

# **Strategic Plan**

**2004 – 2007**

**National Department of Public Works**  
**Republic of South Africa**

**25 May 2004**

## Foreword

The National Department of Public Works (NDPW) plays a crucial role in facilitating delivery by other government national departments and institutions by providing the necessary accommodation and managing the largest property portfolio in the Southern Hemisphere. It is a diverse property portfolio, with responsibility for instance for buildings/facilities such as Parliament, Union Buildings, the Palace of Justice, all magistrates' courts, police stations, prisons, Defence Force facilities and the internationally renowned Sanae base on Anartica.

The Department is also charged, through the coordination of the Expanded Public Works Programme (EPWP), with the national goal of alleviating poverty and unemployment in the country through training, job creation and the provision and maintenance of infrastructure. My Department is in a position to optimise: cost-effective, quality, labour-based methods of construction; support for emerging contractors; responsive and uniform procurement policy; and mechanisms to track developments and focus on objectives and targets. Together with the Construction Education and Training Authority (CETA), the Department is also co-ordinating the process of building the capacity of the construction industry for this type of construction, and at the same time address the dire shortage of built environment professional and technical skills. A joint peacekeeping skills development project is being implemented with the Department of Defence. The intention with the programme is to bring a development perspective to bear on peacekeeping and post-conflict reconstruction, as part of our contribution to NEPAD

We have after the first democratic elections in 1994 provided the required strategic leadership in the transformation and regulation of the Construction Industry. But I have to hasten to add that whilst my Department championed the transformation of the Construction Industry, no initiative has been taken in doing the same in the Property Industry, and I will ensure that such strategic leadership is brought to bear in this important industry over this MTEF period. This includes ensuring that the Department's role as custodian of national government immovable property is consolidated and the required government-wide policy framework for the management of such assets obtains Cabinet approval and is implemented. Our business is huge and complex. We are custodians of approximately 140 000 state-owned properties. The Department has a budget of almost R5 billion per year, and also manages expenditure of approximately R1.7 billion per annum on behalf of client departments.

In conclusion I commit my Department to improve service delivery and good corporate governance through a concerted effort to drive the implementation of *Batho Pele*. The recent restructuring of the Department has laid a solid foundation from which to launch enhanced service delivery.

**S N Sigcau, MP**  
**MINISTER**

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## Part A

### Strategic Overview

#### 1. Overview by the Accounting Officer

The national Department of Public Works has in the past year undertaken major strides to enhance and consolidate its mandate and improve service delivery. This focus on improving service delivery will continue in the new financial year. Service delivery improvement initiatives will include business process reengineering, decentralisation, recruitment, the consolidation of life-cycle asset management, improving IT systems, knowledge management, and risk management. There will be an ongoing focus on improving corporate governance and reducing audit queries. During the year, the department will also finalise and implement its Supply Chain Management policy, thereby improving its procurement processes.

The main challenges and departmental initiatives aimed at addressing these challenges are set out below:

##### *Challenges*

- Poor service delivery
- Corporate governance weaknesses
- Shortage of professional and technical staff and lack of skills
- Lack of an immovable asset management framework
- Lack of growth and transformation in the construction industry

##### *Departmental Initiatives*

- Review and upgrading of immovable Asset Register, and vesting of all properties with the correct spheres of government
- Leading the process of the drafting of the construction and property industry Transformation Charters
- Incubator Strategy targeting emerging affirmable businesses
- Support for women businesses in the construction and property industries
- Coordination of the EPWP to address poverty and unemployment
- Finalisation and implementation of Government-wide Immovable Asset Management Framework
- Improving service delivery to clients
- Contributing to government's initiative of promote regional cooperation
- Implementing contractors and projects registers through the CIDB, and improving public service infrastructure delivery capacity through the implementation of the Infrastructure Toolkit.

### *Strategic planning process*

The Departmental Strategic planning process commenced in October 2003 when a Management Committee Strategic Planning Workshop was convened to review the vision and mission statements, and to determine overall strategic direction for the Department. A new vision, mission and value statements, as well as strategic goals for the next MTEF period were formulated.

Subsequently the Top Management Committee met to align these strategic goals with the Cluster priorities of National Government. Another Management Committee Strategic Review and Planning workshop took place at the end of January 2004 during which the seven strategic goals were discussed and confirmed.

Operational planning workshops were convened in February 2004 to discuss and agree on the situational analyses, strategic objectives, constraints, measures to overcome them, and quality improvements measures.

**Mveli Themba James Maseko**  
**DIRECTOR-GENERAL**

## **2. Vision**

The National Department of Public Works is committed to facilitating delivery by other departments by providing accommodation and property management services and meeting the objectives of poverty alleviation and transformation. In 2003 the Department formulated the following new vision, mission and value statements to demonstrate the Department's and its employees' serious commitment to Government's vision of a better life for all the country's citizens:

*"To be world-class Public Works Department"*

## **3. Mission**

The National Department of Public Works (NDPW) aims to promote the government's objectives of economic development, good governance and rising living standards and prosperity by providing and managing the accommodation, housing, land and infrastructure needs of national departments, by promoting the national Expanded Public Works Programme and by encouraging the transformation of the construction and property industries. In pursuance of this objective the Department will endeavour to:

- Efficiently manage the asset life cycle of immovable assets under the Department's custodianship;
- Provide expert advice to all three spheres of Government and parastatals on immovable assets;
- Contribute to the national goals of job creation and poverty alleviation through the coordination of public works programmes nationally, of which the Expanded Public Works Programme (EPWP) forms an integral part; and
- Provides strategic leadership to the Construction and Property Industries.

## **4. Values**

We are:

- Accountable to the Government of the day and the South African public, and will conduct ourselves ethically and honestly at all times;
- Professional and competent leaders of the Construction and Property Industries, as well as public works programmes;
- Supportive and responsive to our clients and all other stakeholders, and always act with the required integrity when going about our business on a daily basis;
- Action orientated and strives for excellence in our work;
- Respectful to and supportive of all our colleagues in the Department and the rest of the public service; and
- Committed to the Department.



## **5. Sectoral situation analysis**

### **5.1 Service Delivery Environment**

#### **5.1.1 Provision of Land and Accommodation**

The Department provides land and accommodation to national government departments and institutions, manages such land and accommodation, is the custodian of national government immovable assets, provides strategic leadership to the Construction and Property Industries, and coordinates the implementation of the Expanded Public Works Programme.

The Department is responsible for a vast property portfolio. These buildings and structures are generally more than 25 years old, and some are in a serious state of disrepair due to insufficient planned and preventative maintenance over decades. This poses occupational health and safety challenges, especially because of insufficient budgets to carry out the required rehabilitation work, managing increasing volumes of day-to-day repairs, and meeting the requirements of the Occupational Health and Safety Act. Client departments are now increasingly favouring leased accommodation to provide suitable work environments.

#### **5.1.2 Government-wide Immovable Asset Management Framework (GIAMF)**

The management of public immovable assets is fragmented and their utilisation is not optimised. A need exists to enhance and consolidate the Department's custodial function and ensure that all three spheres of government and state-owned enterprises implement a best practice government-wide immovable asset management approach. The Department has therefore developed the GIAMF, which contains the following principles:

- Requires government bodies to utilise immovable asset management (IAM) techniques. It sets out minimum management standards for the four asset management processes of strategic planning, acquisition, maintenance and management, and disposal.
- It stipulates minimum diligent analytical methods for these four processes, including assessment of the possibility of non-asset solutions.
- Covers all forms of immovable assets.
- Applies to all spheres of government and to public entities.
- Sets requirements for the contents of IAM plans, with the aim of establishing minimum norms and standards for IAM.

#### **5.1.3 Poverty Alleviation & EPWP**

The fact that an increasing number of people are unemployed and are experiencing abject poverty, compelled Government to introduce the Expanded Public Works Programme to address this serious social problem. The EPWP is mainly an infrastructure-driven programme, which will promote skills development and labour-intensive methods.

## 5.2 Summary of service delivery environment and challenges

### 5.2.1 Provision of Land and Accommodation

This programme comprises the Construction Projects (Capital Works), Property Management and Asset Management Sub-programmes. The following tables summarise the number of national state-owned buildings and land parcels and the number of leased properties in the national portfolio, the total square metres and cost to government, and the condition of the state-owned buildings:

**Table 1: Summary of National Property Portfolio**

State-owned portfolio	Land				Buildings / structures	
	Number of Land parcels	Extent of Land parcels (hectares)	Number of unutilised land parcels	Extent (hectares)	Number of buildings / structures	Extent of buildings / structures (m <sup>2</sup> )
National	36 056	11 211 474	296	26 111	112 219	24 882 885

See explanatory notes under Table 12

**Table 2: Summary of National Leased Portfolio**

Leased Portfolio	Land		Buildings		Cost to government (Rands)
	Number of Properties leased	Total number of hectares	Number of Buildings	Square Meters of building	
National	219	4480	4 879	452 4557	1 037 694 501

**Table 3: Summary of the condition of National Government buildings**

	Condition of State Owned Buildings										Total	
	(Number and Percentage)											
	Very Good		Good		Fair		Poor		Very Poor			
National	4490	4%	32549	29%	41521	37%	22443	20%	11222	10%	112219	100%

### 5.2.2 National Public Works Programme

This programme comprises three sub-programmes, namely the Construction Industry Development Programme, Property Industry Development Programme, and the Expanded Public Works Programme. The latter will consist of four sectors: the infrastructure, economic, social and environmental programmes, and will be fully implemented in April 2004.

### 5.3 Summary of organisational environment and challenges

The Department is in the process of finalising its restructuring, which entails the creation of four new Branches: Policy and the National Public Works Programme, Asset Management, Operations (Regions) and Expanded Public Works Programmes. It succeeded in matching and placing all existing employees, where required through redeployment, and has embarked upon the filling of about eight hundred vacancies.

The following tables indicate the staffing levels, key expenditure indicators and the department's progress in terms of promoting black economic empowerment and small business development respectively:

**Table 4: Summary of post vacancies and supernumeraries**

Staff Categories	Number				Average Annual change
	2000	2001	2002	2003	
Total staff complement	4021	4508	4543	4470	112.25
Number of professional and managerial posts	463	578	578	1015	166.75
Number of professional and managerial posts filled	358	396	401	463	26.25
Number of excess staff	0	0	0	0	0

**Table 5: Key expenditure indicators**

Category of expenditure	Percentages or Rands (000's)			Average Annual change
	2000/01	2001/02	2002/03	
Personnel expenditure as % of total expenditure	7.61	8.31	8.46	0.43
Expenditure on maintenance of buildings and facilities as a % of total expenditure	15.09	15.50	13.76	-0.66

**Table 6: Progress with promoting SMMEs and BEE through Targeted Procurement**

Category of Expenditure	Percentages or Rands (000's)		
	2001/02	2002/03	2003/04
<b>Encouragement of Black Economic Empowerment</b>			
Total New Contracts	448	235	439
*Number of contracts to BEE	395	200	308
Total value of contracts to BEE	R 765 307 190	R 370 138 273	R 855 368 498
#Total value of new contracts awarded	R 1 342 473 286	R 592 341 937	R 1 451 236 999
<b>% of Total contracts to BEE by value</b>	<b>57%</b>	<b>62%</b>	<b>58%</b>

\* Contracts refer to tenders and professional services appointments

# Total new contracts for 2002/2003 was marginally lower than the previous financial year due to a budget deficit on the Capital Works Programme

## 6. Legislative and other mandates

In terms of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), the President has allocated a functional mandate to the Department of Public Works. The mandate of the Department is also confirmed through the annual Appropriation Act. The State Land Disposal Act (Act No 48 of 1961) furthermore mandates the Minister of Public Works to carry out certain functions. In addition to that the Department administers the legislation mentioned in Appendix Two.

## 7. Broad policies, priorities and strategic goals

**Table 7: Department Strategic Goals**

<p><b>STRATEGIC GOAL 1:</b> <i>Providing strategic leadership to the Construction and Property Industries to ensure economic growth and development</i></p> <p>It is required of every national department to ensure that each of the industries it is responsible for contributes to the national goals of economic growth, employment and investment</p>
<p><b>STRATEGIC GOAL 2:</b> <i>Promotion of Black Economic Empowerment (BEE)</i></p> <p>Government has declared broad-based BEE as a national priority and adopted a national policy framework and legislation to give effect to it.</p>
<p><b>STRATEGIC GOAL 3:</b> <i>Contributing to the National Goal of Poverty Alleviation and Job Creation</i></p> <p>Government and its social partners have prioritized poverty alleviation and job creation at the Growth &amp; Development Summit in June 2003; unemployment has to be reduced by 50% by 2014.</p>
<p><b>STRATEGIC GOAL 4:</b> <i>Contributing to African Renaissance/NEPAD</i></p> <p>Government regards NEPAD as a key initiative to which the Department must contribute.</p>
<p><b>STRATEGIC GOAL 5:</b> <i>Improving service delivery</i></p> <p>Cabinet decided during the July 2003 Lekgotla that <i>all national departments to improve service delivery should implement Batho Pele.</i></p>
<p><b>STRATEGIC GOAL 6:</b> <i>Good Corporate Governance</i></p> <p>Good corporate governance, of which the anti-corruption drive is key, is a PFMA requirement</p>
<p><b>STRATEGIC GOAL 7:</b> <i>A comprehensive HR Plan supporting (Departmental) business and Government imperatives</i></p> <p>In terms of Public Service Regulations Part III, D.1 &amp; D.2, the Minister is required to compile a comprehensive human resources plan within the available budget to perform the Department's functions in accordance with the Strategic Plan.</p>

## 8. Information systems to monitor progress

A detailed information technology (IT) plan is provided in Appendix One.

The IS Unit is considering the following key imperatives as part of the IS Strategy in the new restructured environment:

- Alignment to the Business Strategy
- Alignment with the e-Gateway Initiative of the Govt
- Centralization of the IS function

- Develop an IT Governance Model
- Develop Systems Architecture

An action plan has been drawn up with these imperatives as initiatives to meet the desired objectives, and the focus in the coming year will be to implement this action plan.

An assessment was conducted of the To Be Scenario and to determine the business and transformation drivers in order to align the IS Strategy with the Business Strategy. The following initiatives will be implemented to address the future needs of the Department to a large extent:

- Customer Orientation/Call Centre, customer relationship management technology for better account management;
- A unified Supplies Register which is easily integrated with the Project Management System the Roster and which is web enabled and allows contractors access at the same time as facilitating contractor selection through the individual regional offices;
- Robust Network infrastructure to support the new and integrated application systems in the decentralized environment;
- New and Integrated Applications covering project and asset management that will integrate with the National Treasury systems such as BAS and Persal but also provide for integration with the new impending IFMS system;
- Creation of an electronic data management system; and
- The establishment of an intranet.

## **9. Description of strategic planning process**

The Departmental Strategic planning process commenced in October 2003 when a Management Committee Strategic Planning Workshop was convened to review the vision and mission statements, and overall strategic direction of the Department. A new vision, mission and value statements, as well as strategic goals for the next MTEF period were formulated.

Subsequently the Top Management Committee aligns these strategic goals with the Cluster priorities of National Government. Another Management Committee Strategic Review and Planning workshop took place at the end of January 2004 during which the seven strategic goals reflected in section 7 above were discussed and confirmed.

Operational planning workshops were convened in February 2004 to discuss and agree the situational analyses, strategic objectives, constraints, measures to overcome them, and quality improvements measures.

## Part B

### Budget programme and sub-programme plans

#### 10 Overall Programme Structure

**Table 8: Programme Structure**

<b>Programme</b>	<b>Sub-programme</b>	
<b>1. Administration</b>	1.1. Office of the Minister	
	1.2. Deputy Minister	
	1.3. Management	
	1.4. Corporate Services	
<b>2. Provision of Land and Accommodation</b>	2.1. Capital Works (Public Works)	
	2.2. Property Management	
	2.2.1 Office Accommodation, Official Quarters & Unimproved Property	
	2.2.2 Maintenance, Repair & Renovations Buildings	
	2.2.3 Cleaning of Buildings & Tending of Gardens	
	2.2.4 Municipal Services	
	2.2.5 Rates on State Properties	
	2.3. Asset Management	
	2.3.1 Construction Advisory Services	
	2.3.2 Property Advisory Services	
	2.3.3 Key Account Management	
	2.3.4 Asset Procurement & Operating Partnership System	
	2.3.5 Administration	
	<b>3. National Public Works Programme</b>	3.1 Construction Industry Development Programme
		3.2. Property Industry Development Programme
3.3. Expanded Public Works Programme		
<b>4. Auxiliary and Associated Services</b>	4.1. Compensation for Losses	
	4.2. Distress Relief	
	4.3. Loskop Settlement	
	4.4 Assistance to Organisations for Preservation of National Memorials	
	4.5 Grant-in-Aid	
	4.6 Decorations for Public Functions	
	4.7 Government Motor Transport	
	4.8 Sector Education & Training Authority	

## 11. Programme 1: Administration

### *Objective*

The programme has to do with the overall management of the department which includes: policy development, designing implementation strategies; exercising control over implementation and providing various support services to ensure that the overall strategic objectives of the department are achieved.

The structure of the programme is such that it consists of four sub-programmes that are all in line with the above description. These sub-programmes are:

- ❑ Minister
- ❑ Deputy Minister
- ❑ Management
- ❑ Corporate Services

### 11.1 Situation analysis

Over the past three financial years the amount spent on this programme has, on average, been about 5% of the department's total expenditure. The same proportion has been maintained over the entire MTEF period. Over the strategic performance plan period, the focus of the Administration Programme will be on:

- ❑ Decentralizing budget management functions to line function managers
- ❑ Development and implementation of intensive capacity building programmes on budget management
- ❑ Intensifying control over the use of IT facilities to ensure service delivery through integrated management information systems.
- ❑ Deepening of the Risk Management Plan to curb all forms of corrupt practices.

