

**SOUTH
AFRICA
WORKS
BECAUSE OF
PUBLIC
WORKS**

**Strategic Plan
2006/2010**



public works
Department:
Public Works
REPUBLIC OF SOUTH AFRICA

Compiled by:
Strategic Management Unit

FOREWORD

The successful 2004/05 season epitomized the intensification of the turnaround strategy for the Department of Public Works and laid a concrete foundation upon which to build the future organization characterized by cost-effective delivery of services, client orientation and improved governance and administration. In that period, the Department embedded its revised organization structure and began creating sufficient capacity to enable it to fully spend capital works budgets of eleven (11) of its twelve (12) clients.

For the period under review (2006-2009), the Department will advance ahead with its effort to discharge its mandate diligently. The devolution of budgets for leasing, property rates and services as well as planned maintenance to the client departments and the introduction of user charges as from 01 April 2006 will usher in a period of transparent budgeting and best management practices. At the same time budgets will also be devolved to the provinces for their property rates and services, giving effect to the constitution which recognizes properties for national and provincial uses. For us it is the culmination of a journey which we embarked on in 1996, calculated to bring about our efficient and effective service to the state and the client departments we serve. The cooperation of the National Treasury in the finalization of the devolution arrangements comes in for a praise.

Our commitment to improve our asset management has seen among others the beginning of a proactive process to enhance the utility of our asset register, quantify the cost of national government maintenance backlog and clamour for more realistic maintenance budgets to ease the backlog meanwhile contributing to public service delivery, social development and economic growth through increased expenditure and best management practices. The possible introduction of the Government – wide Immovable Asset Management legislation in 2006 will challenge all spheres of government to review the management of state's immovable assets, effectively according focus and importance to these assets which are literally the building blocks of public service delivery, responsible administration and good governance.

Since November 2004, the Department has intensified its campaign to strategically and systematically dispose of its redundant immovable assets including land and buildings. This is an integral part of inventory management designed to reduce holding costs of the state meanwhile releasing resources for better use somewhere in our fight to create a better life free from poverty and deprivation. Both the policy and the strategy have been adopted to give direction and effect to the process. The campaign has moved into overdrive and in the next five years we hope to rigorously raid our property management information systems in a mission to identify, analyse and dispose of properties deemed superfluous to the needs of the state.

At the same time we will continue to improve the physical working environment of the state, government departments and the public servants through multi-lateral partnership initiatives such as the recently launched RE KGABISA TSHWANE (Tshwane Inner City Rejuvenation Programme) - a joint project undertaken by the Department of Public Works and the Tshwane Municipality in support of the ethos of Batho Pele as espoused by the Department of Public Service and Administration which is another major stakeholder. Both the Property and Construction industries will be expected to play an active role in this venture.

The historical relationship between government and the above industries will assume a different dimension when we promulgate the Transformation Charters in the first half of 2006. It has been the unyielding vision of the Department to solicit the cooperation of the industries and work with them to promote their growth, development and transformation in the interest of national reconstruction, development and prosperity.

Transformed industries should assist the government in promoting objectives of community development, job creation and skills development. Since its advent in 2004, the Expanded Public Works Programme has been

growing from strength to strength, and recently surpassed all its first year targets in terms of job opportunities and learnerships created. Identified as one of the catalysts for the Accelerated Shared Growth Initiative of South Africa (ASGI-SA), the EPWP as part of its monitoring and evaluation will in the next four years continuously re-assess itself for maximum impact.

Without the concerted effort to improve ourselves and our concomitant processes, the task of executing our mandate will forever appear insurmountable, hence the launch of a service delivery improvement programme in November 2005. Simply entitled ZIMISELE- GIVE IT YOUR BEST, the programme goes to the heart of our work attitudes and changes the way we do business. It is the cornerstone of our delivery effort and chief among its outcomes will be quality goods and services as well as satisfied clients and other stakeholders.

Ethical conduct is key to conducting business in South Africa and the Department in 2005 began a verification process to flush out corrupt and less sincere service providers who frustrated socio-economic ambitions of government through fronting and other fraudulent means. Internally, departmental officials who were caught colluding in acts of corruption were exposed and disciplined. In some cases senior managers faced prosecution resulting from these breakthroughs. This was all intended to create a sterile environment for prudent financial management practices to thrive. In recognition, the Department was awarded a clean audit report for the first time in many years. We were encouraged by this bold step and remain committed to good corporate governance.



S.N. Sigcau

S N Sigcau, MP

MINISTER

Date: 13 March 2006

Contents

FOREWORD

PART A: STRATEGIC OVERVIEW

1	OVERVIEW BY THE ACCOUNTING OFFICER	1
1.1	INTRODUCTION AND BACKGROUND	8
2	DPW STRATEGIC INITIATIVES	8
2.1	ASSET MANAGEMENT	9
2.1.1	INVESTMENT IN THE MAINTENANCE PROGRAMME:	9
2.2	THE EXPANDED PUBLIC WORKS PROGRAMME (EPWP)	9
2.3	ZIMISELE – DPW'S SERVICE DELIVERY IMPROVEMENT PROGRAMME	10
2.4	TRANSFORMATION OF THE CONSTRUCTION AND PROPERTY INDUSTRIES	10
2.5	CAPACITY DEVELOPMENT	10
2.6	RE KGABISA TSHWANE	10
2.7	NEPAD	10
2.8	MAIN CHALLENGES	11
2.9	MAIN RISKS	11
3	VISION, MISSION AND VALUES	11
3.1	VISION	11
3.2	MISSION	12
3.3	VALUES	12
3.3.1	OPEN COMMUNICATIONS	12
3.3.2	URGENCY	12
3.3.3	COMMITMENT	12
3.3.4	INTEGRITY	12
3.3.5	DECISIVENESS	12
3.3.6	CLIENT FOCUS	12
3.3.7	TEAMWORK	12
4	SECTORAL SITUATIONAL ANALYSIS	13
4.1	SERVICE DELIVERY ENVIRONMENT	13
4.1.1	PROVISION OF LAND AND ACCOMMODATION	13
4.1.2	GOVERNMENT-WIDE IMMOVABLE ASSET MANAGEMENT POLICY	13
4.1.3	DEVOLUTION OF BUDGETS AND THE INTRODUCTION OF ACCOMMODATION CHARGES	14
4.1.4	ZIMISELE (SERVICE DELIVERY IMPROVEMENT PROGRAMME)	15
4.1.5	RE KGABISA TSHWANE PROGRAMME (RKTP)	15
4.1.7	DPW PUBLIC-PRIVATE PARTNERSHIPS (PPPS)	16
4.2	SUMMARY OF SERVICE DELIVERY ENVIRONMENT AND CHALLENGES	17
4.2.1	PROVISION OF LAND AND ACCOMMODATION	17
4.2.2	NATIONAL PUBLIC WORKS PROGRAMME	18
4.3	SUMMARY OF ORGANISATIONAL ENVIRONMENT AND CHALLENGES	18
5	LEGISLATIVE AND OTHER MANDATES	20
6	BROAD POLICIES, PRIORITIES AND STRATEGIC GOALS	20
7	INFORMATION SYSTEMS TO MONITOR PROGRESS	21
8	DESCRIPTION OF STRATEGIC PLANNING PROCESS	21

PART B BUDGET PROGRAMME AND SUB-PROGRAMME PLANS

9	FINANCIAL PROGRAMME STRUCTURE	22
10	PROGRAMME 1: ADMINISTRATION	23
10.1	OBJECTIVE	23
10.2	SITUATIONAL ANALYSIS	23
10.3	POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES	24
10.4	ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM	24
10.5	RECONCILIATION OF BUDGET WITH PLAN	24
11	PROGRAMME 2: PROVISION OF LAND AND ACCOMMODATION	26
11.1	OBJECTIVE	26
11.2	SITUATIONAL ANALYSIS	26
11.3	POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES	31
11.4	ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM	31
11.4.1	ASSET MANAGEMENT	32
11.4.2	CONSTRUCTION SERVICES	38
11.5	SPECIFICATION OF MEASURABLE OBJECTIVES AND PERFORMANCE INDICATORS	39
11.6	RECONCILIATION OF BUDGET WITH PLAN	42
12	PROGRAMME 3: NATIONAL PUBLIC WORKS PROGRAMME	47
12.1	OBJECTIVES	47
12.2	SITUATION ANALYSIS	47
12.2.1	POLICY DEVELOPMENT	47
12.3	POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES	48
12.4	ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM	49
12.5	DESCRIPTION OF PLANNED QUALITY IMPROVEMENT MEASURES	49
12.6	SUB-PROGRAMME 3.1: CONSTRUCTION INDUSTRY DEVELOPMENT PROGRAMME	49
12.6.1	INTRODUCTION	49
12.6.2	POLICIES AND PRIORITIES	49
12.6.3	ANALYSIS OF CONSTRAINTS AND MEASURES TO OVERCOME THEM	51
12.6.4	DESCRIPTION OF PLANNED QUALITY IMPROVEMENT MEASURES	51
12.6.5	SPECIFICATION OF MEASURABLE OBJECTIVES AND PERFORMANCE INDICATORS	51
12.7	SUB-PROGRAMME 3.2: PROPERTY INDUSTRY DEVELOPMENT PROGRAMME	54
12.7.1	INTRODUCTION	54
12.7.2	POLICIES AND PRIORITIES	54
12.7.3	ANALYSIS OF CONSTRAINTS AND MEASURES TO OVERCOME THEM	55
12.7.4	PECIFICATION OF MEASURABLE OBJECTIVES AND PERFORMANCE INDICATORS	55
12.8	SUB-PROGRAMME 3: EXPANDED PUBLIC WORKS PROGRAMME	57
12.8.1	INTRODUCTION	57
12.8.2	POLICES AND PRIORITIES	57
12.8.3	ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM	59
12.8.4	PECIFICATION OF MEASURABLE OBJECTIVES AND PERFORMANCE INDICATORS	60
12.9	RECONCILIATION OF BUDGET WITH PLAN	61
13	PROGRAMME 4: AUXILIARY AND ASSOCIATED SERVICES	63
13.1	OBJECTIVE	63

13.2	SITUATION ANALYSIS	63
13.3	POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES	63
13.4	ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOMETHEM	63
13.5	ESCRPTION OF PLANNED QUALITY IMPROVEMENT MEASURES	64
13.6	SPECIFICATION OF MEASURABLE OBJECTIVES	64
13.7	RECONCILIATION OF BUDGET WITH PLAN	64
14	EXPENDITURE BY PROGRAMME	65
15	MEDIUM TERM REVENUES	67
15.1	DEPARTMENTAL REVENUE COLLECTION	67
15.2	CONDITIONAL GRANTS	67
15.3	DONOR FUNDING	67
16	CO-ORDINATION, CO-OPERATION AND OUTSOURCING PLANS	67
16.1	INTERDEPARTMENTAL AND LOCAL GOVERNMENT LINKAGES	67
16.2	PUBLIC ENTITIES	68
16.3	PUBLIC-PRIVATE-PARTNERSHIPS (PPPS), OUTSOURCING ETC	68
17	APPENDIX ONE:ORGANISATIONAL INFORMATION AND THE INSTITUTIONAL ENVIRONMENT	69
17.1	ORGANISATIONAL DESIGN	69
17.2	DELEGATIONS	69
17.3	HUMAN CAPITAL	69
17.3.1	CURRENT STAFF COMPLEMENT – AGE ANALYSIS	70
17.3.2	HUMAN RESOURCES CHALLENGES	71
17.3.3	HUMAN RESOURCES STRATEGIC INITIATIVES IDENTIFIED	71
17.3.4	TRANSFORMATION	72
17.3.5	SKILLS ATTRACTION, DEVELOPMENT AND RETENTION	72
17.3.6	IMPROVING PRODUCTIVITY AND SERVICE DELIVERY	72
17.3.7	EMPLOYEE WELL-BEING	73
17.3.8	OPERATIONAL HUMAN RESOURCES POLICIES, PROCEDURES AND SYSTEMS	73
17.3.9	SKILLS PROFILE OF DEPARTMENTAL EMPLOYEES BASED ON THE CORE	73
17.3.10	SKILLS/COMPETENCIES NEEDED IN THE DEPARTMENT	76
17.3.11	DEPARTMENTAL EMPLOYMENT EQUITY PLAN AND TARGETS	77
17.4	IT SYSTEMS	79
17.4.1	BACKGROUND & UNDERSTANDING	79
17.4.2	CORE VALUES	79
17.5	PERFORMANCE MANAGEMENT SYSTEM	81
17.6	AUDIT QUERIES AND AUDITOR GENERAL'S AUDIT FINDINGS	82
17.7	INTERNAL AUDIT FUNCTION	83
17.8	IMPLEMENTATION OF PFMA	83
18	APPENDIX TWO: LEGISLATION THE DEPARTMENT OF PUBLIC WORKS ADMINISTERS	84
19	APPENDIX THREE: HIGH LEVEL ORGANISATIONAL STRUCTURE	90

List of tables

Table 1:	Summary of National Property Portfolio	17
Table 2:	Summary of National Leased Portfolio	17
Table 3:	Summary of the condition of National Government buildings	17
Table 4:	Summary of post vacancies and supernumeries	19
Table 5:	Key expenditure indicators	19
Table 6:	Progress with promoting SMMEs and BEE	19
Table 7:	Department Strategic Goals	20
Table 8:	Programme Structure	22
Table 9:	Strategic Objectives for Programme 1:Administration	24
Table 10:	Nominal Expenditure on Programme 1	25
Table 11:	Real Expenditure ³ on Programme 1	25
Table 12:	The National Property Portfolio by Department	27
Table 13:	The National Leased Portfolio by Department	27
Table 14:	The condition of National Government buildings by department	28
Table 15:	The demand of new space by department	29
Table 16:	Strategic Objectives for Programme 2: Provision of Land and Accommodation	31
Table 17:	The Maintenance Backlog	38
Table 18:	Programme 2: Provision of Land and Accomodation: measurable objectives, performance indicators and targets	39
Table 19:	Reconciliation of budget with plan	42
Table 20:	Nominal Expenditure on Programme 2	43
Table 21:	Real Expenditure ³ on Programme 2	45
Table 22:	Strategic Objectives for Programme 3: National Public Works Programme	48
Table 23:	Sub-Programme 3.1: Construction Industry Development Programme: measurable objectives, performance indicators and targets	52
Table 24:	Sub-programme 3.2: PIDP: measurable objectives, performance indicators and targets	56
Table 25:	EPWVP objectives to be monitored and evaluated	60
Table 26:	Nominal Expenditure on Programme 3	61
Table 27:	Real Expenditure on Programme 3	62
Table 28:	Strategic Objectives for Programme 4:Auxiliary and associated services	63
Table 29:	Programme 4:Auxiliary and associated services: measurable objectives, performance indicators and targets	64
Table 30:	Nominal Expenditure by Programme	65
Table 31:	Real Expenditure by Programme	66
Table 32:	Departmental revenue collection	67
Table 33:	Donor funding	67
Table 34:	Details of public entities	68



PART A: STRATEGIC OVERVIEW

I. OVERVIEW BY THE ACCOUNTING OFFICER

I.1 Introduction and Background

In order to be able to respond and address government strategic policy priorities, the Department of Public Works (DPW) strategic goals, are aligned to government's medium-term strategic framework (MTSF). The MTSF has identified a number of strategic objectives and they are:

- A growing economy
- Sustainable livelihoods
- Access to services
- Combating crime and corruption
- Constitutional rights and governance
- Comprehensive social security and
- Africa and the world.

Taking into consideration the MTSF, the President in the State of the Nation Address reaffirmed the nation's commitment to the: eradication of poverty, accelerated and improved service delivery, and eradication of underdevelopment and marginalization of 42% of the South African population operating in the second economy. As a member of the UN, and a signatory to the Millennium Development Goals Declaration, South Africa has committed itself to halve poverty and unemployment by 2014. To meet these goals, the country needs to achieve high levels of economic growth through specific interventions in the first and second economy provided for in the Accelerated Shared Growth Initiative of South Africa (ASGI-SA).

ASGI-SA has identified key initiatives to unlock economic growth namely:

- The need to improve the regulatory environment for SMMEs
- Increased investment in infrastructure programmes
- Sector investment strategies (or industrial strategies)
- Skills and education initiatives
- Second economy interventions and
- Addressing high levels of inequality in the country

In terms of ASGI-SA, first economy projects will be leveraged and implemented to support sustained growth in the second economy. A number of key second economy interventions have been identified, including concrete support to small businesses; and women and youth ventures within the framework of broad-based economic empowerment. The EPWP is identified as one of the key catalysts of ASGI-SA for second economy interventions and will benefit immensely from the increased levels of investment in infrastructure. DPW, as a national co-ordinator of the EPWP and custodian of immovable state assets has already identified key initiatives to support ASGI-SA. For example, our custodial role of state-owned immovable assets provides an opportunity to continue to facilitate acquisition, disposal, maintenance and leasing of accommodation for client departments, in a manner that derives measurable impact for ASGI-SA. As a co-ordinator of the EPWP, DPW has surpassed expected job creation targets and contributed immensely to skills development.

The devolution of client budgets and introduction of accommodation charges provides DPW with opportunities to continue to measure the impact of the department's three strategic drivers of its programmes. The strategic drivers are service delivery improvement, building and enhancing capacity of DPW and asset management.

2. DPW STRATEGIC INITIATIVES

2.1. Asset Management

2.1.1 Investment in the Maintenance Programme:

Infrastructure maintenance is one of the drivers of ASGI-SA and DPW has developed a maintenance strategy. It is a flagship and a catalyst for the attainment of the socio-economic objectives of the developmental state and general economic growth. The rationale for the development of a maintenance strategy is to ensure sustained multi-year investment in infrastructure maintenance to protect the asset value of state-owned immovable assets. A sustained investment in maintenance will build estate wealth for the country that can be used to, through specific interventions, to address poverty and inequality. Increased investment in maintenance will also induce certainty in the market, bringing back skills and high yield investment.

Devolution of Budgets and Accommodation Charges: The devolution of budgets and introduction of accommodation charges ushers in a new way of relating to clients for DPW. The department has already identified quality service delivery as a key strategic imperative. The service delivery improvement programme, Zimisele, is being implemented. The devolution of budgets will empower accounting officers of client departments to be directly responsible for the management of the state-owned property portfolio. It will also enhance transparency of budgets and will introduce strong incentives for all departments to utilise state assets efficiently and effectively. DPW will remain the custodian of all the state immovable assets and national departments (including DPW) will submit asset management plans to NT, accounting for all properties under their jurisdiction. The introduction of accommodation charges necessitates the establishment of a new trading entity within the department.

The Government Immovable Asset Management (GIAMA) Bill which has been tabled in Parliament will ensure proper accounting for and better utilization of immovable assets. It will cultivate resource-based planning that allows for full service costing and consistent maintenance planning by accounting officers. GIAMA will entrench asset management principles at the centre of DPW operations; defining the manner in which DPW conducts its business, including ensuring proper accounting for immovable state assets by the three spheres of government. The department has to define an appropriate asset management model for the national governments' immovable asset portfolio and development of value propositions for client departments.

2.2. The Expanded Public Works Programme (EPWP)

The scaling up of the EPWP is a response to Cabinet's requests to increase the scale and impact of EPWP projects and shift from the small project approach to the implementation of big projects that will support sustainable livelihoods.

