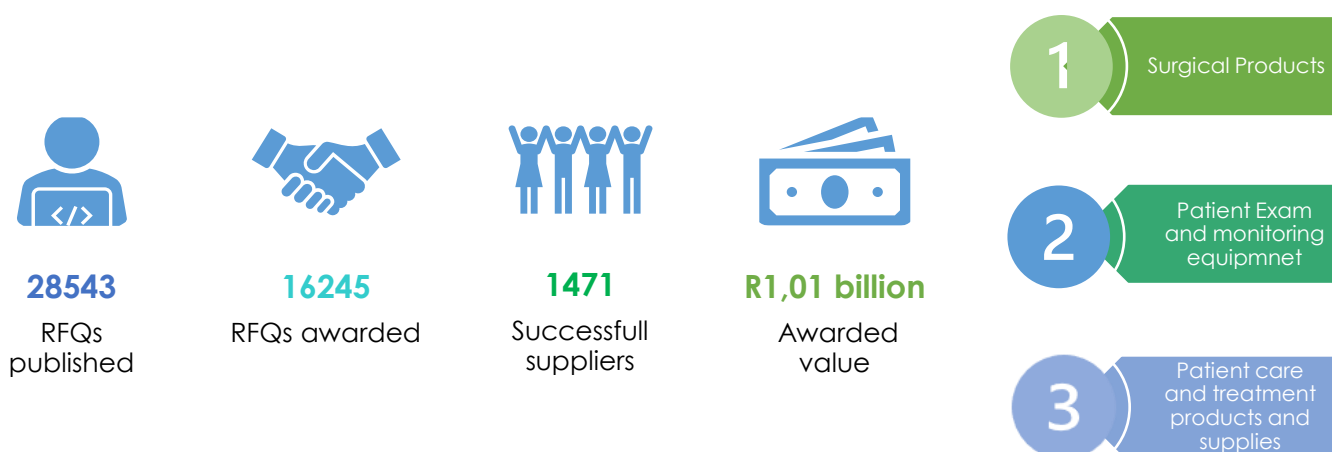
The Provincial Treasury has developed an in-house eProcurement Solution as required by paragraph 5.3.1 (a) of the Provincial Treasury Instructions (PTIs) which came into effect 1 December 2021 with the phasing out of the previous Integrated Procurement Solution (IPS). This Dashboard provides an overview in terms of the onboarding of suppliers to the ePS which took place on 7 September 2021.

Supplier support for the ePS is provided through various interventions as articulated in Chapter 12 (pages 26 - 27).

10. BUSINESS OPPORTUNITIES

Goods or services between the value of R2 001 and up to R1 million, tax inclusive, must be invited from at least three or more service providers. It must be noted that the ePS are used for procurement from R10 000 up to R1 million, whilst utilisation of the system between R2 000 to R10 000 is discretionary and will be articulated in the accounting officer's system of each procuring entity. Should the ePS not be utilised for procurement between R2 000 to R10 000, a manual quotation system is used by departments.

10.1 QUOTATIONS ADVERTISED VIA THE EPS IN QUARTER 1, 2 AND QUARTER 3 OF 2023/24



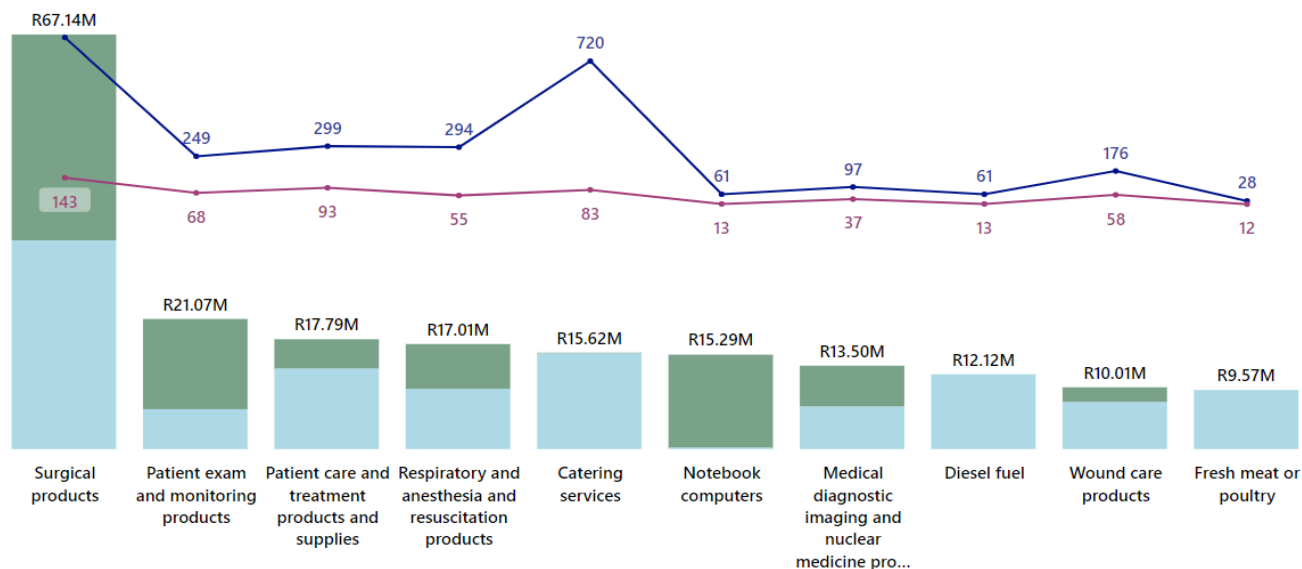
10.2 ePS REFLECTIONS

Illustration 8 Top Commodities Awarded via the EPS

Top 10 Commodities based on Total Award Value and number of RFQs awarded.

● Competitive Bidding ● Limited Bidding ● Number of RFQs ● Number of successful suppliers

Procurement Type	RFQ count	%
Competitive Bidding	23853	83.57%
Limited Bidding	4690	16.43%



"Surgical products" emerged as the top awarded commodity in terms of total award value, with a substantial R67.14 million distributed across 837 RFQs that were awarded to 143 different suppliers. Following closely behind, "Patient exam and monitoring products" as the second-highest position, with a total award value of R21.07 million spread across 249 RFQs that were granted to 68 different suppliers. "Patient care and treatment products and supplies" claimed the third spot, with R17.79 million in total award value, encompassing 299 RFQs that were distributed to 93 different suppliers.

10.3 PROCUREMENT METHODS UTILISED VIA THE e-PS IN QUARTER 1, 2 AND 3 OF 2023/24



65.72% opportunities published via competitive quotations with a threshold value of R10 000 to R1 million



16.50% opportunities published via competitive price quotations with a threshold value of R2 000 to R10 000



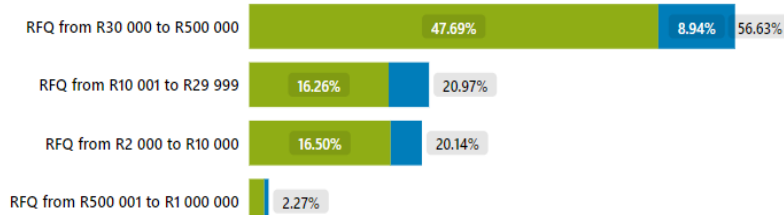
3.64% opportunities published via limited bidding with a threshold value of R2 000 to R10 000



14.14% opportunities published via limited bidding with a threshold value of R10 000 to R1 million