### 11.2 Policies, priorities and strategic objectives

**Table 9: Strategic objectives for Programme 1. Administration**

STRATEGIC GOAL 1: <i>Improving Service delivery</i> <ul style="list-style-type: none"><li>❑ Review and re-engineering of processes</li><li>❑ Development and implementation of various capacity building programmes</li></ul>
STRATEGIC GOAL 2: <i>Good (Corporate) Governance</i> <ul style="list-style-type: none"><li>❑ Unqualified and clean Audit report</li><li>❑ Improved efficiency in the use of financial resources</li></ul>

<p>STRATEGIC GOAL 3: <i>Comprehensive HR plans supporting business and Government imperatives</i></p> <ul style="list-style-type: none"> <li>❑ Quicker process of filling key positions in the department</li> <li>❑ Special Development programme to assist and promote excellence in the department</li> <li>❑ Institutionalisation of modern recruitment and retention of high calibre staff.</li> </ul>
<p>STRATEGIC GOAL 4: <i>Promotion of Black Economic Empowerment</i></p> <ul style="list-style-type: none"> <li>❑ Intensifying influence over implementation of preferential procurement policies in compliance with relevant Government procurement prescripts.</li> </ul>

### **11.3 Analysis of constraints and measures planned to overcome them**

The archaic management information systems have inhibited optimum planning and execution of previously determined strategic initiatives such as “user pays”. The Department is currently reengineering its business processes with a view to developing integrated management information systems. This will be put in place in the 2004/05 financial year.

### **11.4 Description of planned quality improvement measures**

Capacity building programmes, especially in budget management and costing, are being developed and will be rolled out during the course of 2004/05 financial years. Decentralization of budget management will also be phased in systematically during 2004/05, followed by intense control through monitoring, evaluation and regular reporting. This should improve the quality of budget planning and control in the department.

### **11.5 Reconciliation of budget with plan**

Restructuring and transformation in the last four years resulted in an increase in personnel and administration expenditure due to management and administrative capacity that needed to be addressed. Beefing up of capacity in regions at both management and operational levels was followed by decentralization of functions. This led to increased expenditure patterns with an average percentage increase of 27% per annum. The focus will now be to modernize, enhance and align information systems with the core function of delivering an efficient service to client departments. The budget requirements for the medium cycle regarding information and communication technology amounts to R37 million per annum.



**Table 10: Nominal expenditure on Programme 1**

Programme 1; Administration	Year -2 (Actual)	Year -1 (Actual)	Base Year (Estimate)	Nominal Average Annual Change (%) 1	Year 1 (Budget)	Year 2 (MTEF Projections)	Year 2 (MTEF Projections)	Nominal Average Annual Change (%) 2
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
1.1 Minister	646	691	713	5.07	755	793	833	5.32
1.2 Deputy Minister	420	536	552	15.30	585	614	645	5.33
1.3 Management	41,545	66,309	70,675	33.10	79,721	76,913	102,016	13.97
1.4 Corporate Services	139,260	143,305	205,374	23.11	159,522	154,277	199,978	1.34
<b>Total Programme 1</b>	<b>181,871</b>	<b>210,841</b>	<b>277,314</b>	<b>23.73</b>	<b>240,583</b>	<b>232,597</b>	<b>303,472</b>	<b>4.64</b>

**Table 11: Real Expenditure (3) on Programme 1**

Programme 1: Administration	Year -2 (Actual)	Year -1 (Actual)	Base Year (Estimate)	Real Average Annual Change (%)1	Year 1 (Budget)	Year 2 (MTEF Projections)	Year 3 (MTEF Projections)	Real Average Annual Change (%)2
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
1.1 Minister	606	632	668	4.96	720	752	793	5.90
1.2 Deputy Minister	394	490	517	14.93	558	583	614	5.90
1.3 Management	38,973	60,667	66,175	32.37	75,997	72,972	97,066	14.63
1.4 Corporate Services	130,638	131,112	192,298	23.51	152,071	146,373	190,274	1.78
<b>Total Programme 1</b>	<b>170,611</b>	<b>192,901</b>	<b>259,657</b>	<b>23.84</b>	<b>229,345</b>	<b>220,680</b>	<b>288,746</b>	<b>5.13</b>
Inflation rate based on CPI	6.6	9.3	6.8		4.9	5.4	5.1	

1 Average p.a change between Year -2 and base year

2 Projected average p.a change between base year and Year 3

3 Real expenditure = nominal expenditure deflated by the average p. a inflation rate as measured by CPI (STATS - SA)

## **12. Programme 2: Provision of Land and Accommodation**

### *Objective*

The main objective of this programme is to ensure that national departments and institutions have a built environment that meets their financial, technical and social requirements, through the provision, development, management and maintenance of accommodation. Functions include: custodial responsibilities for National Government immovable properties, executing its responsibilities as a landlord, and promoting the empowerment and advancement of historically disadvantaged individuals and enterprises in the built environment.

### **12.1 Situation analysis**

The National Department of Public Works (NDPW) is responsible for a vast property portfolio. These buildings and structures are generally more than 25 years old, and insufficient planned and preventative maintenance has been carried out on these buildings for decades. As a result, the condition of many of the buildings is deteriorating. This poses challenges in terms of insufficient budgets to carry out the required rehabilitation work, managing increasing volumes of day-to-day repairs, and meeting the requirements of the Occupational Health and Safety Act. Client departments are now increasingly favouring leased accommodation to provide suitable work environments. In addition to the above, the department's service delivery has often not been up to standard. Consequently, many client departments are dissatisfied with the service provided by the NDPW. Some client departments are raising the possibility of providing their accommodation needs themselves.

However, at the same time the Government is putting more emphasis on good governance and proper management of assets, and is investing increasing amounts on money in infrastructure. In this context, the Government should be improving its custodianship of its immovable assets, and should be nurturing its capacity for professional management of its immovable assets throughout their life cycles, i.e. acquisition, management and operation, and disposal. Centralised custodianship of accommodation infrastructure is necessary in order to ensure optimal utilisation of assets (e.g. by ensuring that owned buildings are not left empty while additional space is leased). Despite its problems, NDPW is an asset of Government, which has a huge reservoir of experience and expertise in the management of infrastructure. Given South Africa's skills shortages, it would be difficult to replicate this expertise across departments.

The two main challenges facing the NDPW are therefore:

- (i) To effectively carry out its custodial responsibilities to ensure that the national government's immovable assets are well managed; and
- (ii) To improve the standard of its service delivery.

Through the Construction Industry Development Board, the Department also has an important role to play with regard to construction industry development.

The following tables indicate information on the National Property Portfolio, National Leased Portfolio, and Condition of National Government buildings by Department.

**Table 12: The National Property Portfolio by Department**

STATE-OWNED PORTFOLIO	LAND				BUILDINGS / STRUCTURES	
	NUMBER OF LAND PARCELS	EXTENT OF LAND PARCELS (HECTARES)	NUMBER OF UNUTILISED LAND PARCELS	EXTENT (HECTARES)	NUMBER OF BUILDINGS / STRUCTURES	EXTENT OF BUILDINGS / STRUCTURES (M <sup>2</sup> )
Correctional Services	743	50 287	-	-	15 360	4 722 300
Defence	2 848	356 612	3	66	35 589	4 155 047
S A Police Service	4 889	329 605	18	7	37 310	5 707 274
Justice	1 658	119 845	3	1	6 673	1 660 019
Other Departments combined	25 400	10 333 788	272	26 036	16 805	8 627 106
Un-allocated	518	21 337	-	-	482	11 139
<b>TOTAL</b>	<b>36 056</b>	<b>11 211 4734</b>	<b>296</b>	<b>26 111</b>	<b>112 219</b>	<b>24 882 885</b>

The above information was extracted from the Department's *National Register of State-owned Immovable Assets* (Asset Register).

In the compilation of the Asset Register in 1998/99, DPW relied on certain Departments (Correctional Services, Defence and Water Affairs & Forestry) to provide information on the immovable assets allocated to them. This information was not verified by the private contractors appointed by DPW and was not always complete (e.g. improvements were not always linked to the underlying land parcels and floor areas of improvements were not always available). Furthermore, it was decided not to gather information on official housing, unless it formed part of functional accommodation, such as military bases or prison complexes.

The Department acknowledges the need to address the shortcomings of the *National Register of State-owned Immovable Assets*. A strategy to complete the Asset Register will be developed in 2004/2005, in conjunction with the National Department of Land Affairs and the various Provincial Administrations.

**Table 13: The National Leased Portfolio by Department**

Leased Portfolio	Land		Buildings	Cost to government	
	Number of Properties leased	Total number of hectares	Number of Buildings	Square Meters of building	
Correctional Services	3	0.01	626	164 066.66	33 643 306
Defence	76	3085.82	997	367 634.43	107 284 774
Police	130	1356.80	2540	141 579.33	382 983 914
Justice	1	0.001	135	3 117 362	117 417 003
Other clients combined	9	37.63	581	733 914	396 365 505
Unutilised	0	0	0	0	-
<b>Total</b>	<b>219</b>	<b>4480.3</b>	<b>4 879</b>	<b>4 524 556.4</b>	<b>1 037 694 502</b>

**Table 14: The Condition of National Government buildings by Department**

Department	Condition of State Owned Buildings (Number and Percentage)										Total	
	Very Good		Good		Fair		Poor		Very Poor			
Correctional Services	117	3%	1211	30%	1257	31%	897	22%	593	15%	4075	100%
Defence	447	4%	2678	24%	3206	29%	2615	23%	2279	20%	11226	100%
Police	210	2%	2583	30%	2784	32%	2051	24%	1005	12%	8633	100%
Justice	81	4%	575	30%	442	23%	559	29%	262	14%	1919	100%
Other clients combined	1436	5%	9455	30%	13478	43%	5538	18%	1327	4%	31234	100%
Unutilised	2	0%	7	1%	28	5%	61	10%	496	84%	593	100%
<b>TOTAL</b>												

**Table 15: The demand for new space by Department**

CLIENT DEPARTMENTS	AREA REQUIRED	TOTAL NEED (FUNDS REQUIRED)	2004/2005		2005/2006	
			ALLOCATION	MTEF 1 (R) FUNDS REQUIRED	ALLOCATION	MTEF 2 (R) FUNDS REQUIRED
<b>Capital Requirements</b>						
Correctional Services: Prisons & Others	350 000	1 731 853 000	888 931 283	343 851 603	1 214 172 000	1 388 002 000
Correctional Services: Repair and Maintenance (RAMP)	450 000	1 016 891 516		694 393 448		322 498 068
SAPS: Capital Works - Police Stations + Other	921 840	344 019 658	265 258 536	378 421 624	380 657 000	416 263 786
Justice: Capital Works	128 000	956 200 960	243 000 000	200 000 000	258 134 000	756 200 960
<b>TOTAL</b>	<b>1 849 840</b>	<b>4 048 965 134</b>	<b>1 397 189 819</b>	<b>1 616 666 675</b>	<b>1 852 963 000</b>	<b>2 882 964 814</b>

**Table 15 Continued**

Leasing Requirements			2004/2005		2005/2006	
CLIENT DEPARTMENTS	AREA REQUIRED	TOTAL NEED (FUNDS REQUIRED)	ALLOCATION	MTEF 1 (R) FUNDS REQUIRED	ALLOCATION	MTEF 2 (R) FUNDS REQUIRED
Other Departments						
Correctional Services	7 232	7 665 473	42 730 932	3 650 225		4 015 248
SAPS (offices + official quarters)	378 967	300 328 531	487 466 586	300 361 384		363 339 752
Justice		56 121 379	100 835 197	26 724 466		29 396 913
Statistics SA	1 200	26 005 800	26 249 813	28 606 380		31 467 018
Home Affairs	83 962	43 491 347	54 975 259	47 840 481.70		52 624 529.87
Water Affairs and Forestry	10 715.25	42 927 100	47 741 466	47 219 810		51 941 791
Land Affairs	3 068.90	15 288 900	19 157 579	16 817 790		18 499 569
Independent Complaints Directorate (IDC)	2 842	2 517 800	3 229 345	2 769 580		3 046 538
Minerals and Energy	5 050	12 045 000	14 177 975	13 249 500		14 574 450
Labour	31229.14	43 447 900	50 544 199	47 792 690		52 571 959
Environmental Affairs and Tourism	3 094	21 524 712	23 046 712	23 677 183.20		26 044 901.52
Human Rights Commission	5 830	5 797 500	6 718 722	6 377 250		7 014 975
Health	2 346.20	17 829 200	19 859 446	19 612 120		21 573 332
Sport and Recreation	5 031.50	2 389 700	2 482 138	2 628 670		2 891 537
Education	4 065	16 181 000	17 439 889	17 799 100		19 579 010
Housing	2 822	5 616 200	6 037 415	6 177 820		6 795 602
Transport	1 143.75	7 430 800	9 419 469	8 173 880		8 991 268
Arts and Culture	2 033.75	9 857 600	10 966 906	10 843 360		11 927 696
Social Development	2 365	5 328 900	5 728 567	5 861 790		6 447 969
Public Works (and Prestige Pretoria)	3 314.50	89 956 386	18 295 524	7 091 428		45 426 031
Foreign Affairs	45 483	9 217 692.34	23 649 848	3 103 528.92		3 413 881.81
<b>TOTAL</b>	<b>601 800.99</b>	<b>740 968 920.3</b>	<b>990 752 987</b>	<b>646 378 436.8</b>		<b>729 642 180.2</b>

## 12.2 Policies, priorities and strategic objectives

**Table 16: Strategic Objectives for Programme 2: Provision of Land and Accommodation**

<p>STRATEGIC GOAL 1: <i>Promotion of Black Economic Empowerment</i></p> <p>STRATEGIC OBJECTIVES:</p> <ol style="list-style-type: none"> <li>1. Use expenditure on construction, maintenance, and facilities management to promote BEE</li> <li>2. Use government participation in the property market to influence ownership patterns in the property industry</li> </ol>
<p>STRATEGIC GOAL 2: <i>Contributing to the National Goals of Poverty Alleviation and Job Creation</i></p> <p>STRATEGIC OBJECTIVE:</p> <ol style="list-style-type: none"> <li>3. Achieve EPWP goals using the DPW capital and maintenance budget</li> </ol>
<p>STRATEGIC GOAL 3: <i>Contributing to the African renaissance / NEPAD</i></p> <p>STRATEGIC OBJECTIVE:</p> <ol style="list-style-type: none"> <li>4. Contribute in developing government asset management in Africa</li> </ol>
<p>STRATEGIC GOAL 4: <i>Improving service delivery</i></p> <p>STRATEGIC OBJECTIVES:</p> <ol style="list-style-type: none"> <li>5. Exercise custodial responsibilities in order to provide for the accommodation needs of national government departments/institutions in the most economic, efficient and effective manner</li> <li>6. Provide a property and project management service to national government departments/institutions in the provision of their accommodation needs</li> </ol>
<p>STRATEGIC GOAL 5: <i>Good (Corporate) governance</i></p> <p>STRATEGIC OBJECTIVES:</p> <ol style="list-style-type: none"> <li>7. Comply with PFMA asset management requirements</li> <li>8. Comply with Occupational Health &amp; Safety, Heritage and National Environmental Management Acts and other applicable legislation</li> </ol>

## 12.3 Analysis of constraints and measures planned to overcome them

### 12.3.1 Asset Management

Over the past two years, the Department has developed a government-wide framework for the management of immovable assets (GIAMF). The framework emphasis life-cycle asset management; the principle that service delivery requirements should be the primary factor in decision-making regarding immovable assets; and the need for analysis of alternative asset solutions, including non-asset solutions. The finalisation and gazetting of this framework, in consultation with the National Treasury, will be a priority over the next year.

Although the Department has undertaken investment analysis exercises for some time, it is only now starting to implement comprehensive life-cycle asset management. To this end, the NDPW widely investigated international best practices to establish a business model for life-cycle immovable asset management, and has subsequently adopted a new organisational structure based on this business model. The new business model places asset management at the core of the department's activities. The Department is currently finalising the documentation of new business processes for the new business model. Staffing of the new organisational structure will require the Department to recruit more specialist expertise in asset management.

Pivotal to comprehensive asset management is an accurate and fully populated Immovable Asset Register. Prior to 1994 there was no comprehensive electronic Immovable Asset Register. The Department, as a first step, instituted an exercise that resulted in an accurate list of land parcels and buildings. Further development that is required is the linking of buildings and structures to underlying land parcels, a valuation method, and management systems for updating the Register with regard to additions and alterations. The addition of more fields of information to the asset register is also currently being investigated.

The new Constitution has also resulted in a need for national, provincial and local governments to confirm the ownership of all state properties in the names of the new relevant governments. The desired end-state is for each municipality, each province, and the national government to all have comprehensive property asset registers, including details of the title deeds for all of their properties. This is an enormous task, because the provinces and many of the municipalities are new entities; both national and provincial properties were registered under the name of "Republic of South Africa" under apartheid; and many of the state properties in the former homelands were never registered in a deeds office at all. The vesting of each property is an involved process, including surveying (where this has not been done before), securing the concurrence of provincial-state-land-disposal committees, obtaining Item 28(1) certificates, and finally registration in the Deeds Office. The NDPW will be actively engaging with the provinces and the Department of Land Affairs in a government-wide initiative to address this issue.

Although the Department has been paying property taxes in respect of nationally and provincially owned government properties, individual provincial administrations should be paying these taxes in respect of their properties themselves. There is an initiative underway in the department to correct this state of affairs. Property rates have been revised and in many instances have increased substantially, introducing an element of unpredictability in the budgeting process. In addition, there are outstanding rates bills that are being contested for accuracy, and newly rated properties claimed to be under the custodianship of the national or provincial governments that are still being verified.

The Department is currently investigating the development of an affordable system with regard to valuation that complies with accounting standards. A selected sample of Tshwane inner city buildings will be used to test a model for possible adaptation and future general use on the State property portfolio. When operational, the Department would be in a position to fulfil the PFMA requirement of accrual accounting and to develop comprehensive asset management plans.

In order to properly exercise its custodial responsibilities, the Department will be developing a revised policy regarding norms for office accommodation, to update the current space and cost norms. The Department will be accelerating its programme to dispose of government properties, which are not required for service delivery or for other special reasons (such as heritage). The NDPW is also engaging with the National Treasury to set time frames for the devolution of the payment of municipal taxes for provincial properties to provinces. The Department has initiated a process with the Tshwane Municipality to develop an integrated plan for providing improved accommodation for the headquarters of national departments in Tshwane municipal area. Similar exercises will be carried out in other metropolitan areas.

#### **12.3.1.1 User Pays**

According to the PFMA, each national department's accounting officer should accurately reflect the total cost of accommodation (including operational costs) utilised for service delivery in their annual financial statements. In order for this to be possible, the NDPW

intends implementing “user-charges”, which would entail requiring client departments to pay a charge for both owned and leased accommodation costs.