The EPWP has been identified as a key second economy intervention for ASGI-SA, and as a result, proposals have been submitted to NT for approval for the scaling up of the EPWP. An agreement between DPW and the Department of Transport was entered into (through submission of a joint proposal to NT), to increase levels of investment in road infrastructure, using labour intensive methods in both construction and maintenance of the country's roads infrastructure.

Approximately R15 billion will be spent over the next five years on labour intensive construction projects. The EPWP has identified more opportunities in the environmental and social sectors. The Social Sector Plan will benefit from increased budgetary allocations for the Early Childhood Development and Community Care Givers programmes. The plan aims to create a total of 188 540 work opportunities. The Social Sector Co-ordination Committee is working with the various provinces to consolidate HCBC programmes into a single programme under the EPWP umbrella. Scaling up within the environmental sector will lead to the expansion of the EPWP in areas such as municipal waste management, coastal care, working for water, working for fire and other programmes.

There are other major infrastructure investments within ASGI-SA that will also benefit the EPWP immensely. The Division of Revenue Act (DORA) will continue to provide the guidelines for the implementation of labour-intensive projects for community infrastructure, road building and maintenance programmes.

2.3 Zimisele – DPW's Service Delivery Improvement Programme

The programme, underpinned by Batho Pele principles, is a catalyst for providing quality and cost effective service to DPW clients. Its pillars are: customer relationship management; project and contract management, property management with a specific focus on leasing, utilization and payment of services and facilities management. Zimisele complements the Leadership Way, which provides for the kind of values that will make the department achieve sustainable success in service delivery.

2.4 Transformation of the Construction and Property Industries

Both the construction and property charters have been finalized. The completion of the Charters is significant to the achievement of black economic empowerment targets. The implementation of the charter score cards will signal the beginning of a new era in both the property and construction industries. The transformation of these industries will lead to the creation of a diversified equity ownership base and sustainable support to the emerging contractor sector in particular and the property industry in general.

A supplier register with over 8000 contractors is in the process of being completed by the Construction Industry Development Board (CIDB). The supplier register will provide equitable business opportunities to contractors. The CIDB is also introducing supply chain reform, implementing the standard for uniformity in construction procurement. The Council for Built Environment (CBE) is working closely with the department to transform the various professional councils that fall under its ambit.

2.5 Capacity Development

DPW operates in the built environment sector and is presented with a challenge of attracting the skilled people into the sector. The department has established, through the Council for Built Environment (CBE), partnerships with tertiary institutions to attract young graduates into the department. Working through the department of Foreign Affairs, there is a process underway to import skills in the built environment from Cuba. These professionals will not only provide capacity to the Department of Public Works but will also be assigned to the various provincial Public Works departments.

2.6 Re Kgabisa Tshwane

The department in partnership with the City of Tshwane Metropolitan Municipality is involved in the Re Kgabisa Tshwane programme. This programme is about accommodating government in the CBD within the framework of the urban renewal programme of the Tshwane inner city. Needs assessment for client departments and a Spatial Development Framework that provides for sites ideal for locating national departments have been completed and detailed options analyses are under way.

2.7 NEPAD

A South Africa-specific NEPAD strategy is being developed by DFA in consultation with various stakeholders. The completion of the strategy will ensure that domestic NEPAD projects are clearly guided by a country framework. Working with the Deputy President's office, DPW is in a process of identifying women who will be sent to the United Arab Emirates for training mainly in project management.

2.8 Main Challenges

- Managing the change to a trading entity
- Introducing Asset Management practices that serve the objectives of a developmental state, and that result in more efficient and effective management of assets
- Producing quality asset management plans in terms of the GIAMA Bill
- Recruitment and retention of built environment professionals
- co-ordinating the EPWP in a highly decentralised environment
- Improving service delivery to clients

2.9 Main Risks

- Decentralisation of the Public Works function, resulting from real or perceived problems with the Department's service delivery
- Loss of skilled staff due to increasing demand for such skills in the context of a booming construction industry



Dr Sean Phillips

ACTING DIRECTOR GENERAL

Date: 13 March 2006

3. VISION, MISSION AND VALUES

In 2003, DPW formulated the following vision, mission and value statements to present the Department's and its employees' serious commitment to Government's vision of a better life for all the country's citizens:

3.1 Vision

"To be a world-class Public Works Department"

3.2 Mission

DPW 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 co-ordination of public works programmes nationally, of which the EPWP forms an integral part; and
- provides strategic leadership to the Construction and Property Industries.

3.3 Values

3.3.1 Open Communications

Regular, frank and open communications are encouraged within the Department, and with its external publics.

3.3.2 Urgency

All tasks are attended to timeously and diligently.

3.3.3 Commitment

All employees demonstrate unwavering dedication to their work and perform tasks purposefully within available resources.

3.3.4 Integrity

The Department rejects any form of corruption and / or maladministration and all employees vow to expose any actions undermining principles of good corporate governance.

3.3.5 Decisiveness

No time is wasted nor resources spared to expedite decision making and effect problem-solving actions.

3.3.6 Client Focus

All aspects of our work are guided by the need to improve service delivery to clients; internally and externally.

3.3.7 Team Work

Every employee has a specific task / role to perform and the sum of all our actions defines our destiny (success or failure).

4. SECTORAL SITUATIONAL ANALYSIS

4.1 Service Delivery Environment

4.1.1 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 related to accommodation, provides strategic leadership to the construction and property industries, and coordinates the EPWP.

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, due to historically insufficient budgets to carry out the required rehabilitation work, the need to manage increasing volumes of day-to-day repairs, and the need to meet the requirements of the Occupational Health and Safety Act.

The Department's primary challenge is to improve its service delivery to its client departments. A number of strategic initiatives are being implemented in this regard, including the devolution of budgets and introduction of accommodation charges, the Re Kgabisa Tshwane programme, the introduction of the Government Immovable Asset Management Bill, and the Zimisele service delivery improvement programme. The Department has successfully motivated for increased budgets for maintenance, resulting in a 50% increase in maintenance budgets for the 2006/2007 financial year as compared to the 2005/2006 financial year. It is anticipated that the Department's maintenance budgets will continue to increase over the medium term expenditure framework. Over the coming five years, it is anticipated that the combination of the above strategic service delivery improvement programmes and increasing budgets for maintenance will result in a marked improvement in the level of service which the Department provides to its clients.

There are still many areas in which the Department needs to develop and improve in order for it to carry out its core asset management functions efficiently and effectively. It is just starting to develop asset management plans in terms of GIAMA, and these will need to be refined over the next five years. Planning for preventative maintenance and the management of unplanned maintenance need to be improved.

The Department has recently developed a methodology for analysing the costs and benefits of capital projects, and this will also need to be applied and refined over the next five years. The process of devolving budgets and introducing user-charges will force the Department to become more customer-oriented, and this in turn will require the development of comprehensive service level agreements between the Department and its clients. The Department has also recently embarked on a systematic and proactive process of disposing of properties which are no longer required for service delivery purposes or for other priorities of the State. This process is linked to a concurrent systematic initiative to verify the data on the Department's immovable asset register, and to ensure that the register contains all the basic information required by the Accountant General. These processes will remain a strategic priority over the next three years.

4.1.2 Government-wide Immovable Asset Management Policy

Government is confronted with service delivery expectations, which have to be matched with an efficient and effective use of limited resources within a framework of promoting government's objectives. Immovable assets are instrumental in delivering services and in contributing toward attaining government's objectives. Given the extent and diversity of immovable assets owned and used by government and the significant impact such assets have on the macro-economic, socio-political and physical landscape of South Africa, there is an urgent need for managing these assets uniformly, efficiently and effectively.

The Department has developed a policy framework that establishes best practice for the management of immovable assets in government. The framework is based on the following principles:

- Service delivery requirements should be the primary factor in decision-making regarding immovable assets.
- Government bodies are required to develop and review immovable asset management plans, as part of their strategic planning and budgeting processes. These asset management plans must inform the budget allocation process, and must be revised and included in the annual strategic plans of organs of state, once budgetary allocations are finalised. Through asset management plans, individual organs of state will be able to match immovable assets which they occupy with service delivery objectives within the framework of government's development priorities.
- Uniform guidelines and minimum standards for the asset management processes which includes strategic planning, acquisition, maintenance & management, and disposal. The guidelines will include the need to assess non-asset solutions to increasing accommodation demands.

4.1.3 Devolution of budgets and the introduction of accommodation charges

DPW will devolve its maintenance, property rates, municipal services and leasing budgets to national user departments from 1 April 2006. DPW will also devolve its budget for provincial property rates to provinces including the introduction of accommodation charges on state-owned properties managed by DPW.

Apart from the devolution of property rates for provincial properties, the devolution of budgets and the introduction of accommodation charges will apply to the national government only. Public Works is a concurrent legislative function and therefore provinces can exercise discretion about property management and accommodation arrangements, subject to the inter-governmental relations framework. Further consultation and options for provincial property management reform will take place during 2006.

The devolution of these budgets is in line with the 1997 White Paper on Public Works, which stated that:

"In line with best practice, the DPW will plan for and initiate measures aimed at increasing client financial responsibility for capital costs and management of accommodation. Mechanisms may include "hard charging" for rent and maintenance; fees for services; incentives for effective space utilisation; and/or eventual choice of service provider. In future, client departments will have increased responsibilities for accommodation as they begin to pay their own capital costs, rent and maintenance fees. This will reduce the tendency for departments to make requests for unrealistically expensive accommodation, and will increase the utilisation of space. Despite the fact that client departments will pay for their accommodation, there will still exist a need for policy guidelines on space and cost norms for prudent space utilization..."

The DPW will actively encourage budgetary reform to ensure that, in future, the annual capital and expenditure budgets of all national departments include provisions for their individual accommodation requirements. When this happens, client departments will be required to pay a fee, comprised of a capital charge, a notional rent and management fee, for the accommodation and related services which the DPW will provide. This will entail the DPW developing mechanisms for service level agreements with clients, thus "contractorising" its most important set of external relationships. Management and the delivery of specific services such as property maintenance will be governed by both these service level agreements as well as the need to act as or on behalf of the landlord in terms of a "Total Asset Management Strategy" and the maintenance of property values."

Proposals are also made for the introduction of optionality, to enable Departments to choose whether to use DPW as a service provider for their functional accommodation. DPW will pilot optionality for functional accommodation with SAPS in the 2006/2007 financial year, provided that SAPS can meet certain minimum criteria as determined by DPW and NT.

Principles

The following principles underpin the design of this process:

- **Transparency of costs:** All costs associated with the delivery of a service by a department should be reflected on the budget of the department, including the full costs of immovable assets utilised in the delivery of the service.
- **Incentives for efficiency:** There should be incentives for departments to utilize immovable assets and related resources efficiently. For example, departments should be allowed to re-allocate and utilise savings achieved through more efficient use of space or through reduced consumption of water and electricity.
- **Strategic management of immovable assets:** A key objective is to align immovable asset management with service delivery objectives according to the principles as set out in the Government Immovable Asset Management Bill which has been approved by Cabinet and tabled in Parliament
- **Accountability for the use of immovable assets:** Accounting Officers must be accountable for the use of immovable assets as prescribed by the PFMA and the GIAMA.

4.1.4 Zimisele (Service Delivery Improvement Programme)

The Department is in the process of implementing Zimisele (a service delivery improvement programme) to facilitate the implementation of a customer-centric service delivery approach to client departments. At its core, the programme seeks to improve the quality of service delivered to client departments, through the introduction of more business-like management methods. The programme focuses on the following key areas:

- Customer Relationship Management;
- Property Management;
- Project and Contract Management; and
- Facilities Management.

The regional operations of the Department have been strengthened through capacity building and delegation of powers to facilitate the shift towards making client satisfaction a central focus of the business. A Departmental task team has been established to oversee the initiation and implementation of this programme and a generic Memorandum of Understanding has been developed to formalise service relationships between the Department and its clients.

4.1.5 Re Kgabisa Tshwane Programme (RKTP)

The Cabinet made a decision in 2004 to improve national government accommodation within the central business district of Tshwane and to simultaneously enhance the inner city for investment. The programme is an urban renewal project aimed at the improvement of physical work environment for national departments. It is a partnership between DPW, DPSA and the City of Tshwane Metropolitan Municipality (CTMM) and was officially launched in November 2005. It is a flagship of intergovernmental relations between the national and local spheres of government and the private sector.

A spatial development framework has been developed and a number of sites identified to accommodate national departments. The programme is presently undertaking option analyses on behalf of client departments. It is anticipated that the programme will yield a number of additional Public Private Partnerships (PPP) projects for new or refurbished Head Office accommodation, in addition to projects which will be funded from the fiscus. Current PPP projects within the Re Kgabisa Tshwane Programme comprise Head Offices for the departments of Foreign Affairs, Education, Land Affairs and Correctional Services.

4.1.6 Poverty Alleviation & EPWP

The EPWP is a national programme that aims to draw a significant number of the unemployed into productive work. This programme involves creating temporary work opportunities for the unemployed while ensuring that workers gain skills and training on the job, and so increase their capacity to earn an income in the future. The programme is one of an array of government's initiatives to try to bridge the gap between the growing economy and the large numbers of unskilled and unemployed people who have not yet enjoyed the benefits of economic development.

The EPWP is on course to meet its job creation targets. However, there is still an on-going need to increase the participation of the different spheres of government; to correct the perception that the EPWP is a Public Works Department programme; rather than a programme encompassing all of government; and to intensify efforts to overcome widespread resistance to the use of more labour-intensive methods in infrastructure. This resistance is based on the view that labour-intensive methods are more difficult to manage, take longer, are more costly, and result in inferior quality products. DPW is continuing to focus on establishing successful demonstration projects to overcome this incorrect perception. The current EPWP communication initiatives of the DPW, undertaken in conjunction with GCIS, are aimed at strengthening awareness of the programme among implementers and beneficiaries.

The EPWP is one of the key drivers for second economy interventions under the Accelerated Shared Growth Initiative for South Africa (ASGI-SA). A decision was taken at the July 2005 Cabinet Lekgotla to upscale the EPWP. This was motivated by the small size and limited impact of EPWP projects. DPW and the Department of Transport (DOT) have jointly submitted a proposal to NT to request funding that will lead to an increase in the size and impact of labour-intensive roads related infrastructure projects. Other EPWP which are going to be scaled up under ASGI-SA include Early Childhood Development and Home Community-Based Care.

4.1.7 DPW Public-Private Partnerships (PPPs)

DPW has a PPP programme under which client departments' accommodation is acquired. The Department's continued involvement in PPP accommodation projects will be effected in support of its custodial function, as well as its function of providing accommodation to national government departments. The Department will also continue to provide services as a transaction/project manager to client departments by mutual agreement. For example, the Department is the transaction advisor for six correctional services facilities.

4.2 Summary of service delivery environment and challenges

4.2.1 Provision of Land and Accommodation

This programme comprises 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 ²)
National	35,529	4,335,164	325	34,942	100,603	17,892,760

Note:

The above information was extracted from DPW's Immovable Asset Register (see explanatory notes under Table 12).

Table 2: Summary of National Leased Portfolio

Leased Portfolio	No. of Leases	Size (m ²)	Cost per Annum	Cost per m ² / annum
National	4699	3 959 555	R1, 274,480,590	R321.87

Notes:

Table 2 above describes situations where DPW leases properties from the private sector, on behalf of client departments. The information shows that there are 4699 lease agreements comprising approximately 4 million square metres at a cost of approximately R1.3 billion per annum. The annual tariff per square metre is approximately R322.00 per square metre (approximately R27 per square metre per month on average).

Table 3: Summary of the condition of National Government buildings

	Condition of State Owned Buildings (Number and Percentage)										Total	
	Very Good		Good		Fair		Poor		Very Poor			
National	3,903	3.9%	28,908	28.7%	37,147	36.9%	20,560	20.4%	10,085	10.0%	100603	100%

Notes:

Table 3 depicts the condition of state owned buildings from very good to very poor. This information was calculated by estimating the impact of maintenance expenditure on the condition data of the previous year. The percentage of buildings under the very good category deteriorated from 6, 17% in 2004/05 to 3, and 9% in 2005/06. The fair condition category remained unchanged at 37% and the category of buildings in a poor condition increased by 2, 3% from 18, 11% to 20, 4% between 2004/05 and 2005/06. The deterioration is attributed to financial constraints. However, the Department has a substantially increased maintenance budget from 2006/07 onwards, which should result in a reverse of past trends.

4.2.2 National Public Works Programme

This programme comprises three sub-programmes, namely the Construction Industry Development Programme, Property Industry Development Programme, and the EPWP. The main challenges in the construction and property industry environments include the ongoing lack of equity in these industries and skills shortages. The Department is engaged in several programmes aimed at increasing industrial equity, including its Emerging Contractor Development Programme (ECDP) and Contractor Incubator Programme (CIP), and its nascent Landlord Incubator Programme. The Department intends to optimised its contribution to increasing equity in property ownership through its disposal programme. The Department has also been closely involved in the development of the Construction and Property Charters. Together with the CIDB, the Department is promoting these programmes on a national basis, in order to increase their impact. The Department and the CIDB are also co-ordinating a construction skills development initiative as part of GIPSA, and is co-ordinating the initiative to train women in project management skills.

4.3 Summary of organisational environment and challenges

As reported in the previous strategic plan 2005/6, DPW will continue to endeavour to improve service delivery, which will require organizational improvements.

Policy development: DPW tabled the Government Immovable Asset Bill in Parliament in February 2006. The promulgation of the Bill will strengthen DPW's custodial role in national government accommodation. Concurrently, DPW has developed and is currently in the process of implementing both the Property and Construction charters. However, in the years to come DPW has to ensure that there is sufficient capacity building to monitor the implementation of GIAMA across government.

Finance and Supply Chain Management (SCM): DPW is continuing to strengthen its financial and supply chain management processes, practices and controls. The establishment of the Supply Chain Management (SCM) office and ensuring DPW's compliance with supply chain management guidelines has led to an improvement in the adjudication of tenders. Training of staff in SCM was carried out in order to acquaint employees with essential skills and knowledge in SCM regulations and standards. The department will continue to create mechanisms and tighten its SCM processes to control fraud, corruption and fronting in the department. Over the coming period, the Department will start to focus on other aspects of supply chain management as well. This will include improving the management of the Department's stores, and paying more attention to the effectiveness and efficiency of the Department's purchases, rather than just their regularity.

Human Resources Management: The department has enhanced its processes in human resources management. Last year, DPW established and launched the Employee Wellness Unit to oversee and manage employees' care and support aimed at counseling, mentoring, advising, therapy services, self empowerment, workshops and training to learn about basic life skills etc. DPW continues to improve its capacity to deliver effectively and efficiently and a comprehensive plan has been developed to address the findings of the human resources audit recently conducted. Attention will be paid to the implementation of these findings over the coming year. DPW has reduced the vacancy ratio slightly and critical senior management positions have been filled. The Department will continue to vigorously implement internship, learnership and young built environment professional programmes with the dual aims of attracting scarce skills and increasing employment equity.

Asset Management: The enhancement of information in the immovable asset register for better, efficient and effective service delivery has been boosted by the creation of 65 positions for young built environment professionals and approximately 70% have already been employed.

