

SOUTH AFRICA WORKS BECAUSE OF PUBLIC WORKS

ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2007



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



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CHAPTER 1 – General Information

1.1 SUBMISSION OF THE ANNUAL REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY

The Honourable
Ms TA Didiza
Minister of Public Works

Minister, I have the honour of presenting the Annual Report for the Department of Public Works for the financial year ended 31 March 2007.

Mr Manye Moroka
Director-General
Department of Public Works
Date: 31 August 2007



1.2 Minister's Foreword

At my maiden budget vote speech as the newly appointed Minister of Public Works in early June 2006, I intimated to the members of the National Council of Provinces (NCOP), about our resolve as Public Works to step up our efforts to make a difference in the lives of the South Africans. This is in accordance with the unwavering stance of this government to create a better life for all by eradicating poverty, promoting development and accelerating employment creation. My assertions were spurred among others by the commitment of support pledged by my provincial counterparts and the Public Entities working with the Department.

In the same meeting, I paid tribute to the foreparents of Public Works namely, Ministers Jeff Radebe and the late Stella Sigcau for helping to lay concrete foundations from which social development, national transformation and economic growth will spring, facilitated by the selfless actions of men and women in Public Works.

In our various interactions with the management and staff, we reminded ourselves about the centrality of Public Works in poverty alleviation and how well the Department was positioned through its fixed property portfolio to contribute to the prosperity of the country. As public servants and Public Works employees in particular, we recognized that history has indeed put us at an advantage and blessed us with the rarest of opportunities to physically make a difference. With this realization, we raced to find innovative but rapid ways to improve our service delivery record particularly in the areas of efficiency and effectiveness. Our efforts culminated in the departmental Lekgotla of November 2006 which provided us with a common vision in the time leading to 2009.

Consequently the department adopted key strategic imperatives as a compass to inform its strategic direction. The identified strategic pillars are: asset management, the transformation of the construction and property industries, job creation through the EPWP and National Youth Service, relationship with our entities, building of quality human resource capital and the relationship between the department and parliament.

The immoveable asset portfolio of government epitomizes its wealth and is bedrock of service delivery. Government and its agents need (and deserve) a conducive physical accommodation from which to dispense essential services. Unless Public Works raises its standard with regard to provision of physical accommodation to government and its departments, the poor service will impact on the ability of government to fulfill its mandate, hence our assertion that South Africa can work as long as Public Works does its best.

Land and buildings also support socio-economic goals of government not least industry transformation and the advancement of habitable human settlements through land use for the construction of low cost houses and other land reform initiatives. Our management of these immoveable assets should be circumspect and their disposal treated with care and consideration, lest we denude the treasure chest of government and frustrate its future efforts.

The growing economy is also reflected in the sterling performance of the construction industry which before saw its growth stifled for almost three decades. Working with both the Construction Industry Development Board (CIDB) and the Council for the Built Environment (CBE), we have devised strategies to accelerate the promotion of the growth, development and transformation of this industry

including the implementation of a comprehensive human resource development strategy to reverse the current skills crisis. Strategic thrusts such as the National Infrastructure Maintenance Strategy of government as a part of Accelerated and Shared Growth Initiative of South Africa (ASGISA) will stimulate more investment in the sector and thus contribute to growth. As government we however, remain concerned with ongoing shortages of building supplies and their negative impact on the competitiveness of the sector.

Government driven initiatives such as the Expanded Public Works Programme (EPWP) and their apparent success in bridging the line between prosperity and poverty are a welcome relief. Halfway through its implementation, the EPWP is surpassing its job creation targets and benefiting more target groups including women and youth. This magnificent work was recognized with the inauguration of the EPWP Kamoso Excellent Awards in February 2007 in honour of all participants in the success of the EPWP. Earlier in 2007, the National Treasury also made available additional funding to increase the human resource capacity of the EPWP Unit. We look forward with anticipation to the launch of the National Youth Service in April 2007 under the aegis of EPWP to recruit, train, skill and eventually offer selective employment to the more than 10 000 youth expected to enroll.

The role of our Public Entities is fully acknowledged and their continued support encouraged. Our response time to the call of the President in 2005/06 to cooperate with the Department of Education in eradicating the problem of learners still receiving tuition under the trees, literally speaking, would not have been this responsive without the involvement of the CIDB through their Infrastructure Delivery Improvement Programme (IDIP) – a public sector

rapid infrastructure procurement and delivery tool. By 2006/07, Education reported a significant improvement to the problem. In 2007/08, we look forward to working with the Independent Development Trust (IDT) in taking up further challenges with the Department of Education, this time tackling “the eradication of mud schools and other inadequate school buildings” in the country.

This is the same spirit of partnership and cordial relation-building that we want to transcend to our relationship with the other institutions of governance. The seeds have been put in place and the last two financial years have seen the Department posting much improved audit reports as a result of a proactive attitudinal change best demonstrated by the placid cooperation with the Offices of the Auditor and Accountant General, the Select Committee on Public Accounts, other Parliamentary monitoring and oversight bodies including the Study Groups, the Portfolio and Standing Committees. Pieces of legislation currently in front of Parliament including the GIAMF Bill and the Amendment to the Expropriation Bill, owe their smooth passage through the legal processes to among others the favourable rapport we have cultivated with these bodies.

We approach the new financial year with the comfort born of knowledge that the fundamentals are in place for the Department and all its stakeholders to get down to work and deliver because “South Africa Works better if Public Works does its best”.



Ms Thoko Didiza, MP
Minister of Public Works



***Ms Thoko Didiza, MP
Minister of Public Works***



***Mr Ntopile Kganyago, MP
Deputy Minister of Public Works***



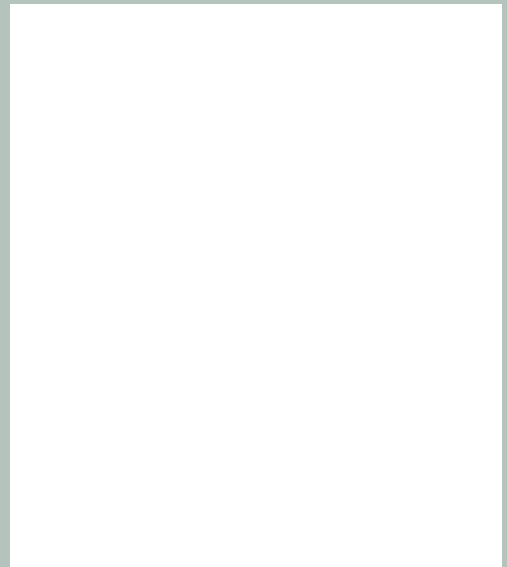
Ms Thoko Didiza, MP
Minister of Public Works



Mr Ntopile Kganyago, MP
Deputy Minister of Public Works



Mr Manye Moroka
Director General



Vacant, (Resigned 30/09/2007)
Deputy Director General: Operations



Executive Committee



Lydia Bici
Deputy Director General: NPWP and Policy



Sphiwe Mathobela
Deputy Director General: Asset Management



Zingi Ntsaluba
Deputy Director General: Finance and Supply Chain Management



Bongani Gxilishe
Deputy Director General: EPWP



Dumisa Dlamini
Deputy Director General: Re Kgabisa Tshwane Programme

1.3 Information on the Ministry

Institutions reporting to the Executive Authority:

- Construction Industry Development Board (CIDB)
- Council for Built Environment (CBE)
- Independent Development Trust (IDT)
- Agreement Board

Bills submitted to the legislature during the financial year

None were submitted

Deputy Minister's visits abroad

<u>Place</u>	<u>Date</u>	<u>Purpose</u>
India	31 March-09 April 2006	EPWP comparison



1.4 Vision, Mission, Values & Legislative Mandate

1.4.1 Vision

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

1.4.2 Mission

The Department of Public Works (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:-

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

1.4.3 Values

- Open Communication – All of the DPW family communicates regularly, frankly and openly with each other at all times
- Urgently – All members of the DPW family shall attend to all aspects of their work diligence and urgency
- Commitment – All members of the DPW family shall demonstrate commitment to their work and to serve client to the best of their ability, as well as show a higher level of commitment to get things done quickly, correctly, on time within budget.
- Integrity – All to demonstrate a high level of integrity and reject and expose corruption in all its manifestation
- Decisiveness – All must demonstrate decisiveness in the manner in which we perform our duties, accompanied by intolerance of slow action, inaction and most of all, incompetence and inefficiency



- Client focus – we shall be client focused in everything we do. Ways must be found to ensure that we communicate and consult with clients on a regular basis in order to build trust and a stronger partnership
- Team work – we are all part of a single department and all of us must start working towards the same goal of improving service delivery to our clients

1.4.4 *Key Strategic Imperatives*

- Asset Management
- Transformation of the construction and property industries and their reflections in the respective markets
- Poverty alleviation through public works programmes for job creation and skills development
- Strong value chain underpinned by effective relationships with our public entities
- Relationship with Parliament and its oversight bodies
- Build the Human Resources capacity in the Built environment sector, property and facilities management in order to execute our tasks efficiently

1.4.5 *Legislative mandate*

In terms of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), the President has allocated a functional mandate to the Department of Public Works. The Department provides land and accommodation to national government departments and institutions, manage such land and accommodation, is the custodian of national government immovable assets, provides strategic leadership to the Construction and Property industries and coordinates the implementation of the Expanded Public Works Programme.

The mandate of the Department is also confirmed through the annual Appropriation Act. The State Land Disposal Act (Act No 48 of 1961) furthermore mandates the Minister of Public Works to carry out functions related to land and accommodation.

CHAPTER 2 – Programme Performance

2. Programme Performance

2.1. Voted Funds

An amount of R3 116 726 000.00 was allocated to the Department during the year under review.

2.2. Aim of the Vote

The Department of Public Works aims to provide and manage the accommodation, housing, land and infrastructure needs of national departments, to co-ordinate the national expanded public works programme, and to optimise growth, employment and transformation in the construction industries.

2.3. Programme Summary

The Department has four programmes: Administration, Land and Accommodation, National Public Works Programme, and Auxiliary and Associated Services.

2.4 PROGRAMME PERFORMANCE

PROGRAMME 1

2.4.1 CHIEF DIRECTORATE: COMMUNICATIONS & MARKETING

2.4.1.1 PURPOSE: The Unit exists to formulate and implement communication and marketing strategies designed to position the Department and its Ministry among their various internal and external stakeholders, projecting their role and importance in service delivery, governance, social development, economic growth and national transformation.

2.4.1.2 HIGHLIGHTS: For the period under review the Unit experienced relative stability with regard to personnel movement and benefited immensely from the contribution of the three interns allocated by Human Resources.

Internally, the Unit continued to foster communications and mobilization through the regular and timeous production of myriad internal publications including Worxnews, Worxflashes, TMC and EXCO Briefs. It also supported the Zimisele initiatives through regular exposure including poster and notice board management, production of promotional material and continued cooperation with both the Zimisele facilitators to strengthen internal communication and Human Resources to intensify mobilization efforts aimed at exciting employees and boosting morale.

The contract with an external communication agent called The Agency added value and improved the turnaround times as demonstrated by the need for quick external communication and public announcements around the death of Minister Stella Sigcau in May 2006. The same partnership alleviated the odious tasks of staging big exhibitions such as the Rand and the Pretoria Shows, the Africa Building Expo and other exhibitions notably the "Taking Parliament to the People" campaigns. Other regular public relations events including small business week, ministerial izimbizo and the budget vote speeches were effortlessly carried out and concomitant branding and promotional material procured.

The appointment of the new Director: Media Relations in the office of the Minister added a boost to the already-strong relations with the media and continued to heighten the brisk interaction with various media houses and journalists. Some of the incisive media enquiries were directed at the role and the work of the Department at security projects around the Presidency whereas the advertising and media campaigns covering the National Construction Week, Expanded Public Works Programme projects



and the role of women in construction also received a fair share of publicity.

Intergovernmental relations with the provincial Departments of Public Works remained buoyant thanks to the improved and largely effective Public Works Communicators Forum (PWCF). The quality of the reporting and the outputs as well as coordination and cooperation reached new heights and this was reported at a meeting between the Forum and the newly appointed Minister of Public Works on 12 February 2007 in Pretoria, Tshwane.

2.4.1.3 CHALLENGES: The function continues to suffer lack of sufficient financial resources to enable it to carry out all of its obligations against the strategic objectives set out in the business plan. The impending hosting of the FIFA Soccer World Cup Tournament in 2010 and the pressure on government to meet its commitments to FIFA have meant that support services such as government communications and marketing will require consolidation to survive (probably under the leadership of Government Communication and Information Services – GCIS).

Consequently fewer sustainable advertising and marketing campaigns were recorded, reducing the function to identifying only important events for highlighting, all this at the risk of creating disjointed messages coming from disparate and short-lived campaigns.

In the meantime, the need to clarify areas of cooperation between internal communications and Zimisele internal facilitators, for the benefit of the entire workforce, became greater.

2.4.2 FRAUD INVESTIGATIONS SERVICES

During the past financial year the National Department of Public Works once again demonstrated its commitment towards good governance and a corruption free administration.

2.4.2.1 Achievements:

As far as fraud awareness and prevention is concerned, the unit has revised the department's Fraud Prevention Strategy to be aligned with the National Government's Anti- Corruption Strategy and best practice principles. The results of a fraud risk assessment are also incorporated in the Strategy.

The fraud awareness workshops conducted during the year enhanced the employee's understanding of their role in the fight against corruption as proven by the number of cases reported to Internal Audit and Investigations

The department has extended its co-sourcing of investigation and fraud awareness services from Deloitte and BEE partner Nkonki to further build the internal investigative capabilities of the unit. As part of this intervention, a training course was developed and presented to all the members of the unit.

The investigations conducted during the past financial year is proof of the unit's investigative capabilities. The following serve as examples:

- A private individual was successfully prosecuted and sentenced to 15 years imprisonment by the Specialised Commercial Crime Court in Pretoria, following an investigation by the unit which uncovered a fraud of R4,2 million.
- Investigations into irregularities with disposal of properties, award of lease agreements,

maintenance tenders and capital projects led to the dismissal of two senior officials and the suspension of a further 3 officials. Disciplinary action is currently in process against these officials.

- The investigations conducted by the unit assisted the department in taking corrective steps in its internal control environment as a measure to prevent fraud and corruption.

2.4.2.2 Challenges:

As far as the department's awareness campaign is concerned it is clear that there is still a need to continue with workshops to educate officials in the detection and prevention of fraud and corruption.

There is also a need to get management more involved in the implementation of our revised Fraud Prevention Strategy.