### 12.3.1.2 Maintenance

In 1997 the Department estimated that ± R10 billion would be required over ten years to address the maintenance backlog. The maintenance budget of the NDPW has not been adequate to address these needs nor have client departments made allowance in their budgets for maintenance. For example, it has been established that an amount of R3, 53 billion is required to address the backlog of maintenance on Defence facilities, but neither the Department of Defence’s nor NDPW’s maintenance budget has allowed for this expenditure.

The Repair and Maintenance Programme (RAMP) is aimed at addressing the above-mentioned problem in a scientific and measurable manner. It is based on condition surveys to assess costs of rehabilitating a facility to a level of operational efficiency and a follow on period of maintenance to pre-determined standards. Payments to contractors are outcome-based with financial penalties for sub-standard performance. To date the Department of Correctional Services, Department of Defence, Department of Justice and Constitutional Development, SA Police Service, Department of Arts and Culture, Department of Environmental Affairs and Tourism and the Department of Agriculture have facilities under RAMP.

The Department has adopted a pro-active approach to addressing the dolomite problem, spearheaded by the Waterkloof, Thaba Tshwane and Tech Base areas. A master plan has been developed to replace aging and leaking wet services. Preliminary reports illustrate a saving of between R15 000 and R295 000 per month on services from single repairs of leaks in the system.

The table below shows that R12, 7 billion is required to address the maintenance backlog (to bring the affected buildings to good condition) and R2, 5 billion per annum is needed to prevent further deterioration, by doing preventative maintenance.

**Table 17: The Maintenance Backlog (in 2004 rands)**

Client	Number of Buildings in poor or very poor condition	Required Maintenance Expenditure per annum on all Buildings to prevent an increase in the maintenance backlog (R million)	Total Expenditure required to bring buildings to good condition (R million)
Correctional Services	2,828	214,167,700	1,070,838,501
Defence	9,326	706,243,488	3,531,217,440
Police	5,824	441,083,478	2,205,417,390
Justice	1,548	117,282,313	586,411,560
Other Clients	14,139	1,070,838,501	5,354,192,506
<b>Total</b>	<b>33,665</b>	<b>2,549,615,480</b>	<b>12,748,077,400</b>

Footnote:

These figures were calculated by conducting condition surveys on a representative sample of National Government buildings, calculating the cost of bringing these buildings to good condition, and extrapolating these figures to the entire portfolio.



### **12.3.1.3 Decentralisation of Operations**

To further efficiencies in the Department, most operational activities are being decentralised to the regional offices. Management levels in the regional offices have been upgraded and they are being provided with highly resourced property and project management units. The department will be formulating and implementing a service delivery improvement programme to improve the management of operations in the regions. This programme will focus on improving business processes with the aim of improving customer orientation, turn-around time, and quality of work.

### **12.3.1.4 Service Standards and Service Level Agreements (SLAs)**

The NDPW has developed a generic SLA to be entered into with client departments as a priority over the next year. These agreements will clearly delineate the roles and responsibilities of client and service provider and include service standards that both parties need to adhere to.

### **12.3.1.5 Empowerment of Emerging Contractors**

The empowerment of emerging and historically disadvantaged contractors with a fair spread of projects presents the constraint that projects do not always progress as planned owing to a lack of previous exposure and therefore experience in more complex projects. This has a negative impact on both projections of expenditure and delivery of projects.

In an attempt to contribute to capacitating historically disadvantaged contractors, the Department is planning an 'incubator programme' which will mentor participating contractors and enable progression to more complex projects, based on performance on specially selected projects for training purposes. This programme will start in the 2004/05 financial year.

## 12.4 Specification of measurable objectives and performance indicators

**Table 18: Programme 2: Provision of Land & Accommodation: measurable objectives, performance indicators and targets for Maintenance**

Measurable Objective	Performance Measure or Indicator	Year – 1 (2002/2003) (Actual)	Base year (Estimate) (2003/04) (Target)	Year 1 (2004/05) (Target)	Year 2 (2005/06) (Target)	Year 3 (2006/07) (Target)
<b>Input</b>						
<b>Expenditure on maintenance on behalf of Client</b>	Rand ('000)					
Agriculture		1 413	2 829	2 285	2 752	2 752
Arts & Culture		11 557	18 741	17 478	21 054	21 054
Border Control Infrastructure Project			343	511	616	616
Correctional Services		100 826	73 411	82 515	99 395	99 395
Defence		136 492	125 000	149 609	180 214	180 214
Education		55	67	76	92	92
Environmental Affairs & Tourism		621	457	281	338	338
Foreign Affairs		554	1 800			
Government Communication & Info Service		1	70	70	84	84
Health		1 411	2 700	1 722	2 074	2 074
Home Affairs		9 701	12 517	11 409	13 743	13 743
Housing		8				
Independent Complaints Directorate		4				
Justice & Constitutional Development		65 746	73 074	89 325	107 598	107 598
Labour		1 301	1 723	2 041	2 459	2 459
Land Affairs		1 812	2 013	2 662	3 207	3 207
Minerals & Energy		174	13	13	16	16
National Prosecuting Authority		45	26			
Parliament		3 776	12 249	13 621	16 407	16 407
Presidency		1 664	6 000	6 650	8 010	8 010
Public Service & Administration		331	310	88	106	106
Public Works		69 477	170 810	130 846	157 612	157 612
SA Police Service		122 947	134 837	214 604	258 505	258 505
SA Revenue Service		1 906	831			

Measurable Objective	Performance Measure or Indicator	Year – 1 (2002/2003) (Actual)	Base year (Estimate) (2003/04) (Target)	Year 1 (2004/05) (Target)	Year 2 (2005/06) (Target)	Year 3 (2006/07) (Target)
Science & Technology			3 700			
Trade and Industry		66	14			
Transport		583	315	187	225	225
Treasury		3 543	9 692	5 260	6 337	6 337
Water Affairs & Forestry		224	3 012	2 000	2 409	2 409
<b>Total</b>		<b>536 239</b>	<b>656 554</b>	<b>733 253</b>	<b>883 253</b>	<b>883 253</b>
Expenditure on Public Works Capital	Rand	120 621	238 266	192 883	203 450	203 450
Personnel expenditure as percentage of overall expenditure in Programme 2	Percentage	7%	8%	10%	10%	10%
Planned Maintenance expenditure as a percentage of overall Maintenance	Percentage	60%	50%	63%	70%	70%
<b>Process</b>						
Number of professional posts vacant	Actual number			250		
Percentage of buildings in portfolio with maintenance plan*	Percentage	20%	20%	20%	20%	20%
<b>Output</b>						
Number of projects completed	Actual number					
<b>Quality</b>						
Percentage of service level agreements in place for each Client	Percentage of total	0	0	50%	100%	100%
<b>Efficiency</b>						
Maintenance expenditure as % of the Client's capital budget***	Percentage					
Agriculture		12%	34%	14%	50%	50%
Arts & Culture		25%	25%	16%	50%	50%
DCS		15%	14%	9%	50%	50%
Defence		336%	207%	224%	50%	50%
Environmental Affairs		232%	1%	1%	50%	50%
Health				21%	50%	50%
Home Affairs		65%	144%	22%	50%	50%
Justice		28%	30%	37%	50%	50%
Labour		1%	5%	6%	50%	50%

Measurable Objective	Performance Measure or Indicator	Year – 1 (2002/2003) (Actual)	Base year (Estimate) (2003/04) (Target)	Year 1 (2004/05) (Target)	Year 2 (2005/06) (Target)	Year 3 (2006/07) (Target)
Land Affairs		12%	18%	34%	50%	50%
Public Works		72%	65%	68%	50%	50%
SA Police Service		66%	60%	81%	50%	50%
<b>Outcome</b>						

% of buildings in good or very good condition\*\*\*\*

Percentage

33%

% of buildings in poor or very poor condition

Percentage

30%

\* Accurate figures not available at this stage. Only includes buildings for which there is a maintenance plan and a budget to implement the plan. There are many maintenance plans for which there is no budget available.

\*\* Only RAMP figures are available at this stage.

\*\*\*There is currently no relationship between the funds allocated to Clients for Capital works and the funds spent by DPW on repair and maintenance

\*\*\*\*37% are in a fair condition

## 12.5 Reconciliation of budget with plan

### 12.5.1 SPENDING TRENDS IN PREVIOUS YEARS

The spending trends comparison between construction projects (capital works) and planned maintenance on the one hand and between them and the Repair & Maintenance Programme on the other are as follows:

#### Allocation and Expenditure: Capital and Maintenance

Financial Year	Capital Works X R1000		Maintenance X R1000	
	Final Allocation	Actual Expenditure	Final Allocation	Actual Expenditure
	a	b	c	d
2000-2001	R 1,147,708	R 616,124	R 384,420	R 332,677
2001-2002	R 838,348	R 820,544	R 925,078	R 916,921
2002-2003	R 983,481	R 966,162	R 1,007,960	R 977,629
2003-2004	R 1,093,466	R 1,060,153	R 743,992	R 847,872

### RAMP in relation to Maintenance and Capital

Financial Year	Maintenance & Capital (RAMP Excl.) X R1000	RAMP X R1000	Percentage RAMP of Total Expenditure
	$o = b + d - f$	$f$	$q = f/o+f$
2000-2001	R 866,883	R 81,918	8.6%
2001-2002	R 1,188,515	R 548,950	31.6%
2002-2003	R 1,286,813	R 656,978	33.8%
2003-2004	R 1,473,389	R 434,636	22.8%

**Table 19: Nominal Expenditure on Programme 2 (Maintenance only):**

Programme 2: Public Works	Year - 2 (actual)	Year - 1 (actual)	Base year (estimate)			Nominal average annual change (%)	Year 1 (budget)	Year 2 (MTEF projection)	Year 3 (MTEF projection)			Nominal average annual change (%)
Programme support	5 178	4 570	3 391	-12%	-26%	-19%	5 071	4 877	5 027	-4%	3%	0%
Agriculture	5 028	1 119	2 125	-78%	90%	6%	1 632	1 863	1 777	14%	-5%	5%
Arts & Culture	15 992	9 154	14 080	-43%	54%	6%	12 484	14 256	13 594	14%	-5%	5%
Border Control Infrastructure Project			258			0%	365	417	398	14%	-5%	5%
Constitutional Development	147	633	41	330%	-93%	118%	39	45	43	14%	-5%	5%
Correctional Services	73 905	79 865	55 154	8%	-31%	-11%	58 937	67 303	64 175	14%	-5%	5%
Defence	134 225	108 116	93 913	-19%	-13%	-16%	106 860	122 028	116 356	14%	-5%	5%
Education	34	44	50	28%	16%	22%	54	62	59	15%	-5%	5%
Environmental Affairs & Tourism	342	492	343	44%	-30%	7%	201	229	218	14%	-5%	5%
Finance	5 624	2 681		-52%	-100%	-76%	1 591	1 817	1 733	14%	-5%	5%
Foreign Affairs	182	439	1 352	141%	208%	175%						
Government Communication & Info. Services	17	1	53	-95%	6539%	3222%	50	57	54	14%	-5%	5%
Health	2 101	1 118	2 029	-47%	81%	17%	1 230	1 404	1 339	14%	-5%	5%
Home Affairs	2 940	7 684	9 404	161%	22%	92%	8 149	9 306	8 873	14%	-5%	5%
Housing	1	6		628%	-100%	264%						
Independent Complaints Directorate		3			-100%	-50%						

Justice	49 183	51 445	54 859	5%	7%	6%	63 762	72 813	69 429	14%	-5%	5%
Labour	3 259	1 031	1 294	-68%	26%	-21%	1 458	1 665	1 588	14%	-5%	5%
Land Affairs	477	1 435	1 512	201%	5%	103%	1 901	2 172	2 071	14%	-5%	5%
Minerals & Energy	10	138	10	1340%	-93%	624%	9	11	10	17%	-5%	6%
Nat ional Prosecuting Authority		36	20		-45%	-23%						
National Treasury	273	125	7 282	-54%	5718%	2832%	2 166	2 474	2 359	14%	-5%	5%
Parliament	527	2 991	9 203	467%	208%	338%	9 729	11 110	10 593	14%	-5%	5%
Presidency	485	1 318	4 508	172%	242%	207%	4 750	5 424	5 172	14%	-5%	5%
Public Service & Administration	203	262	233	29%	-11%	9%	63	72	68	14%	-5%	5%
Public Works	135 462	150 578	307 340	11%	104%	58%	226 157	244 485	233 121	8%	-5%	2%
SA Police Service	107 247	97 387	101 303	-9%	4%	-3%	153 284	175 041	166 905	14%	-5%	5%
SA Revenue Service	2 287	1 510	624	-34%	-59%	-46%						
Science & Technology			2 780			0%						
Trade and Industry		52	11	#DIV/0!	-80%							
Transport	174	462	237	165%	-49%	58%	134	152	145	14%	-5%	5%
Water Affairs & Forestry	47	177	2 263	278%	1175%	727%	1 429	1 631	1 555	14%	-5%	5%
<b>TOTAL</b>	<b>545 349</b>	<b>524 872</b>	<b>675 672</b>	<b>-4%</b>	<b>29%</b>	<b>12%</b>	<b>661 505</b>	<b>740 714</b>	<b>706 662</b>	<b>12%</b>	<b>-5%</b>	<b>4%</b>

**Table 20: Real Expenditure on Programme 2 (Maintenance only):**

Programme 2: Public Works	Year - 2 (actual)	Year - 1 (actual)	Base year (estimate)			Nominal average annual change (%)	Year 1 (budget)	Year 2 (MTEF projection)	Year 3 (MTEF projection)			Nominal average annual change (%)
Programme support	5 952	5 770	4 514	-3%	-22%	-12%	7 100	7 202	7 786	1%	8%	5%
Agriculture	5 779	1 413	2 829	-76%	100%	12%	2 285	2 752	2 752	20%	0%	10%
Arts & Culture	18 382	11 557	18 741	-37%	62%	13%	17 478	21 054	21 054	20%	0%	10%
Border Control Infrastructure Project			343			0%	511	616	616	20%	0%	10%
Constitutional Development	169	799	55	373%	-93%	140%	55	66	66	20%	0%	10%
Correctional Services	84 949	100 826	73 411	19%	-27%	-4%	82 515	99 395	99 395	20%	0%	10%
Defence	154 284	136 492	125 000	-12%	-8%	-10%	149 609	180 214	180 214	20%	0%	10%
Education	39	55	67	42%	23%	32%	76	92	92	20%	0%	10%
Environmental Affairs & Tourism	393	621	457	58%	-26%	16%	281	338	338	20%	0%	10%
Finance	6 465	3 385		-48%	-100%	-74%	2 228	2 684	2 684	20%	0%	10%
Foreign Affairs	209	554	1 800	164%	225%	195%						
Government Communication & Info. Services	20	1	70	-94%	5856%	2881%	70	84	84	20%	0%	10%
Health	2 415	1 411	2 700	-42%	91%	25%	1 722	2 074	2 074	20%	0%	10%
Home Affairs	3 378	9 701	12 517	187%	29%	108%	11 409	13 743	13 743	20%	0%	10%
Housing	1	8		1186%	-100%	543%						
Independent Complaints Directorate		4			-100%	-50%						
Justice	56 533	64 947	73 019	15%	12%	14%	89 270	107 532	107 532	20%	0%	10%



Labour	3 746	1 301	1 723	-65%	32%	-16%	2 041	2 459	2 459	20%	0%	10%
Land Affairs	548	1 812	2 013	231%	11%	121%	2 662	3 207	3 207	20%	0%	10%
Minerals & Energy	11	174	13	1431%	-92%	669%	13	16	16	20%	0%	10%
National Prosecuting Authority		45	26		-42%	-21%						
Parliament	606	3 776	12 249	523%	224%	374%	13 621	16 407	16 407	20%	0%	10%
Presidency	557	1 664	6 000	199%	261%	230%	6 650	8 010	8 010	20%	0%	10%
Public Service & Administration	233	331	310	42%	-6%	18%	88	106	106	20%	0%	10%
Public Works	155 705	190 098	409 076	22%	115%	69%	316 629	361 062	361 062	14%	0%	7%
SA Police Service	123 274	122 947	134 837	0%	10%	5%	214 604	258 505	258 505	20%	0%	10%
SA Revenue Service	2 629	1 906	831	-27%	-56%	-42%						
Science & Technology			3 700			0%						
Trade and Industry		66	14	23127%	-79%	11524%						
Transport	200	583	315	192%	-46%	73%	187	225	225	20%	0%	10%
Treasury	314	158	9 692	-50%	6031%	2991%	3 032	3 653	3 653	20%	0%	10%
Water Affairs & Forestry	54	224	3 012	318%	1246%	782%	2 000	2 409	2 409	20%	0%	10%
						0%						
<b>TOTAL</b>	<b>626 847</b>	<b>662 630</b>	<b>899 335</b>	<b>6%</b>	<b>36%</b>	<b>21%</b>	<b>926 136</b>	<b>1 093 905</b>	<b>1 094 489</b>	<b>18%</b>	<b>0%</b>	<b>9%</b>

### 13. Programme 3: National Public Works Programme

#### Objectives

The objectives of this programme are:

- a) To promote sustainable growth of the Property and Construction Industries while fast-tracking their transformation and development;
- b) To provide a custodial function for the portion of the national state property portfolio which the Department is responsible for; and
- c) To address poverty and unemployment through the Expanded Public Works Programme.

#### 13.1 Situation analysis

The slow transformation of the construction industry needs to be addressed by means of more effective policy interventions. In this regard, the Department will be focusing on the development of industry charters, and on promoting uniformity of procurement and standards, skills development and innovation, and initiatives to promote broad-based BEE in the industry.

The Construction Industry is currently characterised by fragmented, non-uniform procurement methods, contract documentation and building standards. The Department, together with the CIDB, will lead a process of promoting uniformity in the industry. In addition, the Department, the CIDB and National Treasury will be working on an Infrastructure Delivery Toolkit to improve public sector delivery processes.

Currently there is duplication of effort, inconsistencies and inefficiencies in the manner that immovable assets are managed in government. Poor immovable asset decisions have a detrimental impact on Government's ability to deliver efficient and effective services. The Department will be finalising a Government-wide Immovable Asset Management Framework Act (GIAMA) to address these issues.