Table 4: Summary of post vacancies and supernumeraries

Staff Categories	Number						Average Annual change
	2000	2001	2002	2003	2004	2005	
Total staff complement	4021	4508	4543	4470	4667	4747	121
Number of professional and managerial posts	463	578	578	1015	841	922	76.5
Number of professional and managerial posts filled	358	396	401	463	504	666	51.33
Number of excess staff	0	0	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	2003/04	2004/2005	
Personnel expenditure as % of total expenditure	20.33	20.37	20.06	20.78	20.10	-0.91
Expenditure on maintenance of buildings and facilities as a % of total expenditure	3.85	3.43	3.05	2.71	2.94	-0.23

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	2004/05	2005/2006
Encouragement of Black Economic Empowerment					
Total New Contracts	448	235	439	582	1210
*Number of contracts to BEE					501
Total value of contracts to BEE					R 553 686 812
#Total value of new contracts awarded	R 1.3 bn	R592 m	R1.4 bn	R1.5 bn	R1.6 bn
% of Total contracts to BEE by value					34%

Notes:

Reliable data on BEE is not available for 2001/02 up to 2004/05.

* Contracts refer to tenders and professional services appointments. BEE contracts are contracts awarded via preferential procurement to historically disadvantaged enterprises/individuals

Total new contracts for 2002/2003 were lower than the previous financial year due to a budget deficit on the Capital Works Programme. The 2005/2006 information does not address the entire financial year. It is up to and including November 2005. The number and value of contracts is likely to increase two fold for the entire 2005/2006 reporting period.

5. LEGISLATIVE AND OTHER MANDATES

In terms of the relevant provisions of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996) and the Public Service Act, 1994 (Proclamation 104 of 1994) a functional mandate was allocated to the Department of Public Works. In addition, the Department's mandate is annually confirmed through the Appropriation Act. The provisions of the State Land Disposal Act, 1961 (Act No 48 of 1961) confirm the pre-eminent position of the Minister and the Department pertaining to disposals of State land. During 2003 and 2004 the Department also obtained two legal opinions that unequivocally confirmed the mandate of the Department of Public Works. In addition, the Department is responsible for the administration of the 34 Acts listed in Appendix Two.

From the above legislation, the Department's mandate is to be the custodian and manager of all national government's fixed assets, for which other legislation does not make another department or institution responsible. This includes the determination of accommodation requirements; rendering expert built environment services to client departments, and the acquisition, management, maintenance and disposal of such assets. The devolution of budgets to client departments and introduction of accommodation charges will not take away the custodial function of DPW.

6. BROAD POLICIES, PRIORITIES AND STRATEGIC GOALS

Table 7: Department Strategic Goals

Strategic Goal 1: Providing strategic leadership to the Construction and Property Industries to ensure economic growth and development
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
Strategic Goal 2: Promotion of Black Economic Empowerment (BEE)
Government has declared broad-based BEE as a national priority and adopted a national policy framework and legislation to give effect to it.
Strategic Goal 3: Contributing to the National Goal of Poverty Alleviation and Job Creation
Government and its social partners have prioritized poverty alleviation and job creation at the Growth & Development Summit in June 2003; unemployment has to be reduced by 50% by 2014.
Strategic Goal 4: Contributing to African Renaissance/NEPAD
Government regards NEPAD as a key initiative to which the Department must contribute.
Strategic Goal 5: Improving service delivery
Cabinet decided during the July 2003 Lekgotla that all national departments to improve service delivery should implement Batho Pele.
Strategic Goal 6: Good Corporate Governance
Good corporate governance, of which the anti-corruption drive is key, is a PFMA requirement.
Strategic Goal 7: A comprehensive HR Plan supporting (Departmental) business and Government
In terms of Public Service Regulations Part III, D.1 & 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.

7. INFORMATION SYSTEMS TO MONITOR PROGRESS

The main strategic initiative in the new financial year is to further contribute to the strategic alignment of all systems to DPW strategic objectives by implementing among others the following initiatives:

- Development of an open source strategy
- Provide a comprehensive management information with full drill down
- Document tracking and workflow system
- An enabling information communication technology tool that will promote virtual communication between head and regional offices through video conferencing.
- A unified E-procurement system which allows contractors access at the same time as facilitating contractor selection through the individual regional offices.
- Archiving Solution
- Integrated Asset Management System

8. DESCRIPTION OF STRATEGIC PLANNING PROCESS

DPW hosts two strategic planning workshops per annum. The focus of the first workshop hosted in June is on policy priorities of the department, identification of projects to be funded in the next financial year, leading to the drafting of the policy statement for the Minister. The second workshop hosted in November focuses on the review of DPW's strategic goals, programme performance and confirmation of projects to be funded in the following fiscal year.

PART B

BUDGET PROGRAMME AND SUB-PROGRAMME PLANS

9. FINANCIAL PROGRAMME STRUCTURE

Table 8: Programme Structure

Programme	Sub-programme
1. Administration	
	1.1 Minister
	1.2 Deputy Minister
	1.3 Management
	1.4 Corporate Services
	1.5 Property Management
2. Provision of Land and Accommodation	
	2.1 Capital Works (Public Works)
	2.2 Property Management
	2.2.1 Office Accommodation, Official Quarters & Unimproved Property
	2.2.2 Maintenance, Repair & Renovation of Buildings
	2.2.3 Cleaning of Buildings & Tending of Gardens
	2.2.4 Municipal Services
	2.2.5 Rates on State Properties
	2.2.6 Administration Regions
	2.3 Asset Management
	2.3.1 Construction Advisory Services
	2.3.2 Property Advisory Services
	2.3.3 Key Accounts Management
	2.3.4 Asset Procurement & Operating Partnership System
	2.3.5 Administration
	2.4 Augmentation of the Property Management Trading Entity
3. National Public Works Programme	
	3.1. Construction Industry Development Programme
	3.2 Community Based Public Works Programme.
	3.3. Expanded Public Works Programme
	3.4. Owners Activities
	3.5 Administration
4. Auxiliary and Associated Services	
	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. Parliamentary Villages Management Board
	4.6. State functions
	4.7. Sector Education & Training Authority

10. PROGRAMME I: ADMINISTRATION

10.1 OBJECTIVE

The programme provides for the strategic leadership, support services and overall management of the department. This entails giving political, managerial and administrative leadership and support to the work of the department. The corporate services function provides various support services to ensure the smooth running of the department to create a productive, efficient and creative working environment to enable the department to achieve its overall strategic objectives. The newly created sub-program: Property Management is a direct result of the budget devolution to client departments and will be used to pay accounts issued by the Trading Entity for services rendered on behalf of the department.

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

- Minister
- Deputy Minister
- Management
- Corporate Services
- Property Management

10.2 Situational Analysis

The allocation for this programme is following more or less the same trend over the MTEF period with an average of 18 % against the total budget for the department. The steady increase of compensation of employees during the last four years with the full impact in the 2005/06 financial year is due to the improvement of management and administrative capacity in both Head Office and the Regional Offices. Over the strategic plan period, the focus of the Administration Programme will be on:

- Intensifying involvement of line function managers in the management of their units' budgets
- 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 and maladministration
- Enhancing information and knowledge sharing
- Implementation of accommodation charge system
- Deepening the implementation of Supply Chain Management in the quest to provide world class support to the Department.

10.3 Policies, priorities and strategic objectives

Table 9: Strategic objectives of Programme I - Administration

Strategic Goal 1: Improving Service delivery
<ul style="list-style-type: none">• Review and re-engineering of processes• Development and implementation of various capacity building programmes
Strategic Goal 2: Good (Corporate) Governance
<ul style="list-style-type: none">• Unqualified audit report• Improved efficiency in the use of financial resources
Strategic Goal 3: Comprehensive HR plans supporting business and Government imperatives
<ul style="list-style-type: none">• Quicker process of filling key positions in the department• Special development programme to assist and promote excellence in the department• Institutionalisation of modern recruitment and retention of high calibre staff• Recruitment of black people and women into skilled positions to improve employment equity
Strategic Goal 4: Promotion of Black Economic Empowerment
<ul style="list-style-type: none">• Intensifying implementation of preferential procurement policies in compliance with relevant Government procurement prescripts.

10.4 Analysis of constraints and measures planned to overcome them

The devolution of budgets to client departments with effect from 01 April 2006 will lead to the creation of an interim reporting mechanism that will be used to bill clients for services rendered on property management. The interim mechanism is implemented in the place of the trading entity which cannot be implemented immediately due to strict accounting requirements that must be adhered to. National Treasury has given the department exception to these requirements for the first year of budget devolution. As from 1 April 2007 a fully fledged trading entity will be operational. The Department is in the process of appointing a senior manager to manage the process of implementing the trading entity.

The Department needs to increase its employment equity in skilled positions. Over the coming year the Department will intensify its internship and young graduates programme with the aim of recruiting more black people and women into skilled positions.

10.5 Reconciliation of budget with plan

The key deliverables of the programme include strategic leadership and administration support to the operations of the department. Administration support covers areas such as the management of Human and Financial Resources; SCM; Information Systems; Communication; Legal Services; Internal Audit and Strategic Management. By engaging in an intensive re-prioritisation exercise, the base line allocation for the programme will suffice to address its key deliverables

Table 10: Nominal expenditure on Programme I

Programme I: Administration	Year -2 (Actual)	Year -1 (Actual)	Base Year (Estimate)	Nominal Average Annual Change (%) *	Year 1 (Budget)	Year 2 (MTEF Projections)	Year 3 (MTEF Projections)	Nominal Average Annual Change (%) **
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
Minister	707	798	837	8.88	887	934	981	5.16
Deputy Minister	539	609	618	7.24	655	690	725	5.20
Management	77 711	46 583	54 671	-11.45	74 673	71 758	76 145	1.11
Corporate Services	161 359	243 810	274 152	31.77	269 636	264 993	276 652	1.34
Property Management	179 481	205 252	221 601	11.16	247 360	269 455	288 746	8.05
Total Programme I	419 797	497 052	551 879	14.72	593 211	607 830	643 249	4.15

Table 11: Real Expenditure (***) on Programme I

Programme I: Administration	Year -2 (Actual)	Year -1 (Actual)	Base Year (Estimate)	Nominal Average Annual Change (%) *	Year 1 (Budget)	Year 2 (MTEF Projections)	Year 3 (MTEF Projections)	Nominal Average Annual Change (%) **
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
Minister	670	764	796	9.11	844	890	934	5.20
Deputy Minister	511	583	588	7.48	623	657	690	5.24
Management	73 660	44 577	52 018	-11.40	71 049	68 341	72 519	1.15
Corporate Services	152 947	233 311	260 849	32.17	256 552	252 374	263 478	1.39
Property Management	170 124	196 413	210 848	11.40	235 357	256 624	274 996	8.10
Total Programme I	397 912	475 648	525 099	14.97	564 425	578 886	612 618	4.20
Inflation rate based on CPI	5.5	4.5	5.1		5.1	5.0	5.0	

Notes:

* Average p.a. change between Year 2 and base year

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

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

The expenditure trend from 2003/04 financial year until the current financial year (2005/06) shows an average increase of more or less 15% that can be ascribed to the improvement of management and administrative capacity and upgrading of information systems.

The expenditure trend over the MTEF period has an average increase of 4% per annum. The continued focus of the programme will be on the continued process to improve the department's management and administrative function and to ensure that the business systems of the department have sufficient capacity to handle the challenges of the trading account.

II. PROGRAMME 2: PROVISION OF LAND AND ACCOMMODATION

II.1 Objective

The provision of Land and Accommodation programme's main objective is to provide and manage state-owned immovable property, and accommodate all national departments and institutions in improved, suitable and economical properties that help them deliver on their mandate. This programme comprises three key focus areas viz., Asset Management, Operations and Re Kgabisia Tshwane Programme (RKTP).

There are four sub-programmes:

- Capital Works (Public Works) funds the acquisition and construction of infrastructure for other national departments.
- Property Management funds the accommodation solutions that the department will implement for client departments, which will be accounted for through the trading entity.
- Asset Management ensures that the immovable property portfolio that is owned and used to deliver various government services yields functional, economical and social benefits to the state.
- Augmentation of the Property Management Trading Entity is special sub-programme created to receive funds to be transferred to the new trading entity.

These functions are executed in line with the broader departmental objectives of improving service delivery, complying with corporate governance requirements, promoting black economic empowerment and contributing to the transformation of the construction & property industries, and implementation of the EPWP.

II.2 Situational Analysis

The DPW manages a diverse portfolio which includes specialised facilities such as prisons, military bases, magistrates' courts, police stations and office buildings. The toughest challenge facing the DPW in the execution of its mandate relates to the upgrading and maintenance of all of these assets to the minimum acceptable levels. The allocation of funds to carry out essential maintenance to comply with certain statutory regulations such as the Occupational Health & Safety Act and Heritage & Environmental Acts has historically been insufficient.

During 2005/06, DPW embarked on a process of prioritisation of maintenance and capital budgets. The implementation programme was formulated after collaboration with various stakeholders after giving due consideration to budgetary constraints. Regional Managers were subsequently requested to proceed only with prioritised projects.

The DPW is embarking on a programme to dispose of unutilised and under-utilised assets in its portfolio comprising of three phases, which will reduce unnecessary expenditure on maintenance, property rates & taxes, municipal services and security.

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

Table 12: The National Property Portfolio by Department

State Owned Portfolio	Land				Building/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 ²)
Correctional Services	802	41,539	0	0	14,719	3,978,232
Defence	2,913	376,635	2	29	33,817	3,640,261
SA Police Service	5,105	190,502	23	2,448	32,254	4,775,716
Justice	1,738	55,244	23	2,779	5,358	1,344,242
Other Departments	24,242	3,572,957	267	29,234	11,613	2,803,811
Un-allocated	729	98,287	10	453	2,842	1,350,499
Total	35,529	4,335,164	325	34,942	100,603	17,892,760

Notes:

The above information was extracted from the Department's Immovable Asset Register. In 2005-2006, the Department embarked on a project to upgrade and enhance its Immovable Asset Register over a three year period. This project has already resulted in a significant improvement in the accuracy of the information on the Register, particularly in respect of the extent of land parcels and buildings.

Table 13: The National Leased Portfolio by Department

Client	No of Leases	Size (m ²)	Rental per Annum	Cost per Lease	Cost per m ² / Annum
SAPS	2751	1622074	R409,483,601	R148,849	R252
Correctional	554	367656	R49,292,839	R88,976	R134
Defence	421	692562	R117,391,301	R278,839	R170
Justice	153	213909	R104,533,901	R683,228	R489
Others	820	1063354	R593,778,948	R724,121	R558
Total	4699	3959555	R1,274,480,590	R1,924,013	R322

Notes:

Table 13 above shows that the Department of Public Works leases 2751 properties on behalf of South African Police Service at a cost of around R409 million per annum, 554 leases for Correctional Services at a cost of around R49 million per annum, 421 leases for the South African National Defence Force at a cost of around R117 million per annum, 153 leases for the Department of Justice and Constitutional Development at a cost of around R104 million and 820 leases for the other departments at a cost of R594 million per annum.

The leases comprise office accommodation, official quarters, parking and land leases which are being leased from the private sector by the Department of Public Works on behalf of National Departments. In line with RKTP's objectives, DPW will ensure provision of improved physical working conditions and more utilisation of state owned buildings. Additionally, client value propositions will be put in place to meet specific client needs. These will have to be aligned to their respective business plans.

Table 14: The Condition of National Government buildings by Department

Department	Condition of State Owned Buildings (Number and Percentage)								Building/Structures			
	Very Good		Good		Fair		Poor		Very Poor		Extent of Buildings / Structures (M ²)	
Correctional Services	213	3%	2207	31%	2278	32%	1563	22%	845	12%	7106	100%
Defence	768	4%	4707	24%	5686	29%	4503	23%	3921	20%	19585	100%
Police	282	2%	4527	30%	4827	32%	3614	24%	1807	12%	15057	100%
Justice	134	4%	1004	30%	769	23%	971	29%	469	14%	3347	100%
Other clients combined	2506	5%	16452	30%	23535	43%	9806	18%	2175	4%	54474	100%
Unutilised	0	0%	11	1%	52	5%	103	10%	868	84%	1034	100%
Total	3903	3.9%	28908	28.7%	37147	36.9%	20560	20.4%	10085	10.02%	100603	100%

Note:

Table 14 reflects a breakdown by client departments (summarized in table 3).

Table 15: The demand for new space and capital upgrades by Departments

User Departments	Area Required (M2)	Total Need (Funds Required) Capital	Total Need (Funds Required) Leasing*	2006/2007		2007/2008		2008/2009	
				Allocation	MTEF 2 (R) Funds Required	Allocation	MTEF 2 (R) Funds Required	Allocation	MTEF 2 (R) Funds Required
Capital Requirements									
Defence	56 360	821 158 795		74 065 000	55 617 484	82 952 800	62 291 582	92 907 136	69 766 572
DCS	1 224 904	12 163 206 324		1 007 570 000	1 388 002 000	1 128 478 400	1 554 562 240	1 263 895 808	1 741 109 709
Home Affairs	14 214	147 526 760		104 913 000		53 500 000		55 994 000	
Justice & Constitutional Development	180 765	2 633 750 762		335 999 000		293 622 000		305 977 000	
SAPS	629 742	3 864 410 848		278 000 000	380 000 000	311 360 000	425 600 000	348 723 200	476 672 000
Others***	53 478	2 154 462 355		402 793 894	322 006 605	451 129 161	360 647 398	505 264 661	403 925 085
Sub-Total: Capital Requirements		21 784 515 844		2 203 340 894	2 145 626 089	2 321 042 361	2 403 101 220	2 210 790 805	2 691 473 366
Leasing		Capital Cost	Lease Cost						
Defence	56 811	500 208 777	100 018 058	144 850 000	159 335 000	156 507 000	172 157 700	168 933 000	185 826 300
DCS	76 684	675 184 196	155 728 251	45 428 000	46 868 236	49 970 800	51 555 060	54 967 880	56 710 566
Home Affairs	150 478	1 324 230 521	284 010 492	66 852 000	73 537 200	72 232 000	80 890 920	77 967 000	88 980 012
Justice & Constitutional Development	56 104	493 981 382	112 716 112	114 892 000	126 381 200	124 138 000	139 019 320	133 994 000	152 921 252
SAPS	477 339	4 202 875 943	1 046 132 223	452 733 000	727 569 444	498 006 300	800 326 388	547 806 930	880 359 027
Others	70 000	616 000 000	220 544 797	87 488 000	66 629 848	96 236 800	73 292 833	105 860 480	80 622 116
Total		7 196 480 819	1 919 149 933	912 243 000	1 200 320 928	997 090 900	1 317 242 221	1 089 529 290	1 445 419 273
Grand Total		28 980 996 663***	1 919 149 933	3 115 583 894	3 345 947 017	3 318 133 261	3 720 343 440	3 662 291 095	4 136 892 639

Notes:

* This information captures the unfunded leasing requirements as submitted by the User Departments to be effected as a lease.

** Information is based on "unfunded leasing" data and figures quoted reflect the Capital cost for build and to lease for a 3 year period.

*** This information is under review and the figures quoted are preliminary as this has to be aligned to User Asset Management Plans (User Strategic Accommodation requirements) and will be subject to an option analysis process.

RKTP: It must be noted that Table 15 excludes 990 000 square-meters of new space requirements for all user departments under the RKTP programme. The rationale for this is that the RKTP budget requirements are subject to options analysis, currently in progress.