Limited resources has an impact on the effectiveness of the department's implementation of all the measures contained in the Fraud Prevention Strategy.

The growing number of cases meant that the department should continue considering the procurement of the services of forensic consultants to supplement its internal investigative capacity.

The improvement of controls has led to complex and innovative new fraud scams which make it more difficult to detect and investigate.

Protracted disciplinary proceedings and delays in the criminal prosecution of cases results in a serious challenge in terms of the capacity of the unit,

The recruitment and retention of qualified and experienced staff is a further challenge for the unit.

2.4.3. INTERNAL AUDIT SERVICES

2.4.3.1 Achievements

a. Charters

The unit revised its charter to cover both Internal Audit and Investigation activities, and it was adopted by the Accounting Officer [Director General] and the Audit & Risk Management Committee of the Department. The charter was implemented with effect from 1 April 2006.

The unit also facilitated the revision of the Audit Committee charter to incorporate oversight activities on Risk Management in the Department. The Audit Committee's name was also revised to Audit & Risk Management Committee to indicate their new role. This charter was also approved by the Minister and adopted by the committee. The unit also facilitated the committee's activities successfully during the year to ensure that it effectively fulfilled its responsibilities in line with its charter.

b. Capacity

The unit phased in all Audit Supervisor and additional Senior Internal Auditor positions for all the Department's Regions, to ensure the effectiveness of the unit in the evaluation of systems of internal controls, risk management and governance processes in the regions. This enabled the unit to successfully phase out the audit supervision which was provided by the co-sourced PriceWaterHouseCoopers consortium in accordance with the co sourcing contract. As a result the



consortium only provided Quality Assurance services in regional offices, as well as capacity building at Head Office to meet the unit's audit plan in cases where technical skills were lacking.

The unit also managed to attract permanent Computer Auditing skills at management level which were previously being provided by the PriceWaterHouseCoopers consortium.

c. Activities

The unit determined its audit activities based on the Prioritisation of the Department's Risk Management Plan which is revised annually and was adopted by both the Department's Management as well as the Audit & Risk Management Committee.

The unit managed to effectively implement about 70% of its planned activities and objectives, and the following are major activities covered by the unit's audits during the year:

- Follow up review on the development and implementation of the Department's Disaster Recovery Plan;
- Human Resources Management policies and procedures;
- Financial Management and Supply Chain Management policies and procedures;
 - Regional Property Management controls;
 - Regional Capital Procurement controls;
 - Asset Management policies and procedures;
 - Fraud Examination and Special Audit assignments;
 - Follow up audits of previous year's findings; and
 - Comprehensive Risk Assessment Facilitation.
- Recommendations made on the above audits

were adopted by management for implementation within reasonable time frames.

- The unit also facilitated the successful training and workshoping of all heads of sections in the Department on the Risk Assessment and Risk Management Plan development aimed at educating management members on the processes followed in the development of the Risk Management Plan as well as conducting a risk assessment. This resulted in the successful risk assessment facilitation process being conducted both in Regional Offices and Head Office, within the set time frames, as well as an improvement in the quality of risk assessment inputs given by management.
- The unit also managed successfully to implement its formal Internal Annual Assessment with the objective of assessing the unit's compliance to the unit's charter; International Standards for the Professional Practice of Internal Auditing and Code of Ethics; as well as the efficiency and effectiveness of the unit's assurance and consulting activities.
- The unit also developed a comprehensive Policies and Procedure manual in order to incorporate policies and procedures of internal audit activity and fraud investigation processes, to guide unit staff in the discharge of their responsibilities with regards to audits and investigations. The manual incorporates the Institute of Internal Auditors (IIAs) International Standards for the Professional Practice of Internal Auditing, IIA Code of Ethics, and other audit methodologies and best practice within the internal auditing environment.
- The unit also conducted its external quality assurance review/assessment as required by

the Institute of Internal Auditors (IIA). The review/assessment was conducted by a qualified, independent external reviewer appointed by the IIA, and the unit and Department obtained a positive assessment confirming conformity to the IIA standards for Professional Practice of Internal Auditing as well as its code of ethics and approved charter.

- Unit senior management members also participated in the provision of professional support to other public sector internal audit departments and municipalities through formal training sessions.

d. Training and Development

The unit conducted various training and development workshops facilitated by the Chief Audit Executive together with other senior management members within the unit, to equip staff members with skills to ensure that their activities are conducted in conformity to the IIA Standards for Professional Practice of Internal Auditing as well as its code of ethics, and that there's continuing professional education of staff members. The training conducted during the year included the following major aspects:

- Unit Policies and Procedure Manual and application thereof;
- Leadership and Management Skills; and
- Other professional, technical training on audit methodologies.

Training on the risk assessment and risk management plan development facilitation was also organized by the Chief Audit Executive and the PriceWaterHouseCoopers consortium in order to equip unit staff members with practical skills

of executing risk assessments throughout the Department.

The unit also has an effective internship program targeting post graduate internal auditing students who are trained in the unit on technical internal auditing processes and methodologies as well as the practical execution of internal activities, and all internship students trained were able to secure permanent employment opportunities before the expiry of their training contracts.

2.4.3.2 CHALLENGES

- The unit experienced capacity problems as a result of an increase in the resignations of staff members for higher positions.
- The unit continues to be impacted by lack of technical skills required to meet some of the responsibilities of the unit as a result of certain audit managers being transferred to the unit during the Department's transformation process.
- Delays in the completion and successful conclusion of audit phases due to non availability of critical information and documents.
- Non execution of the computer audit plan as requested by the Information Services unit management due to the implementation of new and improved general controls within the information services environment.
- Non availability of a risk assessment and management tool in the Department which would enable the unit to provide its assurance activities on the adequacy and effectiveness of the process followed in the Department for risk management.



2.4.4. INFORMATION SERVICES

2.4.4.1 Objectives

- To provide a comprehensive strategic analysis and decision support capabilities
- To provide and manage integrated asset management systems within the department
- To provide an integrated, holistic business/operational systems
- Reduce duplication of information management system
- To ensure proper IT strategy, policies and governance
- Develop the career paths of our staff
- To centralise acquisition and maintain and support ICT within the Department

Achievements

- Internet revamp: the department's internet was successfully revamped. New information will be added on a continuous basis
- E Procure: Software bought and installed. The first phase successfully completed. Second phase in progress
- EPWP System Development: started and first phase (development phase) was started
- Business Process Project: completed and handed over

- E Works Project: All screens developed, forums with Provinces started where IS interoperability architecture was designed and agreed with Provincial departments
- All external & (SITA) SLAs signed
- More experienced resources recruited
- Website fully designed (more integrated)
- 99.5% Uptime on network related services
- IT governance phase 1 successfully completed: (OBIT, SAM, ITIC)

2.4.4.2 Challenges:

Key among these included:

- the slow response from National Treasury with regard to asset management system
- Unclear request from supported units with regard to their system requirements
- IS Steering Committee – sittings not regular
- BI not successfully implemented
- Resignation of key resources (personnel)

PROGRAMME 2

2.5 ASSET MANAGEMENT

2.5.1 Purpose and Objectives

The Asset Management branch's capacity and competencies are focused on provision of land and accommodation. It must effectively and efficiently manage the lifecycle of immovable assets under the custodianship of the DPW for National government.