% of RFQs Awarded per Threshold and Procurement Type

● Competitive Bidding ● Limited Bidding



Procurement Type	Total RFQ Award Value	Number of RFQs awarded
Competitive Bidding	R740,139,966.00	13357
RFQ from R10 001 to R29 999	R44,657,571.00	2642
RFQ from R2 000 to R10 000	R14,188,227.00	2680
RFQ from R30 000 to R500 000	R571,696,579.00	7748
RFQ from R500 001 to R1 000 000	R109,597,589.00	287
Limited Bidding	R265,134,893.00	2888
RFQ from R10 001 to R29 999	R14,570,612.00	764
RFQ from R2 000 to R10 000	R4,747,967.00	591
RFQ from R30 000 to R500 000	R183,361,540.00	1452
RFQ from R500 001 to R1 000 000	R62,454,774.00	81
Total	R1,005,274,859.00	16245

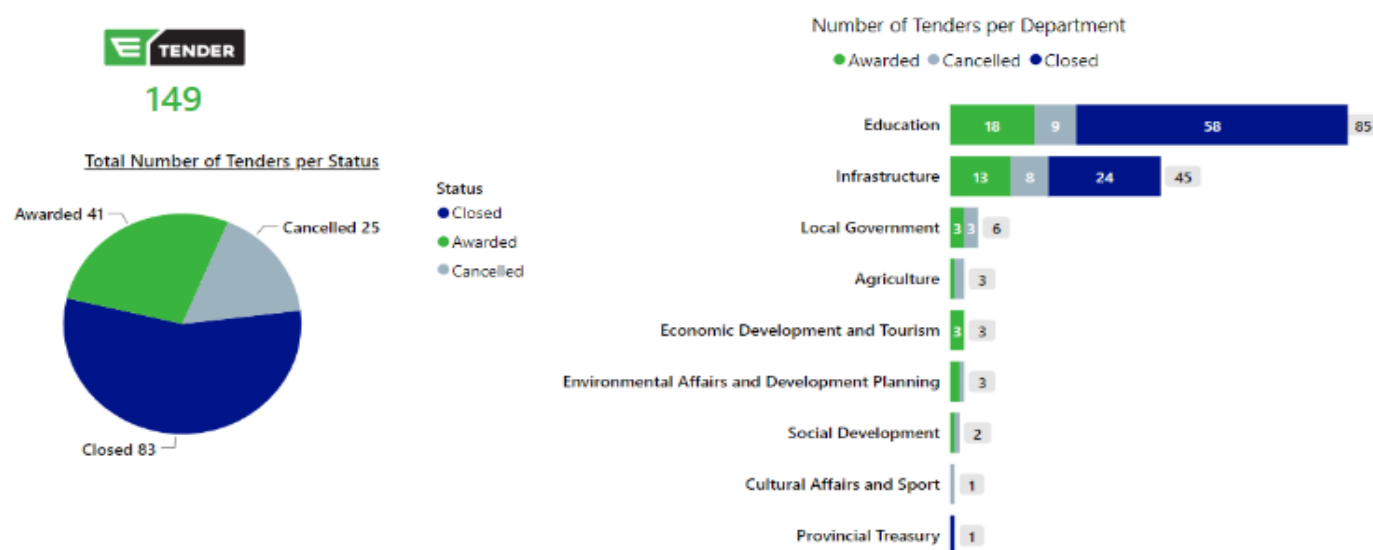
10.4 FORMAL TENDERS ADVERTISED VIA THE NATIONAL TREASURY e-TENDER PORTAL

The National Treasury has made provision for bids to be advertised on the e-Tender Portal as a compulsory requirement with effect from 02 January 2023, all procuring institutions are utilising the e-Tender Portal for the mandatory publication of opportunities, bid awards and any bid related notifications.

The illustration 9 hereunder depicts that in total 149 bids were advertised, 25 were cancelled and 41 awards were published via the e-Tender Portal.

10.5 TENDERS ADVERTISED FOR NEW BID INVITATIONS; AWARDS AND CANCELLATIONS VIA THE NATIONAL TREASURY e-TENDER PORTAL

Illustration 9 e-Tenders

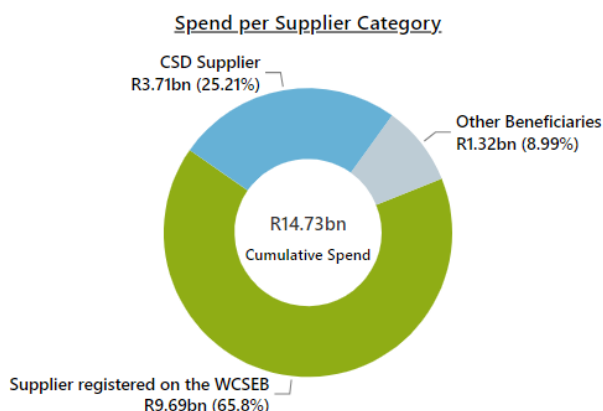


11. EXPENDITURE ANALYSIS 2023/24

The analysis below provides an overarching view of the Western Cape Government Departments' financial and non-financial performance for the first, second and third quarter of the 2023/24 financial year. This information is unaudited at this stage and must still undergo a full internal and external audit processes. While all efforts have been made to ensure the correctness of the data, some changes to the data will occur in-year as transactions are reconciled and validated.

11.1 CONSOLIDATED PROCUREMENT SPEND FOR THE PROVINCE

Illustration 10 Procurement Spend



In the first, second and third quarter of the fiscal year 2023/2024, the Province spent **R14.73 billion** via procurement.

R9.69 billion went to registered suppliers on WCSEB -, R3.71 billion on CSD - registered suppliers , and R1.32 billion disbursed to other beneficiaries, including transfer payments and petty cash disbursements.

Department New	Total Payment	% of Grand Total
Department of Health and Wellness	R6,323,433,964.40	42.94%
Department of Infrastructure	R3,323,755,689.16	22.57%
Department of Education	R3,138,387,635.67	21.31%
Department of The Premier	R1,001,172,718.89	6.80%
Department of Mobility	R345,255,778.11	2.34%
Department of Social Development	R198,353,049.81	1.35%
Department of Agriculture	R146,394,375.77	0.99%
Department of Cultural Affairs and Sport	R83,491,851.10	0.57%
Department of Police Oversight and Community Safety	R65,034,354.44	0.44%
Provincial Treasury	R38,896,690.59	0.26%
Department of Local Government	R26,103,848.23	0.18%
Department of Economic Development and Tourism	R21,567,013.00	0.15%
Department of Environmental Affairs and Development Planning	R14,409,023.09	0.10%
Total	R14,726,255,992.26	100.00%

Department of Health and Wellness is the largest spender, accounting for 42.94% (R6.32 billion) of the overall spend. The Department of Infrastructure disbursed 22.57% (R3.32 billion) and the Western Cape Education Department 21.31% (R3.14 billion).