There is an ever-increasing demand for new space as is reflected in the table above. The demand for new office space budget allocation in 2006/07, 2007/08 and 2008/09 is R3 billion, 3,3 billion and 3,7 billion respectively. It is evident that due to budget constraints, it is highly impossible to address every accommodation requirements of DPW's user departments.

The introduction of User Asset Management Plans, (UAMP), however, will ensure that DPW together with the client, adopt a more prudent approach to acquisition of accommodation. DPW will have to liaise with users to ensure that:

- Users service delivery objectives and strategies as expressed in their annual strategic plan and underpinned by budget programme objectives are contained in the UAMP;
- That the gap between existing and required accommodation is identified; and
- There are solutions to address the demand for accommodation through more efficient and effective utilisation of existing accommodation.

11.3 Policies, priorities and strategic objectives

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

Strategic Goal 1: Promotion of Black Economic Empowerment
Strategic Objectives: 1. Use expenditure on construction, maintenance, and facilities management to promote BEE 2. Use government participation in the property market to influence ownership patterns in the property industry
Strategic Goal 2: Contributing to the National Goals of Poverty Alleviation and Job Creation
Strategic Objectives: 3. Achieve EPWP goals using the DPW capital and maintenance budget
Strategic Goal 3: Contributing to the African renaissance / NEPAD
Strategic Objectives: 4. Contribute to developing government asset management in Africa and learn from the rest of Africa
Strategic Goal 4: Improving service delivery
Strategic Objectives: 5. Implement a service delivery improvement programme 6. Implement Re Kgabisa Tshwane
Strategic Goal 5: Good (Corporate) governance
Strategic Objectives: 7. Comply with asset management principles 8. Comply with Occupational Health & Safety, Heritage and National Environmental Management Acts and other applicable legislation

11.4 Analysis of constraints and measures planned to overcome them

The Department has developed a government-wide framework for the management of immovable assets (GIAMA). The framework emphasises 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. It is anticipated that GIAMA will be promulgated in the beginning of 2007.

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 a comprehensive list of land parcels and buildings. The Department has embarked on a programme to upgrade and enhance its immovable asset register over a three year period, effective from 1 April 2005.

Improved service delivery to government departments is incorporated in the department's Zimisele or Service Delivery Improvement Programme (SDIP) which targets its operational units, asset management and its other key service delivery functions. The department's Re Kgabisa Tshwane Programme will also contribute to the achievement of overall improved service delivery to national client departments.

11.4.1 Asset Management

The Asset Management unit's purpose is to ensure that immovable property owned and or utilized for delivering national governments' services yields functional, economic and social benefits to the State. A more structured life-cycle asset management approach is employed in achieving asset management requirements.

11.4.1.1 Asset Management Plans

The GIAMA Bill provides for more efficient and effective use of immovable assets by national and provincial government and places an obligation on accounting officers to prepare Immovable Asset Management Plans to ensure that prudent management of such assets takes place. The Bill distinguishes between users and custodians of immovable assets. Users of immovable assets utilise the space or accommodation to give best effect to their functions and therefore must produce a User Immovable Asset Management Plan (UAMP) to ensure:

- accountable, fair and transparent management of immovable assets.
- effective, efficient and economic use of immovable assets;
- reduced overall cost of service delivery;
- reduced demand for new immovable assets.

Custodians are responsible for all activities that are associated with common law ownership and therefore must produce a Custodian Immovable Asset Management Plan (CAMP) to ensure that immovable assets:

- are efficiently and effectively managed throughout its life-cycle;
- provided in a transparent and cost effective (best value) manner as to meet the service delivery requirements of users;
- maintained in the state in which it would provide the most effective service;
- assessed in relation to its performance, suitability, condition and the effect of the condition of an immovable asset on service delivery ability; and
- disposed of if the assessments so indicate.

The department has compiled guidelines for the completion of user immovable asset management plans (UAMPs) and custodian immovable asset management plans (CAMPs) to facilitate and assist completion of the required asset management plans by national and provincial governments. Additional assistance will also be provided to its client national departments to complete their UAMPs in accordance with the client strategic plans. Such client strategic plans will therefore be the key input for finalization of UAMPs. It is envisaged that the necessary basic immovable asset management plans in compliance with GIAMA should be completed for national departments in the 2006/2007 fiscal year.

A pilot UAMP for the Department of Home Affairs is being completed and will be implemented by the beginning of the financial year 2006/07. The department plans to assist the remaining clients with compilation of UAMPs by 1 April 2007.

11.4.1.2 Property Performance Standards

The Department has reviewed its space and cost norms for buildings to improve service delivery, promote efficiency and eliminate possible operational barriers. Property performance standards have been completed. Property performance benchmarks are being compiled and will be used to evaluate the 36, 056 properties, identify non-performing and under-performing assets, and facilitate development of performance enhancement strategies.

11.4.1.3 Immovable Asset Register

The Department has developed an asset register enhancement programme to improve data integrity of the asset register, improve service delivery and facilitate its property management function. A number of contract workers have been employed to collect data to improve asset register data integrity. During the coming financial year, a more co-ordinated approach will be applied to accelerate improvement of the asset register, including enlisting the assistance of service providers to complement the contract workers.

11.4.1.4 Disposal Programme

The department has identified approximately 2000 unutilised properties for possible disposal and developed a disposal programme for their disposal over a period of 5 years. The final disposal decisions will depend on further investigation and analysis in respect of the 2000 properties. The disposal programme emphasises the efficient facilitation and co-ordination of disposal processes in addition to fast-tracking actual disposals and compliance to relevant regulations and acts. Disposals are now managed in a more integrated and co-ordinated manner for efficiency and effectiveness.

Disposal Phase 1 and 2 of the disposal programme have already been approved and it is planned that the properties will be disposed in the MTEF period 2006/08. In addition to phase 1 and phase 2 properties, further investigation into other unutilised properties will be continued and included in the relevant disposal phases. The effective rollout of the disposal programme will minimise holdings of surplus and under-performing assets and will maximise the return to the government on such assets.

11.4.1.5 Portfolio Analysis

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 DPW 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. A Portfolio Analysis unit has been recently formed to provide a base for investment and disinvestment decisions through thorough analysis of options for acquisition, construction, renovation, leasing, space optimization, and disposals of immovable property to optimize scarce use of resource for both clients and government; and provide relevant property research and data and to provide competent, comprehensive and cost effective valuation services. In the coming year attention will be paid to consolidating the role of the portfolio analysis in the work of the Department.

There is a trend of departments entering into PPPs for new head office accommodation, which while compliant with current PFMA regulations, results in an imbalance with regard to standard of accommodation across Government as well as cost to the State when comparing specific costs of individual Clients. It is anticipated that the legislation of GIAMA and the finalisation of revised and modernised space and cost norms would assist in creating a more acceptable balance in office accommodation.

DPW has initiated an exercise to update the norms for accommodation within government. The project has started with office accommodation, which will be applied to the Re Kgabisa Tshwane Programme. The approach has been to apply quantitative as well as qualitative conditions to norms, which will take the form of a tool kit that can be applied to both existing and new buildings inclusive of heritage aspects. The exercise has been planned to encompass functional buildings such as Defence Bases, Police Stations, etc. in the next phase.

11.4.1.6 Memorandum of Understanding (MOU)

The MOU is aimed at clarifying the relationship between DPW and User Departments with regard to the provision of services related to the management of accommodation-related immovable assets. The MOU aims to clearly spell out the roles and responsibilities between User Departments and DPW. The MOU is not a legally binding document; it is an agreement between two branches of a single entity with the aim of improving service delivery.

The successful implementation of the devolution of budgets and the introduction of accommodation charges is dependent on the signing of the MOU. Subsequent to MOU's there will be fully fledged Service Level Agreements (SLAs) effective from the beginning of 2007/08 fiscal year.

11.4.1.7 Re Kgabisa Tshwane Programme

DPW has established a branch to co-ordinate and manage the Re Kgabisa Tshwane Programme. The branch is involved in a joint venture initiative with the City of Tshwane Metropolitan Municipality (CTMM) in rolling out the programme. At the core of the programme is the improvement of the physical working environment of all national departments located within the CBD. In the coming financial year, DPW will complete options analyses that will identify different types of accommodation solutions for various national departments, and it is anticipated that construction work will start for some departments during the year.

Summary of Asset Management Sub-programmes

Sub-programme	Output	Measure / Indicator	Target	Programmes and Projects for AM/ RKTP/Operations Branches
Asset Management, Operations and RKTP	Strategic management of immovable property owned and/or utilized for delivering various government services to ensure that they yield functional, economic and social benefits to the State.	Client AMP	Complete AMP for 100% of clients by April 2007.	Key Account Management
	AMP to developed with Clients to Obtain clients strategic accommodation requirements to conclude best options analysis and obtain cost effective accommodation solutions within acceptable time-frames to ensure their effective service delivery.			
	Provide impetus into User Assets which will invariably assist clients with MTEF budget proposals for accommodation.			
		Signed MOU	100% (39 National Departments including agencies signed MOU by 01 April 2006	Manage and update in the MOU.
		Programme manage implementation programme: Capital Works	100% Expenditure of Capital Budget Issue 100% PI as per allocation on programme	Programme management implementation programme on a per project basis.

Summary of Asset Management Sub-programmes

Sub-programme	Output	Measure / Indicator	Target	Programmes and Projects for AM/ RKTP/Operations Branches
		Degree of economic and financial benefits derived from property owned and/or utilised for various government services	<p>Implementation of rental charges on property owned and/or utilized by national client departments, to promote accountability and transparency of accommodation costs.</p> <p>Development and implementation of property performance standards in compliance with the Government Immovable Asset Management Bill.</p> <p>Complete investigation and analysis of 2000 unutilized properties in disposal programme by 2010.</p> <p>Establishment of innovative cost saving and value enhancing programmes in acquisition, management, maintenance and disposal of property owned and / or utilized for various government services.</p> <p>Establish a programme for the valuation of the total State property portfolio.</p> <p>Establishment of a comprehensive approach to explore innovative / private financing opportunities for delivery of property owned and / or utilized for various government services, tested in pilot projects.</p>	<p>Portfolio Performance and Monitoring:</p> <p>Development/ implementation and monitoring of asset management plans</p> <p>Development/ implementation and monitoring of rental charges and budget devolution</p> <p>Development/ implementation and monitoring of property performance standards</p> <p>Improvement of the Asset Register and standards of information</p> <p>Management and monitoring the department's Disposal Programme</p> <p>Development/ implementation of the Risk Management plan</p> <p>Development/ implementation and monitoring the immovable maintenance policy.</p> <p><u>Portfolio Analysis</u></p> <ul style="list-style-type: none"> Assessment of risks, trends, and costs/ benefits for all property investment and disinvestments options. Identification of innovative alternative property financing and value enhancing options, with respect to all aspects of the property portfolio. Providing relevant property research and data inputs on various projects, internally and at a government-wide level.

Summary of Asset Management Sub-programmes

Sub-programme	Output	Measure / Indicator	Target	Programmes and Projects for AM/ RKTP/Operations Branches
				<ul style="list-style-type: none"> • Providing comprehensive and professional valuation services. • Formulation and implement of a programme to value the State's total property portfolio for the purposes of the balance sheet. <p><u>APOPS and PPP</u></p> <ul style="list-style-type: none"> • Integration of PPP project cycle into DPW Asset Management cycle • Delivery of PPP projects • Development / implementation and monitoring of a strategy to capacitate the market with PPP expertise for accommodation projects
	Improved Service Delivery	Implementation of Zimisele Programme	Dec 2008	<ul style="list-style-type: none"> • Property Management • Facilities Management • Customer Relationship Management • Project and Contract Management
		Disposal of unutilised, under-utilised and adamant assets	To dispose all unutilised, under-utilised and redundant properties over 2006/7, 2007/8 and 2008/9 fiscal years	Program completion of phases 1 (2005/6), 2 (2006/7) 3 (2007/8).
RKTP	Provide accommodation to national government departments and their agencies.	Implementation plan for RKTP	<ul style="list-style-type: none"> • Complete options analysis • Procure land and buildings on the basis of options analysis output by March 2008 • Refurbishment of existing buildings by 2009 	Programme manage implementation programme on a per project basis per client department

11.4.2 Construction Services

11.4.2.1 Holistic Maintenance Plan

Until recently, the approach to maintenance has been adhoc and reactive. In 2004, DPW estimated that it would require approximately R12 billion to upgrade the deteriorated infrastructure to its functional state and thereafter require an additional R2.5 billion annually to maintain the functional state of the assets. The estimate of these amounts was based on information on current service contracts, status quo reports that were compiled for the current repair and maintenance programme (RAMP) and by extrapolating average cost norms on the balance of assets in the asset register.

The total funding required was projected over various periods and were estimated at R30 billion, R40 billion and R50 billion for 10 year, 15 year and 20 year periods respectively. These amounts are inclusive of the estimated amount of R2.5 billion per annum required to maintain the facilities to the minimum acceptable standards.

The Table below shows that approximately R13, 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 2005 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		Total Expenditure required to bring buildings to good condition (R'000)
		Cost (R'000)	Upgrade cost per facility (R'000)	
Correctional Services	2408	214, 168	719	1 047 183 501
Defence	8424	706, 243	721	3 118 094 000
Police	5421	441, 083	722	3 692 386 000
Justice	1440	117, 282	714	586 079 458
Other clients combined	11981	1, 070, 839	780	5 237 491 070
Total	29,674	2, 549, 615	693	13 681 234 290

Notes:

These figures were calculated by conducting condition surveys on a representative sample of National Government building calculating the cost of bringing these buildings to good condition, and extrapolating these figures to the entire portfolio. The above table does not include unutilised buildings for poor and very poor conditions referred to in Table 14.

11.4.2.2 Zimisele (Service Delivery Improvement) Programme

The department is in the process of implementing a Service Delivery Improvement Programme to improve the levels and standards of service provided by various operating units of the department. The goal of this programme is to give all clients a better service. That means improving work systems, being more responsive in attending to client's needs, growing efficiencies across all departments, delivering quality every time, eliminating waste and thus reducing costs.

This is basically a three year programme and in terms of the outcomes, the SDIP will be seeking the following broad results over the three year period:

- measurable improvements in services
- formalization and full adoption of improved business processes for each service through acceptance of and adherence to standards and work procedures
- an improved culture reflected in responsive and informed internal service between the units making up the department
- service measurement mechanisms that are developed and agreed with staff that apply them
- better utilization of human and material resources through identification and elimination of waste
- motivated employees with new business processes and behaviours through on-the-job training, delivering better performance.

11.4.2.3 Government Wide Risks

The department plans to compile a risk management plan for its immovable assets. Risk prevention strategies are critical to preparedness and for the well being of the general public and all government's employees. In addition, DPW must ensure compliance of both perceived and real risks vs. statutory, political, financial, economic, and systematic risks.

11.5 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 (2004/2005)	Base year (2005/06) (estimate)	Year 1 (2006/07) (target)	Year 2 (2007/08) (target)	Year 3 (2008/09) (target)
		(actual)	(target)			
Input						
Expenditure on maintenance on behalf of Client	R'000	R'000	R'000	R'000	R'000	R'000
Agriculture	R'000	1 655	3 890	2 803	3 220	3 462
Arts & Culture	R'000	18 216	16 197	32 019	36 785	39 554
Correctional Services	R'000	59 385	117 556	274 969	315 895	339 673
Defence	R'000	180 679	167 467	146 443	168 240	180 903

Measurable Objective	Performance Measure or Indicator	Year - 1 (2004/2005)	Base year (2005/06) (estimate)	Year 1 (2006/07) (target)	Year 2 (2007/08) (target)	Year 3 (2008/09) (target)
		(actual)	(target)			
DPSA	R'000	97	10	100	115	124
Education	R'000	17	0	100	115	124
Environmental Affairs	R'000	5 968	38 020	152 461	175 153	188 337
Input						
Foreign Affairs	R'000	2 265	612	1 000	1 149	1 235
Health	R'000	581	1 742	2 000	2 298	2 471
Home Affairs	R'000	7 366	6 548	9 159	10 522	11 314
Housing	R'000	28	959	1 000	1 149	1 235
Justice & Constitutional Development	R'000	96 218	78 072	88 132	101 250	108 871
Labour	R'000	1 390	3 146	3 000	3 447	3 706
Land Affairs	R'000	2 433	1 669	597	686	737
Mineral & Energy	R'000	137	13	50	57	62
Parliament	R'000	183	1 000	*	*	*
Presidency	R'000	7 952	4 559	*	*	*
Public Works	R'000	203 220	287 180	559 761	643 076	691 480
SA Police Service	R'000	207 739	167 922	278 216	319 627	343 684
Science & Technology	R'000	2 687	2 000	2 361	2 713	2 917
Trade & Industry	R'000	235	0	100	115	124
Transport	R'000	98	16	100	115	124
Treasury	R'000	5 764	1 988	2 100	2 413	2 595
Water Affairs	R'000	4 704	394	1 148	1 318	1 418
Total	R'000	809 014	900 961	1 557 619	1 789 456	1 924 147
Expenditure on Public Works Capital	R'000	292 655	372 180	493 450	713 450	896 208
Personnel expenditure as percentage of overall expenditure in Programme 2	Percentage	20%	22%	19%	18%	17%
Planned Maintenance expenditure as a percentage of overall Maintenance	Percentage	66%	61%	77%	80%	80%

Measurable Objective	Performance Measure or Indicator	Year - 1 (2004/2005)	Base year (2005/06) (estimate)	Year 1 (2006/07) (target)	Year 2 (2007/08) (target)	Year 3 (2008/09) (target)
		(actual)	(target)			
Process						
Number of professional and managerial posts vacant	Actual number	841	922			
Percentage of buildings in portfolio with maintenance plan	Percentage	N/A	N/A	25%	50%	75%
Number of projects completed	Actual number	655	353			
Quality						
Percentage of service level agreements in place for each Client	Percentage of total	0	0	0	0	0
Efficiency						
Maintenance expenditure as % of the Client's capital budget**	Percentage					
Agriculture		11%	23%			
Arts & Culture		16%	16%			
DCS		7%	14%			
Defence		196%	239%			
Environmental Affairs		17%	135%			
Health		8%	21%			
Home Affairs		20%	15%			
Justice		39%	25%			
Labour		5%	10%			
Land Affairs		12%	30%			
Public Works		69%	77%			
SA Police Service		76%	51%			
Outcome						
% of buildings in good or very good condition	Percentage	34	32.6	35.9	39.5	43.4

Notes:

* The Presidency and Parliament figures have been incorporated into DPW from 2006/07 onwards as these properties are seen as part of the DPW (Prestige) portfolio. The 2006/07 amounts are based on the approved implementation programme.

DPW targets also include allocations for the new Trading Entity created to facilitate the devolution of budgets. Target amounts for future years are based on a consistent increase and not on actual projects as they still have to be identified.

The maintenance expenditure as a percentage of the Client's Capital allocation shows no trend except in the case of the Department of Defence where maintenance is very high in proportion to what they spend on Capital. This is because their portfolio is not increasing in terms of new buildings, but they have a large portfolio to maintain.

Although the Department of Correctional Services portfolio has also not grown significantly, they have been investing their Capital allocation in upgrading and rehabilitation of their facilities. This has eased the financial burden on DPW in the past few years.