DPW mandate is to ensure that immovable assets, state owned and/or utilized, for delivering various government services yield functional, economic and social benefits to the State. In order to achieve this, the branch has the following three Chief Directorates:

- Portfolio Performance and Monitoring (PPM);
- Portfolio Analysis (PA); and
- Key Account Management (KAM).

The above functions are executed in line with the broader departmental objectives of improving service delivery, complying with corporate governance requirements, promoting Black Economic Empowerment (BEE) and contributing to the transformation of the construction & property industries, and implementation of the Expanded Public Works Programme (EPWP), Accelerated and Shared Growth Initiative South Africa (ASGISA) and Joint Initiative for Priority Skills Acquisition (JIPSA). Asset Management's values are built on accountability, trust, commitment, collaboration, problem-solving, morals, respect and humanism in order to improve efficiency, effectiveness and performance at the same time avoiding conflicts, corruption and negativity, thereby ensuring a stable, conducive and rewarding working environment for the proper management of immovable assets.

2.5.2 Background

In line with the Branch's core values, Asset Management's environment and design is aligned by values, vision and strategy that in turn will facilitate smooth implementation of the introduction of accommodation charges and innovation of value-added products. In support of our core values, purpose and the future business trajectory, Asset Management will use its best endeavors to

become a leading and dynamic market player in the provision of innovative asset, financial and property management solutions and economic intelligence through prioritization of maintenance, optimal space utilization, user-friendly work environments, joint ventures, mortgage debt instruments and equity carve-ins and outs where applicable. Prioritised in this quest are:

- The creation of pockets of excellence;
- Capacity and ability to compete robustly; and
- Becoming a world class organization by 2015 (Vision 2015).
- Contributing to Millenium Goal 2014 of reducing unemployment by half

There are strategic drivers in which each Chief Directorate within the branch is allocated a set of work streams covering the following:

- Defining the Branch's role through the development of a Regulatory Framework that is acceptable to clients. This framework will be premised on the Government-wide Immoveable Asset Management Bill;
- Developing means to managing immovable assets strategically by producing Asset Management Plans and ensuring optimal space utilization;
- Synergising the functions within the Asset Management Branch to achieve effective service delivery through well defined business processes covering Key Account Management (KAM), Portfolio Analysis (PA) and Portfolio Performance Monitoring (PPM);
- Educating internal and external stakeholders on the role, responsibilities and activities of the Asset Management Branch;
- Developing standards or toolkits to guide the



- Asset Management function; and
- Positively contributing to Accelerated and Shared Growth Initiative South Africa (ASGISA) and Joint Initiative for Priority Skills Acquisition (JIPSA).

2.5.3 Turn-Around Strategy Completion

As at 31 March 2007 the asset management turn-around strategy had been completed and submitted for discussions and approval through the department's institutional framework.

A turnaround strategy process was initiated with the intent of realigning the programs and activities of the Asset Management Branch to the broader findings and issues emanating from the Government-wide Immovable Asset Management Act (GIAMA) process, the White Paper on Transformation, the Devolution and introduction of accommodation charges and Zimisele (a Service Delivery Improvement Programme).

Certain key pertinent strategies and programs are proposed to turn around and improve on service delivery as it relates to provision and general management of immovable state assets. These include new proposed strategic frameworks such as:

- Essential Services;
- Identifying new sources of revenue generating potential and opportunities;
- Introduction of User Asset Management Plans for Client Departments;
- Completion of measurement of extents of state buildings in view of the introduction of the accommodation charges;
- Revenue generation and cost reduction measures;
- Financing and restructuring;

- Integrated approach to decommissioned and/or unutilised assets;
- Value enhancement; and
- Institutional reform.

The following principles underpin the turnaround strategy:

- Re-alignment of Organization: Changing the basis of operation from a traditional state administration to viable, value enhanced and cost effective organisation;
- Financial Sustainability: Departments will pay DPW an accommodation charge for state-owned properties which they occupy. This will create a situation where the full costs of managing and replacing accommodation-related immovable assets is transparent and is reflected on the budget of the department which utilises the assets for service delivery;
- Performance Standards: The basis of measuring the performance of immovable assets will be key to identify under-performance relating to under-utilisation, life-cycle costing and asset management plans. Clear benchmarks will provide a measurable comparing performance method to other sectors;
- Research and Development: The successful resolving of complex problems will require creative solutions. This implies proper management of infrastructure and accommodation. Research needs to be commissioned to find suitable solutions for construction methods, accommodation types, combined uses, best options and optimal locality;
- Legislative Development: Changes that will allow all state-owned provincial or national disposals to be approved by DPW. This legislative framework must precede all other legislation on disposal of

- state-owned properties and be incorporated as a legislative requirement in PSLDC's operation; and
- Balanced Transactions: The strategy provides a platform that enables meaningful BEE participation, ensures employment creation and maximizes value.

2.5.4 Specific Task Teams

Four specific task teams were set up by the branch with the sole purpose of enabling the departments listed below with seamless and better service delivery through the provision of land and accommodation. The initial departments to be catered for in this initiative are the South African Social Security Agency, South African Revenue Services and the departments of Labour, Foreign Affairs and Land Affairs

2.5.4.1 The South African Social Security Agency (SASSA) and DPW

The Asset Management Branch is providing technical assistance to the South African Social Security Agency (SASSA) in respect of Asset Management Broadly in terms of policies, systems and processes. The Asset Management branch has further provided guidance in terms of SASSA property administration functions and obligations. A Memorandum of Understanding has been signed that will guide future consultation and assistance.

2.5.4.2 Department of Foreign Affairs (DFA) and DPW

In December 2006, a task team was formed between DPW & DFA and the deliverables were the following:

- Compilation of the Memorandum of Understanding/Service Level Agreement.

- Review of the Foreign Property Bill in view of the promulgation of GIAMA.
- Reconciliation of the asset registers of DFA and DPW.
- The integration and vetting of foreign assets between DFA and DPW.

2.5.4.3 The South African Revenue Services (SARS) and DPW

The Department of Public Works met with the SARS, which is now a schedule 2 public entity in terms of the SARS Act, No 34 of 1997. SARS are in occupation of state owned properties and a task team has been set up between SARS and DPW to manage the relationship.

The purpose of task team is to determine the role of DPW and range of services required by SARS from DPW in the management of the SARS property portfolio comprising of both state owned leased properties.

2.5.4.4 Departments of Defence and Land Affairs and DPW

The Land Management Forum was set up by the Departments of Public Works, Land Affairs and Defence. The purpose of the forum is to address Asset Management issues such as:

- Reconciliation of property data between the three departments to ensure asset register data integrity;
- Identify Department of Defence (DOD) Underutilised and Unutilised properties to be released for land reform purposes, housing or any other uses that contribute to socio-economic objectives;



- Land audit of DOD properties performance to determine the level of utilization with regards to service delivery; and
- Ensure that DOD underutilised and unutilised properties are recommended for reallocation to other departments, provincial government departments through the Provincial State Land Disposal Committee (PSLDC) process and local governments.