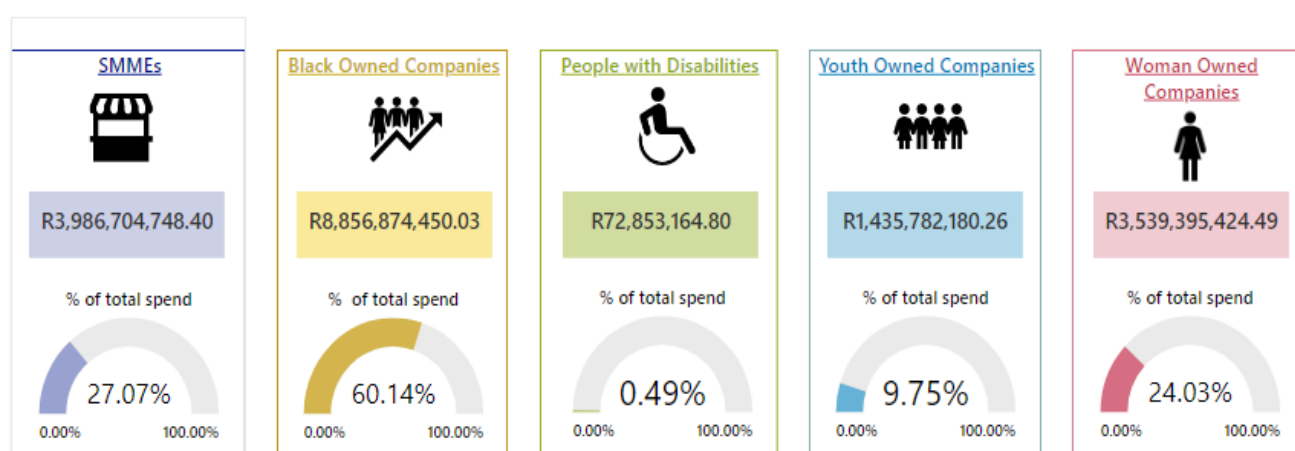
Together, these three leading departments accounted for 86.82% of the overall expenditure during this period.

11.2 EXPENDITURE TO SMME's

The analysis focuses on payments to WCSEB - registered suppliers, designated categories in terms of suppliers' B-BBEE scorecards as defined in the B-BBEE Act. It must be noted that while this analysis is relevant to the third quarter of the 2023/24 financial year, a new set of revised Preferential Procurement Regulations, 2022 (PPPFR) were issued via Government Gazette No. 47452 on 4 November 2022 with an effective date for implementation of 16 January 2023. The Provincial Cabinet endorsed that WCG will maintain the status quo of the current procurement system post 16 January 2023 until the executive policy directives and technical reviews have been concluded.

Illustration 11 Spend per Categories of Persons Historically Unfairly Discriminated Against and as Aligned to RDP Goals

Spend per categories of persons historically unfairly discriminated against and as aligned to RDP Goals



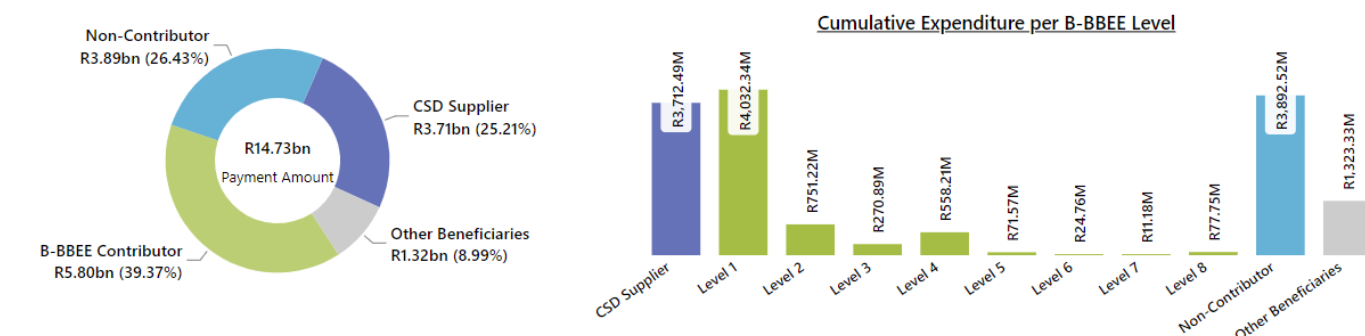
Depicted is a breakdown of expenditure aligned with the RDP (Reconstruction and Development Programme) goals and categories of historically disadvantaged groups:

- Approximately 27.07% of the total expenditure supported Small, Medium, and Micro Enterprises (SMMEs), showing a commitment towards their growth.
- A significant 60.14% was allocated to black-owned companies promoting economic inclusion within the black community.
- 0.49% was dedicated to individuals with disabilities, reflecting a commitment to inclusivity in procurement.
- Youth-owned companies received 9.75% of the total expenditure, emphasizing support to young entrepreneurs.
- 24.03% was directed towards woman-owned companies, highlighting a commitment to gender equality in the business.

This breakdown provides a comprehensive view of how expenditure aligns with RDP goals, benefitting various historically disadvantaged groups and promoting an inclusive procurement landscape.

11.3 EXPENDITURE ANALYSIS PER B-BBEE LEVEL

Illustration 12 Spend per B-BBEE Level



Supplier Category	B-BBEE Contributor		CSD Supplier		Non-Contributor		Other Beneficiaries		Total	
Department New	Payment Amount	% of CT	Payment Amount	% of CT	Payment Amount	% of CT	Payment Amount	% of CT	Payment Amount	% of CT
Department of Health and Wellness	R2,655,527,595.57	45.80%	R1,695,830,925.19	45.68%	R1,655,519,577.89	42.53%	R316,555,865.75	23.92%	R6,323,433,964.40	42.94%
Department of Infrastructure	R1,086,038,335.31	18.73%	R548,593,537.26	14.78%	R863,242,553.43	22.18%	R825,881,263.16	62.41%	R3,323,755,689.16	22.57%
Department of Education	R1,444,911,841.55	24.92%	R462,572,545.05	12.46%	R1,109,878,335.85	28.51%	R121,024,913.22	9.15%	R3,138,387,635.67	21.31%
Department of The Premier	R155,234,042.28	2.68%	R681,047,903.25	18.34%	R162,368,187.92	4.17%	R2,522,585.44	0.19%	R1,001,172,718.89	6.80%
Department of Mobility	R183,608,877.63	3.17%	R113,615,060.41	3.06%	R22,190,670.28	0.57%	R25,841,169.79	1.95%	R345,255,778.11	2.34%
Department of Social Development	R94,696,168.28	1.63%	R74,878,283.27	2.02%	R22,239,636.99	0.57%	R6,538,961.27	0.49%	R198,353,049.81	1.35%
Department of Agriculture	R55,167,057.01	0.95%	R55,646,944.72	1.50%	R24,269,492.63	0.62%	R11,310,881.41	0.85%	R146,394,375.77	0.99%
Department of Cultural Affairs and Sport	R52,863,825.30	0.91%	R9,841,230.02	0.27%	R19,524,720.94	0.50%	R1,262,074.84	0.10%	R83,491,851.10	0.57%
Department of Police Oversight and Community Safety	R35,820,010.98	0.62%	R18,431,558.80	0.50%	R777,473.67	0.02%	R10,005,310.99	0.76%	R65,034,354.44	0.44%
Provincial Treasury	R8,779,705.05	0.15%	R25,426,007.58	0.68%	R3,506,316.66	0.09%	R1,184,661.30	0.09%	R38,896,690.59	0.26%
Department of Local Government	R11,564,459.85	0.20%	R9,764,199.39	0.26%	R3,973,475.49	0.10%	R801,713.50	0.06%	R26,103,848.23	0.18%
Department of Economic Development and Tourism	R8,682,608.19	0.15%	R9,438,308.94	0.25%	R3,137,443.82	0.08%	R308,652.05	0.02%	R21,567,013.00	0.15%
Department of Environmental Affairs and Development Pl...	R5,020,275.78	0.09%	R7,400,221.81	0.20%	R1,896,569.74	0.05%	R91,955.76	0.01%	R14,409,023.09	0.10%
Total	R5,797,914,802.78	100.00%	R3,712,486,725.69	100.00%	R3,892,524,455.31	100.00%	R1,323,330,008.48	100.00%	R14,726,255,992.26	100.00%

The allocation of expenditures in the first, second and third quarter of the 2023/2024 financial year reflects a targeted effort to empower B-BBEE companies. A notable 39.37% of the budget went to companies registered on the WCSEB with a B-BBEE status, while 26.43% supported those registered on the WCSEB but classified as non-B-BBEE contributors.