There is insufficient interaction between Departments of Public Works within the region. DPW will work with other African Public Works Departments to compare lessons learnt in the process of transforming the industry, and to promote best practice as part of the Department's contribution to NEPAD. In addition, it will be bringing a developmental perspective to peacekeeping and post-conflict reconstruction efforts.

The increasing levels of poverty and unemployment in the country need to be urgently and effectively addressed, to prevent the unravelling of the social fabric. The EPWP is aimed to address these issues.

**Table 21: Critical vacancies and supernumeries for Programme 3**

Sub-programme	Managerial Positions		Professional Positions		Other Positions		Super-numeraries
	No. of posts	Vacant Posts	No. of posts	Vacant Posts	No. of posts	Vacant Posts	
CIDP	14	7	N/A	N/A	3	0	0
PIDP	12	8	N/A	N/A	6	4	0
EPWP	2	2	10	10	0	0	0

### 13.2 Policies, priorities and strategic objectives

Implementation of the key programmes identified in the White Paper on the Construction Industry will be intensified.

The GIAMA will provide a policy framework for the management of immovable assets.

A transformation framework will be drawn up for the property industry, leading to a property industry charter, and perhaps to a White Paper on the Property Industry.

The EPWP will use skills development and labour-based technology to promote employment opportunities.

**Table 22: Strategic Objectives for Programme 3: National Public Works Programme**

<p>STRATEGIC GOAL 1: <i>Providing strategic leadership to the Construction and Property Industries to promote sustainable economic growth, transformation and development</i></p> <p>STRATEGIC OBJECTIVES:</p> <ol style="list-style-type: none"><li>1. Industry development, transformation and growth</li><li>2. Development of the emerging sector</li><li>3. Addressing the skills shortage in the industries</li></ol>
<p>STRATEGIC GOAL 2: <i>Contributing to the National Goal of Poverty Alleviation and Job Creation</i></p> <p>STRATEGIC OBJECTIVE:</p> <ol style="list-style-type: none"><li>4. Coordinate the implementation of the EPWP</li></ol>
<p>STRATEGIC GOAL 3: <i>Promotion of Black Economic Empowerment</i></p> <p>STRATEGIC OBJECTIVES:</p> <ol style="list-style-type: none"><li>5. Develop procurement policy and broad-based BEE</li></ol>
<p>STRATEGIC GOAL 4: <i>Contributing to African Renaissance/NEPAD</i></p> <p>STRATEGIC OBJECTIVE:</p> <ol style="list-style-type: none"><li>5. Skills development</li><li>6. Developmental peace keeping</li><li>7. Institutional support</li></ol>

### 13.3 Analysis of constraints and measures planned to overcome them

The key constraints facing this branch are:

- a) Lack of coordination of infrastructure departments
- b) Uncoordinated BEE programmes
- c) Obstacles such as access to credit for the emerging sector
- d) Lack of skills in the industries

e) Fragmentation of asset management within government.

### **13.4 Description of planned quality improvement measures**

These are described below.

### **13.5 Sub-programme 3.1: Construction Industry Development Programme**

#### **13.5.1 Introduction**

The over-arching strategic context for the programme flows from the White Paper on “Creating and enabling environment for the Reconstruction and Development of the South African Construction Industry”. The White Paper identifies a number of key programme areas for the implementation of policy drivers. The programme areas are:

- Developing a stable delivery environment
  - a. Counteracting demand volatility
  - b. Towards a stable work environment
- Enhancing industry performance
  - a. Work process transformation
  - b. Procurement strategies to effect best practice
- Towards and enabling strategy for human development
- Promoting new industry capacity and the emerging sector
- Developing the capacity and role of the public sector
  - a. Delivery to target the marginalised
  - b. Overcoming regulatory impediments to industry performance
  - c. Improving public sector capacity to manage delivery
  - d. Promoting regional integration

A number of key issues have come to the fore that has shaped the form of the programmatic responses to the policy. These issues have been translated into policy drivers and strategic responses have been developed for each area. The key issues are:

- Transformation of the construction industry has been slow and the policy intervention around emerging contractor development has been ineffective
- The capacity and quality of the built environment professions are on the decline
- A strategic response as a means of reconstruction and development of the African society has been developed as part of the New Programme for African Development (NEPAD)

The CIDP is structured to strategically respond to policy issues and drivers that emanate from the above strategic context. The CIDP functions include:

- Transforming the industry
- Regulating the industry
- Promoting the image of the industry
- Developing new industry capacity and the emerging sector
- Managing the statutory bodies administered by the department
- Developing procurement policies to effect best practice
- Promoting regional development and NEPAD

### **13.5.2 Policies and priorities**

The following areas have been identified as priority strategic objectives:

#### **A. Construction industry development**

- Transformation of the construction industry
- Promotion of innovation, research, and development in the construction industry
- Provision of strategic leadership in the development of building regulations and standards
- Entrustment of the department with the custodianship of uniform building regulations and standards
- Promotion of the profile and image of the construction industry
- Promotion of regional cooperation for:
  - a. skills and industry development,
  - b. institutional support,
  - c. promoting the integration of the developmental perspective in peacekeeping and post-conflict reconstruction initiatives

The implementation of the strategy for skills development of the built environment professionals.

#### **B. Emerging Contractor Development**

- Development of strategies and programmes for the development of the emerging sector
- Development of *sustainable* emerging contractor *business*

- Formalisation the mentorship programme as a regulated profession
- Promotion of best practices in the development of emerging contractors
- Establishment and implementation of a national mentorship programme for the emerging sector
- Fostering a common understanding of issues relating to development of the emerging sector
- Facilitating supply side measures for development of emerging contractor. This includes;
  - a. access to finance
  - b. access to information
  - c. access to training
  - d. access to opportunities

### **C. Procurement**

- Promote best practice and uniformity through the CIDB

#### **13.5.3 Analysis of constraints and measures to overcome them**

The following table provides an indication of challenges impacting on the effective implementation on the strategies and policies for construction industry growth, development and transformation:

<b>Constraints</b>	<b>Measures to overcome</b>
Public sector capacity for infrastructure delivery	Toolkit
Coordination of infrastructure departments	Establishment of a committee of infrastructure departments
Minor impact on Women in Construction program	Increase proportion of preference points allocated to women (in procurement system)  Include women empowerment in incubator programme.
Non-alignment to procurement legislation (PFMA, PPPFA & SCM Framework)	Revise procurement policies  Implementation of the supplier database  Implementation of a monitoring system

### 13.5.4 Description of planned quality improvement measures

The following performance improvement measures will be employed by the unit to ensuring effective and efficient implementation of policy leading to the sustainable growth of the industry;

- a. Conduct impact assessments and environmental scans
- b. Continues monitoring and evaluation including mid-term reviews of statutory bodies administered by public works

### 13.5.5. Specification of measurable objectives and performance indicators

The following table illustrates the expected outcomes of the prioritized strategic indicators as well as indicators that will be used to monitor if the objectives are being achieved or not. The indicators will also indicate and assist in monitoring progress and performance:

**Table 23: Sub-programme 3.1: CIDP: measurable objectives, performance indicators and targets**

Strategic objective	Output	Indicator	Targets
<b>Construction Industry Development Policy and Monitoring</b>			
Transformation of the construction industry	Construction charter	Signed construction charter Construction summit convened	October 2004 June 2004
Fostering a common understanding of issues relating to development of the emerging sector, promotion of innovation, research and development in the Construction Industry	Established Centre for Innovation	Centre for Innovation resourced and operationalised unit	January 2005
Provide strategic leadership in the development of building regulations and standards	Streamline regulations Develop implementation plan	Overarching regulatory framework Approved implementation plan	December 2004 July 2004
Take leadership of the process of developing building regulations and standards	Cabinet decision to empower DPW to take the custodianship	Approved Cabinet memorandum	December 2004
Promotion to profile and image of the construction industry	Construction week	Construction week held Increased student intake in the built environment disciplines in tertiary institutions Improved image of the construction industry	October 2004 March 2006 March 2005

Promoting regional cooperation with other departments of public works for skills and industry development	Implementation plan Terms of Cooperation	Approved implementation plan Signed Terms of Cooperation by at least 3 countries	May 2004-03-12 December 2004
Developing concept for developmental peace-keeping <sup>1</sup>	Pilot concept in Burundi	Rapid assessment in Burundi Approved implementation plan	June 2004 August 2004
Institutional support	Institutional support to DRC	Memorandum of Agreement	May 2004
Compliance of statutory bodies to good corporate governance as per King II and other relevant legislation <sup>2</sup>	Compliance	Unqualified audit report	March 2005
Monitoring implementation of best practice	Improved industry performance	Impact assessment	March 2005
Implement the strategy for built environment professionals for enhance public sector delivery capacity	Enhance public sector capacity Effective and efficient service delivery	Increased built environment professional resource base Impact assessment	March 2005
<b>Emerging Contractor Development Programme</b>			
<b>Strategic Objectives</b>	<b>Outcomes</b>	<b>Indicators</b>	
Establishment and implementation of a national mentorship programme for the emerging sector	Enhance emerging sector performance relating to management and implementation of projects	Reduced cancellation of contracts implemented by the emerging sector Reduced construction time and cost overruns on projects implemented by the emerging reports	
Formalisation of the mentorship programme as a regulated profession	Accredited mentors	A register of mentors established and operational	August 2004
Development of <i>sustainable</i> emerging contractor <i>business</i>	Incubator contractor programme	Programme implemented by At least 50 contractors registered on the programme Partnerships for implementation with other government agencies	May 2004 June 2004

<sup>1</sup> Develop in partnership with MOD and CSIR.

<sup>2</sup> CICB, CBE and Agrément



## **13.6 Sub-programme 3.2: Property Industry Development Programme**

### **13.6.1 Introduction**

Cabinet has mandated the Department of Public Works to develop an overarching Government-wide immovable asset management framework and to implement that policy by means of legislation. The Department shall therefore provide strategic leadership for all spheres of government in the management of immovable assets.

The National Department of Public Works will furthermore provide leadership on the growth and development of the property industry. As a collective, Government is the single biggest client of the property industry and can thus play a critical role in leading transformation in this sector. Structured interaction with the property industry in this regard has been limited and the Department has prioritised the need to build capacity to address the development of the property sector.

An analysis of the major challenges facing the Department in the field of property policy, revealed that the following areas require attention:

- Custodian responsibilities / policy framework
- Immovable asset management policy framework
  - Government-wide Immovable Asset Management Framework (GIAMF)
  - Institutional framework for GIAMF
- Property industry policy framework
  - Understanding / status quo of the industry
  - How to grow the industry
  - How to enhance service delivery
  - Stakeholder analysis
  - Systemic analysis of property economy
  - Identify development areas

### **13.6.2 Policies and Priorities**

The Department controls the largest portfolio of properties in South Africa and the following policies and priorities are therefore needed:

- **Custodial responsibilities / policy framework**
  - Land reform
  - Disposals
  - Property rights & expropriation
  - Immovable Asset Register
  - Land Affairs Board
  - Stakeholder management
  
- **Immovable asset management policy framework**
  - Institutional/implementation framework
  - Government-wide immovable asset management bill
  - Government-wide immovable asset management regulations
  
- **Property industry policy framework**
  - Consultative forum
  - Status quo report
  - Transformation framework

### 13.6.3 Specification of measurable objectives and performance indicators

**Table 24: Sub-programme 3.2: PIDP: measurable objectives, performance indicators and targets**

#### **Custodial responsibilities / policy framework**

<b>Strategic Objective</b>	<b>Output</b>	<b>Indicators</b>
Completion of National and Provincial immovable asset registers	Complete National and Provincial immovable asset registers	A. Accepted strategy to address shortcomings of immovable asset registers B. Accepted strategy to expedite confirmation of ownership of State land
Broaden usage of Land Affairs Board expertise	Increased used of Land Affairs Board's expertise by government agencies	A. Increased capacity of Land Affairs Board B. Land Affairs Board legislation amended

### Immovable asset management policy framework

Strategic Objective	Output	Indicators
Establish uniformity and set minimum norms and standards for the managing of immovable assets on a Government-wide basis	Institutional framework for implementation of the Government-wide immovable asset management policy	Approved institutional framework
	Government-wide Immovable Asset Management Act	A. Draft Government-wide Immovable Asset Management Bill B. Government-wide Immovable Asset Management Act
	Government-wide immovable asset management regulations	A. Regulations - (including strategic planning; acquisition, maintenance/management, disposal and monitoring and assessment)  B. Norms and standards (encompassing acquisition; maintenance/ management, disposal and monitoring and assessment)

### Property industry policy framework

Strategic Objective	Output	Indicators
Provide leadership for the growth and development of the Property Industry	Status quo report	Completed status quo report
Facilitate transformation in the Property Industry	Transformation framework	Property Sector Charter

## **13.7 Sub-programme 3.3: Expanded Public Works Programme**

### **13.7.1 Introduction**

The President announced during his State of the Nations Address at the opening of Parliament in February 2003, that Government will embark on the Expanded Public Works Programme (EPWP), and the Department has been given the responsibility of the overall coordination of the programme. The EPWP is considered one of Government's short to medium-term programme for reducing unemployment, which the Growth & Development Summit agreed in June 2003 must be halved by 2014. The EPWP is not the only government intervention to address unemployment and needs to be considered within the larger framework of government interventions, such as improving the regulatory environment to stimulate economic growth, employment and investment, crime prevention, and promoting human resource development. The programme will alleviate unemployment through the creation of short-term work opportunities. The EPWP will include programmes in the infrastructure, environmental, social and economic sectors.

The EPWP focuses on the use of government expenditure to create additional employment opportunities. In the infrastructure sector, the primary focus will be on increasing the labour intensity of the construction of provincial and municipal infrastructure.

### **13.7.2 Policies and priorities**

The main intervention by the Department has been to place additional conditions on the Provincial and Municipal Infrastructure Grants (PIG and MIG) that make use of labour intensive construction methods compulsory on certain types of infrastructure. Through this mechanism, approximately R15 billion is earmarked for EPWP projects to be executed by provinces and municipalities.

In order to provide a clear framework in which the infrastructure projects of the EPWP are to be implemented, the Department has produced a set of detailed guidelines on the identification, planning design and construction of infrastructure under the EPWP. The conditions on the MIG and the PIG require that provinces and municipalities use these guidelines.

The conditions also require that relevant design and site personnel complete SAQA accredited courses on labour-intensive construction. The CETA with the support of the Department has put these courses in place. These courses are designed to build capacity to design appropriately for labour intensive construction, and to build infrastructure efficiently and of the required quality.

### **13.7.3 Analysis of constraints and measures planned to overcome them**

One of the most important constraints for the EPWP is the national human resource capacity to execute the large amount of labour-intensive work properly. Therefore, as mentioned above, the training of consultants and contractors has been made mandatory in the programme. In addition training interventions are also being put in place to provide training to municipal officials, councillors and other people involved in the programme.

Another key challenge to the EPWP will be to mobilise support, especially among municipal and provincial officials for implementation of the programme. The EPWP needs to be implemented through the normal line budgets of departments, provinces and municipalities, and therefore represents a new approach to these types of programmes. Municipalities and

provinces are often disappointed about the fact that they will not be receiving special funding for the programme as was done in the past.

### 13.7.4 Specification of measurable objectives and performance indicators

The EPWP has a target of creating at least one million work opportunities over the next five years. Of these the infrastructure sector is expected to contribute 900 000. Apart from monitoring the employment creation in the programme, another important element is the training provided and that will be another KPI for the programme. A detailed overview of the KPI's is presented below.

**Table 25: Key Performance Indicators to be collected on all EPWP projects**

<b>KPI Number</b>	<b>Key Performance Indicators (KPIs)</b>	<b>Method for calculation</b>	<b>Comment</b>
1	<b><i>Number of job opportunities created</i></b>	Assumed to be equal to number of people employed per project	Will give an indication as to how many unemployed people benefit directly from the EPWP
2	<b><i>Person years of employment created</i></b>	Divide the total number of person days of all projects by 230 (Agreed upon number of person days of employment per year)	Indicator that shows the equivalent number of full-time jobs created
3	<b><i>Number of training days provided</i></b>	Total sum from all projects	Measure total amount of training provided
4	<b><i>Overall spending on EPWP projects</i></b>	Total sum from all projects	Measure total government spending on the EPWP
5	<b><i>Demographics of workers on EPWP projects</i></b>	Total sums of the project totals of women, youth and disabled employed	Measures the demographics of the people benefiting from the EPWP
6	<b><i>Average length of employment created</i></b>	Divide person years of employment created (KPI 2) by number of job opportunities (KPI 1)	Also allows comparison between sectors and types of projects
6	<b><i>Total income paid out to previously unemployed workers</i></b>	Multiply number of person-days (BI 2) by the minimum wage (BI 3)	
7	<b><i>Average income of EPWP worker</i></b>	Divide Total income (KPI 6) by Number of job opportunities (KPI 1)	
8	<b><i>Average duration of training provided</i></b>	Divide total number of training days (KPI 3) by number of job opportunities (KPI 1)	Provides an indication of the level of skills build in the

			programme
9	<b>Percentage of spending paid out to EPWP workers</b>	Divide total income paid out (KPI 6) by Overall spending on EPWP (KPI 4)	Measure the labour intensity of the EPWP
10	<b>Amounts paid out to women, youth and disabled</b>	Multiply demographics percentages (KPI 5) by total income paid out (KPI 6)	
11	<b>Total number of EPWP Projects</b>	Total number of projects counted from project level reports	

### 13.5 Reconciliation of budget with plan

The EPWP is a national cross cutting programme and will be funded through line-function budgets, and not through the NDPW budget.