The targets will be addressed when DPW receives the Asset Management Plans from the client departments.

MOUs are currently being put in place for all clients departments and over the next five years DPW will put in place SLAs for all clients departments. Some DPW's Regional Offices have started putting in place maintenance plans for each building.

11.6 Reconciliation of budget with plan

Table 19: Allocation and Expenditure: Capital and Maintenance

Financial Year	Capital Works (R'000)			Maintenance (R'000)		
	Final Allocation	Actual Expenditure	% expenditure	Final Allocation	Actual Expenditure	% expenditure
2001-2002	1 375 128	1 369 494	99.6	558 585	574 323	102.8
2002-2003	1 631 679	1 623 139	99.5	557 156	633 629	113.7
2003-2004	1 472 729	1 475 275	100.2	589 411	651 419	110.5
2004-2005	1 916 862	2 074 965	108	815 464	806 014	98.8

Table 20: Nominal Expenditure on Programme 2 (Maintenance only):

Programme 2: Maintenance only	Year – 2 (2003/04) (actual) (R'000)	Year – 1 (2004/05) (actual) (R'000)	Base year (2005/06) (estimate) (R'000)	Nominal average annual change (%)	Year 1 (2006/07) (budget) (R'000)	Year 2 (2007/08) (MTEF Projection) (R'000)	Year 3 (2007/09) (MTEF Projection) (R'000)	Nominal average annual change (%)
Agriculture	1 479	1 655	3 890	73	2 803	3 220	3 462	11
Arts & Culture	12 859	18 216	16 197	15	32 019	36 785	39 554	11
Correctional Services	49 981	59 385	117 556	58	274 969	315 895	339 673	11
Defence	148 057	180 679	167 467	7	146 443	168 240	180 903	11
DPSA	347	97	10	-81	100	115	124	11
Education	36	17		-77	100	115	124	11
Environmental Affairs	45 705	5 968	38 020	225	152 461	175 153	188 337	11
Foreign Affairs	1 841	2 265	612	-25	1 000	1 149	1 235	11
Health	2 647	581	1 742	61	2 000	2 298	2 471	11
Home Affairs	7 800	7 366	6 548	-8	9 159	10 522	11 314	11
Housing		28	959	3019	1 000	1 149	1 215	11
Justice & Constitutional Development	72 556	96 218	78 072	7	88 132	101 250	108 871	11
Labour	896	1 390	3 146	91	3 000	3 447	3 706	11
Land Affairs	1 442	2 433	1 669	19	597	686	737	11
Mineral & Energy	227	137	13	-65	50	57	62	11

Table 20: Nominal Expenditure on Programme 2 (Maintenance only):

Programme 2: Maintenance only	Year – 2 (2003/04) (actual) (R'000)	Year – 1 (2004/05) (actual) (R'000)	Base year (2005/06) (estimate) (R'000)	Nominal average annual change (%)	Year 1 (2006/07) (budget) (R'000)	Year 2 (2007/08) (MTEF Projection) (R'000)	Year 3 (2007/09) (MTEF Projection) (R'000)	Nominal average annual change (%)
Parliament	2 372	183	1 000	177	0	0	0	11
Presidency	5 277	7 952	4 559	4	0	0	0	11
Public Works	409 516	203 220	287 180	27	559 761	643 076	691 480	23
SA Police Service	148 382	207 739	167 922	10	278 216	319 627	343 684	11
Science & Technology	4 405	2 687	2 000	-32	2 361	2 713	2 917	11
Trade & Industry	14	235		757	100	115	124	11
Transport	306	98	16	-76	100	115	124	11
Treasury	6 167	5 764	1 988	-31	2 100	2 413	2 595	11
Water Affairs	1 140	4 704	394	110	1 148	1 318	1 418	11
Total	923 487	809 014	900 961	-12	1 557 619	1 789 456	1 924 147	11

Table 21: Real Expenditure on Programme 2

Programme 2: Maintenance only	Year – 2 (2003/04) (actual) (R'000)	Year – 1 (2004/05) (actual) (R'000)	Base year (2005/06) (estimate) (R'000)	Nominal average annual change (%)	Year 1 (2006/07) (budget) (R'000)	Year 2 (2007/08) (MTEF Projection) (R'000)	Year 3 (2007/09) (MTEF Projection) (R'000)	Nominal average annual change (%)
Agriculture	1 479	1 584	3 542	65	2 428	2 656	2 743	6
Arts & Culture	12 859	17 432	14 749	10	27 744	30 344	31 342	6
Correctional Services	49 981	56 831	107 041	51	238 255	260 587	269 154	6
Defence	148 057	172 909	152 489	2	126 890	138 784	143 347	6
DPSA	347	93	9	-82	87	95	98	6
Education	36	16	0	-78	87	95	98	6
Environmental Affairs	45 705	5 711	34 620	209	132 104	144 486	149 237	6
Foreign Affairs	1 841	2 167	557	-28	866	948	979	6
Health	2 647	556	1 586	53	1 733	1 895	1 958	6
Home Affairs	7 800	7 049	5 963	-13	7 936	8 680	8 965	6
Housing		26	874	0	866	948	979	6
Justice & Constitutional Development	72 556	92 080	71 089	2	76 365	83 523	86 269	6
Labour	896	1 330	2 864	82	2 599	2 843	2 937	6
Land Affairs	1 442	2 329	1 519	13	517	566	584	6
Mineral & Energy	227	131	12	-67	43	47	49	6

Table 21: Real Expenditure on Programme 2

Programme 2: Maintenance only	Year – 2 (2003/04) (actual) (R'000)	Year – 1 (2004/05) (actual) (R'000)	Base year (2005/06) (estimate) (R'000)	Nominal average annual change (%)	Year 1 (2006/07) (budget) (R'000)	Year 2 (2007/08) (MTEF Projection) (R'000)	Year 3 (2007/09) (MTEF Projection) (R'000)	Nominal average annual change (%)
Parliament	2 372	175	911	164	0	0	0	0
Presidency	5 277	7 610	4 151	-1	0	0	0	0
Public Works	409 516	194 481	261 495	-9	485 022	530 484	547 924	6
SA Police Service	148 382	198 806	152 903	5	241 069	263 665	272 333	6
Science & Technology	4 405	2 572	1 821	-35	2 046	2 238	2 311	6
Trade & Industry	14	225	0	720	87	95	98	6
Transport	306	94	15	-77	87	95	98	6
Treasury	6 167	5 517	1 811	-34	1 820	1 990	2 056	6
Water Affairs	1 140	4 502	359	101	994	1 087	1 123	6
Total	923 487	774 225	820 379	-5	1 349 645	1 476 150	1 524 681	6

Notes:

Expenditure trends on maintenance for specific clients fluctuate. Asset Management have identified a few reasons for this. One is specific, large, once-off projects like Civitas which can increase expenditure for a specific Client over the Short to Medium term.

The fluctuations might be addressed by the implementation of AMP's

The table represents the budget allocation as per devolution process.

12. PROGRAMME 3: NATIONAL PUBLIC WORKS PROGRAMME

12.1 Objectives

- To provide strategic leadership to the Construction and Property Industries to promote sustainable economic growth, transformation and development.
- To provide a custodial function for the property portfolio the Department is responsible for; and
- To address poverty and unemployment through the Expanded Public Works Programme.

12.2 Situation analysis

12.2.1 Policy Development

The Department continues to provide strategic direction for sustainable growth, transformation and improved performance of the property and the construction sectors. Over the past year extensive engagement with the stakeholders in these sectors was undertaken to finalise the Property and Construction Sector charters. Both these charters were accepted by the Minister at the beginning of 2006. Plans are underway to establish the Charter Councils constituted by all the stakeholders.

In relation to the construction sector, the main aim of the policy is to create an enabling regulatory and development framework for effective infrastructure delivery, improved industry performance, sustainable growth and transformation. Skills shortage continues to be a challenge that could threaten the performance of the industry.

Slow pace of transformation of the Property sector is still a challenge that needs to be addressed by all the stakeholders. To this end the department will be introducing a number of empowerment initiatives that seek to accelerate the participation of historically disadvantaged individuals and enterprises, with special focus on women and youth.

The Policy Unit recently reviewed its policies including the White Paper with the principal objectives of:

- Ascertaining its relevance
- Checking the validity of assumptions upon which the White Paper is based
- Establishing policy gaps

The review indicated that:

- Policy is still relevant
- Some of the assumptions are still valid
- There were no apparent gaps in the policy, but in the implementation and monitoring of the policy

As far as policy is concerned and based on the results of the above review, the Policy Unit will in the next 3 years focus on effective implementation of policy and monitoring of outcomes. The main thrust and focus will on the:

- Development of strategies and programmes to achieve policy objectives.
- Delivering on its role of policy advocacy.
- Developing and implementing effective monitoring tools.

Building on the preparatory work of the stakeholder forum and specialist focus groups, the Construction Industry Development Board (CIDB) has commenced full scale rollout of streamlined

procurement, the management of infrastructure delivery and the construction registers service. During 2005/06 new levels of outreach were achieved, with programme roll-out extending into all provinces and including national and provincial authorities, public entities and SMMEs.

Aligned with government's supply chain management reform, the CIDB has developed and rolled out the standard for uniformity in construction procurement, which is supported by a library of best practice and the code of conduct for all parties engaged in construction. This year's roll-out has included extensive public sector capacity building with over 70 workshops held around the country to facilitate the use of approved forms of contract and procedure. Further roll-out and capacity building will include municipal authorities and a growing focus on compliance.

The Registers of Contractors and Projects have been implemented in accordance with the schedule of compliance dates for public and private sector clients. 4 500 contractors have been registered over the past year bringing the total to over 8 000. Feedback in implementation has informed refinement of systems and regulation. In the period ahead, the CIDB will continue to refine the registers and their role in delivery, contractor development and improved industry performance. It will also establish a register of professional service providers.

12.3 Policies, priorities and strategic objectives

During this MTEF period the Department will focus on the following main policies and strategies:

- Development of a strategy for the Property Industry to create an enabling environment for economic growth and development in the industry to maximise contribution to the Accelerated and Shared Growth Initiative for South Africa (ASGISA).
- Promotion of uniform standards in the management of State Immoveable Assets.
- Empowerment policies and strategies to promote broad-based black economic empowerment in the property and construction sectors.
- Skills development.
- Promotion of the profile of the construction industry.

Strategic Goal 1: Develop and champion programmes and strategies and create an enabling environment that facilitates and promotes sustainable
Strategic Objectives: 1. Industry development, transformation and growth 2. Development of the emerging sector 3. Addressing the skills shortage in the industries
Strategic Goal 2: Contributing to the National Goal of Poverty Alleviation and Job Creation
Strategic Objectives: 4. Co-ordinate the implementation of the EPWP
Strategic Goal 3: Develop measurable targets for the promotion of BEE in the property and construction sector
Strategic Objectives: 5. Alignment of Procurement policy to the BEE scorecard
Strategic Objectives: 6. Skills development 7. Developmental peace keeping 8. Establishing a Regional Public Works Forum

12.4 Analysis of constraints and measures planned to overcome them

The key constraints facing this branch are:

- a) Lack of co-ordination of infrastructure departments
- b) Unco-ordinated BEE programmes
- c) Obstacles such as access to credit for emerging enterprises
- d) Lack of appropriate skills in the industries.

12.5 Description of planned quality improvement measures

These measures are described below in sections 12.6.4 for sub-programme 3.1 and 12.8.3 for sub-programme 3.3.

12.6 Sub-programme 3.1: Construction Industry Development Programme

12.6.1 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.

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:

- Although there have been policies and strategies and programmes developed for the transformation of the construction industry, the transformation process has been very slow with few tangible outcomes
- Government’s interventions relating to the development and growth of the emerging contractors (including women and youth) has not yielded substantial success outcomes
- Current skills development strategies and programmes have contributed to a slight improvement and increase in the skills base of the industry
- South African construction industry’s contribution to NEPAD and the development and growth of the regional construction industry could be hampered by the different developmental stages of other SADC states and their skills capacity
- The CIPU is mandated to develop policies, strategies and programmes that will address issues of transformation, growth, development, competitiveness and well-being of the South African construction industry while contributing to the development of the regional and African construction industries.
- The CIDP is structured to strategically respond to policy issues and drivers that emanate from the above strategic context.

12.6.2 Policies and priorities

The following areas have been identified as priority strategic objectives.

Construction industry policy

The objective of this unit is to lead the policy debate for government (as mandated by government) as it relates to the construction sector in terms of the development, monitoring and implementation by all stakeholders.

- Develop and monitor the implementation of policy including:
 - Transformation of the construction industry
 - Monitoring and measuring performance of the industry
 - Promote innovation and best practice in the industry
 - Develop strategies to enhance the industry’s capacity
 - Promoting the profile and image of the construction industry
 - Regulation of the built environment professions whilst developing strategies to enhance their performance and development
 - Innovation, research and technology development
 - Promote health and safety while creating awareness about the impact of HIV/AIDS in the sector
- Monitor economic and performance trends in construction and formulate strategies to promote:
 - Investment in construction-related Gross Fixed Capital Formulation
 - Black economic empowerment
 - International co-operation and promotion of the sector for international investment
 - The clustering of the sector for increased investment and contribution to GDP
 - Inclusion of the construction sector in World trade negotiations and agreements

Emerging sector

- Facilitate and continuously improving the:
 - Incubator (sustainable emerging contractor business (specific focus on women in construction)
 - Emerging sector support strategies
 - Supply-side measures for emerging enterprises including access to finance, information and training.
 - Clustering of contractors to access large projects and to ensure continuous work opportunities for sustainability of emerging contractors
- Monitoring both individual contractor enterprises participating on the incubator programme and the programme itself.
 - Measure the effectiveness of external support provision
 - Contractor participation and performance
 - Technical performance
 - Business performance
 - Training performance
- Measure DPW support to emerging contractors

Black Economic Empowerment

- Development of a comprehensive implementable BEE strategy
 - Development of the strategy and targets
 - Compliance of strategy with BEE Act and Code of Good Practice and alignment with the Construction and Property charters
- Monitoring of implementation and degree of compliance
 - Facilitate and drive to establishment of Construction and property charter monitoring bodies
 - Continuously measure performance against set targets
 - Report to Treasury, DTI and Presidential BEE Monitoring Council and other relevant bodies

12.6.3 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:

Constraints	Measures to overcome
Lack of co-ordination of infrastructure departments	• Establishment of a policy committee of infrastructure departments
Unco-ordinated BEE programmes	• Establish a policy co-ordinating committee amongst all infrastructure departments including provincial departments
Lack of effective implementation of policies within the Department	• Establish a forum or framework to facilitate the sharing of ideas on programmes aimed at BEE • Vigorous policy and programme advocacy • Develop stakeholder management strategy which facilitates interaction with stakeholders on sharing of ideas and arriving at common vision and goals
Lack of co-ordinated and efficient skills development programmes and strategies in the sector	• Develop a comprehensive skills strategy for the industry that will enhance the skills base

12.6.4 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;

- Realign and restructure the policy unit to enable it to deliver on its and its Department's mandate.
- Develop a stakeholder management strategy.

12.6.5. 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

Construction Industry Development Policy and Monitoring			
Strategic objective	Output	Indicator	Targets
Monitoring the implementation of policy as it pertains to the performance of the construction industry and facilitate competitiveness and improvement programmes	Buy-in by stakeholders of policy and strategy objectives	Implementation of policies by stakeholders	Ongoing
	Performance indicators for the Construction Industry Quarterly performance reports	State of the industry inputs submitted quarterly	December 2006
		Wider awareness of policies, strategies and programme and support thereof Facilitate social dialogue at NEDLAC	First challenge April 2006 Annually (First March 2007)
	Innovation in the construction Industry	Framework & Resource plan for the Network of Excellence in Research	September 2006
		Implementation Plan	December 2006
	Improved image of the construction Industry: • Construction Week	Construction week held	August 2006
		Increased student intake in the built environment disciplines in tertiary institutions	March 2007
Labour practices and HIV/AIDS	Implement and monitor HIV/AIDS policy	Ongoing	
	Status Quo on labour practices	June 2006	
Approval of developmental peacekeeping concept by AU Incorporation of concept into Peace corps	Deploy professionals on peacekeeping missions	Approved implementation plan	To be determined
	Youth skills development	Ongoing support of the MSD	Ongoing/Annually
	Doctrine on the role of public works in developmental peacekeeping	Support of NEPAD secretariat & submit to AU for discussion	March 2006
Monitor economic and performance trends in construction and formulate strategies to promote growth in the construction industry.	Regional cooperation with other departments of for Integrated skills and industry development strategy	Signed Terms of Co-operation by at least 3 countries	July 2006
		Industry growth and development strategy	March 2007
	Economic Performance Report and Policy Review	Publication of economic performance report	Bi-annually
		Effective construction industry policies and strategies	

Construction Industry Development Policy and Monitoring			
Strategic objective	Output	Indicator	Targets
Facilitating and continuously improving emerging sector	Formalised mentorship programme as a regulated profession	A register of accredited mentors established and operational	August 2006
	Incubator contractor programme	10 contractors emerging annually from 2008	Measure annually
	A common understanding of issues relating to development of the emerging sector	Framework for sustainable contractor development	May 2006 March 2007
	ECDP realigned	Learnership programme implemented 450 learnership over three years	Jun 2007
	ECDP rolled out to provincial government departments	Signed memoranda of understanding with provincial departments	March 2007
	Promotion of women and youth development in construction	Strategy for promotion of women and youth development	June 2006
	Achievement of the Construction Charter targets through the ECDP	Framework or mechanism developed.	Sept 2006
Black Economic Empowerment (Person responsible still to be appointed)			
Strategic objective	Output	Indicator	Targets
Development of a comprehensive implementable BEE strategy	Construction charter	Signed construction charter	December 2006
Monitoring of BEE Strategy	Targets and performance measurement	Targets and performance measurement system	To be determined
Report to Treasury, DTI and Presidential BEE monitoring Council	Quarterly report	Quarterly report produced on time	To be determined

12.7 Sub-programme 3.2: Property Industry Development Programme

12.7.1 Introduction

The Department continues to provide leadership on growth and development in the property industry, and it plays a catalyst role in creating a positive environment for the second economy. Government is the single biggest client of the property industry, and can thus play a critical role in leading transformation of the sector. The Department has embarked on structured interaction with major stakeholders in the industry to transform and enhance transformation in the property sector. This has led to the development of a Property Sector Transformation Charter. The final draft of this charter has been submitted to the Minister of Public Works to be considered for gazetting by "the dti" as a sector charter, which will later be passed as a Code of Good Practice.

12.7.2 Policies and Priorities

As its objective to play a catalyst role in the transformation of the industry, the Department will implement the following policies and strategies:

- Transformation of the Property sector

Having finalised the Property Sector Charter, the Department will introduce a number of policies and strategies to promote BEE. These include, but not limited to:

- Custodial responsibilities
 - Disposal Policy and Strategy that will promote and facilitate the participation of historically disadvantaged individuals and emerging enterprises.
 - Leasing policy to promote BEE.
 - Special programmes to promote the participation of women in the property sector.

Registers of State-owned immovable assets: The Department has embarked on a programme to upgrade and enhance its immovable asset register, over a three year period, at an estimated cost of R10 million per annum. This programme will create employment for young professionals in the property sector and build capacity in the Department. In 2005/2006, approximately 33 positions will be created, in keeping with the Government's skills development and employment equity policies.