The nuanced distribution of funds showcases a comprehensive dedication to socio-economic development, affirming the province's active contribution via its procurement initiatives.

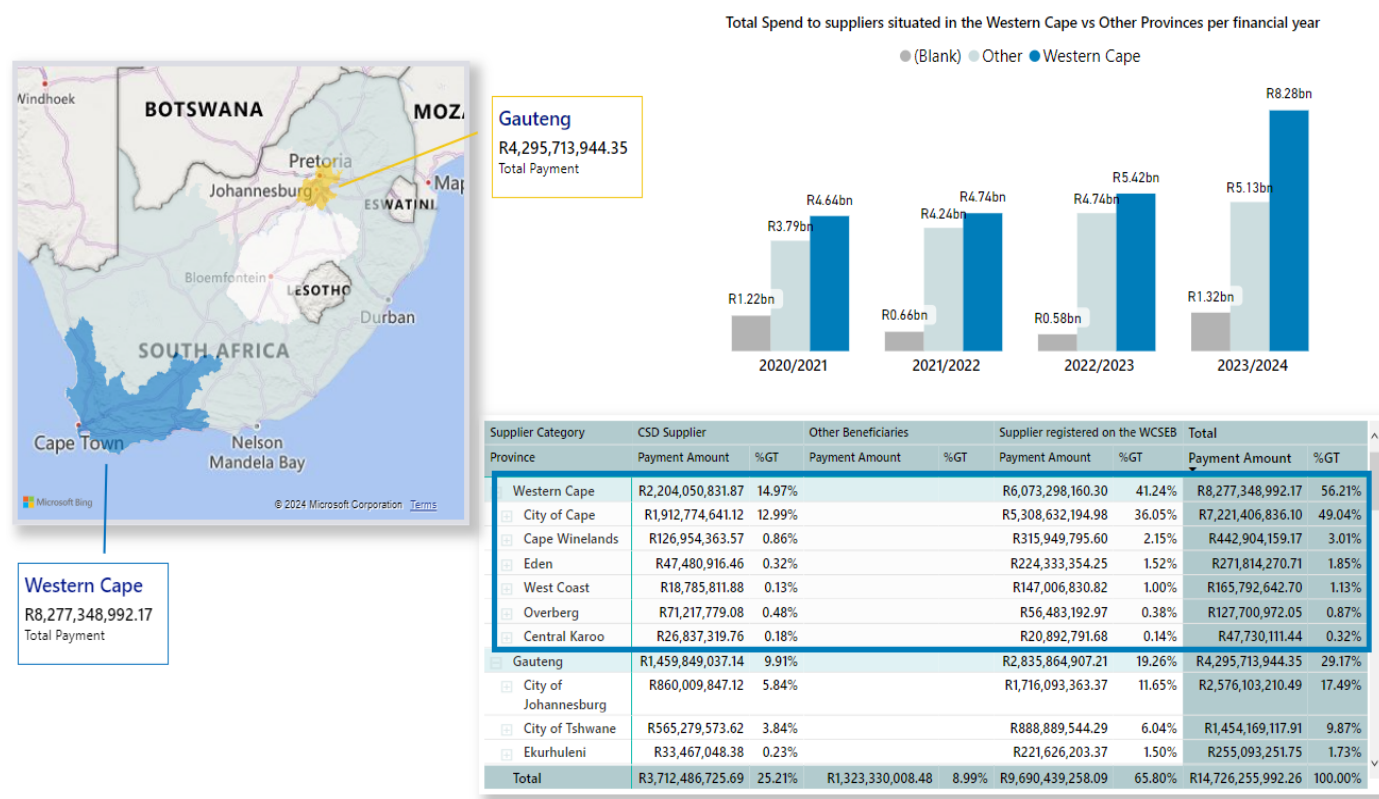
- B-BBEE contributor means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment claimed via a B-BBEE status level certificate or affidavit in the procurement process.
- B-BBEE non-contributor means bidders who have not submitted a B-BBEE status level certificate or affidavit in the procurement process to claim preference points.
- B-BBEE information was extracted from the WCSEB as at 29 February 2024 and does not necessarily reflect the B-BBEE level on award.

Note: All B-BBEE level credentials depicted have been confirmed by supporting evidence via the WCSEB. In instances where this could not be done is where suppliers are only registered on the CSD and not on the WCSEB. B-BBEE information of suppliers registered on the CSD could not be verified. Actual B-BBEE status levels are however verified within departmental procurement processes at the time of award, and within internal and external audit processes.

11.4 CONTRIBUTIONS TOWARDS THE LOCAL ECONOMY

Illustration 13 hereunder depicts the expenditure that went to each provincial and/local region. Regional information is extracted from the CSD and WCSEB and is an indication of where the suppliers' head offices are situated. For some suppliers the head office might be situated in other provinces.

Illustration 13 Spend per Region



The Province's procurement expenditure exhibited a diverse geographical distribution.

Businesses based in the Western Cape accounted for a substantial portion, of **56.21% (R8.28 billion)**. This allocation highlights the province's commitment to strengthening its local economy and development initiatives.

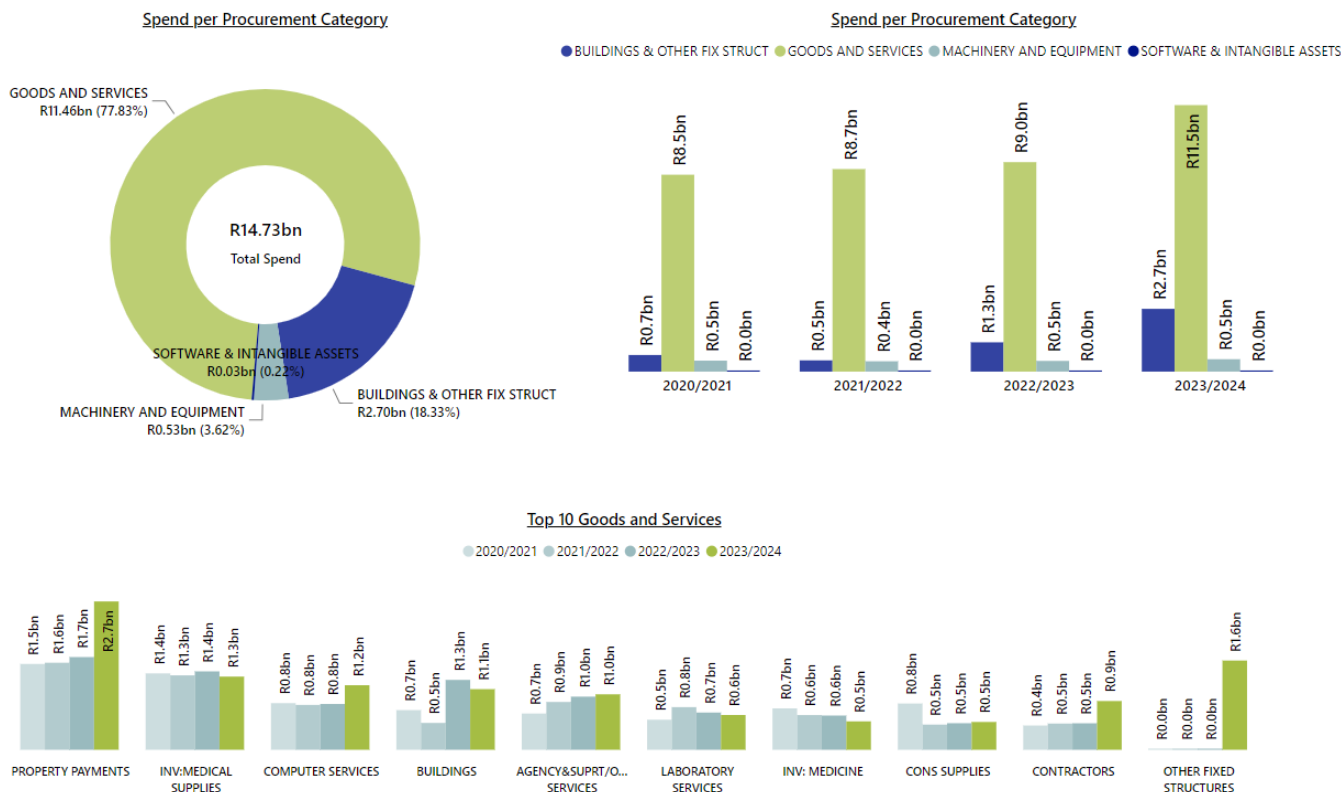
R7.22 billion, constituting **49.04%** of the total spend, went to suppliers located in the City of Cape Town.