**Table 26: Nominal Expenditure on Programme 3**

Programme 3: National Public Works Programme	Year -2 (Actual)	Year -1 (Actual)	Base Year (Estimate)	Nominal Average Annual Change (%) <sup>1</sup>	Year 1 (Budget)	Year 2 (MTEF projections)	Year 3 (MTEF projections)	Nominal Average Annual Change (%) <sup>2</sup>
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
3.1 CIDP	18,496	31,448	39,451	47.74	58,970	60,894	61,913	18.14
3.2 PIDP								
3.3 EPWP					10,000	13,000	15,000	22.69
<b>Total Programme 3</b>	<b>18,496</b>	<b>31,448</b>	<b>39,451</b>	<b>47.74</b>	<b>68,970</b>	<b>73,894</b>	<b>76,913</b>	<b>28.68</b>

**Table 27: Real Expenditure on Programme 3**

Programme 3: National Public Works Programme	Year -2 (Actual)	Year -1 (Actual)	Base Year (Estimate)	Real Average Annual Change (%) <sup>1</sup>	Year 1 (Budget)	Year 2 (MTEF projections)	Year 3 (MTEF projections)	Real Average Annual Change (%) <sup>2</sup>
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
3.1 CIDP	17,351	28,772	36,939	47.11	56,215	57,774	58,909	18.97
3.2 PIDP	0	0	0		0	0	0	
3.3 EPWP	0	0	0		9,533	12,334	14,272	15.03
<b>Total Programme 3</b>	<b>17,351</b>	<b>28,772</b>	<b>36,939</b>	<b>47.11</b>	<b>65,748</b>	<b>70,108</b>	<b>73,181</b>	<b>29.67</b>
Inflation rate based on CPI	6.6	9.3	6.8		4.9	5.4	5.1	

1 Average p.a change between Year -2 and base year

2 Projected average p.a change between base year and Year 3

3 Real expenditure = nominal expenditure deflated by the average p.a inflation rate as measured by CPI (STATS - SA)

## 14. Programme 4: Auxiliary and Associated Services

### *Objective*

The programme makes provision for various services, including state housing guarantees scheme; maintenance of war graves and national memorials; decorations for public functions; acquisition of vehicles for departmental use; compliance with skills development Act as well as funding the activities of Parliamentary Villages Management Board.

### 14.1 Situation Analysis

On average, the actual expenditure on the programme has been increasing at the rate of 28% (R2, 6m; R3, 4m respectively between 2000/01 and 2002/03) over the past three financial years. This high rate of increase was as a result of the foreign exchange fluctuations that had a negative impact on the Rand. The average annual increase dropped to 5,2 % over the MTEF period. This is due to the current stability on the Rand value. The programme takes about 0,4% of the departments total budget allocation per annum.

### 14.2 Policies, priorities and strategic objectives

**Table 28: Strategic objectives of Programme 4: Auxiliary and Associated Services**

<p>STRATEGIC GOAL: <i>Good (Corporate) Governance</i></p> <p><i>STRATEGIC OBJECTIVES:</i></p> <ul style="list-style-type: none"><li><input type="checkbox"/> Compensating for losses incurred in the State housing guarantee scheme when Departmental officials fail to fulfil their obligations</li><li><input type="checkbox"/> Providing funding to the Commonwealth War Graves Commission and the United Nations for maintaining national memorials</li><li><input type="checkbox"/> Providing for the purchasing decorations for public functions, such as State funerals and inaugurations</li><li><input type="checkbox"/> Providing for the purchasing of vehicles for the Department's use</li><li><input type="checkbox"/> Providing for the Department's obligations in terms of the National Skills Development Act, 1998 (Act 97 of 1998)</li><li><input type="checkbox"/> Providing financial assistance to the Parliamentary Villages Management Board</li></ul>
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### 14.3 Analysis of constraints and measures planned to overcome them

The major constraint in the programme is the effect of foreign exchange rate, fluctuations on transfer payments to the International bodies. The more the Rand loses value, the more the programme is obliged to pay for the maintenance of War graves and national memorials beyond the South Africa borders. Adequate provision has to be made on the budget to ensure that negative foreign exchange fluctuations have the least impact on the budget allocation.

### 14.4 Description of planned quality improvement measures

A number of stakeholders are involved in the transfer of maintenance funds to the Commonwealth War Graves Commission. This sometimes retards the process and causes unnecessary delays. The Department is engaging in negotiations with the Department of Foreign Affairs to streamline the processes such that delays can be avoided. This will ensure that the Commission receives the funds during April each financial year and is therefore in a better position to plan and execute its plan properly and this will enable the Department to project its cash flows with some degree of reliability as it relates to this sub-programme expenditure.

### 14.5 Measurable objectives

To facilitate the timely transfer of funds to organizations for the preservation of national memorials, and to the Parliamentary Villages Management Board.

**Table 29: Measurable Objectives/Outputs, Measures and Targets for Programme 4: Auxiliary and Associated Services**

<i>Sub-programme</i>	<i>Output</i>	<i>Measure</i>	<i>Target</i>
Preservation of National Memorials	War graves and National memorials maintained	Timeous payment of transfers	100 %
Decoration for Public functions	Functions successfully decorated	Number of functions successfully decorated	100 %
Compensation for losses	Compensation cases involved	Number of cases	All cases payable p.a
Government Motor Transport	Vehicles purchased	Number needed per financial year	One vehicle per financial year
Sector Education and Training Authority	Improvement of skills/knowledge in various fields	Number of officials trained per field	Implemented as per skills/ knowledge development plan

## 14.6 Reconciliation of budget with plan

### Expenditure trends

The *Auxiliary and Associated Services* budget is expected to increase from R17,1 million in 2003/04 to R19,9 million in 2006/07 financial year. There is no increase from 2003/04 to 2004/05 regarding the allocation for the programme due to our stronger currency. The allocation increases from 2004/05 owing to an average increase of 6 % in allocations to organizations preserving certain national memorials in other countries, compensation for losses, government motor transport, grants-in-aid (Parliamentary Villages Management Board) as well as a 3 % increase regarding the Sector Education and Training Authority.

**Table 30: Nominal Expenditure by Programme**

Programme	Year -2 (actual)	Year -1 (actual)	Base Year (estimate)	Nominal Average Annual Change (%) <sup>1</sup>	Year 1 (budget)	Year 2 (MTEF projections)	Year 3 (MTEF projections)	Nominal Average Annual Change (%) <sup>2</sup>
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
1. Administration	181,871	210,841	277,314	23.73	240,583	232,597	303,472	4.64
2. Provision of Land and Accommodation	3,102,968	3,605,423	4,029,755	13.98	4,493,251	4,819,260	5,111,779	8.28
3. National Public Works Programme	408,500	306,449	327,797	-9.01	68,970	73,894	76,913	-22.58
4. Auxiliary and Associated Services	11,863	15,210	17,119	20.38	17,119	18,096	19,895	5.22
<b>Total</b>	<b>3,705,202</b>	<b>4,137,923</b>	<b>4,651,985</b>	<b>12.05</b>	<b>4,819,923</b>	<b>5,143,847</b>	<b>5,512,059</b>	<b>5.83</b>

**Table 31: Real Expenditure (3) by Programme**

Programme	Year -2 (Actual)	Year -1 (Actual)	Base Year (Estimate)	Real Average Annual Change (%) <sup>1</sup>	Year 1 (Budget)	Year 2 (MTEF projections)	Year 3 (MTEF projections)	Real Average Annual Change (%) <sup>2</sup>
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
1. Administration	170,611	192,901	259,657	23.84	229,345	220,680	288,746	5.13
2. Provision of Land and Accommodation	2,910,852	3,298,649	3,773,179	13.85	4,283,366	4,572,353	4,863,729	8.88
3. National Public Works Programme	383,208	280,374	306,926	-8.68	65,748	70,108	73,181	-22.52
4. Auxiliary and Associated Services	11,129	13,916	16,029	20.12	16,319	17,169	18,930	5.76
<b>Total</b>	<b>3,475,799</b>	<b>3,785,840</b>	<b>4,355,791</b>	<b>11.99</b>	<b>4,594,779</b>	<b>4,880,310</b>	<b>5,244,585</b>	<b>6.39</b>
Inflation rate based on CPI	6.6	9.3	6.8		4.9	5.4	5.1	

1 Average p.a change between Year -2 and base year

2 Projected average p.a change between base year and Year 3

3 Real expenditure = nominal expenditure deflated by the average p.a inflation rate as measured by CPI (STATS - SA)

## 16. Medium Term Revenues

On average, the department recovered about 0,84 % of its total expenditure over the past three years and this trend is expected to be maintained over the MTEF period. The sources of revenue include; letting of property and official quarters; sale of land, buildings and structures. All revenue collected is deposited directly into The National Revenue Fund.

### 16.1 Departmental Revenue Collection

The Department has an Asset Management Plan that clearly sets out the amount of revenue from each property and quarters under the department's management can generate over the given period. The plan also indicates which property will be disposed off when and at what price. Based on this plan, the department is confident that the revenue estimates will indeed be collected.

**Table 32: Departmental revenue collection: NDPW**

Description	2000/01	2001/02	2002/03	2003/04	2004/05	2005/05	2006/07
	Actual	Actual	Actual	Estimate	MTEF	MTEF	MTEF
1	2	3	4	5	6	7	8
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Current Revenue</b>	<b>13,750</b>	<b>17,536</b>	<b>14,457</b>	<b>16,842</b>	<b>15,542</b>	<b>15,339</b>	<b>15,307</b>
Tax Revenue							
Non - tax revenue	13,750	17,536	14,457	16,842	15,542	15,339	15,307
<b>Capital revenue</b>	<b>23,402</b>	<b>19,382</b>	<b>21,304</b>	<b>24,528</b>	<b>20,063</b>	<b>19,755</b>	<b>20,284</b>
Sale of capital assets	7,416	8,556	11,793	16,886	13,000	13,000	13,000
Financial transactions	15,986	10,826	9,511	7,642	7,063	6,755	7,284
<b>Total Departmental Revenue</b>	<b>37,152</b>	<b>36,918</b>	<b>35,761</b>	<b>41,370</b>	<b>35,605</b>	<b>35,094</b>	<b>35,591</b>

### 16.2 Conditional Grants

Over the past three financial years the Department had set aside an average of R330 million per annum as conditional grant to municipalities. These funds have been transferred to municipalities through annual Division of Revenue Act to be spent specifically on the Community-Based Public Works Programme (CBPWP). The programme is intended to create jobs and alleviate poverty particularly in rural areas. As scheduled on the annual Division of Revenue Act, the programme is being phased out from the Department and as from 2004/05 financial year funds intended for this programme will be allocated directly to Municipalities through the Municipal Infrastructure Grant (MIG) managed by DPLG.

### 16.3 Donor Funding

The Department is currently negotiating with donors for capacity building to augment funds appropriated for the co-ordination of the Expanded Public Works Programme.

**Table 33: Donor Funding**

Project name	External Donors	Monetary contributions by donors (R'000)					Project Outcome	Departmental Reporting Responsibility
		2001/02	2002/03	2003/04	2004/05	2005/06		
1	2	3	4	5	6	7	8	9
Capacity Building (CBPWP)	European Union	R'000	R'000 1423	R'000	R'000	R'000		

## 17. Co-ordination, co-operation and outsourcing plans

### 17.1 *Interdepartmental and Local government linkages*

As part of the EPWP, the Department will be entering in the MOAs with the CETA and Provinces and Municipalities for the implementation of a Labour Intensive Contractor Learnership Programme. The contractor learnership programme is a joint initiative of the Department and the CETA and the EPWP Unit and the CETA will manage this programme together. In this partnership, the CETA will fund training for the contractors, the provinces and municipalities will provide projects for the learner contractors to execute and the Department will provide mentorship. The Department will appoint regional mentors to assist the contractors. A total of 750 individuals will enter into these learnerships and all contractors in the programme are expected to collectively execute about R500 million of work per year, creating about 20 000 job opportunities in the process. Through this learnership programme the Department together with partnering provinces and municipalities will contribute to the overall job creation targets of the EPWP.

There are other SLAs with the municipalities as well, pertaining to the new generation prisons and the provision of bulk infrastructure services (electricity, water, sewerage).

SLA with Ekurkuleni Metro Council R3 200 000.00 to be spent before end of 2004/05 financial year.

SLA with Klerksdorp City Council R2 182 000.00 to be spent before end of 2004/05 financial year.

SLA with Sol Plaatje Municipality R5 133 333.00 to be spent before end of 2004/05 financial year.

## 17.2 Public entities

**Table 34: Details of public entities**

Name of public entity	Main purpose of public entity	Transfers from the departmental budget		
		2002 MTEF	2003 MTEF	2004 MTEF
CBE	Regulate built environment profession	2 000	2 000	3 000
IDT	Provide development management service to government	0	0	0
CIDB	Develop Construction Industry	13 181	20 087	25 036
Agrèment Board	Provide assurance via technical approvals of fitness for purpose of non-standardised construction products	5 500	5 830	6 000

## 17.3 Public-Private-Partnerships (PPPs), outsourcing etc

The Department is currently involved in the development and management of a number of key infrastructure projects to meet the needs of National Government Departments for serviced accommodation by entering into Public-Private-Partnerships. The PPP methodology is viewed as a key procurement alternative by which an entire range of user needs are delivered and managed in a single project, thus amplifying options beyond the traditional approach.

In support of its custodial responsibilities as well as its responsibilities pertaining to the function of providing accommodation to National Government Departments, the Department will seek to concretize its role as Project Officer, and subsequent role as built-environment / technical expert in the management of Concession Agreements, on the following PPP projects:

### Projects delivered (joint contract management role):

### Approximate value:

Mangaung Prison (Bloemfontein)	R1.30b
Kuthama Sinthimule Prison (Makhado)	R1,35b

### Projects in development:

### Estimated value:

Head Office for the Department of Education (Tshwane)	R500m
Head Office for the Department of Foreign Affairs (Tshwane)	tbd

### Projects in conceptualization and planning:

### Estimated value:

Head office for Department of Defence (National Intelligence)	tbd
Head office for Department of Defence (South African Health Medical Services)	tbd
Head Offices for various national departments in Tshwane	tbd
Renegotiation of the Concession Agreement: Mangaung Prison (Bloemfontein)	tbd
Renegotiation of the Concession Agreement Kuthama Sinthimule Prison (Makhado)	tbd
Head Office for the Department of Land Affairs	tbd
#New PPP Prison: East London, Eastern Cape	tbd
#New PPP Prison: Upington, Northern Cape	tbd

#New PPP Prison:	Allandale, Western Cape	tbd
#New PPP Prison:	Kwa-Zulu Natal	tbd

(# Location advised by DCS) (\*tbd = to be determined)

In order to achieve competitive levels in the delivery of all current and future PPP projects, the Department's APOPS unit was subjected to intense scrutiny resulting in key building blocks being placed to achieve appropriate efficiency and effectiveness. In this regard, an optimum organisational structure has been conceptualised around available funding levels, whilst a key focus area in the coming year will be to recruit appropriate expertise in the fields of project management and project finance supported by adequate legal, financial and technical 'know-how'. The recruitment process is to be augmented by a series of personalised training courses conceptualised around a mentoring programme and internal and external training schedules in association with National Treasury.

By way of aligning with departmental strategic objectives, the APOPS unit will also establish working relationships with Departments of Public Works in SADEC countries with a view to sharing common interest and experiences in PPP projects, and will reaffirm links already established with several international role-players in this field.

## **18. *Financial Management:***

See section 19.6 below

### **18.1 *Strategies to address audit queries***

See section 19.7.2 below



## PART C

### Appendix One: Organisational information and the institutional environment

#### 19.1 Organisational design

In this section the following information is presented:

1. The high-level organisational structure for the Department, which the Minister approved on 24 June 2003, is attached as Appendix Three
2. Reporting lines are being reflected for senior managers down to Chief Director level in the case of those who report to the Director-General, Chief Operations Officer and Deputy Directors-General. Their names are as follows:
  - 2.1 Director-General: MTJ Maseko
  - 2.2 Chief Operations Officer: S D Phillips
  - 2.3 Deputy Director-General: Policy: L Bici (Ms)
  - 2.4 Deputy Director-General: Asset Management: Vacant
  - 2.5 Deputy Director-General: Regions (Operations): T Camane
  - 2.6 Deputy Director-General: Expanded Public Works Programme (New): Vacant
  - 2.7 Deputy Director-General: Finance & Procurement (CFO): Z Ntsaluba
  - 2.8 Chief Director: Strategic Management: M V Fatyela (Ms)
  - 2.9 Chief Director: Marketing & Communications: L Mochalibane
  - 2.10 Chief Director: Internal Audit & Investigative Services: Z Mxunyelwa (Ms)
  - 2.11 Chief Director: Human Resource Management: L Dhlomo
  - 2.12 Chief Director: Information Technology: N Mosupye (Ms)
  - 2.13 Chief Director: Key Account Management: R Naiker (Ms)
  - 2.14 Chief Director: Portfolio Performance & Monitoring: J Caswell
  - 2.15 Chief Director: Portfolio Analysis: G Mazibuko (Ms)
  - 2.16 Chief Director: Professional Services: G Damstra
  - 2.17 Chief Director: Asset Procurement & Operating Partnership Systems: PC Chiapasco
  - 2.18 Chief Director: Construction Industry Development Programme: Vacant
  - 2.19 Chief Director: Property Industry Development Programme: Vacant
  - 2.20 Chief Director: Finance & Procurement: S Mosegomi (Ms)
  - 2.21 Chief Director/Regional Manager: Cape Town: F Johnson
  - 2.22 Chief Director/Regional Manager: Bloemfontein: R Samuel
  - 2.23 Chief Director/Regional Manager: Durban: J Tsimo
  - 2.24 Chief Director/Regional Manager: Johannesburg: J Bezuidenhout
  - 2.25 Chief Director/Regional Manager: Port Elizabeth: J van der Walt
  - 2.26 Chief Director/Regional Manager: Pretoria: L Mayedwa

- |      |  |               |
|------|--|---------------|
| 2.27 | Chief Director/Regional Manager: Nelspruit:  | J Vermaak     |
| 2.28 | Chief Director: Ministry   | L Sizani (Ms) |
| 3.   | The organisational boundaries of the Department coincide with the demarcation of the Provinces, in that its Regions correspond with them, except for Gauteng and the Eastern Cape where two Regional Offices each exist. |               |

## **19.2 Delegations**

The Department is very cautious when it comes to delegating management responsibilities to lower levels of the organizational structure. The focus is more on ensuring that there is adequate capacity before delegations can be effected. The following management responsibilities will be delegated to regions and other Head Office management units during the course of the strategic performance planning period:

- Budget Management: Every manager has to take full responsibility for the proper management of all funds allocated to his/her management unit.
- Programme Management for all projects implemented in regions is the full responsibility of every respective Regional Manager. Head Office only provides support through National Programme Management.
- Procurement functions have been delegated to ensure efficient service delivery to client.