Government's programme to complete the confirmation of ownership ("vesting") of State land (led by the Department of Land Affairs) will complement the upgrading and enhancement of immovable asset registers. The Department will actively participate in this programme, through its involvement in the National and Provincial State Land Disposal Committees.

The Department has also established a forum of all custodians of State-owned immovable assets on national and provincial levels, to share knowledge and experience on the compilation and maintenance of immovable asset registers.

Policy on the disposal of immovable assets: The Department has embarked on the revision of its policy to guide the disposal of immovable assets under its control (by means of sale, long term lease, exchange or donation) for commercial and non-commercial purposes. Specific emphasis will be placed on broad-based BEE through the disposal of State-owned assets.

Policy on the disposal of immovable assets: The Department has embarked on the revision of its policy to guide the disposal of immovable assets under its control (by means of sale, long term lease, exchange or donation) for commercial and non-commercial purposes. Specific emphasis will be placed on broad-based BEE through the disposal of State-owned assets.

Policy on the management of property rights: As a custodian of State-owned immovable assets, the Department is tasked to identify, capture and manage rights in State land under its control, as well as the rights held by the National Government in private property. The Department's existing policies are to be reviewed and revised to support the management of property rights.

Land Reform: The Department remains committed to support Government's land reform initiatives, through the timely release of state land under its control for land restitution and redistribution purposes. The Department actively assists the Department of Land Affairs (in particular, the Regional Land Claims Commissioners) to facilitate the resolution of land claims. In the 2005/2006 financial year, the Minister of Public Works approved the release of 34 properties (together in extent 6 932 hectares) for land reform purposes.

Land Affairs Board: The Land Affairs Board was established in terms of the Land Affairs Act, 1987 to advise Government on the value of immovable assets and rights therein. The Act allows the Minister of Public Works to appoint five (5) members from the private sector, in addition to officials of State. The members of the Board are usually drawn from the valuers' profession and related property professions. There is a need to amend the legislation to allow for an increase in the number of persons that may be appointed to the Board from the private sector. This will ensure a broad array of expertise on the Board and adequate representation at all times.

In the acquisition and disposal of immovable assets, the Department only makes use of valuers registered with the SA Council for the Valuers Profession. The Department utilises the Land Affairs Board to verify the assessments of such valuers. Certain organs of State base their decisions to acquire or dispose of immovable assets on the superficial assessments of often inexperienced or insufficiently qualified valuers. There is therefore a need to extend the utilisation of the Board's expertise to such organs of State.

12.7.3 Analysis of constraints and measures to overcome them

- The key constraints facing this unit:
- High barriers of entry to the sector due to high capital requirements
- Slow transformation of the sector
- Lack of skills
- Fragmentation of asset management within government

12.7.4 Specification of measurable objectives and performance indicators

Table 24: Sub-programme 3.2: Property Industry Development Programme: Measurable objectives, performance indicators and targets

Property Sector Policy			
Strategic objective	Output	Indicator	Targets
Provide leadership for transformation, growth and development of Property Sector	Property Sector Charter	Adopted Charter	April 2006
	Growth and development strategy for Property Sector	Growth and transformation of the sector	2006 / 2007
Immovable Asset Management Policy			
Strategic objective	Output	Indicator	Targets
Introduce policy framework that establishes best practice for the management of immovable assets in government	Government-wide Immovable Asset Management Act (GIAMA)	Government-wide Immovable Asset Management Act	2006 / 2007
	Regulations issued in terms of GIAMA	Guidelines, norms and standards to regulate strategic planning; acquisition, maintenance/ management, disposal and monitoring and assessment	2006 / 2007
Custodial Responsibilities			
Strategic objective	Output	Indicator	Targets
Upgrade and enhance the register of immovable assets under the control of the NDPW	Upgraded and enhanced register of immovable assets	All assets under control of Department captured in register duly reflecting key information.	March 2008
		Vesting of state land under the control of the NDPW	2008/09
Amendment of the Expropriation A	Modernised Expropriation Act	Enacted Expropriation Act	2006/2007
Facilitate the rendering of expert advice by the Land Affairs Board to DPW and other organs of the State	Strategy to promote awareness and use of Board's expertise	Increased awareness and use of Board's expertise by organs of State	March 2007
		Legislation amended to increase capacity of Land Affairs Board	2006 / 2007

12.8 Sub-programme 3: Expanded Public Works Programme

12.8.1 Introduction

The President announced during his State of the Nation 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 co-ordination of the programme. The EPWP is considered one of Government's short to medium-term programmes for creating additional employment. 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.

12.8.2 Polices and priorities

Infrastructure Sector: The DPW is the lead department in this sector. Other national departments are Transport, Housing, Provincial and Local Government, Water Affairs and Forestry, Public Enterprises and Education. Provinces and municipalities are the key implementing bodies for infrastructure sector projects. The Independent Development Trust (IDT) and Eskom (through the Department of Minerals and Energy) have also been drawn into the Infrastructure Sector Plan.

Approximately R15 billion (i.e. one-third of the national budget) will be spent over the next five years on labour-intensive construction projects. At least 174 800 net job opportunities were created in this sector over the 2004-05 financial year.

One key support initiative of DPW in this sector is the Yuku'uphile Contractor Learnership programme that is being implemented in partnership with the Construction SETA. This programme trains individuals and supervisors to become qualified labour-intensive contractors and site supervisors. The programme aims to train 1000 contractors and 2000 site supervisors nationwide, thus adding substantial capacity to the small contractor pool to execute the increasing number of labour-intensive EPWP projects that are being put out for tender. In addition this programme allows public bodies to kickstart the EPWP by immediately ringfencing part of their project portfolio as EPWP projects. At the start of 2006/07 approximately 900 individuals were being trained as contractors or site supervisors in all the nine provinces.

In addition to this, DPW has also been working with the Local Government SETA and the Construction SETA to train officials to implement the EPWP. Over 1200 officials have received accredited training on the implementation of EPWP projects around the country.

With the awareness around the EPWP established now, the focus in 2006/07 is to start working very closely with municipalities to implement the EPWP. This will include the identification of appropriate projects, ensuring that they are designed and implemented in accordance with the EPWP Guidelines and that the local communities are mobilised and briefed so that their contribution is maximised as well.

Social Sector: Three departments drive this sector, namely Social Development, Health and Education. Social Development is the lead department. Two focus areas have been identified for immediate work and training opportunities in this sector. These are the Home Community Based Care (HCBC) Programme and the Early Childhood Development (ECD). The Social Sector Plan aims to create a total of 231 000 work opportunities, with 125 000 in the HCBC Programme and 106 000 in the ECD.

DPW assisted the social sector with the preparation of an EPWP social sector action plan. The purpose of the action plan is to address the delivery challenges and facilitate the acceleration of existing plans in addition to further expanding the programme in line with the commitments made in the President's 2005 State of the Nation Address and the Programme of Action. Work is currently being done with SETAs to put in place the required qualifications and training programmes for Early Childhood Development (ECD) and Home Community-based Care (HCBC) programmes. The Social Sector co-ordinating Committee is working with provinces to consolidate HCBC programmes into a single programme aligned to the EPWP, with clarity between volunteers and EPWP workers.

An additional R4.2 Billion has been allocated to the provinces as part of the provincial equitable share to expand ECD and HCBC from 2006/07 to 2008/09. Work is also underway to undertake an evidence based study to identify additional work opportunities in the social sector. This study will also determine the required management capacity for managing expansion in the sector.

Economic Sector: The sector focuses on developing and supporting emerging enterprises. The EPWP economic sector will develop and/or support 3000 sustainable businesses in various sectors over the period 2004/05 – 2008/09. It is also assumed that each of the 3000 businesses will employ 3 persons.

In order to achieve the assumption that each venture will employ 3 persons, it is imperative that the EPWP economic sector develops and supports ventures to the extent that each of the ventures are sustainable post exiting the EPWP venture support programme. The EPWP venture creation programme therefore simultaneously addresses common challenges faced by emerging enterprises, namely lack of business skills; lack of access to finance; and lack of access to markets. The venture creation support programme is known as the EPWP Venture Creation Learnership Programme.

All of the 3000 venture beneficiaries will (i) receive NQF business – related training and consequently a National Certificate in Business, (ii) have access to finance through a high-street bank and consequently develop a relationship with a high street bank; (iii) register as new companies (cc's) and be awarded contracts from Government for the execution of projects, as the practical component of the learnership and (iv) receive mentor assistance and guidance during the execution of Government contracts.

The programme is linked to the National Skills Development Strategy, which emphasizes the development of 10 000 small businesses by March 2010, through the New Venture Creation Learnership. However, the key addition with the EPWP Venture Creation Learnership Programme is the set-aside of Government contracts for SMME and skills development, which serves as the practical component of the learnership. These set-asides contracts are in accordance with Treasury Regulations and are limited only to the duration of the learnership. The set-asides contracts are critical for the development of emerging enterprises for each of the venture beneficiaries will develop a proven track record of project performance and completion, which is critical for sourcing further work either through the open-tender process or private sector opportunities.

These Government set-aside contracts can relate to events management, school building, air-conditioning installation, IT works, project management, cleaning services, bread making, pest control, electrical work and more. A study has been undertaken to determine which sectors hold the greatest opportunities for emerging enterprises and the goods and services procured by Government in these sectors are deemed for set-aside contracts. Through the EPWP venture creation support programme, various HDI businesses will be developed in various sectors. The programme is therefore a key link between the 1st and 2nd economies and will contribute to broad based BEE.

Environment Sector: The environmental and cultural sector involves the employment of people on projects to improve their local environments, under programmes initiated by the Department of Environmental Affairs and Tourism (which heads the sector), Department of Agriculture,

Department of Arts and Culture, Department of Water Affairs and Forestry and the Department of Science and Technology.

These programmes include working for water, people and parks, coastal care, land care programmes, growing a tourism economy, working on fire and wetlands programmes and community-based natural resource management. This sector brings together the powerful combination of building South Africa's natural and cultural heritage, and utilizing this heritage to create both medium and long-term jobs and social benefits. This also applies to particular ways of working with communities, building on their historical custodianship of these resources and locating projects within the broader sustainable development strategy.

12.8.3 Analysis of constraints and measures planned to overcome them

Although the EPWP is meeting its set targets and is on track to achieve its overall 5 year objective of creating one million jobs, a number of constraints have been identified, that if addressed, will enable the EPWP to surpass its original targets.

The following is a list of constraints that are to be prioritised:

- **Achieve broad based understanding and acceptance of EPWP deliverables:** The EPWP is currently not clearly understood in all public bodies. DPW will focus on ensuring that the key deliverables per sector are clear and understandable.
- **Ability to focus resources:** The wide ranging and cross-cutting nature of the programme initially requires a focus of resources on priority areas to enhance impact.
- **Internal communication:** The EPWP Unit must share information and lessons learnt so that all members of the unit are informed and acting in a co-ordinated manner.
- **External PR and marketing:** The ability to profile the EPWP in an effective manner both to achieve higher profile and to promote accountability within the relevant public bodies is essential.
- **Ability to monitor and report results:** The EPWP commits to the achievement of critical targets. The ability to monitor and report on these outcomes explicitly is essential.
- **Ability to mobilize sufficient political and administrative support:** The cross-cutting nature of the EPWP and its reliance on other public bodies to implement means that substantial potential and administrative support is essential.
- **Move beyond infrastructure bias:** At present the EPWP is mainly viewed as an "infrastructure programme". The environmental, social and economic sectors will also be emphasised.
- **Ability to train all the beneficiaries:** The EPWP is committed to the transfer of skills to participants in its programmes. The ability to achieve this is dependant on linking beneficiaries to Training Service Providers and skills development funding controlled by DoL.

Various interventions have been put in place to address the above viz.

- **Identify broader base of political champions (National, Provincial, Municipal and State Owned Enterprises):** This will be achieved through engagements at a political and senior administrative level with partner departments to ensure the EPWP is incorporated into Departmental plans.
- **Ensure access to relevant training for all EPWP beneficiaries:** The alignment of the EPWP to the National Skills Development Strategy (NSDS) is a crucial intervention to ensure that resources from the DoL (National Skills Fund) and SETAs are used to support the EPWP. The contribution of the EPWP to the NSDS will also be addressed in this process. Various initiatives to align the planning of EPWP with that of SETAs and the DoL have been put in place.
- **Technical support:** The provision of technical support will be aligned to partner initiatives, such as the Business Trust, to ensure that assistance is provided to public bodies to maximise job creation potential on the EPWP. In addition guidelines for each sector will be developed to assist with implementation of the EPWP.

- **Establishment of a learning network which promotes and supports best practice:** A learning network will be established that would assist in documenting and assisting with the dissemination of EPWP best practice initiatives throughout the country. The intention of this would be to look at ways of replicating successful initiatives in other areas. This will be supported by improved reporting, monitoring, profiling and recognition of achievements.

12.8.4 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. At least 223 400 gross work opportunities (at least 174 800 net work opportunities) were created by the end of the financial year 2004/05. The total wages paid to workers on EPWP projects amounted to more than R823m.

The table below highlights some of the key measures of the EPWP that will be monitored on a quarterly basis. In addition a number of evaluation studies will be conducted starting in 2006/07 to evaluate the impact of EPWP on beneficiaries and broader communities as a result of increased service delivery.

Table 25: EPWP Objectives to be monitored and evaluated

Objective	Measure
Over the first five years to create temporary work opportunities and income for at least 1 million unemployed South Africans	<ul style="list-style-type: none"> • Number of total job opportunities, as well as those for women, youth and people with disabilities • Person days and person years of work • Average income of EPWP participants per sector • Total income paid out to previously unemployed • Average duration of employment
To provide needed public goods and services, labour-intensively, at acceptable standards, through the use of mainly public sector budgets and public and private sector implementation capacity.	<ul style="list-style-type: none"> • Cost of goods and services provided to standard in the infrastructure, environment and culture and social sectors • Cost of each job created • The total number of additional beneficiaries who have access to social services, e.g. additional children who have access to ECD services, households served through HCBC • Overall project expenditure • Total number of EPWP projects • Geographic location of projects
*To increase the potential for at least 14% of public works participants to earn future income by providing work experience, training and information related to local work opportunities, further education and training and SMME development.	<ul style="list-style-type: none"> • % Of participants at point of exit to secure • Employment • Education or training (as well as average duration of training) • Access to SMME opportunities

Notes:

*It is estimated that the breakdown of work opportunities for the various sectors would be as follows: Infrastructure - 8%; Environment & Culture - 10% Social - 40% and Economic - 30%

12.9 Reconciliation of budget with plan

Table 26: Nominal Expenditure on Programme 3

Programme 3: National Public Works Programme	Year – 2 (2003/04) (actual) (R'000)	Year – 1 (2004/05) (actual) (R'000)	Base year (2005/06) (estimate) (R'000)	Nominal average annual change (%)	Year 1 (2006/07) (budget) (R'000)	Year 2 (2007/08) (MTEF Projection) (R'000)	Year 3 (2007/09) (MTEF Projection) (R'000)	Nominal average annual change (%)
3.1 CIDP	32 942	72 350	34 295		55 943	58 014	61 659	4.99
3.2 CBPWP	277 702							
3.3 EPWP		24 525	51 781		33 240	36 742	41 568	11.84
3.4 PIDP			10 200		8 858	9 029	9 215	2.00
3.5 Administration			25 115		767	820	879	7.06
Total Programme 3	310 644	96 875	121 391		98 808	104 605	113 321	7.10

Notes:

The Community-based Public Works Programme devolved to the municipalities at the end of the 2003/2004 financial year resulting in the sharp decrease in the 2004/05 financial year. The 25.31% increase in the base year is mainly due to EPWP being fully operational and approved roll-over funds made available for specific initiatives. The average increase of 7.10% from the 2006/07 financial year and onwards can be contributed to additional funding of R10m, R12m and R15m made available to EPWP over the three financial years respectively.

Table 27: Real Expenditure on Programme 3

Programme 3: National Public Works Programme	Year – 2 (2003/04) (actual) (R'000)	Year – 1 (2004/05) (actual) (R'000)	Base year (2005/06) (estimate) (R'000)	Nominal average annual change (%)	Year 1 (2006/07) (budget) (R'000)	Year 2 (2007/08) (MTEF Projection) (R'000)	Year 3 (2007/09) (MTEF Projection) (R'000)	Nominal average annual change (%)
3.1 CIDP	31 225	69 234	32 631		53 228	55 251	58 723	5.04
3.2 CBPWP	263 224							
3.3 EPWP		23 469	49 268		31 627	34 992	39 589	11.89
3.4 PIDP			9 705		8 428	8 599	8 776	2.05
3.5 Administration			23 896		730	781	879	7.08
Total Programme 3	294 449	92 703	115 500		94 013	99 624	107 925	7.15
Inflation rate based on CPI	5.5	4.5	5.1		5.1	5.0	5.0	

Notes:

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

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

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

13. PROGRAMME 4: AUXILIARY AND ASSOCIATED SERVICES

13.1 Objective

The main objective of the programme is to provide funding to various auxiliary and associated functions, such as: compensation for losses; assistance to organizations for the preservation of national memorials; logistical support on various state functions as well as the sector education and training authority.

13.2 Situation Analysis

13.3 Policies, priorities and strategic objectives

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

Strategic Goal: Good (Corporate) Governance
<p>Strategic Objectives</p> <ul style="list-style-type: none"> • Compensating for losses incurred in the State housing guarantee scheme when Departmental officials fail to fulfil their obligations • Providing funding to the Commonwealth War Graves Commission and the United Nations for maintaining national memorials • Providing logistical arrangements for State functions, such as State funerals, Presidential inaugurations, etc • Providing for the purchasing of vehicles for the Department's use • Providing for the Department's obligations in terms of the National Skills Development Act, 1998 (Act 97 of 1998) • Providing financial assistance to the Parliamentary Villages Management Board

13.4 Analysis of constraints and measures planned to overcome them

The major constraint in this programme is the unpredictable nature of some of the activities.

The department is responsible for the procurement of logistical facilities for State functions such as state funerals, Presidential inaugurations, Ten years of Democracy Celebrations, etc. Most of these functions are not always possible to predict in advance. The programme faces the following challenges regarding the State functions sub-programme:

- Highly under-funded because the number and size of functions are difficult to predict in advance.
- Attempts to request additional funding from NT through the Adjustment Estimates have not succeeded.
- An attempt to improve the baseline allocation through the MTEC submission will continuously be made.

Regarding the transfer payment to the Common Wealth War Graves Commission, the major challenge is the fluctuations of the foreign exchange rate which are also very difficult to predict over the MTEF period. Adequate provision has to be made on the budget to ensure that negative foreign exchange fluctuations have the least impact on the budget allocation.

13.5 Description of planned quality improvement measures

The Department will consider submitting a special request for additional funding with the next MTEC submission to increase the allocation for the sub-programme State Functions. 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 claim from the Common Wealth War Graves Commission is continuously being followed up with the Department of Foreign Affairs. 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.

13.6 Specification of measurable objectives

Facilitate the timely transfer of funds to organizations for the preservation of national memorials and to the Parliamentary Villages Management Board and timeously carry out its obligations on state functions.