A total of **R6.45 billion (43.79%)** of the expenditure, was allocated to suppliers whose principal place of business is outside of the Western Cape

11.5 COMMODITY ANALYSIS

Illustration 14 hereunder depicts the expenditure per commodity category as well as the trend over the last four financial years for each category.

Illustration 14 Spend per Commodity Category

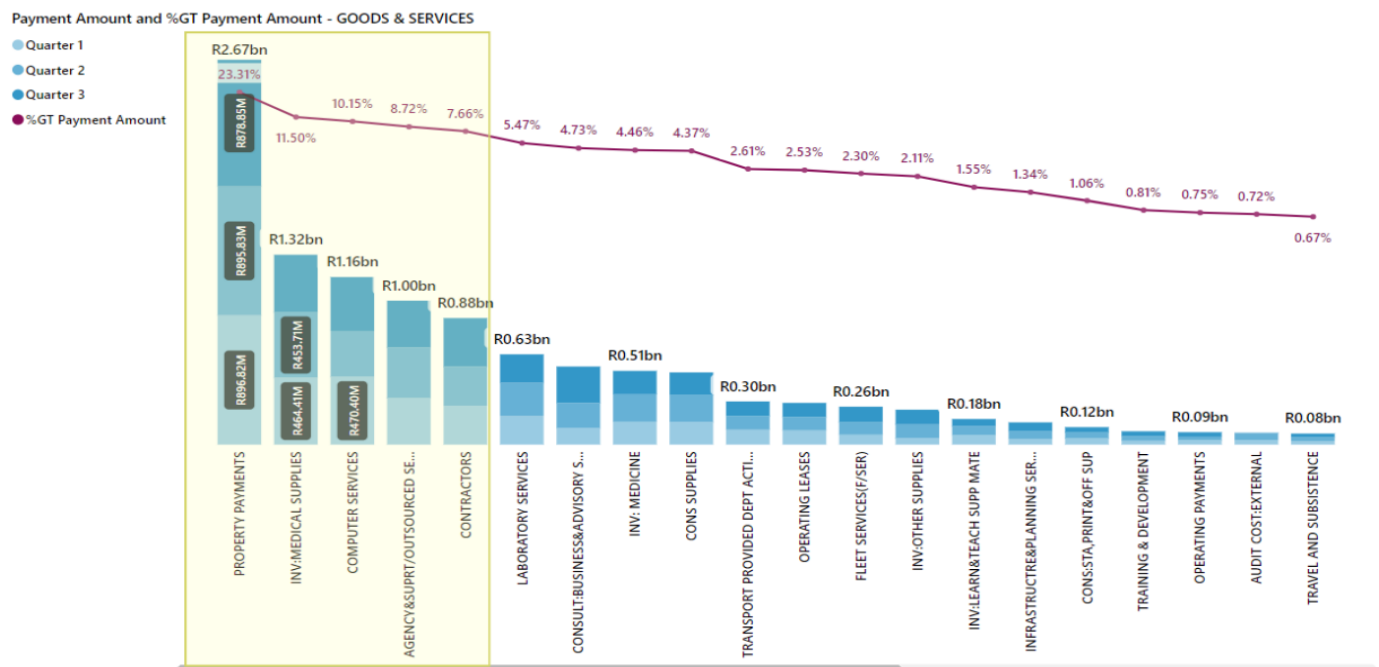


The Province spent **R14.73 billion** in the first, second and third quarter of the 2023/24 financial year:

- The majority R11.46 billion, went to goods and services covering essential government services and products and accounts for 77.83% of the total expenditure for the period,
- Buildings and other fixed structures, received R2.70 billion accounting for 18.33% of the total expenditure ; and
- Machinery and equipment received R0.53 billion accounting for 3.62% of the total expenditure .

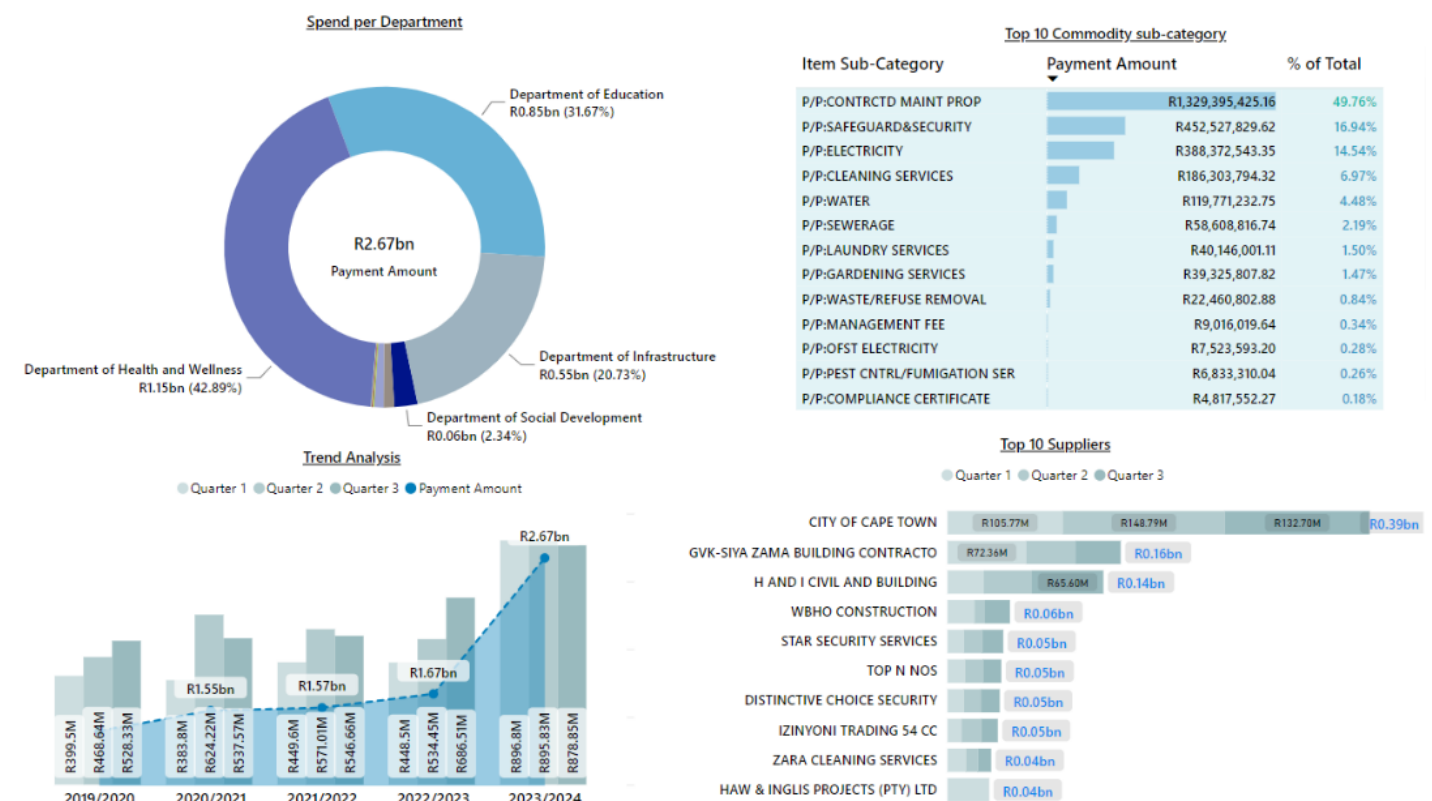
Property Payments consumed the largest portion of funds across different categories of goods and services. This was followed by significant investments in medical supplies and computer services. These spending priorities reflect a strategic allocation of resources aimed at addressing essential needs and ensuring the efficient operation of government functions in the Province.