To ensure that these delegations lead to improvement in service delivery, certain conditions (in the form of policy guidelines) have been set and all managers executing the delegations are expected to adhere to them.

### 19.3 Personnel

In terms of Public Service Regulations Part III, D.1 & D.2, the Minister is required to compile a comprehensive human resources plan comprising the following, within the available budget, to perform the Department's functions in accordance with the Strategic Plan.

#### 19.3.1 Current Staff Complement

The total number of posts on the approved establishment is 5549. Currently 4465 posts are filled, which means 1084 are vacant. The age distribution as at 29 February 2004 is as follows:

Salary Level	10-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	Total
	Head Cnt	Head Cnt	Head Cnt	Head Cnt	Head Cnt	Head Cnt	Head Cnt	Head Cnt	Head Cnt	Head Cnt	Head Cnt	Head Cnt
1	1	30	81	102	93	87	65	29	10	5	0	503
2	0	2	18	133	304	412	400	427	315	211	16	2238
3	0	17	50	53	20	26	18	17	15	11	0	227
4	0	2	27	33	32	24	28	20	12	11	0	189
5	0	1	16	26	20	18	5	4	2	0	0	92
6	0	2	20	85	42	46	35	19	23	10	0	282
7	0	9	39	49	51	36	29	19	21	10	1	264
8	0	1	26	47	41	25	22	28	23	7	0	220
9	0	6	33	35	44	51	20	17	8	0	0	214
10	0	1	5	9	8	8	4	8	7	1	0	51
11	0	0	6	16	9	11	5	4	4	1	0	56
12	0	0	2	8	6	11	7	15	12	4	0	65
13	0	1	0	8	6	7	12	3	1	1	0	39
14	0	0	0	1	4	8	4	1	1	0	0	19
15	0	0	0	0	1	2						3
16	0	0	0	0	0	1	0	0	0	0	0	1
<b>Totals</b>	<b>1</b>	<b>72</b>	<b>323</b>	<b>605</b>	<b>681</b>	<b>773</b>	<b>654</b>	<b>611</b>	<b>454</b>	<b>272</b>	<b>17</b>	<b>4463</b>

### 19.3.2 Skills Profile of Departmental employees based on the CORE

Salary classification	Occupational classification	Male				Female			
		White	Asian	Coloured	African	White	Asian	Coloured	African
<b>Lower Skilled</b>	Elementary Occupation	22	23	346	1046	4	5	176	1016
	Admin Office Workers	.	.	2	24	.	.	.	12
	Professionals and Managers	1	.	.	.	.	.	.	1
	Technical + Assistant Professionals	.	.	.	.	.	.	.	.
	Service Workers	.	.	.	10	.	.	.	1
	Craft Related Workers	1	.	.	.	.	.	.	.
	Driver/ Operatorships	.	.	1	2	.	.	.	1
	Other Occupations	.	.	15	10	.	.	3	1
	<b>Total</b>	<b>24</b>	<b>23</b>	<b>364</b>	<b>1092</b>	<b>4</b>	<b>5</b>	<b>179</b>	<b>1032</b>
	<b>Skilled</b>	Elementary Occupation	23	2	14	35	5	1	3
Admin Office Workers		6	2	21	73	25	5	27	143
Professionals and Managers		.	.	.	3	1	.	1	5
Technical + Assistant Professionals		.	.	1	1	.	.	.	.
Service Workers		2	.	2	3	.	.	.	.
Craft Related Workers		1	1	5	2	.	.	.	1
Driver/ Operatorships		8	1	25	21	.	.	.	.
Other Occupations		2	.	2	12	.	.	1	1
Social Natural Technical Medical Scientists		.	.	.	.	.	.	.	1
<b>Total</b>		<b>42</b>	<b>6</b>	<b>70</b>	<b>150</b>	<b>31</b>	<b>6</b>	<b>32</b>	<b>158</b>
<b>Highly Skilled Production</b>	Elementary Occupation	.	.	.	1	.	.	.	.
	Admin Office Workers	56	4	13	65	220	2	14	82
	Professionals and Managers	73	8	19	90	27	4	1	43
	Technical + Assistant Professionals	8	.	1	4	5	1	.	1
	Service Workers	8	.	5	.	.	.	.	.
	Craft Related Workers	120	8	28	38	.	.	1	5

	Other Occupations	1	.	.	1	2	.	.	2
	IT Personnel	1			1	2			2
	<b>Total</b>	<b>272</b>	<b>20</b>	<b>67</b>	<b>209</b>	<b>255</b>	<b>7</b>	<b>16</b>	<b>135</b>
<b>Highly Skilled Supervision</b>	Admin Office Workers	1	.	.	1	.	.	1	1
	Professionals and Managers	58	3	3	48	20	4	.	25
	Technical + Assistant Professionals	3	.	.	1	.	.	.	.
	Craft Related Workers	4	1	1	.	.	.	.	1
	Other Occupations	1	.	1	3	.	.	.	1
	IT Personnel	.	.	1	1	.	.	.	1
	<b>Total</b>	<b>67</b>	<b>4</b>	<b>6</b>	<b>54</b>	<b>20</b>	<b>4</b>	<b>1</b>	<b>29</b>
<b>Management</b>	Professionals and Managers	16	2	6	22	5	3	.	11
	<b>Total</b>	<b>16</b>	<b>2</b>	<b>6</b>	<b>22</b>	<b>5</b>	<b>3</b>	.	<b>11</b>
<b>Senior Management</b>	Professionals and Managers	1	.	.	3	.	.	.	1
	<b>Total</b>	<b>1</b>	.	.	<b>3</b>	.	.	.	<b>1</b>

### 19.3.3 Skills/Competencies needed in the Department

The NDPW needs the following types of skilled personnel: general managers, professionals, project managers, professional office workers, female property managers, asset managers, human resources practitioners and information management support.

Project managers and secretaries are critical at this stage. The Department has matched and placed people in secretarial posts in an attempt to have no job loss whilst implementing Resolution 7 and 8. Most of the people matched as Secretaries do not have the required skills. As these are frontline support staff, the image of the NDPW can only be maintained if these people are developed.

A Council for Project Management & Construction Management has new regulations in terms of who can practise as a Project Manager. The DPW had already hired people who do not meet requirements in terms of both candidate and professional status – and all these people should be developed so that they can practice as Project Managers.

It has also been difficult to attract and retain people in Asset Management and Property Management as well as Construction Policy Development. The NDPW is to develop a strategy to train and develop internal women who can be groomed into the management posts in these categories.

### **19.3.4 Workplace Skills Plans (WSP)**

The Human Resources Development Unit is developing an integrated WSP which include Individual Development Plan (IDP), transversal and functional skills priorities. The WSP will be submitted to Construction Education and Training Authority (CETA) in August 2004 and Public Service Education and Training Authority (PSETA) in May 2004.

To increase employer participation in lifelong learning, the Department will provide short-term programs, Learnerships and Internship Programmes, and award bursaries to both employees and prospective employees on scarce skills. To address illiteracy level the Department will develop and implement an adult basic education & training (ABET) programme. Induction and Orientation program will be provided continuously. HIV/AIDS training and awareness and EAP training (Financial management, lifestyle management, etc) and performance management training and retraining will form part of the whole workplace skills plan. The Workplace Skills Development Committee as well as the Skills Development Facilitator will coordinate this.

The Departmental budget is to be aligned with the training and development priorities in terms of WSP. According to the Skills Development Act of 1998, at least 1% of personnel expenditure should be set aside for training and development programmes.

Presently the department lacks women on levels 9-16. A programme would be put in place to train women at levels 7-13 to groom them to be able to compete for higher positions in the management echelon. Accelerated Management Development Programme will be developed to improve the leadership capacity of managers and supervisors.

The Department will identify women and their training needs who will be trained as from financial year 2004/5. During this financial year women who have capabilities or have the potential will be put on short courses for capacity building.

The Department is to consider getting engaged in a programme to translate workers to occupational categories, which are equivalent in order to absorb as many as possible of the supernumeraries into vacant posts. The procedure will be used to link their translation to relevant skill development as per strategy to develop capacity in the lower level. This will start once the Skills Development Plan has been approved.

### **19.3.5 Departmental Employment Equity Plan and Targets**

The Department's Employment Equity (EE) plan is in place, but needs to be reviewed by July 2004. Approved and revised equity targets are as follows (*African = 65%, Coloureds = 10%, Whites = 15%, Asians = 10%, Male = 55%, Female = 45% and Disabled = 2%*).

Every year the Department reports to the Department of Labour on Employment Equity. The critical area is the employment of women and people from the designated groups in the Senior Management posts. Out of 87 SMS positions available on the organisational structure, the Department has appointed 18 women and 42 men as Senior Managers.

At middle management there are 90 women against 296 men. The NDPW is still lagging behind to reach its 2% target with 27 (0,06%) people with disabilities employed across all levels and a few have resigned in 2003. Attempts will be made to recruit from agencies that have people with disabilities. In total there are 714(12%) Coloureds employed by the department, only 80 (1,4%) Asian, a total of 737 (13,3%) whites across all levels and 2907 (52,4%), Africans against a total of 1084 (19,5%) vacancies.

## **19.4 IT systems**

### **19.4.1 Background & Understanding**

An *Information Strategy* is required which will provide NDPW with a roadmap for the restructuring and transformation processes. The strategy must ensure alignment of the IS Unit's initiatives to ensure business value realisation within a framework of solid IT governance, with principles in place, in order to optimally execute the information strategy. The governance will provide a framework to ensure the optimisation of information investments and the sustainability of such investments.

### **19.4.2 Approach**

The objective is to develop an information strategy and policy, which will enable the following:

- Business continuity through efficient and effective *information provisioning*
- Maintenance of acceptable levels of *communication* and *information flow* between the relevant stakeholders.
- The *security, accuracy, relevancy and integrity* of business information
- Information Management *policy* framework that incorporates IS Unit's issues
- Proper planning, operational management and control of the various business units by *providing the information needed for decision making*
- Development of *IT governance* model and ways to improve information flow
- Identification of *key architecture components* that affect the information processes
- Business performance by *bridging the gap* between current and future information requirements
- Development of a framework of benefits that sustain and track the identified benefits

From a technology and IS Unit perspective the following steps should be considered in order to achieve the strategic vision, these are major milestones for the IS Unit for the strategy period from 2004-2007.

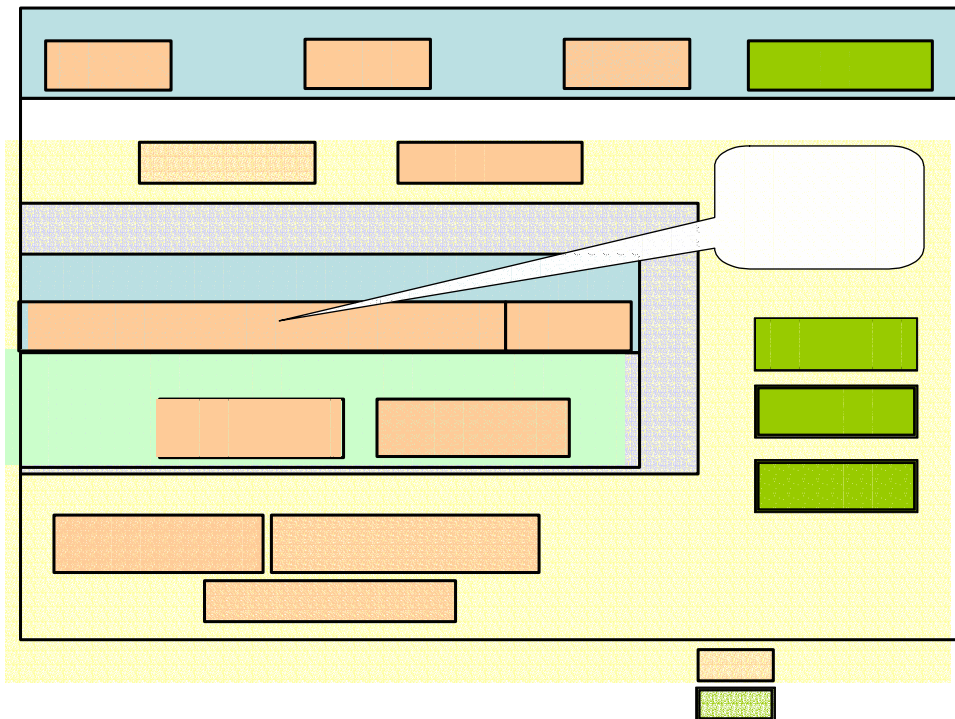
- A Robust Client Relationship Management Solution with good Call Centre capabilities to manage customers and especially key accounts
- An effective corporate Intranet with collaboration and transaction capability
- An integrated Business Application (Project Management, Property Management Time Sheets and Customer Billing capability), which can be aligned, to the integration needs of the transversal systems. The Project Management application module must also cater for the EPWP programme
- A Dynamic portal aligned with the E-Gateway initiative of the Government.
- Knowledge Sharing and Knowledge Management by creation of an intelligent portal with a repository of research database (Best Practices in Property /Project management deployed by the NDPW).

### 19.4.3 As-Is Information services

#### Architecture

Although the Business Units are working in silos with islands of information systems, a need to build a unified integrated architecture has been identified and is proposed as a project on priority.

#### **The Application Architecture (As-Is)**



Currently, there are a plethora of heterogeneous applications. With reference to the above diagram, the Core Business Unit has two main business critical applications. They are:

- WCS (Project Management System)
- PMIS (Property Management Information System)

These systems are currently being supported by vendors managed by the IS Unit. The upside is these systems are robust, have adequate functionality and are well managed and maintained by the IS Unit. The downside is that the systems are built on old technology and have passed their shelf life. They are cumbersome and expensive to maintain and the user interface provided is not particularly user friendly, which makes users resistant in exploiting the full benefit thereof. Another problem area that is being dealt with is the need to integrate the two systems and also integrate with the Transversal systems (BAS, LOGIS and PERSAL). Integration of the two systems is a bottleneck partially due to old proprietary technology used and also due to the network and bandwidth constraints of the current infrastructure.

#### IT Support Systems

- Network/Desktop support

# IT SUPPORT

## Network Support



- Help Desk
- Net Wizard

These systems provide basic desktop and network support environment. The Help Desk is mainly for registering complaints or logging calls. The Help Desk agents communicate directly with SITA call center if a WAN related problem is picked up.

#### Other Business Systems:

There are a few other systems, which are of considerable business importance however since they are operating in a decentralized IT environment, they are being maintained in Standalone mode by the respective business units. Some of these systems such as the Water care Database, the ECDP Roster, MMIS (Excel spreadsheet Project management tool), CAD/CAM, Research Documents, Engineering Designs and Documents.

#### Reporting

There are a number of reporting tools such as DUS, Vulindlela and EazyCat. WCS has certain project related MIS reporting capabilities. There is no integrated unified reporting MIS or EIS tool.

#### Transversal Systems

The National Treasury owned systems BAS (Basic Accounting System), LOGIS and PERSAL (Personnel Administration system) are hosted by SITA and used by all Govt. Departments for Accounting and reporting. These systems could be replaced with an Integrated Financial Management System. (IFMS) in future.

#### **19.4.4 IS/IT Planning: Business Drivers**

The fundamental objective for a new and restructured NDPW is to provide value added *customer services*. Hence the IS Unit's objective in providing services to its various customers (business units) should be aligned to this objective. IS Unit's key business drivers are to provide value added customer service through:

- Robust Systems
- Reliable Networks
- Cutting Edge Technology
- Timely delivery of Service
- e-Commerce Orientation
- Technology Enabled Business

The IS Unit's other challenges are:

- To align the technology procurement and management to the long and short term business objectives of the NDPW.
- To assist NDPW in aligning with the eGateway initiative of the Government
- To adhere to the Government Wide IT standards and policies (GITA framework)
- To manage vendors/suppliers and monitor service levels

### 19.4.5 Preparing for the Change

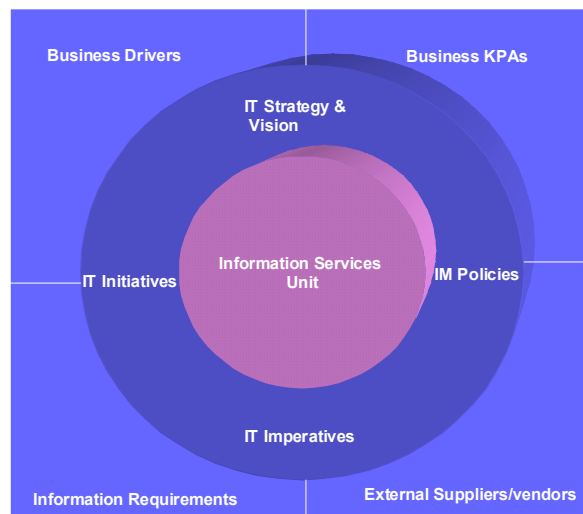
There is a need for the IS Unit to gear itself to this changing environment. The IS Unit must take cognizance of the fact that IS is no longer the solitary support unit it used to be but a centralized entity whose mission is to support the business with technology services that meet the strategic objectives of the department. The IS Unit until now was dealing with business needs in a reactive way. Its function was more of a coordinator/service provider for the various business units running their own applications and data centres.