2.5.5. Special Projects

2.5.5.1 Pan African Parliament (PAP)

Asset Management was tasked with the responsibility of finding a suitable permanent location for the Pan African Parliament (PAP). This is based on the decision taken by African Union Assembly held in Addis Ababa in July 2004 for the Republic of South Africa to host PAP. The following achievements were delivered in the facilitation of a permanent seat for the Pan African Parliament:

- Completion of the options analysis phase whose objective was to get a location for the PAP;
- Approval of Randjesfontein by the PAP Inter Ministerial Committee (IMC), Cabinet Committee on International Relations, Peace and Security as the preferred location for PAP;
- Options analysis skills transfer to the department through the options analysis process by the private sector;
- Approval of the procurement option for the PAP by the IMC.
- Approval of the budget by the IMC;
- Approval of the jury members and technical team structures by the IMC; and
- Appointment of the South African Institute of Architects (SAIA), African Union of Architects

(AUA) and International Union of Architects (UIA) for the Continent-Wide Design Competition;

- PAP project office established as per IMC recommendation. Project office located at Technopark Manhattan office park, south of Centurion;
- The launching and marketing of the competition through flighting of the PAP website and other means;
- Entries for the competition closed end of May;
- Integration with the continental objectives of NEPAD and
- The website address is www.papcompetition.co.za.

2.5.5.2 Salisbury Island

Salisbury Island is a property previously utilised by the Department of Defence in Durban and has since relocated to the other location in Durban. Transnet through the National Port Authority (NPA) approached the department with an interest to acquire the Salisbury island site from the State for port expansion. NPA proposed the acquisition of Salisbury island for re-development as a container handling facility. Securing Salisbury island will ensure that the Port of Durban consolidates critical land for expansion and sustainability.

The Minister approved the disposal of Salisbury Island to Transnet in October 2006. Salisbury Island was used by the Department of Defence (DOD) and is no longer required as a strategic location for DOD. The sale of Salisbury Island to Transnet will boost the economy of South Africa through the easing of port congestion in Durban.

In the interest of the national economic benefit, which will support international trade and tourism, the DPW

agreed to sell Salisbury Island to the NPA, subject to agreed term and conditions. The three parties DPW/ DOD/ NPA, have agreed to enter into a memorandum of agreement (MOA) that set out the basis of co-operation.

2.5.5.3 National Infrastructure Maintenance Strategy (NIMS)

This strategy was approved by Cabinet and DPW appointed as a lead department. Various consultative processes with various stakeholders including the CIDB, were initiated to crystallize and develop a firm framework and way forward in terms of driving the implementation of the strategy. The following institutional structure to manage the implementation of the strategy was proposed

- An institutional framework for the management of NIMS comprising political oversight function; and
- A steering committee up whereby key infrastructure departments are represented was also proposed.

DPW is championing NIMS whose budget is R 120 billion, R 139 billion and R 151 billion for the fiscal years 2007/08, 2008/09 and 2009/10. Its contribution is through planned maintenance and capital projects. To this end the following achievements on NIMS can be reported:

- DPW Planned Maintenance and Capital Works programme documents were transmitted to Department of Transport as part of the DPW contribution to NIMS;
- A communication of NIMS is currently being conducted. The NIMS steering committee recently met Members of Executive Council of Mpumalanga government including their

provincial Heads of Department with the purpose of communicating the strategy; and

- A programme management committee comprising of DPW and CIDB has been established.

2.5.6 Establishment and strengthening of cooperation between the various stakeholders and SOE

The Intergovernmental Relations Framework Act, 2005 (IRFA) is premised on provisions of Chapter 3 to the Constitution, dealing with Co-operative Government between the various levels of government, viz. National, provincial and local . Section 41 (2) provides that: "An Act of Parliament must:

- Establish or provide for structures and institutions to promote and facilitate intergovernmental relations; and,
- Provide for appropriate mechanisms and procedures to facilitate settlement intergovernmental disputes."

To this end the following achievements with regards to the establishment and strengthening of cooperation between the various stakeholders and State Owned Enterprises (SOEs):

- The UAMP was presented to the Head of Department Forum of all provincial government departments of Public Works;
- Various workshops were attended by representative of the Asset Management Branch regarding a workshop organized by the National Treasury regarding challenges of the Development Finance Institutions;
- A meeting wherein a skills development



programme of both senior management and the technical staff was being explored together with the Development Finance Resource Centre (DFRC);

- Discussions were held with various research and knowledge manufacturing entities and various universities with a view to establish cooperation and collaborate on key programs related to the property and the construction sector.; and
- Discussions and presentations have already been held with the Gauteng and Eastern Cape Provincial Departments on NIMS.

2.5.7 Prioritized Capital Works and Planned Maintenance 2006/07

For the second consecutive year, the branch rolled out concept of prioritized capital works and planned maintenance. Prioritised capital and maintenance is now done over the MTEF period as opposed to year on year. In view of the huge maintenance backlog and the constrained financial resources for maintenance of State-owned immovable assets and following the systematic prioritisation of the maintenance and capital budgets programme for 2005/06 financial year, Asset Management Branch has improved the efficiency by prioritising the said budgets for the MTEF period as opposed to year on year planning. Also the determining principles and factors in the prioritisation of maintenance were reviewed in order to make a significant socio-economic impact on government's programmes such as EPWP, NYS, Project Consolidate, ASGISA and other national priorities.

Maintenance and Capital budget planning for the new financial year will consider the holistic Asset Management Planning approach that encompasses strategic planning, service delivery objectives of

the clients as well as the functional performance of the immovable assets. This will ensure that the budgeting process is informed by better quality information which will result in improved budgeting for maintenance, capital works and operating costs.

For monitoring and evaluation purposes, a Planned Maintenance Budget Committee (PMBC) was established to prioritise all urgent new maintenance requirements. These requests are evaluated and confirmed within the bigger maintenance implementation plan for the MTEF period.

2.5.8 Asset Register Enhancement Programme (AREP)

Phase 1 of the Asset Register Enhancement Programme (AREP) focused on the capturing of floor area where the information did not exist on PMIS. Capturing of information was done via the contract workers in all NDPW regions. This was based on a three year programme to be finalized by the end of 2008 financial year. The PMIS data was sorted into fields that were communicated to each region and tracked on populated data captured on PMIS. This information will be provided. Progress to date is 94% completed. Regional managers committed to end March 2008 for finalizing all measurements and discrepancies.

Phase 2 of the the Asset Register Enhancement Programme (AREP) concentrates on capturing property status on PMIS related to unutilized facilities. With the inputs from verification made under the User Asset Management Plan project already completed. From the verification utilization (operational) and not occupied (utilised) will be checked undergoing cross-reference to produce a list of unutilized. This list will be investigated per region and progress monitored

per month. This will be on the same basis as AREP phase one the difference being the PMIS field used. Discrepancies associated with unutilized are also being corrected on PMIS.

The programme provided employment to 42 unemployed graduates from disadvantaged background to assist with the three year AREP ending on 31 March 2008. Phase one which included gathering and research of property information for property measurement was prioritized with excellent progress of 92% for 2006/7. Further updated property utilization information obtained during the compilation of the User Asset Management Plan has also assisted in the enhancement of the asset register.

Implementation of the GIAMA will greatly contribute to availability of reliable and up to date property information and avoid challenges previously experienced.

Below is a schedule of the number of Units where floor areas in square metres have been measured to date. It includes information researched up to 30 March 2007.

2.5.9 User Asset Management Plans (UAMP)

The User Immovable Asset Management Plan for each government department must inform the budget allocation process in terms of the annual strategic plans of the Department.

The User Immovable Asset Management Plans (UAMPs) relate to the accommodation requirements and current utilisation of immovable assets by National Government Departments and some agencies, aligned to their strategic objectives and strategic plans for periods 2005/06 to 2011/12. This high-level study has been conducted with the dual

aim of developing a comprehensive UAMP model, as well as establishing an initial overview of the current status of accommodative needs and requirements of each of the 39 specified users. It also identifies priority issues for follow-up action.