Illustration 15 Top 20 Goods & Services (SCOA Level 4)



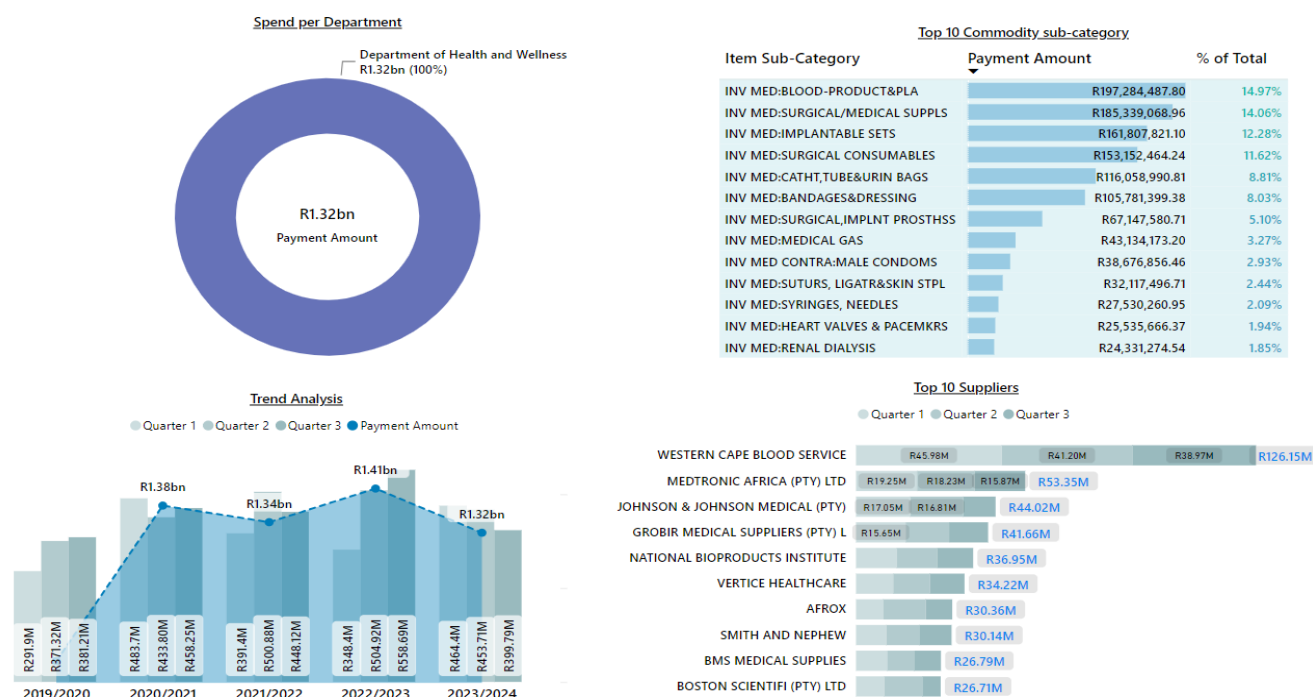
Property Payments, medical supplies, computer services, agency and support/outsourced services and contractors are the top 5 goods and services procured during the year. Illustration 16 to 20 is a deep dive analyses for the top five goods and services.

Illustration 16 Property Payments



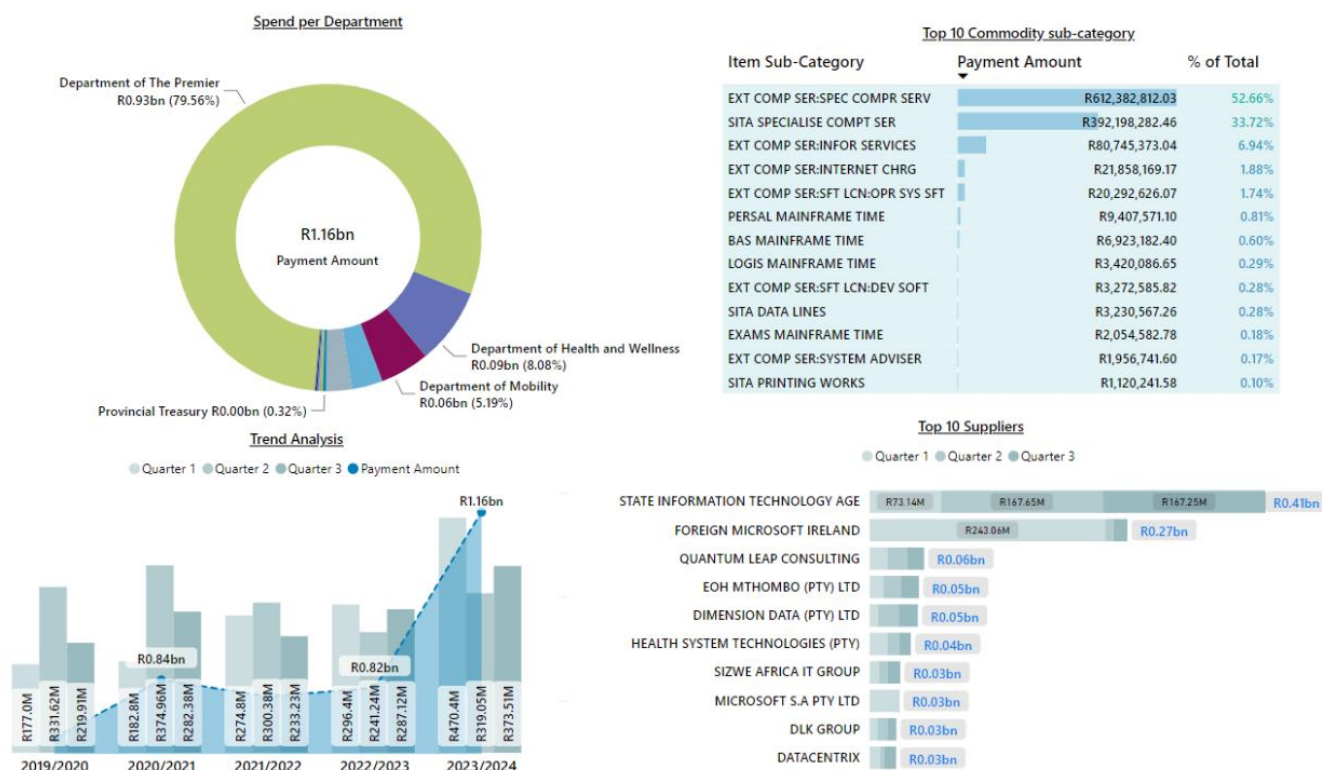
- A substantial R2.67 billion was spent on property payments mainly by the Department of Health and Wellness, Department of Education and Department of Infrastructure for the maintenance of buildings and security services. This accounts for 23.31% of total expenditure for goods and services.
- R1.33 billion was dedicated to contracted maintenance of properties, emphasizing the commitment to preserving and enhancing existing infrastructure assets.
- The importance of safeguarding and security services was evident, with an expenditure of R452.53 million allocated to this critical area. This significant investment aimed to ensure the protection of government facilities and assets, contributing to a safer and more secure operating environment within the province.