One of the restructuring imperatives has been the centralization of IT Services. Due to decentralization of core business functions to the regions, the role of IS Unit has become more complex with a likelihood of the following areas which may be affected:

- Information flow
- Information processes
- Information security and criticality
- IT Systems, technology, architecture and infrastructure
- External supplier management requirements

The objective of the IS Strategy is to enable the effective and efficient use of information within the business by ensuring that the information capability meets the business strategy and goals. The IS Strategy consists of the following components:

- IT Governance
- Business critical and support information
- IS Management processes
- Information Systems Architecture
- Human Resource Implications
- Deriving value from system investments (NDPW Intellectual Property)

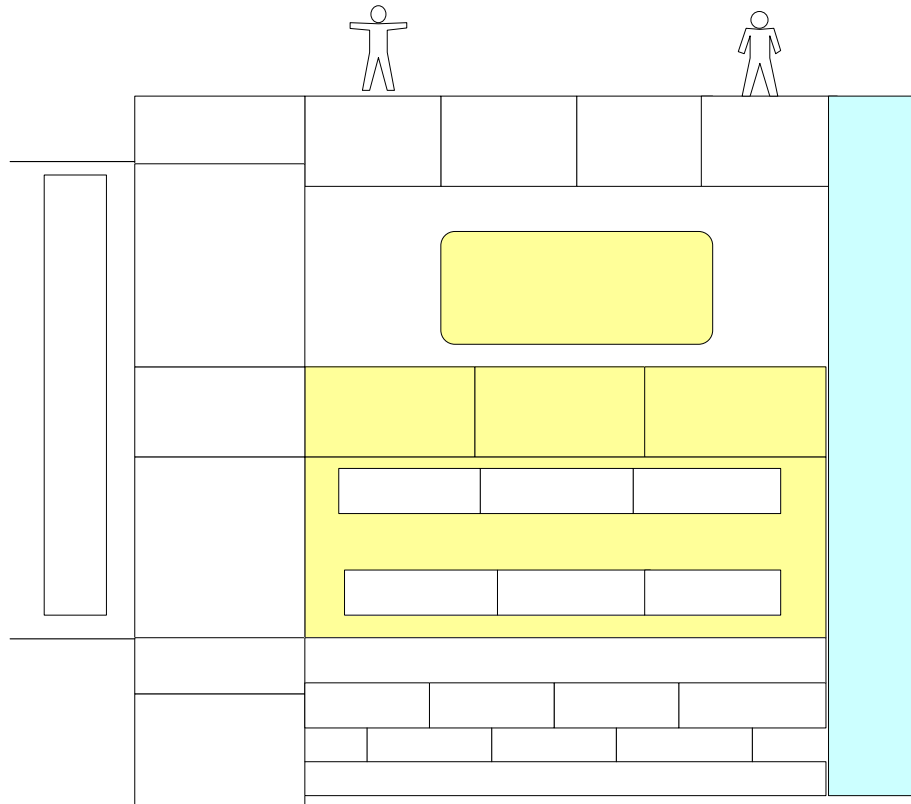


The business drivers will have implications for effective management of information and technology. The strategic focus or information strategy attributes need to portray certain criteria, which are, based on the Information Management imperatives of the business. These attributes are also used to identify IT initiatives. In the restructured environment the IS Unit has the following focus areas to information management services will be rendered:

IS Unit Focus Areas	Information Management Service
Application Management	<ul style="list-style-type: none"> <li>• New software development</li> <li>• Business Process Modelling</li> <li>• Business Automation</li> <li>• Technical Architecture</li> <li>• Application Architecture</li> <li>• Information Architecture</li> <li>• Systems Architecture</li> <li>• Project Management</li> <li>• External Contract Management</li> <li>• System Analysis</li> </ul>
IT Support	<ul style="list-style-type: none"> <li>• Network Infrastructure</li> <li>• IT Audit/Governance</li> <li>• Technology Policies and Standards</li> <li>• Procurement</li> <li>• Security</li> <li>• Network Management</li> <li>• Network Support</li> <li>• SLA Management</li> <li>• Customer Support Management</li> </ul>
Project Management	<ul style="list-style-type: none"> <li>• Program Management</li> <li>• Project Methodologies</li> <li>• Business Case Approval</li> </ul>

	<ul style="list-style-type: none"> <li>• Resourcing</li> <li>• Outsourcing</li> <li>• Project Coordination</li> </ul>
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**19 4.6 Alignment with eGateway Initiative**



The eGateway initiative is a portal for directory of Government services accessible, through various media to all the citizens and businesses. The objective of this initiative is to enable transformation of service delivery through the eight “Batho Pele” (People First) principles.

• Consultation	• Information
• Service Standards	• Openness/Transparency
• Access	• Redressal
• Courtesy	• Value for Money

In a nutshell, the eGateway initiative requires every Govt. Department to align their strategy with the eGateway initiative and provide for services in the interest of citizens and businesses. For every citizen that requires interaction with Govt. e.g. obtaining driver's license, passport, and registration of births, marriages and deaths. In case of businesses

**OUTSIDE  
GOVT.**

downloading tender information, registration of companies, payment of taxes etc. all these activities require access to forms, expedite registration processes, quick turnaround time for obtaining the government. Documents (license, registration doc etc.) this can be achieved through a single window interface of the EGateway portal. This initiative requires all government departments to align their business and IT strategy with this initiative.

NDPW's alignment with the EGateway initiative will need a concerted effort on the part of Strategic Management Unit and the IS Unit. The business must identify the stakeholders and formulate a strategy with the technology requirements.

We envisage a need to revamp the existing internet website into a value added portal which will be a window to the Department's services accessible universally through the EGateway.

Following are some of the steps that the IS Unit must take in empowering the business on meeting the needs of the EGateway initiative:

- A thorough understanding of the needs of stakeholders (citizens, businesses and other Government. departments) what services does a common man or a business expect from the NDPW other than the core business activity of the department what services do we render to the outside world? Contractors, consultants, companies specializing in construction all need access to policies and tenders etc. These become the primary stakeholders
- Government to encourage internet usage by departments (will incentivise departments who create internet hubs and information kiosks where a large number of public servants do not work with computers) There is a need to set up Information Kiosks internally within the department as internet usage is restricted to few personnel and many employees do not have access to computer systems
- Train public servants to use the portal as employees and citizens
- The NDPW generates information, some thoughts on potential information that public would require:
  - Policies (Construction/property industry)
  - Immovable Asset Register
  - Assets of archeological interests (museums, old buildings)
  - Tenders
  - G2G DPSA/National Treasury

An action plan would help in developing a strategy to provide the right technology and platform in order to assure alignment for the Department with the EGateway initiative.

#### ***19.4.7 Priority of Projects and Centralization of the IS Function***

The IS Unit has listed a number of projects that need to be prioritised. These projects are critical to the business and must be executed on priority. However, the IS Unit is entering a new role which has potential opportunities as well as challenges. One of the biggest challenges is to get the business users buy-in and take custody of all the systems in order to optimise costs, align with recommended standards and make the technology available to all the business units in need thereof.

To obtain the Business Unit's buy-in the IS Unit must prioritise on quick win projects that would enable visibility on the IS Unit's service levels and confidence in the business units. The following illustration is an example of how projects could be prioritised.

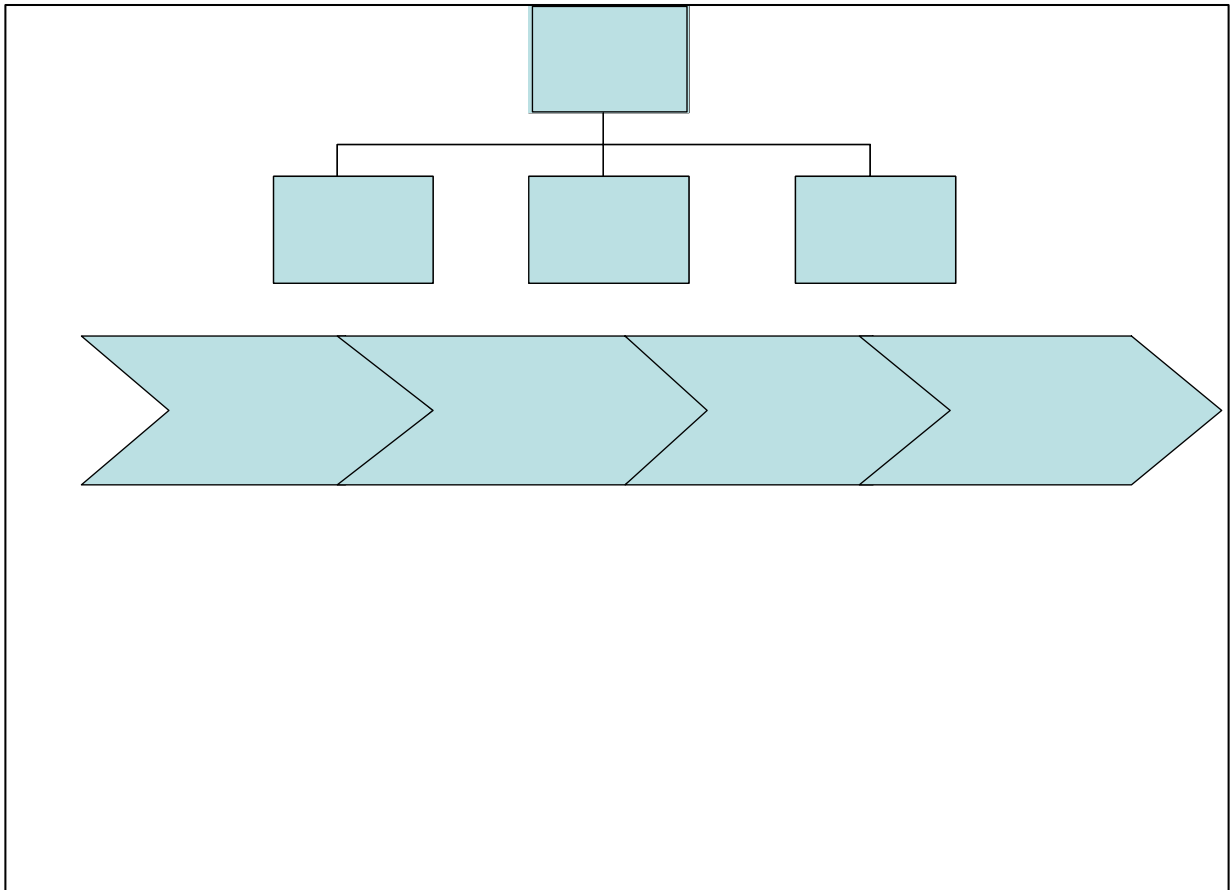
### BUSINESS IMPACT MATRIX

<b>HIGH</b>	<b>MUST HAVES</b>	<b>QUICK WINS</b>
	<ul style="list-style-type: none"> <li>•Billing</li> <li>•Time Sheet Management</li> <li>•Integrated Property Management System</li> <li>•Security</li> <li>•Water Management</li> <li>•Integrated MIS Tool</li> </ul>	<ul style="list-style-type: none"> <li>•Intranet</li> <li>•VPN</li> <li>•Rosters</li> </ul>
<b>Business Impact</b>		
<b>LOW</b>	<b>MONEY PITTS</b>	<b>LOW HANGING FRUIT</b>
	<b>LOW</b>	<b>Ease of Execution</b>

The diagram above illustrates the benefits of executing High Business Impact projects, which are easy to execute and are a sure shot "Quick Wins". The Quick Wins and Low Hanging fruit will create better visibility and acceptance as well as create a foundation for execution of other systems with ease.

In order to effectively centralize the IS function it is pertinent that the IS Unit consolidates all the IT Projects happening in the various business units and brings them all in the IS unit's fold. To ensure streamlining of all IT Processes and apply measures, standards and policies and procedures that would be a first logical step.

### 19.4.8 IT Governance Framework

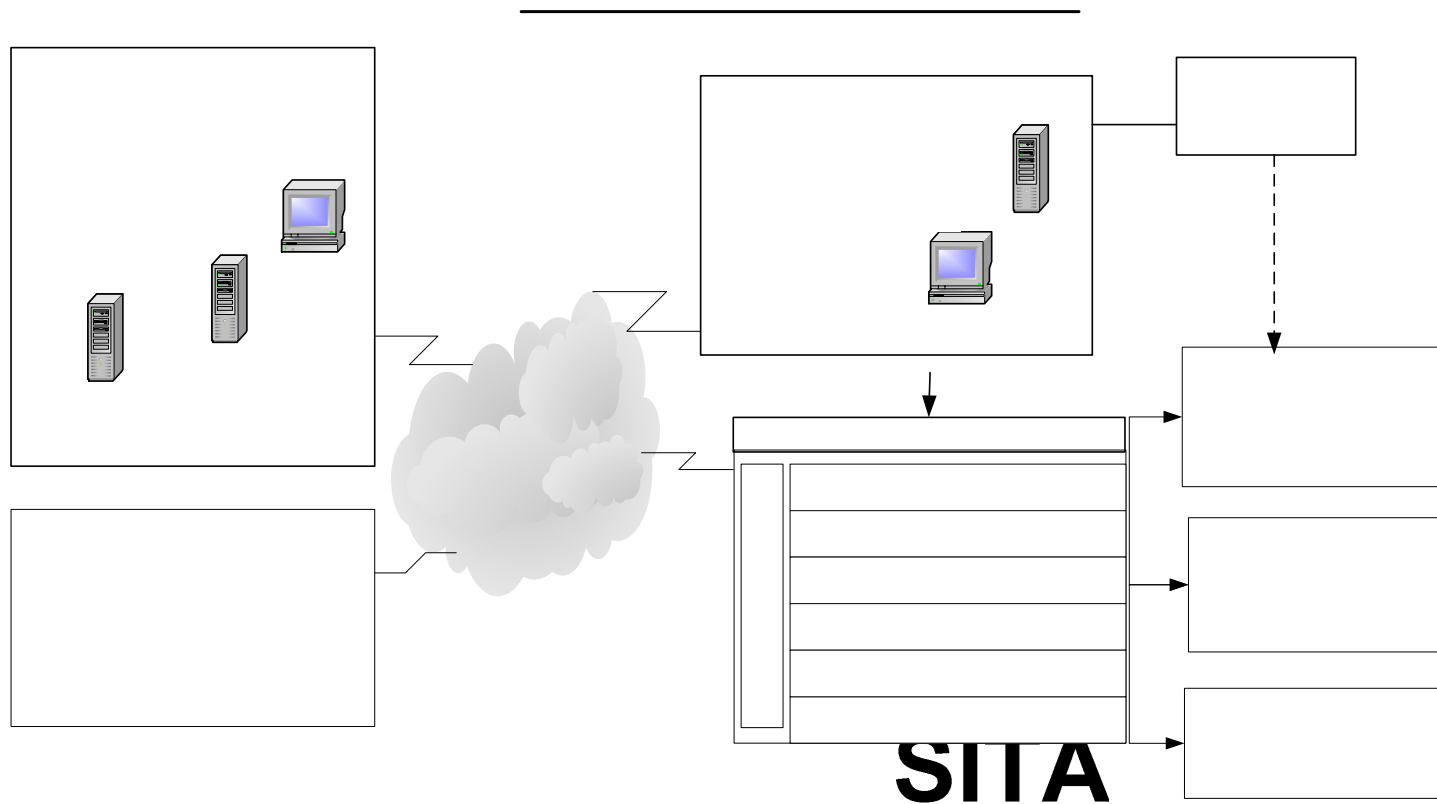


#### IT Governance Model

Upon the Auditor General's recommendation, the IS Unit has decided to implement COBIT as the IT Governance framework. Work on the implementation has commenced with the ISS project and the IS Strategy project where the Security and Strategy aspect of the Planning and Organization and Delivery & Support domains respectively are being streamlined.

As part of the IS Strategy and to help the IS Unit to kick start the process of Implementation of COBIT, with the maturity assessment process, various findings from the Internal Auditor's report have been mapped and documented in the "IT Governance Framework" document that is being submitted with the IS Strategy.

In a nut shell, those IT processes impacted by issues and problems must be taken as a priority and dealt with during the implementation phase of COBIT. The IT processes as shown in the above figure are categorized by functional domains this gives clarity and ease in assigning responsibility. The New Structure has all COBIT processes encompassing the IS Unit's portfolio.



## Outsourced Hosting Services

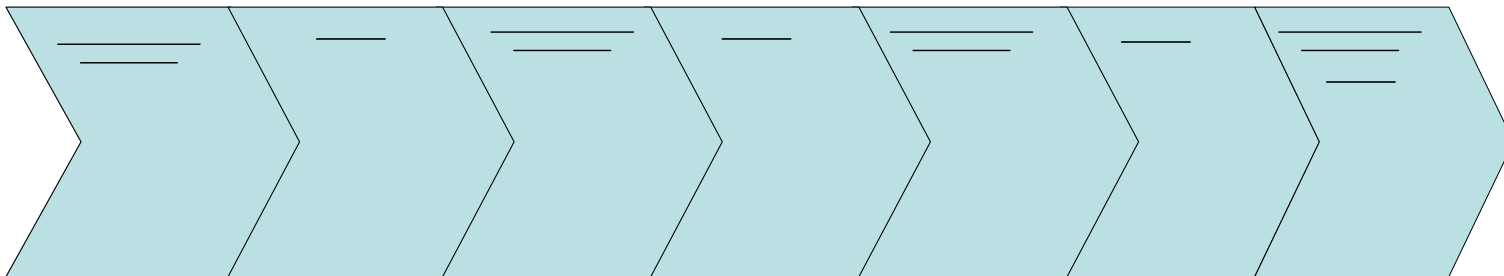
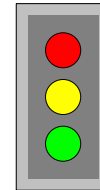
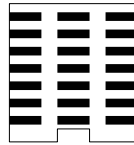
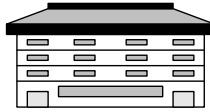
**Host:**

- \* **Business Application**
- \* **Call Center**
- \* **BAS / PERSAL**

Workstation



## Road Map



Some activities are completed  
the next MTEF cycle

## **ROAD MAP:**

To simplify the road map, here is an explanation:

We can observe the two components of the roadmap individually and in perspective with each other. The first one is the NDPW timeline banner and below that is the IS Unit's timeline banner.

We are trying to create a bird's eye view of the alignment of IS Unit's strategy for the three MTEF cycles with the Business Strategy of the NDPW.

On the top is the NDPW with defined strategic objectives and business plan. The core strategic objectives are listed below in the timeline banner. Although the core strategies are Fixed Asset Management and Policy Development they appear in separate timelines there is an overlap as all activities are ongoing throughout the three years in continuity.

Some activities may start in the 2003-2004 timeframe and some may spillover to the next year. Similarly some activities are carried forward to the next year.

We have mapped the IS Unit's strategies, Projects and Initiatives spanning the three years against the above timeline banner.

The IS Unit has IT Governance and process improvement initiatives and well as Projects hence each year has two parts indicating the listed processes or projects.

We begin the COBIT rollout in the 2003-2004 cycle hence that is the starting point of maturity assessment. The year 2006 is the goal post where the highest desired maturity level in improvement of IT processes can be seen.

\* Consolidation of projects to centralize the IT procurement and management across the department.

\*\* System Improvement : Enhancing the functionality of current systems with new features such as Billing and Time Management systems.