Prescribed processes had to be implemented for each UAMP as follows:

- Match the service delivery objectives with accommodation;
- Verify the accommodation occupied by the user;
- Determine functional performance of accommodation;
- Determine utilization of accommodation;
- Conduct a gap analysis;
- Determine new accommodation requirements;
- Determine the need for refurbishment or reconfiguration of existing accommodation;
- Determine surplus accommodation to be relinquished;
- Determine repairs that need to be conducted; and
- Prepare a budget for accommodation occupied by the user.

The 39 UAMP reports for the User Departments and Agencies have been completed. The user departments now have the opportunity of compiling an improved UAMP which will not only help achieve service delivery objectives but also afford the potential to budget for both capital and current expenditure in line with the departments' strategic objectives. The study provides a good baseline for conducting future UAMPs, as well as an informed example or template of what exactly is required. It also demonstrates that flawed or inaccurate information leads to insufficient budgets. The benefit of this methodology resides in the fact that the UAMP model provides a vast improvement on other, often



disparate methodologies used in the past.

Being one of the main motivations for this UAMP preparation, this study has culminated in the preparation of departmental accommodation budgets. UAMP budgets were determined for each user based on the information supplied, templates and findings. These were compared to the actual MTEF budgets approved by the National Treasury. Overall, the variances are not that significant and points to the fact that most UAMP budgets favorably compare with the MTEF budgets.

2.5.10 Valuation Services

The branch completed valuations to the value of approximately R 4 billion during the reporting year for various clients including the department of Foreign Affairs, Water Affairs, and Regional Offices. Land Affairs Valuation Board approved the following key valuations for the Department of Foreign Affairs:

- Botswana, Tanzania, Kenya, Swaziland, Burundi, Mali, Rwanda and various in the United Kingdom. The total number of approved valuation reports approved by the Land Affairs Board amounted to 175 properties of a diversified nature ranging from residential offices to military properties.
- Currently, the department is concluding the valuation of properties in Portugal and Belgium.

Residential Valuation templates have been finalized and consultation with various stakeholders has been completed and the valuation proposal for the valuation of the entire state portfolio has also been developed and submitted for approval.

The branch through the valuations directorate has completed the inspections and submission of

objections for all national government and provincial government properties for the Cape Town Unicity and Kimberley Municipality valuation rolls.

In line with the requirement to undertake valuation of all state properties countrywide a pilot project is currently underway in the Pretoria region. The purpose of this activity establish the feasibility of rolling out the valuation of the entire state portfolio and also to determine the approximate cost.

To date the valuation directorate was able to access the list of all the properties in Pretoria. The information is currently being broken down in terms of the following categories: location and current use. This will assist in terms of drafting a project plan to roll out the valuation activity.

2.5.11 Policy Frameworks

2.5.11.1 Investment Analysis Framework

Investment Analysis has produced the first draft document of Investment Analysis Guidelines document which is in line with the PFMA. The objective of this framework, amongst others, is as follows:

- To be used in the evaluation of clients' proposals for fixed property acquisitions, refurbishments, exchanges, demolitions and disposals;
- To implement the options analysis process that has been developed by the department and the National Treasury;
- To provide relevant stakeholders with information required for investment analysis process; and
- To provide a clear picture of existing business processes.

The investment analysis guideline is a key to guiding on how investment analysis is to be conducted within DPW. It will also contain thresholds, templates and set minimum standards and norms for various investment analysis processes.

The consultative process was done with all the units with Asset Management, Policy unit including SMU, Professional Services, as well as RKTP with the exceptions of Regions. A separate consultative process with the Regions will be undertaken soon.

2.5.11.2 Service Delivery Standards (SDS)

Memoranda of Understanding (MOU) were signed with more than 90% of the client departments. These documents clarify roles and responsibilities of DPW and the client department and facilitate the devolution of budget and the introduction and implementation of user accommodation charges.

Subsequent to this, DPW will develop Service Level Agreements (SLAs) for all clients, which would create a framework within which a Client and the Department would relate to each other. This will involve a declaration of commitment by DPW, to deliver a level of service to the Client, in compliance with GIAMA. The SLAs will be governed by best practice principles and aligned with Government and Departmental strategic objectives over the MTEF period.

The production of the SLAs require the definition of SDS. The branch has developed more than 300 SDS that serve as a base for the conclusion of the SLAs with client departments. These SDS are split into head office service standard performance and regional offices service standard performance include but not limited to:

- Acquisition of fixed property (buying and leasing);
- Disposal of State Owned Property;
- Facilities management;
- Property payments; and
- Utilisation and contracts.

In order for the branch to approach clients with acceptable and measurable baseline levels of service delivery, and to encourage standardisation in the manner in which we execute our core functions, it is imperative that there is a uniform approach with regard to these SDS. Hence the initiative to agree baseline SDS across the DPW value chain.

The SDS will assist in to determining how service delivery in general can be improved. The existing implementation plan for 2007/08 will be reviewed for capital, planned and leasing to determine improvements and requirements to improve service delivery.

2.5.11.3 Property Performance Standards

During the 2005/06 fiscal year, the department embarked on the creation of Property Performance Standards (PPS) that will provide a clear framework for benchmarking the performance of state owned and leased properties providing accommodation for service delivery.

In terms of the GIAMA bill, published in Government Gazette No. 28135 of 14th October 2005, Section 19 (1) (C) the department may, by notice in the Gazette issue standards to facilitate benchmarking, condition assessment and performance measurement by determining:

- Minimum requirements in relation to cost and



space;

- To ensure that total and true cost of immovable assets is reflected in a transparent fashion, including all expenditure in respect of property rates and municipal service charges; and
- The minimum information required to manage immovable assets.

The development of performance standards to be used for measuring and evaluating performance of our portfolio has begun.

2.5.12 Border Control Operational Coordinating Committee (BCOCC)

Since the 2005/2006 financial year and National Treasury's support of the BCOCC development initiatives, the DPW has delivered approximately R 187 million worth of physical and ICT infrastructure to land and selected air ports of entry. Over the past 20 months the majority of the land ports of entry (including selected borderline bases) have undergone extensive repair and maintenance initiatives to address occupational and safety requirements. The Maseru Bridge and Quachasnek land ports of entry have been expensively redeveloped in terms of their operational facilities and piped water has been supplied to the Nakop and Jeppes Reef ports of entry.

ICT infrastructure has been upgraded, and in some cases replaced in totality. The BCOCC has also embarked on providing mobile ICT rooms to land ports of entry to provide improved ICT security. The Mobile ICT rooms are air-conditioned, access controlled (via camera and biometric (thumb)/pin identification) and provided with uninterrupted power supplies. ICT upgrades have also taken place at Oliver Tambo, Lanseria and Cape Town International

Airports.

The BCOCC is also currently in advanced stages in re-developing the Vioolsdrift, Skilpadshek and Golela land ports of entry. Construction of the Vioolsdrift re-development project will commence on 1 February 2007. The Skilpadshek and Golela ports of entry are currently in tender documentation preparation stages.