Illustration 17 Medical Supplies



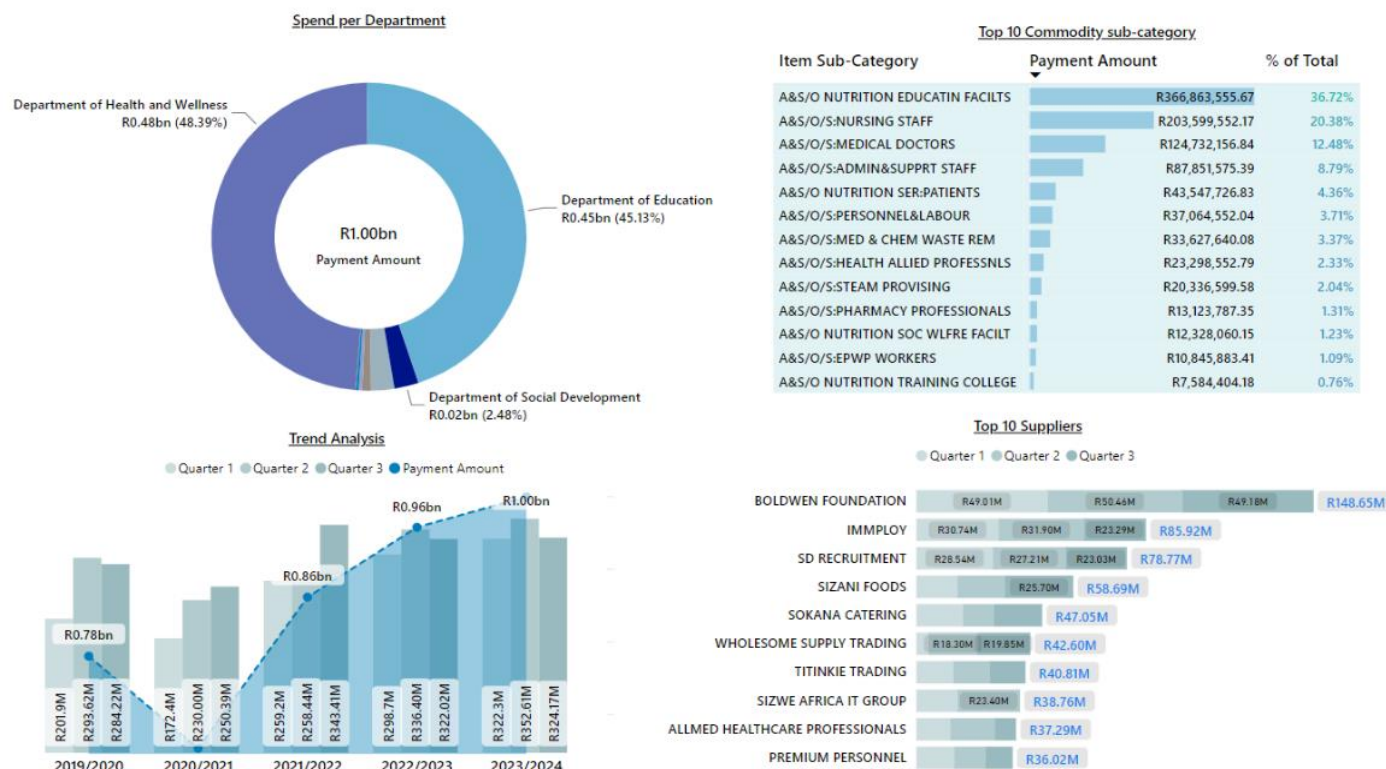
- The Western Cape Government's Department of Health and Wellness invested substantially in procuring vital medical supplies, with an expenditure totaling R1.32 billion. This significant commitment represented 11.50% of the Province's total spending on goods and services during this period.
- The top five items procured included blood products and plasma, surgical and medical supplies, implantable sets, surgical consumables, catheter tubes and urine bags, all of which are critical for delivering healthcare services to the citizens of WCG.
- The Western Cape Blood Service received R126.15 million for blood products and plasma, underscoring the significance of this vital resource, which constituted 14.97% of the overall expenditure for medical supplies.

Illustration 18 Computer Services



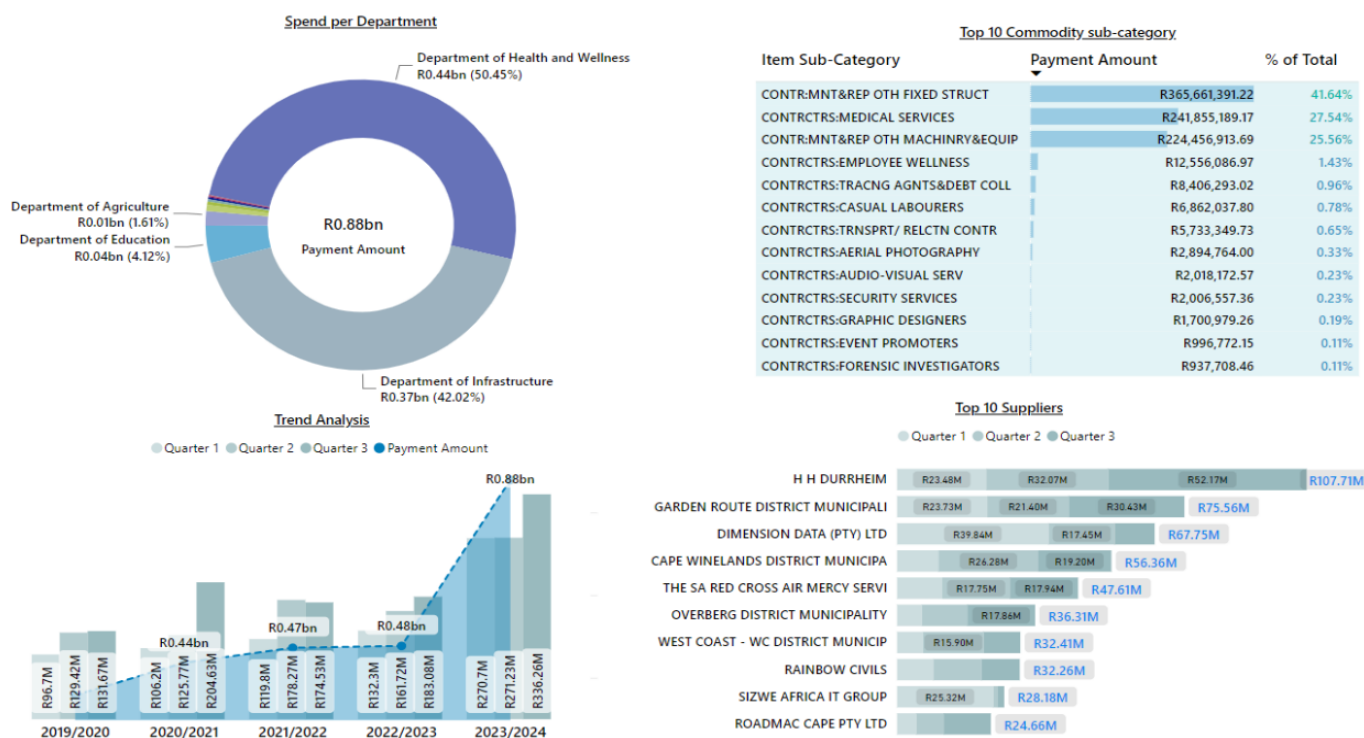
- The WCG spent R1.16 billion (79.56%) on computer services, representing 10.15% of the province's total spending on goods and services, mainly spend by the Department of the Premier. The Centre for e-Innovation (Cel) aims to enhance service delivery across government departments through coordinated ICT efforts, focusing on creating digitally empowered citizens and employees. Cel's services include Strategic ICT, Government Information Technology Officers Management, Transversal Applications, and Connected Government and Infrastructure.
- Within this spending, R612.38 million (52.66%) went to external specialized computer services, and R392.20 million (33.72%) was directed to the State Information Technology Agency (SITA) for their specialized services.