### ***19.5 Performance management system***

The National Department of Public Works manages the performance of its staff in terms of two Systems namely the Performance and Development System for SMS members (PMDS) (developed by DPSA for all SMS members in the Public Service) and the Performance Management System for staff on salary level 1 – 12 (PMS) (developed by the department) with was implemented with effect of 1 April 2001

The objective of the Performance Management System (PMS) is to manage the performance of all staff members on salary level 1 – 12 during a uniform performance management cycle of 12 months starting on 1 April each year in a consultative, supportive and non-discriminatory manner in order to enhance efficiency and effectiveness and to improve service delivery.

The first Performance Management Cycle of staff members who were appointed/promoted during the period 1 May – 31 March of a specific year will however be extended with the relevant number of months to ensure their inclusion in the uniform cycle with effect from the following year.

The Performance Management System for staff on salary level 1 – 12 was developed to comply with amongst others the requirements contained in Public Service Regulation I. VIII.

The management of the performance of staff members is the responsibility of Line Managers (irrespective of rank) and not something done by Human Resources.

The Performance Management System is based on the principle of an agreed Work plan. It is expected of each staff member to enter into a Work plan and Personal Development Plan (in the prescribed formats) with the employer (represented by the direct supervisor) at the start of each Performance Management Cycle. Newly appointed/newly promoted staff members must enter into the Work plan agreement within one month of the appointment/promotion. Serving staff members must enter into their Work plan agreements not later than 15 April each year.

The contents of the Work plan must reflect the inherent requirements of the specific jobholder's position and must be aligned with the contents of the Performance Agreement of the relevant SMS member which in turn must be aligned with the strategic goals/objectives of the organization.

Every staff member on salary level 1 – 12 has a right to be subjected to periodic Progress Reviews on a quarterly basis. During these Progress Reviews the supervisor and individual jobholder will discuss the jobholder's performance during the preceding quarter and the jobholder's level of performance will be assessed measured against the contents of the Work plan. Progress Review sessions can also be used (but it is not limited to said sessions) to formally amend the contents of the Work plan should such a need arises due to, for example, changes in the job contents.

Should any unacceptable performance/performance problems be identified during a Progress Review session a formal Performance Improvement Plan will be developed for the jobholder with the cooperation of the jobholder. The Line Manager will manage this Performance Improvement Plan to ensure that the necessary assistance is provided to the jobholder to ensure that the identified problems are sufficiently addressed.

After completion of the Progress Reviews the relevant Performance Management Committees (for each Chief Directorate at Head Office and each Regional Office) must meet to discuss and verify the assessment results and to address the identified performance problems in a structured manner.

All jobholders on level 1 – 12 have a right to be subjected to an Annual Appraisal after completion of a specific Performance Management Cycle (after completion of a period of 12 months in a specific rank except in cases where a jobholder was appointed/promoted during the period 1 May – 31 March as discussed above)

Should a jobholder's performance during the Performance Management Cycle be rated as "exceeding the standard" and if this level of performance was sustained for the whole of the Performance Management Cycle a jobholder is eligible to be considered for a performance bonus on a sliding scale based on a maximum of 18% of his/her salary notch at the time he/she qualified to be assessed.

Since 1 July 2003, with the implementation of the Pay Progression System for staff on salary level 1 – 12 the assessment result as on 31 March of a specific year will be used to determine whether a jobholder qualifies for such Pay Progression. It is important to note that a jobholder should have received an Annual Appraisal assessment of at least "Acceptable" to be considered for Pay Progression.

A Jobholder has the right to representation during the whole process of Performance Management provided that the normal procedures to obtain such representation were followed.

A jobholder has the right to be assessed in his/her language of choice.

The Department cannot spend more than 1.5% of the personnel budget, including salaries on payment of performance bonuses in a specific year without approval from the Minister to exceed this limit

In order to conclude the Performance Management Cycle of a specific year within a reasonable period of time after conclusion of the said Cycle the Annual Appraisal results will only be accepted for implementation by the Chief Directorate: Human Resources Management & Legal Services until 1 June of a specific year. No assessment results will be accepted after this date and the relevant Chief Director/Regional Manager will be held responsible for non-submission of annual appraisal results

Performance bonuses for a specific year are budgeted for in the next year since the Performance Management Cycle and the Financial Year are the same and assessment results for a specific Performance Management Cycle is normally only available in April/May the next year.

## **19.6 Financial management**

Over the past three years,

During the 2000/01 Financial Year, the Department managed to stay within the given budget allocation. During 2001/02 the actual expenditure exceeded the approved allocation by R33,732 million. The over-expenditure increased to R227,088 million during 2002/03.

Special functions amounted to R111,7 Million and R10,6 million respectively, for 2002/03 and 2001/02.

More funding for the co-activities and commitments will be mobilized to prevent future budget overruns.

To ensure that Financial Management remains sound in the Department, the Department has entered into the co-sourcing arrangement of Internal Audit Services with a consortium of accounting firms led by PricewaterhouseCoopers. It is believed that this will yield positive results in uncovering unacceptable financial management practices whilst also inculcating sound corporate governance ethos within the department.

In order to improve financial management capacity in the Department, a series of workshops will be held for both Head Office and Regional Offices Line function managers in preparation for effective decentralization of budget management. The Department's officials will also get exposure to a special training programme designed by National Treasury on "How to formulate the budget". Various capacity building programmes on Financial Accounting processes and systems as well as Customer Billing are also being implemented in the Department.

## **19.7 Audit queries and Auditor General's Audit Findings**

The Auditor General reported the following significant audit findings during the audit of the Department for the financial year 2002/2003:

### **19.7.1 Audit Findings**

#### Financial Year 2002/2003

Insufficient supporting documentations.

Inaccurate allocation of transaction to an incorrect expenditure category.

Lack of supporting documentation for certain accounts receivables.

Previous year's transactions not properly accounted in the income statement originating on or before 1999/2000.

Inaccurate disclosure of lease commitments on the notes to the annual Financial Statement.

Reference and filing system of the Financial Management System not aligned to the new BAS implemented from 1<sup>st</sup> April 2003.

Incomplete reconciliation between Financial Management System and Property Management Information System.

Shortcomings on the controls over movable assets.

#### Auditor General's Audit Opinion

An "except for qualification" was issued by the Auditor General on the Department, which is a reflection of a positive improvement achieved by the Department.

### **19.7.2 Department's Strategies to the Audit Findings**

The management of the Department adopted a strategy to address the weaknesses reported by the Auditor General over a three-year period. This strategy, as spelt out below, was communicated to the Standing Committee on Public Accounts during its last hearing with the Department and was accepted.

#### **Management Committees**

Fully functional and effective Audit Committee.

Regional Audit Steering Committees were established to improve communication between the Department (Auditees) and the Auditor General's Audit teams.

Financial Management and operational reviews are conducted by Top Management of the Department.

#### **Transformation**

Transformation of the Department to ensure that it has capacity to address its challenges.

Setting of Strategic goals, that addresses among other things Corporate Governance, Financial Management and improvement of the auditor General's audit opinion, to be supported by all organisational activities of the Department.

Restructuring of the Regional Offices to upgrade critical positions that were low in comparison with their responsibility.

Decentralisation of financial management function to Regional Offices to facilitate auditing of Regional offices by the Auditor General.

### **Internal Controls**

All senior managers were sent for training to management development courses.

Development of the Internal Controls procedure manual.

Continuous implementation of Public Finance Management Act.

Appointment of external consultants to assist in addressing the inherent limitation posed by the current business system in relation to the reconciliation and full reconciliation of Works Control System to Financial Management System through the assistance of professional firm's computer tools.

Implementation of Fraud Prevention strategy that was work-shopped widely in the Department.

### **Follow-up**

The Internal Audit Unit was task to assist the Auditor General to obtain the correct documentation from the auditees. Increase of Internal Audit capacity as at 1 October 2003 and co-sourcing of the function at Regional level for 12 months ending January 2005.

Improved communication lines between the Auditor General's Office and Management of the Department.

Recommendations were made to SCOPA for their consideration for the Parliament to approve the previous years unauthorised and fruitless expenditure, and the recommendations were accepted by SCOPA during the hearing of June 2003 and Parliament approved an Unauthorised expenditure of R21Million.

All these strategies implemented by the Department resulted into an improved Audit opinion of the Auditor General during the audit of the financial year 2002/2003.

The Department's endeavours is to turnaround its financial and operational controls to ensure that a much improved audit opinion is considered by the Auditor General for 2003/2004 year end.

## **19.8 Internal Audit Function**

The Internal Audit Function is under the control and direction of a fully functional Audit Committee, which has a revised charter, approved by the Executive Authority and Accounting Officer in 2003. The Audit Committee composition is made out of external professionals from Legal, Commerce and Academic fields.

The Unit was transformed to be Internal Audit and Investigation Services with effect from 1 October 2003, since the Directorate: Internal Audit was merged with the Directorate: Fraud Awareness and Investigations.

The Charter of the Unit was revised and approved by the Audit Committee and the Accounting Officer in 2003. The Charter incorporates all the requirements of PFM Act and the new Standard for Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors with effect from 1 January 2002.

A qualified Certified Internal Auditor (CIA); Certified Fraud Examiner (CFE) head the Unit and all the audit staff and investigators are in possession of Degrees or Diploma in the field of Auditing, Information Technology and or Accounting. They are also members of the Institute of Internal Auditors and are also affiliated to other Professional Associations.

The Unit has developed its rolling Three-Year strategic plan for 2004 to 2007 during a Strategic workshop conducted by the Chief Audit Executive, with her team and the plan will be presented for review and approval by the Audit Committee in its forthcoming meeting.

The strategic plan was developed on the basis of strategic goals of the Department and risk assessment conducted in the Department.

The Unit's Three-Year strategic plan is supportive and aligned to the goals of the new establishment of the Department, effective from 1 October 2003, in terms of its: -

Vision and Mission

Charter

Key performance objectives; and

Activities

### ***19.9 Implementation of PFMA***

The Department commenced its PFMA implementation plan in 2000. The plan comprised of the Risk Management Strategy, Fraud Prevention Plan and a detailed procedure manual, that seek to address financial and operational controls in the Department. A fully functional Internal Audit Unit under the control of the Audit committee was established in the same year.

The Risk Management plan and the Fraud Prevention strategy are currently under revision to be in line with the new establishment of the Department. These plans will be discussed and reviewed by the Audit Committee in its forthcoming meeting.

## 20. Appendix Two: Legislation the National Department of Public Works administers

The Department is furthermore administering the following legislation:

<u>Short Title of the Act</u>	<u>Purpose of the Act</u>
Outspans Act, 1902 (Act 41 of 1902) – Section 3(1)	Resumption of unused outspans, cancellation and delimitation of outspan servitudes
Pretoria and Military Supply Ordinance, 1905	To transfer certain Crown land to the Municipality of Pretoria upon certain conditions
Rhodes Will (Groote Schuur Devolution) Act, 1910	To provide for the surrender of the Groote Schuur Estates to the Government of the Union of South Africa in accordance with the Will of the late Cecil John Rhodes and for the release of the Trustees
Bethelsdorp Settlement Act, 1921 (Act 34 of 1921)	To provide for the settlement of certain matters in dispute at Bethelsdorp between the London Missionary Society and its successors, the Congregational Union Church Aid and Missionary Society of South Africa and the Bethelsdorp Board of Supervisors
Mooi River Township Lands Act, 1926(Act 5 of 1926)	To provide for the grant of certain land to the Local Board of the township of Mooi River and matters incidental thereto.
Carnarvon Outer Commonage Sub-division Act, 1926 issued Act 17 of 1926)	To provide for the cancellation of the title under section 14 of Act No 19 of 1913 to the  (Committee of Management of the Carnarvon Outer Commonage; the sale of certain sowing lands on the said Commonage; the subdivision and allocation of the remaining extent of the said Commonage among the owners of “opstallen” and persons having grazing and sowing rights thereon and the issue of individual titled to such owners and persons; the disposal of certain other lands owned by the said Committee, and matter incidental thereto.
Payment of quitrent (Cape) Act, 1927(Act 14 of 1927)	To regulate the payment of quitrent by part owners of land subject to payment of land subject to payment of quitrent and situated in the province of the Cape of Good Hope.
Marburg Immigration Settlement (Social Board of Management) Act, 1927 Act 43 of 1927)	To provide for the constitution of a local Board of Management for the Marburg Immigration Settlement, county of Alfred, in the Province of Natal and certain incidental matters



Cape Outspans Act, 1937(Act 17 of 1937)	To provide for the issue of deeds of grant to divisional and municipal councils in respect of outspans consisting of crown land situated in the Cape of Good Hope.
Municipal Lands (Muizenberg) Act, 1941	To make better provision for attaining the (Act 9 of 1941) object of certain enactment by virtue of which certain lands adjoining False Bay are vested in the Council of the City of Cape Town.
Cape Town Foreshore Act, 1950 (Act 26 of 1950)	To provide for the management, control and development of the Cape Town foreshore and to that end to establish a board in respect of the said foreshore and to define its functions, and to provide for other incidental matters.
Kimberley Leasehold Conversion to Freehold Act, 1961 (Act 40 of 1961)	To provide for the transfer of the ownership of certain erven at Kimberley to the lessees or licencees thereof, for the exemption from the payment of certain duties and fees payable in connection with such transfer and the performance of certain acts in pursuance thereof, and for matters incidental thereto, and to amend the General Law Amendment Act, 1957.
State Land Disposal Act, 1961 (Act 48 of 1961)	To provide for the disposal of certain State Land and for matters incidental thereto, and to prohibit the acquisition of State Land by prescription
Removal of Restrictions Act, 1967 (Act 84 of 1967)	To empower the Administrator of a province to alter, suspend or re-move certain restrictions and obligations in respect of land in the province; to repeal the Removal of Restrictions in Townships Act, 1946; to validate certain proclamations of Administrators; and to provide for incidental matters.
Section 37 of the University of Fort Hare Act, 1969 (Act 40 of 1969)	Expropriation of land required for or in connection with the University
Section 37 of the University of Zululand Act, 1969 (Act 43 of 1969)	Expropriation of land required for or in connection with the University
Section 37 of the University of the North Act, 1969 (Act 47 of 1969)	Expropriation of land required for or in connection with the University
Paarl Mountain Act, 1970 (Act 83 of 1970)	To provide for the transfer of the ownership in certain land to the Paarl Municipality for certain purposes and the expropriation of certain rights in such land; to empower the said Municipality to donate a portion or portions of the said land to the State for the purpose of a language monument, and to provide for other incidental matters.

Marburg Immigration Settlement Regulation Act, 1971 (Act 50 of 1971)	To provide for the subdivision of commonages within the Marburg Immigration Settlement situate in the County of Alfred, Province of Natal and the allocation of the relevant portions to, and the dividing of the other assets of the Marburg Immigration Settlement Board, among registered owners of lots within the said Settlement, for the disestablishment of the said Board, and for matters incidental thereto.
Section 34 of the General Law Amendment Act, 1972 (Act 102 of 1972)	Certain conditions of title applying in respect of immovable property owned by the State to lapse in certain circumstances.
Sections 11(1)(b), 16 and 17 of the Lake Areas Development Act, 1975 (Act 39 of 1975)	To provide for the establishment of lake areas under the control of a Lake Areas Development Board, and for matters incidental thereto.
Expropriation Act, 1975 (Act 63 of 1975)	To provide for the expropriation of land and other property for public and certain other purposes and for matters incidental thereto.
Section 3 of the National Parks (Act 57 of 1976)	To consolidate the laws relating to national parks
Rating of State Property Act, 1984 (Act 79 of 1984)	To repeal certain Acts granting exemption in respect of certain State property from rates levied on immovable property by local authorities; provided that such rates may, notwithstanding certain other exemptions, be levied on other State property; make provision for rebates in respect of such rates levied on State property; and provide for matters incidental thereto.
Section 1 of the Transfer of Powers and Duties of the State President Act, 1986 (Act 97 of 1986)	To amend certain laws so as to vest certain functions presently assigned to the State President, in the respective Ministers of State who are charged with the administration of those laws; and to provide for incidental matters.
Land Affairs Act, 1987 (Act 101 of 1987)	To provide for the determination of amounts of compensation, purchase prices or rents in respect of immovable property expropriated, purchased or leased by the Departments of Public Works and Land Affairs for public purposes and the giving of advice with regard to the value of land, rights on or in respect of land and purchase prices or rents in respect of certain immovable property; for that purpose to make provision for the establishment of a Land Affairs Board; and to provide for incidental matters.
South African Abattoir Corporation Act, 1992 (Act 12 of 1992)	Certain sections that provide for the expropriation of land for the erection of an abattoir, land for the enlargement of an

Periods of Office of Members of Councils for Architects, Engineers, Quantity Surveyors and Valuers Adjustment Act, 1995 (Act 14 of 1995)	abbatoir, if necessary, in favour of the South African Abbatoir Corporation
Parliamentary Villages Management Board, 1998 (Act 96 of 1998)	To provide for the Minister to extent the periods of office of members of the professional councils for further periods
Construction Industry Development Board Act, 2000 (Act 38 of 2000)	To provide for the establishment of a Parliamentary Villages Management Board and matters incidental thereto
Council for the Built Environment Act, 2000 Council (Act 43 of 2000)	To provide for the establishment of the Construction Industry Development Board, and matters incidental thereto.
Architectural Profession Act, 2000 (Act 44 of 2000)	To provide for the establishment of the for the Built Environment and matters incidental thereto.
Landscape Architectural Professional Act, 2000 (Act 45 of 2000)	To provide for the establishment of the Council for the Architectural Profession and matters incidental thereto.
Engineering Profession of South Africa Act, 2000 (Act 46 of 2000)	To provide for the establishment of the Council for the Landscape Architectural Profession and matters incidental thereto.
Property Valuers Profession Act, 2000 (Act 47 of 2000)	To provide for the establishment of the Council for the Engineering Profession and matters incidental thereto
Project and Construction Management Profession Act, 2000 (Act 48 of 2000)	To provide for the establishment of the Council for the Property Valuers Profession and matters incidental thereto.
Quantity Surveying Profession Act, 2000 (Act 49 of 2000)	To provide for the establishment of the Council for the Project and Construction Management Profession and matters incidental thereto
	To provide for the establishment of the Council for the Quantity Surveying Profession and matters incidental thereto

## Appendix Three: High Level Organisational Structure