As South Africa prepares for 2010 the BCOCC plans to construct the Lebombo "One Stop" port of entry, relocate the Sani Pass port of entry to the periphery of the UKhahlamba World Heritage Site (DEAT funded) and re-developed the Beitbridge and Groblersbridge ports of entry. Extensive housing initiatives are planned to accommodate current backlog and the projected increase in staff over the next 3 years at all land ports of entry.

2.5.12.1 Lebombo or Ressano Garcia Border Post

The construction of a one-stop border post between South Africa and Mozambique is a result of the sustained dramatic increase in road, rail and pedestrian traffic between Mozambique and South Africa, the existing facilities on both sides of the port of entry are inadequate for the delivery of an efficient service to the public and for the effective control of goods entering and leaving South Africa.

This entails literally that a traveller needs to stop only once at an international border in order to be cleared by the country of exit and the country of entry in one seamless process. The Departments of Foreign Affairs, and Public Works as the lead departments, started a process of consultation between the border control departments of the two countries.

The Lebombo border post location was finalised in June 1997 in consultation with both governments.

Both parties agreed to provide a combined border post spanning the Mozambique and South African border.

The drafting, finalisation, approval and signing of the protocol for the establishment of the combined border post facility was facilitated by the RSA Department of Foreign Affairs with the co-operation and approval of the relevant Client Departments in both RSA and Mozambique. Both Governments signed the protocol in August 1998. The protocol was drafted to be in line with and not in conflict with the existing Agreement between the two Governments on the co-ordination of the Maputo Development Corridor.

A draft bilateral International Agreement to regulate the operation of the joint border post has been drafted and circulated by the RSA and Mozambican Department of Foreign Affairs to all relevant stakeholders for comment. An agreement on this is still pending.

The Department of Public Works will commence with the detailed planning, design and construction of the Lebombo or Ressano Garcia One Stop Border Post as early as 16 February 2007 and initiated detailed discussions with our Mozambiquean counterparts regarding the development. We are highly committed in meeting the challenges of this venture, which we expect will be another feature achievement for government.

2.6 OPERATIONS BRANCH AND REGIONAL OFFICES

2.6.1 Purpose

The purpose of this branch is to execute all operational activities in the organisation related to the

provision and management of state owned property in order to accommodate all national departments and institutions. The operational activities include the construction and management of facilities used for service delivery by user departments in line with broader government objectives.

2.6.2 Objectives

- Align and utilize branch expenditure to promote BEE and influence ownership partners in the property and construction industries.
- Coordinate Service Delivery Improvement Programme (Zimisele – Give it Your Best programme).
- Achieve Expanded Public Works Programme goals using capital and maintenance budgets.
- Comply with regulatory and statutory requirements.

2.6.3 Achievements

- During the period under review the Regional offices were busy with debt collection. Every effort is made by the Regional offices to reduce the balance of outstanding debtors. From November 2005 until March 2007 the outstanding debt has decreased by R14,823 million in total.
- The design and tender documentation for the Foreign Affairs embassies in Addis Ababa, Lesotho and Nigeria was completed in January 2006 and November 2006 respectively and is in an advanced stage of commencement with construction. In November 2006 the Department of Foreign Affairs (DFA) appointed the Department to manage the design and construction of a further four Chanceries in Africa i.e. Tanzania, Rwanda, Malawi and Swaziland. The Department is in the process of appointing consultants for these projects in consultation with



DFA.

- Consultants were appointed to determine the extent of asbestos pollution at the Pomret Military Base in order to confirm the findings and recommendations of the 1999 report. Two meetings have been held with the Local Municipality and the next step will be the signing of a memorandum of agreement between the Department and the Malopo Municipality.
- In the case of Bloemfontein, Mmabatho, Port Elizabeth and Mthatha actual expenditure on Professional fees during the review period is higher than 60%, if measured against a target of 35%.
- In the cases of Durban, Kimberley, Johannesburg, Mmabatho, Port Elizabeth, Mthatha and Polokwane actual expenditure on construction and maintenance projects is higher than 65%, if measured against a target of 35%. In the case of Kimberley the expenditure on planned and unplanned maintenance is at 98%.
- In the cases of Mmabatho and Port Elizabeth the actual expenditure on new leases to BEE companies is higher than 39%, if measured against a target of 15%.
- The call centre regarding the Zimilsele programme for unplanned maintenance was implemented on the 12th of March 2007. At the end of the reporting period the total calls in Johannesburg, Kimberley and Port Elizabeth numbered 663.
- In order to comply with EPWP goals the following achievements were recorded:
 - In the case of Cape Town 43 projects were identified for the EPWP initiative in the Department. The aim is to train about 1500 beneficiaries over a 5 year period. As part of the Department's NYS initiative 17 projects were identified for the National Youth Service Programme.
 - In the case of Kimberley the R 35 million pipeline contract has been completed.
 - In the case of Mmabatho 6 projects are identified for CIP and the contractor is already on site. In addition 24 projects were identified for the EPWP and NYS initiative in the Department.
 - In the case of all other regional offices no projects have been identified and no progress has been recorded.
 - In order to comply with regulatory and statutory requirements the following achievements were recorded:
 - o Compiled the Scope of Works for the new tender document for Health and Safety practitioners who need to be appointed as agents in terms of section 4.5 of the Construction Regulations as requested by the CD: Professional Services: Mr Damstra.
 - o Organized the appointment of First Aid Officials, H&S Representatives and Fire Officials for Head Office. All Officials were trained. Most of the Regional offices already fully comply with the Act in this regard.
 - o Conducted a second round of status quo surveys at all regional offices, regarding compliance with the built related Acts during meetings with

the Regional managers, the heads of Projects and Facilities Managers and the H&S Officers. All regional offices were visited and meeting held with the personnel involved in statutory compliance.

- o Ongoing advice to and training of DPW project managers and consulting engineers of all disciplines in the application of the latest standard engineering fee invoices. While visiting the offices to establish progress with statutory compliance also presented workshops at Umtata, Cape Town, Mmabatho, Johannesburg, Nelspruit, Kimberley and Bloemfontein Regional Offices on the application of the fee invoices.

2.6.4 Challenges

- With regard to professional fees the following areas were noted:
 - In the case of Kimberley it is indicated that there are only a few Black professionals in the Northern Cape which poses a challenge.
 - It is indicated by Cape Town, Durban, Kimberley and Johannesburg that professionals are appointed via the roster system resulting in the regional offices being dependent on who is identified by the system.
 - Regarding construction and maintenance projects it was noted that in the case of Pretoria it is indicated that service providers are unable to meet targeted timeframes and the quality of work is a challenge.
 - With regard to new leases to BEE companies the following were noted:
 - In the cases of Kimberley, Pretoria, Cape Town, Durban, Bloemfontein and Johannesburg it is indicated that very few BEE enterprises are involved in the property industry, therefore some BEE enterprises demand an unrealistic premium on their properties. This really poses a challenge to change the property industry.
 - In the case of Port Elizabeth it is indicated that an incubator programme for BEE landlords should be introduced in solving the challenges.
 - Regarding EPWP goals the following bears concern:
 - Lack of policy directives to the regional offices on the implementation of EPWP and ECDP to be addressed urgently.
 - Lack of training on how to run and manage EPWP projects to be urgently addressed
 - Participation of IDT in rolling out EPWP is not materializing and urgent intervention required.
 - Regarding compliance with regulatory and statutory requirements the following areas of concern were registered:
 - The registration of all outstanding water and wastewater treatment works and the training of Process Controllers for these works. Part of the problem is going to be solved by including the registration and operation of all the installations where RAMP contracts have been introduced as part of the responsibility of the contractor.
 - The requirement of electrical Certificates of Compliance for all DPW buildings can only be attended to as and when funds are made



available. The cost to acquire these certificates for all DPW owned buildings is roughly estimated at R200 million over a period of 5 years. This amount excludes the cost to rectify installations that are not compliant.