Illustration 19 Agency and Support/Outsourced Services



The Western Cape Government allocated about R1.00 billion for Agency and Support/Outsourced Services representing 8.72% of the province's total spending on goods and services, mainly by the Department of Health and Wellness, totaling R0.48 billion and the Western Cape Education Department, totaling R0.45 billion. The Western Cape Education Department used outsourced services for nutritional support in schools, while the Department of Health and Wellness relied heavily on outsourced nursing staff and medical doctors in hospitals.

Illustration 20 Contractors



A substantial sum of R0.88 billion was allocated to Contractors, with significant contributions from the Department of Health and Wellness amounting to R0.44 billion and the Department of Infrastructure, totaling R0.37 billion, representing 7.66% of the province's total spending on goods and services. Within the Contractors category, R365.66 million (41.64%) was directed toward the maintenance and repairs of other fixed structures, while R241.86 million (27.54%) was spent on medical services. Additionally, R224.46 million (25.56%) was utilized for maintenance and repairs of machinery and equipment.

12. SUPPLIER SUPPORT

In 2019, the WCG, through its Provincial Treasury opened the Procurement Client Centre (PCC) to ensure in-person contact and support to WCG clients for any procurement related issues.

Its aim is reducing red tape and to assist businesses who are interested in becoming WCG suppliers with database registration support or advice and guidance. For now, services include registration & maintenance of supplier profiles, and maintenance of a central repository of compulsory governance documents, and query handling.

A key focus is to improve supplier experiences and facilitate the ease of doing business with the WCG and at the same time to improve bidding capabilities of suppliers, troubleshoot problem areas and in the long term it is to build the capacity and capability of suppliers to do business with government aimed at continuous improvement to service delivery.



TECHNOLOGY SERVICES

e- Procurement;
WCSEB; CSD



SERVICE DESK

Query handling;
Advice & Guidance



LEARNING

Training; Videos;
Podcasts, Webinars;
Open days; Web
enablement



COMPLAINTS HANDLING

Mediation; Redress



SERVICE & INFORMATION MANAGEMENT

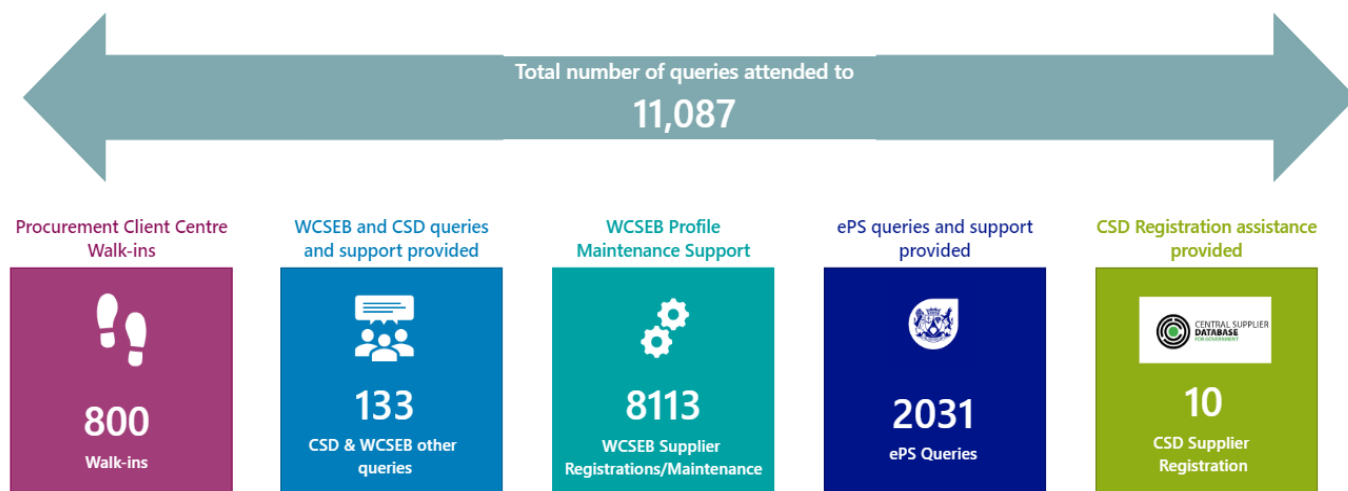
Transparency (PDR); Booking
tool; Perception surveys,
resource & Information
management

The PCC offers a range of services to improve the ease of doing business with government, including providing procurement support and assistance to provincial departments, entities, municipalities and suppliers through an integrated helpdesk that guides our clients through tender processes, and suppliers to correctly register and maintain its profiles on the National Treasury's Central Supplier Database (CSD) and the Provincial Treasury's Western Cape Supplier Evidence Bank (WCSEB) as well as eProcurement Solution (ePS) support.

12.1 PROCUREMENT CLIENT CENTRE PERFORMANCE FOR QUARTER 1 TO 3 OF 2023/24



Procurement Client Centre Performance Report



In addition, "Frequently Asked Questions" (FAQs) related to:

- the National Treasury's Central Supplier Database (CSD) and the Provincial Treasury's Western Cape Supplier Evidence Bank (WCSEB) can be found on the following link <https://www.westerncape.gov.za/provincial-treasury/tenders/supplier-databases>; and
- FAQs and video tutorial related to the Provincial Treasury's in-house ePS can be found on the following link <https://www.westerncape.gov.za/provincial-treasury/tenders/eprocurement-solution>

These FAQs are constantly refined and reviewed to ensure suppliers are kept abreast of the most recent developments relating to the databases and ePS.

13. CONCLUSION

This report highlights the commitment to transparent, fair, and value-driven procurement processes. Despite challenges from regulatory changes and global economic uncertainties, the Province prioritizes efficient service delivery and socio-economic objectives.

Key points include:

- Aligning procurement practices with constitutional standards, for fairness, transparency, and competitiveness.
- Ongoing technical reviews and stakeholder consultations, to improve governance and value for money.
- Modernizing procurement with e-Procurement solutions and the Western Cape Supplier Evidence Bank enhancing efficiency, and supporting local businesses

As the Province navigates through economic challenges and regulatory changes, the focus remains on strategic fiscal management, supporting economic growth, and maximizing the impact of procurement activities to meet needs of citizens effectively.

This report overall, provides a comprehensive overview of procurement performance, offering insights into planned opportunities, expenditure analysis, and initiatives aimed at enhancing procurement effectiveness and promoting socio-economic development in the Western Cape.

14. CONTACT DETAILS

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