13.7 Reconciliation of budget with plan

Expenditure trends

The expenditure trends for the programme are usually very steady except in the 2004/05 financial year a sharp increase of 209% occurred due to a number of State functions taking place for example the Presidential Inauguration and the Ten Years of Democracy Celebrations. The average increase per annum over the MTEF period is more or less 6% and caters for changes in the exchange rate regarding the maintenance of War graves and National memorials

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

Sub-programme	Output	Measure	Target
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
Parliamentary Villages Board (Grant-in-aid)	Transport subsidy to members of Parliament	Timeous payment of invoices	100%

14. EXPENDITURE BY PROGRAMME

Table 30: Nominal Expenditure by Programme

Programme 3: National Public Works Programme	Year – 2 (2003/04) (actual) (R'000)	Year – 1 (2004/05) (actual) (R'000)	Base year (2005/06) (estimate) (R'000)	Nominal average annual change (%)	Year 1 (2006/07) (budget) (R'000)	Year 2 (2007/08) (MTEF Projection) (R'000)	Year 3 (2007/09) (MTEF Projection) (R'000)	Nominal average annual change (%)
Administration	419 797	497 052	551 879	14.72	593 211	607 830	643 249	4.15
Provision of Land and Accommodation	1 280 552	1 608 660	1 668 193	14.66	2 369 024	2 762 080	3 095 211	14.33
National Public Works Programme	310 644	96 875	121 391	-21.75	98 808	104 605	113 321	7.10
Auxiliary and Associated Services	13 517	41 822	17 407	75.5	19 138	20 095	21 379	5.70
Special Functions								
Total	2 024 510	2 244 409	2 358 870	7.98	3 080 181	3 494 610	3 873 159	12.15

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

Programme 3: National Public Works Programme	Year – 2 (2003/04) (actual) (R'000)	Year – 1 (2004/05) (actual) (R'000)	Base year (2005/06) (estimate) (R'000)	Nominal average annual change (%)	Year 1 (2006/07) (budget) (R'000)	Year 2 (2007/08) (MTEF Projection) (R'000)	Year 3 (2007/09) (MTEF Projection) (R'000)	Nominal average annual change (%)
Administration	397 912	475 648	525 099	14.97	564 425	578 886	612 618	4.20
Provision of Land and Accommodation	1 213 793	1 539 388	1 587 244	14.97	2 254 067	2 630 552	2 947 820	14.38
National Public Works Programme	294 449	92 703	115 500	-21.96	94 013	99 624	107 925	7.15
Auxiliary and Associated Services	12 812	40 021	16 562	76.9	18 209	19 138	20 361	5.75
Special Functions								
Total	1 918 967	2 147 760	2 244 405	8.21	2 930 715	3 328 200	3 688 723	12.20
Inflation rate based on CPI	5.5	4.5	5.1		5.1	5.0	5.0	

Notes:

Comparable to last year's actual real expenditure on programme 1, the figures have been changed retrospectively as a result of implementation of programme structural changes.

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

** Projected average p.a. changes between base year and Year 3

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

The expenditure trend rose with 10.86% in the 2004/05 financial year due to once-off earmarked funds received to cover the backlog payments on municipal rates and services. This once-off allocation caused that the allocation for the 2005/06 financial year only increased with 5.10%. Additional funding regarding EPWP, Ports of Entry and Re Kgabisa Tshwane Programme as well as the special allocation for the new sub-programme: Augmentation of the Property Management Trading Entity resulted in an increase of 30.58% in 2006/07 with a carry through effect in the ensuing financial years with increases of 13.46% and 10.83% respectively.

15. MEDIUM TERM REVENUES

15.1 Departmental Revenue Collection

Table 32: Departmental revenue collection: DPW

Description	2001/02	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07	2008/09
	Actual	Actual	Actual	Actual	Estimate	MTEF	MTEF	MTEF
Current Revenue	17 536	14 458	15 129	27 222	20 680	12 494	12 311	13 095
Tax Revenue								
Non - tax revenue	17 536	14 458	15 129	27 222	20 680	12 494	12 311	13 095
Capital revenue	19 382	19 708	20 888	13 972	56 079	301 866	51 376	54 656
Sale of capital assets	8 556	10 197	8 002	8 291	46 444	300 500	50 000	53 192
Financial transactions	10 826	9 511	12 886	5 681	9 635	1 366	1 376	1 464
Total Departmental Revenue	36 918	34 166	36 017	41 194	76 759	314 360	63 687	67 751

15.2 Conditional Grants

15.3 Donor Funding

Table 33: Donor Funding

Project name	External Donors	Monetary contributions by donors (R'000)					Project Outcome	Departmental Reporting Responsibility
		2002/03	2003/04	2004/05	2005/06	2006/07		
Capacity Building	European Union	1 423	1 021	375				

Notes:

An amount of R5.6 million from European Union (EU) was received to fund the capacity building programme of Community Based Public Works Programme (CBPWP). The disbursement of the fund is shown above on table 33. The balance was surrendered to RDP fund in accordance with the condition of the grant.

16. CO-ORDINATION, CO-OPERATION AND OUTSOURCING PLANS

16.1 Interdepartmental and local government linkages

As part of the EPWP, the Department has entered into memoranda of understanding (MOUs) 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 are managing this programme together. In this partnership, the CETA is funding training for the contractors, the provinces and municipalities are providing projects for the learner contractors to execute and the Department is providing mentorship. The Department appointed regional mentors to assist the contractors. A total of 3 000 individuals will enter into these learnerships and all contractors in the programme are expected to collectively execute approximately R1 billion of work per year, creating approximately 40 000 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. The Department is also working with the Local Government SETA to train municipal officials to implement the EPWP.

The DPW and the CTMM as project co-sponsors for the RKTP have committed themselves to the success of the programme. In this regard, the two entities signed a Memorandum of Understanding (MOU) in November 2005. The MOU set out the bases of collaboration and spells out roles and responsibilities of each entity in the programme. The role of the CTMM is to provide both infrastructure and urban management services. The CTMM has integrated the programme City of Tshwane inner city development strategy to ensure that there is programme alignment. As custodians of national government's immovable fixed assets in the inner city of Tshwane, the DPW is responsible for providing long term accommodation solutions for public servants.

16.2 Public entities

Table 34: Details of Public Entities

Name of public entity	Main purpose of public entity	Transfers from the departmental budget			
		2003	2004	2005	2006
CBE #	Regulate built environment profession	2 000	3 000	3 000	8 000
IDT	Provide development management service to government				
CIDB	Develop Construction Industry	20 087	25 036	31 295	40 012
Agreement Board	Provide assurance via technical approvals of fitness for purpose of non-standardised construction products	5 830	6 000	6 000	6 840

16.3 Public-Private-Partnerships (PPPs), outsourcing etc

Public-Private-Partnerships will remain an important service delivery option for National Government departments in meeting their needs for serviced accommodation. Departmental involvement on PPP accommodation projects will be effected in support of its custodial function, as well as its function of providing accommodation to National Government departments. The Department will also continue to act on behalf of National Departments in the capacity of PPP Project Officer by mutual agreement. The Department's Re Kgabisa Tshwane Programme, in particular, will yield a number of additional PPP projects for new or refurbished Head Office accommodation. Current PPP projects within the Re Kgabisa Tshwane Programme comprise Head Offices for the departments of Foreign Affairs, Education, Land Affairs, Correctional Services and Environment & Tourism.

17. APPENDIX ONE:

ORGANISATIONAL INFORMATION AND THE INSTITUTIONAL ENVIRONMENT

17.1 Organisational design

The organisational structure categorizes different levels of authority and provides for the Director General's office, Chief Operations Officer, 6 Deputy Directors-General, 18 Chief Directorates, and 11 Regional Offices.

The organisational structure serves as a critical driver for the implementation of the strategy and mandate of the Department. The Human Resource Chief Directorate reports to the Chief Operations Officer and is required to ensure that an effective human resources service is provided to the business. As a custodian of HR policies and procedures it continues to promote human resource best practice.

The organisational structure is dynamic and is taking into account the strategic initiatives undertaken by the department, for example, the Re Kgabisa Tshwane Programme, Zimisele (Service Delivery Improvement Programme) and the devolution of client budgets.

17.2 Delegations

HR delegations are in place but need to be reviewed in conjunction with the review of organogram.

17.3 Human Capital

The core business of DPW is Asset Management. DPW is currently experiencing challenges regarding recruitment of built environment professionals. DPW is engaged in the process of developing a competence framework that will provide for core skills and competences required to optimise DPW programmes.

Designations in terms of levels of authority are mandated to deliver the following core functions;

- Planning, acquisition, maintenance and disposal of state properties,
- Asset management which includes investment, industry research and portfolio management
- Policy development, implementation and monitoring in terms of construction industry
- Project management, contract management and building maintenance service to other state departments

There is a high vacancy rate in terms of technical positions – of the 615 vacant posts between levels 8 – 12, 318 (51,7%) are for technically skilled professions like Project Managers, Engineers, Architects, Town Planners, Works Managers and Quantity Surveyors. Succession planning is in place to cater for the ageing workforce in the built environment professions.

17.3.1 Current Staff Complement – Age Analysis

Salary Level	Age Analysis											Total
	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	
1	6	28	21	33	30	29	11	3	4	0	0	165
2	9	52	102	276	403	387	422	350	197	11	0	2209
3	0	5	18	18	20	21	28	27	12	1	0	150
4	39	44	33	28	29	27	32	8	16	0	0	256
5	4	6	19	19	18	12	6	3	0	0	0	87
6	17	51	66	60	51	29	13	15	15	0	0	317
7	19	67	96	88	56	39	24	27	7	0	0	423
8	11	66	97	56	28	10	13	16	4	0	0	301
9	6	22	17	33	30	22	18	13	13	0	0	174
10	4	52	68	59	45	25	26	10	4	0	0	293
11	0	5	30	13	8	7	7	0	1	0	0	71
12	0	14	44	41	34	23	21	20	7	0	0	204
13	0	5	17	23	14	9	10	2	0	0	0	80
14	0	0	5	0	7	7	4	2	0	0	0	25
15	0	0	0	1	5	1	0	0	0	0	0	7
16	0	0	0	0	1	0	0	0	0	0	0	1
Unclassified	0	0	0	0	0	0	0	0	0	2	0	2
Total	115	417	633	748	779	648	635	496	280	14	0	4765

Notes:

The total number of posts on the approved establishment is 5 968. Currently 4 765 posts are filled, which means 1 203 are vacant. The figures above are as at 31 January 2006. The figure of 11 personnel at level 2 aged between 65 and 69 is being investigated – it could be due to inaccurate information captured on PERSAL or due to late implementation of retirements.

17.3.2 Human Resources Challenges

The following key areas have been identified as human resources' challenges within the Department:

- Attraction and retention of built environment professionals
- Performance culture which is conducive to sound service delivery
- Building a sound employee morale
- Ensuring compliance with legislation relating to labour relations and human resources
- Ensuring compliance with the Employment Equity Act and meeting employment equity targets according to different groups and occupational levels
- Impact of HIV/AIDS
- Managing employee stress and trauma, as a result of working within an unattractive/unsafe/violent environment
- Managing absenteeism and misconduct
- Provision of market related packages for scarce skills
- Promulgation of the Project Management Governing Act

17.3.3 Human Resources Strategic Initiatives identified

The above challenges serve as the foundation for the identification of strategic initiatives for the Department, within the human resources arena. In order to address the above-mentioned HR challenges, the following strategies will be employed;

• **Employment Equity**

The department will continue to implement Affirmative Action measures and EE strategies to promote Employment Equity in line with the EE Plan. The Employment Equity Consultative Committees were established and are actively involved in monitoring processes. A new EE Plan will be submitted to the Department of Labour to comply with this statutory requirement. Targets will be monitored closely with each office reporting progress on quarterly basis.

• **Entrenching Performance Management and Development System**

Focus will be on ensuring that all employees within the Department understand the Department's strategy and what their roles are in assisting the Department to achieve its goals. This process will be achieved through intensive training on the Departmental Performance Management and Development System.

• **Culture of Learning**

Emphasis will be on skill development to enable individuals to contribute towards the implementation of the Departmental strategy. Programmes will focus on both the technical skills required for task execution and the improvement of interpersonal competencies. There will also be emphasis on Leadership Development.

• **Employee morale**

Addressing low employee morale is receiving highest priority in the department.

• **Graduate Recruitment**

The department has embarked on a graduate recruitment process, as well as an internship and learnership programme.

• **Productivity improvement**

A climate survey was conducted during the 2005/06 financial year and its recommendations will be implemented in the 2006/07 financial year.

17.3.4 Transformation

All HR projects are geared towards the achievement of a transformed Department with respect to the promotion of sustainable service delivery.

17.3.5 Skills attraction, development and retention

DPW has developed a career management and retention policy, which is in a process of implementation, to support succession planning. Focus will also be on the proactive development of Senior Managers of the future to ensure the continuous availability of required competencies at any given time. Emphasis will be on retention of scarce skills. Critical posts will also be identified and a pool of employees who meet the set criteria will be assessed and appropriate developmental interventions will be designed for them, in line with their Personal Development Plans. Thus, implementation of scarce skills allowances is inevitable. A remuneration strategy to support the attraction and retention of employees in the scarce skills category has been drafted.

A skills audit is currently in progress for the 2006/07 financial year to assist the Department in establishing a data base that will generate information for the department's Workplace Skills Plan (WSP), and also help identify skills available and those required. The skills audit process will assist HRD in developing targeted training programmes that will help the organization to identify potential, fill competency gaps and address the needs of employees.

The department has moved towards ensuring recruitment of the right skills, and it affords its employees the opportunity to learn and develop in an environment that furthers competence, self improvement and goal attainment. Through organizational change and labour turnover, new opportunities have continuously arisen for bringing external talent into the organization. There is also a concerted effort to increase the appointment of women in senior management level and middle management level to reach the target of 45% or more.

In promoting the culture of performance and, enabling employees to deliver, there will be focus on developing their skills in line with the training needs analysis results. Over and above that, the Department will engage in multi-skilling and re-skilling efforts.

The department is currently implementing learnership, internship and Adult Basic Education and Education (ABET) programmes.

17.3.6 Improving productivity and service delivery

In line with the requirements of the Public Service Regulations, 2001 (Part VIII), the Departments Performance Management and Development System is administered in two levels i.e. SMS and Levels 1 to 12. The objectives of this system are to link individual performance and organisational performance in order to achieve strategic objectives of the Department and service delivery requirements. It is also to plan in advance how work will be done and agree on the criteria to measure performance and achievements in line with strategic objectives. The Department also strives to give performance recognition whilst at the same time addressing inadequate levels of performance.

The Department will assess factors impacting positively and negatively on employee productivity and service delivery, with a focus on both external and internal issues through mechanisms such as: conducting climate surveys; facilitating employee communication forums; and monitoring exit interviews and performance management issues.

Departmental communication is important and the following will be focused on:

- Communicate principles of Batho Pele
- Communicate departmental values, and principles of pro-integrity, to drive an anti-corruption ethos
- Develop mechanisms for two-way departmental communication, in order to:
 - Address mechanisms regarding service delivery improvement

- Facilitate the communication of problem solving suggestions in terms of productivity and promoting customer service; and
- Encourage engagement of all stakeholders and employees in service delivery excellence

Management style is being addressed through the Leadership Way approach. Development and implementation of an effective management development programme that addresses the above, through identification and development of management capabilities that promote and support a high performance workplace. The programme will target all line managers.

17.3.7 Employee well-being

The Department has assessed factors impacting positively and negatively on employee well-being, with a focus on both external and internal issues. Solutions have been developed and there are programmes in place for: HIV/AIDS; stress; workplace safety and wider environmental safety; and self-management. Monitoring and evaluation mechanisms to assess impact of interventions, and monitor ongoing departmental "health" have been put in place. Service providers have been appointed to support and implementation has begun.

In terms of Labour Relations, the Department seeks to:

- Create and sustain a healthy workplace through effective management of employees and Labour Relations
- Ensure compliance and risk management through development and implementation of Labour legislations HR policies, regulations and collective agreements
- Ensure that there is a sustainable support to all employee's managers and shop stewards through facilitating the provision of information sessions, workshops and training

17.3.8 Operational human resources policies, procedures and systems

DPW has recently developed a comprehensive HR Plan aimed at enhancing processes, and systems to enable appropriate involvement of line management, and minimise levels of bureaucracy. The HR Audit has been completed and the recommendations have been incorporated in HR strategic plan. The following will also be done:

- Review of human resources policies, processes and systems and consulting with line managers to identify problem areas and blockages;
- Check collective agreements to determine if proposed changes require consultation with labour
- Communicating HR interventions
- Enhance HR business processes

17.3.9 Skills Profile of Departmental employees based on the CORE

The verification of qualifications is currently under way, as part of the finalisation of the skills audit

Occupational Classification									
Profile of employees of the Department according to the Code of Remuneration									
Department of Public Works	Jan-06								Total
	African		Asian		Coloured		White		
	Female	Male	Female	Male	Female	Male	Female	Male	
Administrative Related	232	235	12	6	16	9	40	28	578
All Artisans in the Building Metal Machinery etc.	0	10	0	1	0	25	0	57	93
Architects Town and Traffic Planners	0	2	0	3	0	2	2	1	10
Artisans Project and Related Superintendents	0	1	0	0	0	0	0	3	4
Auxiliary and Related Workers	1	0	0	0	0	0	0	0	1
Building and other Property Caretakers	28	180	0	11	20	108	0	5	352
Bus and Heavy Vehicle Drivers	0	1	0	0	0	1	0	0	2
Chemical and Physical Science Technicians	0	3	1	0	0	1	1	2	8
Civil Engineering Technicians	0	2	0	0	0	1	1	5	9
Cleaners in Offices Workshops, Hospitals etc.	897	425	3	4	143	108	9	21	1,610
Client Information Clerks (Switchboard Reception Information Clerks)	7	1	0	0	1	1	3	1	14
Communication and Information Related	1	0	0	0	0	0	0	0	1
Computer Systems Designers and Analysts	1	1	0	0	0	0	0	0	2
Draught and Related Trades	1	0	0	0	0	0	0	0	1
Electrical and Electronics Engineering Technicians	0	0	0	0	0	0	0	1	1
Engineering Science Related	9	36	0	4	0	4	10	48	111
Engineering and Related Professionals	4	13	0	1	0	3	3	19	43
Farm Hands and Laborers	0	0	0	0	2	10	0	1	13
Finance and Economics Related	10	13	1	1	0	0	2	6	33
Financial and Related Professionals	11	13	0	1	1	0	6	2	34
Financial Clerks and Credit Controllers	23	20	1	0	4	4	41	10	103
Food Services Aids and Waiters	10	1	1	0	1	0	0	0	13
General Legal Administration and Related Professionals	2	5	1	3	1	0	1	1	14

Occupational Classification									
Profile of employees of the Department according to the Code of Remuneration									
Department of Public Works	Jan-06								Total
	African		Asian		Coloured		White		
	Female	Male	Female	Male	Female	Male	Female	Male	
Handymen	0	0	0	0	0	14	0	3	17
Head of Department / Chief Executive Officer	0	0	0	0	0	0	0	0	0
Horticulturists Foresters Agriculture and Forestry Technicians	1	2	0	0	1	1	1	4	10
Human Resources and Organizational Development and Related Professionals	10	12	0	0	1	0	2	1	26
Human Resources Clerks	13	10	0	0	0	0	8	1	32
Human Resources Related	15	28	0	4	0	3	3	2	55
Information Technology Related	1	1	0	0	0	1	0	1	4
Inspectors of Apprentices Works and Vehicles	10	37	0	9	0	7	0	51	114
Language Practitioners, Interpreters and other Communication	1	1	0	0	0	0	0	0	2
Legal Related	2	2	0	0	0	0	0	0	4
Librarians and Related Professionals	0	0	0	0	0	0	1	0	1
Library Mail and Related Clerks	20	9	2	0	5	1	13	0	50
Light Vehicle Drivers	1	18	0	1	1	12	0	4	37
Logistical Support Personnel	6	9	0	1	0	1	4	1	22
Material - recording and Transport Clerks	31	37	0	1	6	10	26	17	128
Messengers Porters and Deliverers	7	60	0	3	1	12	0	0	83
Other Administrative Related Clerks and Organizers	78	55	6	0	12	11	54	8	224
Other Administrative Policy and Related Officers	28	38	0	1	6	3	31	11	118
Other Information Technology Personnel	3	4	0	0	0	0	2	2	11
Other Machine Operators	0	1	0	0	0	0	0	0	1
Other Occupations	4	24	0	1	4	12	1	7	53
Other Printing Trade Workers	0	1	0	0	0	0	0	0	1
Psychologists and Vocational Counselors	1	0	0	0	0	0	0	0	1

Occupational Classification									
Profile of employees of the Department according to the Code of Remuneration									
Department of Public Works	Jan-06								Total
	African		Asian		Coloured		White		
	Female	Male	Female	Male	Female	Male	Female	Male	
Quantity Surveyors and Related Professionals not classed elsewhere	0	2	0	2	0	14	1	42	61
Risk Management and Security Services	0	1	0	0	0	1	0	1	3
Safety Health and Quality Inspectors	0	2	0	0	0	0	0	1	3
SAPS	1	0	0	0	0	0	0	0	1
Secretaries and other Keyboard Operating Clerks	41	4	3	0	4	0	30	0	82
Security Guards	3	29	0	0	1	3	0	5	41
Security Officers	1	11	0	0	0	6	0	10	28
Senior Managers	24	45	3	2	1	7	8	18	108
Statisticians and Related Professionals	0	1	0	0	0	0	0	0	1
Trade Laborers	0	286	0	1	0	95	0	11	393
Total	1,539	1,693	34	61	232	491	304	412	4,765

17.3.10 Skills/Competencies needed in the Department

- Financial Management
- Project Management
- Property Management
- Assets Management
- Information Technology
- Health and Safety Regulations
- Contract Maintenance
- HR Management
- Quantity Surveying
- Capital Project Maintenance
- Electrical Engineering
- Chemical Engineering
- Structural Engineering
- Cost Management
- Facilities Management
- Risk Management
- Sewage Process Design
- Professional Drawings
- Legal Administration
- Auditing
- PERSAL
- Labour Relations
- ABET 1-4
- Corporate Governance
- Town Planning
- HIV/AIDS
- Labour Based Technologies
- Building Installations
- Research Skills
- Building Maintenance
- Title Deeds Administration
- Architectural Drawings
- Property Evaluations
- Presidential Strategic Leader Development Programme
- Advanced Management Development
- Emerging Management Development Programme
- Adult Basic Education Training

Source: DPW's Workplace Skills Plan, 2005

17.3.11 Departmental Employment Equity Plan and Targets

Current Employment Equity Profile: December 2005														
Salary levels	Africans			Whites			Coloureds			Indians			Total	%
	Male	Female		Male	Female		Male	Female		Male	Female			
1	61	90	151	1	1	2	12	5	17	0	1	1	170	58,7%
2	848	861	1709	20	4	24	315	163	478	15	4	19	2230	
3	84	17	101	11	1	12	26	5	31	4	0	4	148	
4	108	57	165	24	8	32	32	6	38	2	1	3	238	
	1101	1025	2126	56	14	70	385	179	564	21	5	26	2786	
	76,3%			2,5%			20,2%			0,9%				
% should be for the next 5 years	-11,3%			12,5%			-10,2%			9,1%				
% should be per annum	-2,3%			2,5%			-2,0%			1,8%				
Actual figure per annum	-63			70			-57			51				
Salary levels	Africans			Whites			Coloureds			Indians			Total	%
	Male	Female		Male	Female		Male	Female		Male	Female			
5	24	35	59	3	2	5	11	7	18	0	3	3	85	23,7%
6	80	81	161	32	94	126	20	19	39	1	4	5	331	
7	78	122	200	73	84	157	26	11	37	0	6	6	400	
8	100	100	200	31	59	90	7	6	13	2	2	4	307	
	282	338	620	139	239	378	64	43	107	3	15	18	1123	
	55,2%			33,7%			9,5%			1,6%				
% should be for the next 5 years	9,8%			-18,7%			0,5%			8,4%				
% should be per annum	2,0%			-3,7%			0,1%			1,7%				
Actual figure per annum	22			-42			1			19				

Current Employment Equity Profile: December 2005														
Salary levels	Africans			Whites			Coloureds			Indians			Total	%
	Male	Female		Male	Female		Male	Female		Male	Female			
9	40	26	66	71	8	79	14	1	15	12	0	12	172	15,2%
10	114	59	173	59	17	76	11	5	16	7	3	10	275	
11	23	24	47	9	7	16	2	1	3	4	1	5	71	
12	76	24	100	64	14	78	11	2	13	8	5	13	204	
	253	133	386	203	46	249	38	9	47	31	9	40	716	
	53,5%			34,5%			6,5%			5,5%				
% should be for the next 5 years	11,5%			-19,5%			3,5%			4,5%				
% should be per annum	2,3%			-3,9%			0,7%			0,9%				
Actual figure per annum	17			-28			5			6				
Salary levels	Africans			Whites			Coloureds			Indians			Total	%
	Male	Female		Male	Female		Male	Female		Male	Female			
13	34	18	52	12	7	19	3	1	4	2	4	6	81	2,4%
14	8	4	12	6	1	7	4	0	4	2	1	3	26	
15	5	2	7	1	0	1	0	0	0	0	0	0	8	
16	1	0	1	0	0	0	0	0	0	0	0	0	1	
	48	24	72	19	8	27	7	1	8	4	5	9	116	
	62,1%			23,3%			6,9%			7,8%				
% should be for the next 5 years	2,9%			-8,3%			3,1%			2,2%				
% should be per annum	0,6%			-1,7%			0,6%			0,4%				
Actual figure per annum	1			-2			1			1				
Salary levels	Africans			Whites			Coloureds			Indians			Total	%
	Male	Female		Male	Female		Male	Female		Male	Female			
Population	1684	1520	3204	417	307	724	494	232	726	59	12	71	4747	
	67,5%			15,3%			15,3%			2,0%				
Male	2654	55,9%												
Female	2071	44,1%												

Notes:

The department's main focus is to provide and maintain buildings for the state, and it faces particular challenges when it comes to filling of technical posts by blacks. The problem lies with the available number of qualified black people in the country and those who have obtained official registration with the Engineering, Architect and Quantity Survey, and Valuations Councils of South Africa. There is a scarcity of registered blacks in the various professions even though the number of qualified graduates in those fields is high. DPW plans to recruit and develop 50 young professionals with minimum work experience from technical fields (i.e. engineering, quantity surveying, town planning, valuations and architecture, finance, human resources) annually.

Our employment equity requirements show that we need to develop previously disadvantaged groups of employees between levels 1 – 4 to be able to absorb them into the skilled level posts. The shortage of skilled female built environment professionals has hampered DPW's ability to meet its employment equity targets.

17.4 IT systems

17.4.1 Background & Understanding

An IS strategy was developed and implemented in the past two years. The new financial year will see a review of this strategy in order to be at pace with the new technology developments. Integration of systems will still remain a high priority for the next financial year. The unit has adopted a number of standards in order to ensure that integration and alignment happen early with every procurement and implementation of software packages and system developments.

17.4.2 Core Values

Similar to the strategic goals, the core values of the IS unit are still valid and will remain so beyond 2009. The unit adheres to the values listed below:

- Benchmarking and Setting up IT standards and procedures as a foundation for IT governance
- Providing Uninterrupted, professional, timely and value adding services to the entire DPW population
- Being a strategic partner and an electronic enabler for the achievement of the strategic objectives of the Department
- Reducing reliance and dependence on consultants by building internal IT capacity within the department
- Procurement and installation of modern technology for DPW
- Adherence to basic guiding principles provided for by legislature and any other relevant government Act such as Public Finance Management Act (PFMA), Information Technology Acquisition Centre (ITAC) guidelines
- Being accountable for the core business system(s) of the Department

Road map:

The purpose of the road map is to show how the IS unit moves from one maturity level to the next through implementation of various identified projects in order to achieve its strategy and vision. For each financial year the unit identifies IT Process Maturity Improvement priorities and related projects that would assist to move from one maturity level to the next. The road map below shows that the aim of the unit is to move from maturity level three to maturity level four in the next financial year (2006 to 2007) and to other levels in subsequent financial years.

Maturity Level 3		Maturity Level 4		Maturity Level 5	
(2006 to 2007)		(2007 to 2008)		(2008 to 2009)	
IT Process Maturity Improvement	Projects	IT Process Maturity Improvement	Projects	IT Process Maturity Improvement	Projects
Communication Vendor management Knowledge Center Assessment and Audit	Integrated Asset management system EPWP reporting tool Call Center/ CRM/VoIP Document Tracking and workflow system Video Conferencing E-procure GCCN/VPN	Maturity Assessment and Audit of all ongoing IT processes and continuous improvement	Enhancements to existing Projects	Maturity Assessment and Audit of all ongoing IT processes and continuous improvement	Enhancements to existing Projects

17.5 Performance management system

The 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) which 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 problems be identified during a Progress Review session a formal Performance Improvement Plan will be developed for the jobholder with the co-operation 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.

17.6 Audit queries and Auditor General's Audit Findings

The department was issued with an unqualified Auditor General report in its 2004/05 financial year. A significant number of audit issues were however raised as matters of emphasis by the Auditor General. An action plan has since been developed to address the weaknesses identified and the progress in resolving all such audit issues is closely monitored by the Top Management Committee of the department as well as the department's Audit Committee.

17.7 Internal Audit Function

The Internal Audit Function is under the control and direction of a fully functional Audit Committee, which has a charter that is revised annually and approved by the Executive Authority and Accounting Officer of the Department.

The Audit Committee composition is made out of external professionals from Legal, Commerce and Academic fields.

The Internal Audit Charter is revised annually to incorporate all the requirements of PFM Act and the new Standard for Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors.

A qualified Certified Internal Auditor (CIA); Certified Fraud Examiner (CFE) heads the Unit and all the audit staff and investigators are in possession of Degrees or Diplomas 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 develops annually a rolling Three-Year strategic plan which is done through a Strategic workshop conducted by the Chief Audit Executive, and the plan is presented for review and approval to the Audit Committee at the beginning of each financial year.

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

Financial and Operational Management: The Department is currently reviewing the Risk Management Plan of 2004 in order to identify all the critical risks of the Department that have an impact on its:

- Financial management
- Controls, both Financial and Operational
- Governance processes, and
- To ensure that each manager is effectively managing such risks. In addition to the Risk Management Strategy, the Fraud Prevention Strategy was also developed and adopted by management

Management Committees

- The department has a fully functional effective Audit Committee and is also currently being reviewed with a view to establishing a Risk and Audit Committee
- Regional and Head Office Audit Steering Committees were established to improve communication between the Department and the Auditor General's audit teams
- Financial Management and operational reviews are conducted on a bi-monthly basis

17.8 Implementation of PFMA

In compliance with the PFMA, the department established a Supply Chain Management function which saw the merging of two procurement functions that operated independent of each other before. During the 2004 calendar year, the department developed supply chain management policies and policy directives in compliance with the Supply Chain Management Framework issued by NT on 05 December 2003.

The challenge facing the department in this important task is to finalise the standard operating procedures commenced in 2004 and roll out supply chain management implementation throughout the department in 2005 and years beyond. In line with the Supply Chain Management Framework, the department will be merging the various supplier databases into one database with different categories during the 2005/06 financial year. In compliance with the Construction Industry Development Board Act, the department will adopt the Construction Industry Development Board's contractor database once it has been finalised as part of its supplier database for the contractor category.

18. Appendix Two: Legislation the Department of Public Works administers

NO.	1 SHORT TITLE OF ACT	2 NO. OF ACT	3 PURPOSE OF THE ACT	OTHER DEPT'S RESPONSIBLE
1.	A. Before Union: Section 3(1) of the Outspans Act, 1902	41 of 1902	Resumption of unused Outspans, and cancellation and delimitation of Outspan Servitudes.	Western Cape Province
2.	Pretoria and Military Supply Ordinance, 1905	34 of 1905	To transfer certain Crown Land to the Municipality of Pretoria upon certain conditions.	Gauteng Province
3.	B. During Union (1910 – 1961) Rhodes Will (Grootte Schuur Devolution) Act, 1910	9 of 1910	To provide for the surrender of the Grootte 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.	None
4.	Bethelsdorp Settlement Act, 1921	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.	Western Cape Province
5.	Mooi River Township Lands Act, 1926	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.	Kwazulu/Natal Province
6.	Carnarvon Outer Commonage Sub-division Act, 1926	17 of 1926	To provide for the cancellation of the title issued 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 matters incidental thereto.	Western Cape Province

18. Appendix Two: Legislation the Department of Public Works administers

NO.	1 SHORT TITLE OF ACT	2 NO. OF ACT	3 PURPOSE OF THE ACT	OTHER DEPT'S RESPONSIBLE
7.	Payment of Quitrent (Cape) Act, 1927	14 of 1927	To regulate the payment of quitrent by part owners of land subject to payment of quitrent and situated in the province of the Cape of Good Hope.	Western Cape Province
8.	Marburg Immigration Settlement (Social Board of Management) Act, 1927	43 of 1927	To provide for the constitution of a local Board of Management for the Marburg Immigration Settlement, country of Alfred, in the Province of Natal and certain incidental matters	KwaZulu/Natal Province
9.	Cape Outspans Act, 1937	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.	None
10.	Municipal Lands (Muizenberg) Act, 1941	9 of 1941	To make better provision for attaining the object of certain enactment by virtue of which certain lands adjoining False Bay are vested in the Council of the City of Cape Town.	Western Cape Province
11.	Cape Town Foreshore Act, 1950	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.	Western Cape Province
12.	1961 – 1994 (Republic – pre democratic elections) Kimberley Leasehold Conversion to Freehold Act, 1961	17 of 1926	To provide for the transfer of the ownership of certain even or licences 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	Northern Cape Province
13.	State Land Disposal Act, 1961	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.	Dept of Land Affairs

18. Appendix Two: Legislation the Department of Public Works administers

NO.	1 SHORT TITLE OF ACT	2 NO. OF ACT	3 PURPOSE OF THE ACT	OTHER DEPT'S RESPONSIBLE
14.	Removal of Restrictions Act, 1967	84 of 1967	To empower the Administrator of a province to alter, suspend or remove 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.	Provinces
15.	Paarl Mountain Act, 1970	83 of 1970	To provide for the transfer of the ownership of 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.	Western Cape Province
16.	Marburg Immigration Settlement Regulation Act, 1971	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.	KwaZulu/Natal Province
17.	Church Square Development Act, 1972	53 of 1972	10 To provide for the management and upkeep of the Church Square	Gauteng Province Department
18.	Section 34 of the General Law Amendment Act, 1972	102 of 1972	11 Section 34. Certain conditions of title applying in respect of immovable property owned by the State to lapse in certain circumstances.	None
19.	Sections 11(1)(b), 16 and 17 of the Lake Areas Development Act, 1975	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.	None

18. Appendix Two: Legislation the Department of Public Works administers

NO.	1 SHORT TITLE OF ACT	2 NO. OF ACT	3 PURPOSE OF THE ACT	OTHER DEPT'S RESPONSIBLE
20.	Expropriation Act, 1975 Note: Attached hereto please find legislation containing clause on expropriation and in which the Minister of Public Works either:- • exercise powers of expropriation on her own record or on behalf of other political office-bearers in terms of this Act; or, • is substituted by another political office-bearer expropriating in terms of their empowering legislation.	63 of 1975	15 To provide for the expropriation of land and other property for public and certain other purposes and for matters incidental thereto.	None.
21.	Rating of State Property Act, 1984	79 of 1984	16 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.	Dept of Finance
22.	Section I of the Transfer of Powers and Duties of the State President Act, 1986	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.	Various

18. Appendix Two: Legislation the Department of Public Works administers

NO.	1 SHORT TITLE OF ACT	2 NO. OF ACT	3 PURPOSE OF THE ACT	OTHER DEPT'S RESPONSIBLE
23.	Land Affairs Act, 1987	101 of 1987	20 To provide for the determination of amounts of compensation, purchase prices or rents in respect of immovable property expropriated, purchased or leased by the Department of Public Works and Land Affairs for public purposes and the giving of advise with regard to the value of land and purchase prices or rent 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.	Land Affairs
24.	Commonwealth War Graves Act, 1992	8 of 1992	21 To prohibit the desecration, damaging or destruction of Commonwealth War Graves, to regulate the disinterment, removal, reinterment or cremation of Commonwealth war burials and the removal, alteration, repair or maintenance of Commonwealth War Graves, and to provide for matters connected therewith.	Arts and Culture
25.	Periods of Office of Members of Councils for Architects, Engineers, Quantity Surveyors and Valuers Adjustment Act, 1995	14 of 1995	22 To provide for the Minister to extent the periods of office of members of the professional councils for further periods.	None
26.	Parliamentary Villages Management Board, 1998	96 of 1998	23 To provide for the establishment of a Parliamentary Villages Management Board and matters incidental thereto.	None
27.	Construction Industry Development Board Act, 2000	38 of 2000	24 To provide for the establishment of the Construction Industry Development Board; and matters incidental thereto.	None
28.	Council for the Built Environment Act, 2000	43 of 2000	28 To provide for the establishment of the Council for the Built Environment and matters incidental thereto.	None

18. Appendix Two: Legislation the Department of Public Works administers

NO.	1 SHORT TITLE OF ACT	2 NO. OF ACT	3 PURPOSE OF THE ACT	OTHER DEPT'S RESPONSIBLE
29.	Architectural Profession Act, 2000	44 of 2000	29 To provide for the establishment of the Council for the Architectural Profession and matters incidental thereto.	None
30.	Landscape Architectural Professional Act, 2000	45 of 2000	30 To provide for the establishment of the Council for the Landscape Architectural Profession and matters incidental thereto.	None
31.	Engineering Profession of South Africa, 2000	46 of 2000	31 To provide for the establishment of the Council for the Engineering Profession and matters incidental thereto.	None
32.	Property Valuers Profession Act, 2000	47 of 2000	32 To provide for the establishment of the Council for the Property Valuers Profession and matters incidental thereto.	None
33.	Project and Construction Management Profession Act, 2000	48 of 2000	33 To provide for the establishment of the Council for the Project and Construction Management Profession and matters incidental thereto.	None
34.	Quantity Surveying Profession Act, 2000	49 of 2000	34 To provide for the establishment of the Council for the Quantity Surveying Profession and matters incidental thereto.	None

19. Appendix Three: High Level Organisational Structure