- Special attention must be given to the requirement to ensure that all DPW owned buildings are complying with the National Building Regulations and Building Standards Act, regarding facilities for the disabled. The cost to make the DPW buildings compliant is roughly estimated at R600 million as it involves the installation of lifts in some buildings. Inputs were submitted to the Asset Management unit in this regard.

2.7 RE KGABISA TSHWANE PROGRAMME

2.7.1 Purpose

The purpose of the RKTP is to improve the physical working environment of national government department and agencies within the inner city of Tshwane. The programme has been designed to provide long term accommodation solutions to the national Government within the inner city. This endeavour is expected to rejuvenate the inner city and enhance the city for current and potential investment. The programme is driven by the DPW and the City of Tshwane Metropolitan Municipality (CTMM).

2.7.2 Background

In October 1997, Cabinet took a decision that national government departments headquarters must remain located in the inner city as one of the Government strategies that the inner city does not decay but is constantly rejuvenated and continues

to contribute to the image of Tshwane as a leading African capital city. This decision has since been reaffirmed in subsequent cabinet meetings. In June 2004, the presidency issued a program of action, which listed the improvement of the physical work environment for the national Government in the inner city of Tshwane as an action to be addressed by the national Department of Public Works (DPW) and the national Department of Public Service and Administration (DPSA). In light of the above, the Re Kgabisa Tshwane Programme was launched in November 2005.

2.7.3 OBJECTIVES:

For the period under review, the programme set itself the following key performance challenges:

- Improving the standard of physical accommodation of national departments' head offices in the inner city of Tshwane
- Integrating the RKTP with the City of Tshwane Metropolitan Municipality (CTMM) inner city development strategies in order to assist CTMM to improve the urban environment around government accommodation
- Cost management and quality improvement
- Promoting government's socio-economic goals including BEE
- Improving the image of government through a visibility campaign driven by RKTP branding

2.7.4 ACHIEVEMENTS:

Despite its long lead times, the Programme continues to record milestones:

- The procurement processes for the appointment of Options Analysis advisors were completed

with 13 departments initially benefiting and the presence of the advisors helping to embed a working culture in the client departments that was conducive to, and compliant with Options Analysis processes

- There is a political keenness to goad the Programme and this step has seen the growth of the international stature of the Programme with participation at international summits (Canberra) and a study tour to South America by CTMM to benchmark the Bus Rapid Transit models within the RKTP
- A database of the status of land and building management within the inner city was finalised and within it a consideration was also given for the optimization of existing government immovable assets within the Options Analysis as a cost saving measure
- There is a deliberate effort to identify, create and promote BEE principles within the programme in line with legislation and other The Property Industry Transformation Charter. In the same vein there are efforts to give inflexion to job creation and skills development, by promoting labour based construction methods in support of the National Infrastructure Maintenance Strategy, Expanded Public Works Programme and National Youth Service
- The RKTP branding has grown and became part of the city's landscape – a tangible proof of the growing stature of the programme

2.7.5 CHALLENGES:

The success of the RKTP is intertwined with the development aspirations of the CTMM to be Africa's leading capital city, by no means a mean feat:

- Capacity problems both in the Department

and external consultants to understand and implement Options Analysis processes have confounded the need for structural changes like the creation of fully staffed entity to drive the Programme, meanwhile there need persists for the Department to appoint a Programme Manager and Technical Advisor to expedite the architectural and heritage guidelines and the spatial development framework (SDF)

- The viability of the RKTP affects other portfolios and therefore there is a growing need to involve other Ministries of Transport, Local and Provincial government, Housing and Foreign affairs
- In turn, the viability of the Programme is impacted upon, among others, by the complex and slow site acquisition processes as well as the ability of the Municipality to fast track municipal town planning processes. Also the availability of sites around the preferred nodal areas remains a key challenge.

PROGRAMME 3

2.8 NPWP & POLICY BRANCH

2.8.1 Purpose

The purpose of the Policy Unit is to develop, manage and regulate the property and construction sectors. It plays a catalyst role in creating a positive environment for the transformation, growth and development of these sectors.

Further the Policy Unit guide users, custodians and service providers on the management of state immovable assets to promote uniformity and best practice. In addition, the Policy Unit contributes to government's international and NEPAD initiatives through promotion of cooperation with Public Works Departments in the continent and internationally.



2.8.2 Objectives

Monitoring and Promoting the transformation of the construction and property industry.

Enhance capacity in the industry through skills development

Enhance the profile, image and performance of the construction industry

Enhance built environment professional performance. Fostering regional cooperation with DPW's in the Africa continent

Promotion of women and youth in the property and construction sectors..

Promotion of good governance in the management of the state's immovable assets.

2.8.3 Highlights

- Conceptual framework developed for key performance indicators.
- Charters have been submitted to the Minister of Trade and Industry for gazetting, Construction Charter was gazetted in February 2007.
- Successful facilitation between the private sector and graduates of the departmental Military Skills Development Programme, for placement and academic scholarships.
- Successful hosting and implementation of the maiden annual National Construction Industry Development Week campaign.
- SADC Forum of Public Works Minister's successfully launched and hosted.
- Ongoing consultation with youth organization to promote industry transformation. Charter culminated in the successful hosting of the National Youth Consultative Forum.
- A set of policies have been developed for comment in order to modernize not only the expropriation function of the state but also on

public space management in general.

2.8.4 Challenges

- With the gazetting of transformation Charters, the department needs to align its procurement processes to BEE standard contained in and stipulated by Charters.
- There is a need to establish a value-chain to the bursary management process and align this to successfully absorb relevant bursary requests and graduates of the Military Skills Development Programme.
- Decline in Mathematics and Science amongst learners continue to affect the quality of applicants and other participants in our skills development programmes. I am not sure how does this affect the branch?
- The continued effective functioning of the SADC, DPW Forum will require financial investment.
- Often the co-ordination of Youth developmental programmes between various spheres of government and the private sector, remains an odious task.
- Policy development is affected by slow response from relevant Units.

2.9 EXPANDED PUBLIC WORKS PROGRAMME

2.9.1 EPWP Annual Data

The following table presents the EPWP annual work opportunity targets. It is estimated that at least 661,617 net work opportunities were created since the EPWP commenced in April 2004. The EPWP is thus on course to achieve its work opportunity targets. More detail is given below in the discussion on the project data for the reporting period.

OVERALL ANNUAL TARGETS (1st 5 years)

	EPWP Annual Gross Targets	EPWP Cumulative Gross Targets
2004/05	110,000	110,000
2005/06	190,000	300,000
2006/07	250,000	550,000
2007/08	280,000	830,000
2008/09	282,000	1,112,000
Total	1,112,000	
Total: about 1 million net.		

**Net jobs equals total jobs created less the jobs which would have been created had the same work been done using machine-intensive methods*

Although data was received on many projects across the infrastructure, environment and culture, social and economic sectors, only 7 024 projects could be included – based on the exclusion rules discussed earlier. Based on the usable project level data received, at least 320 694 gross work opportunities (i.e. at least 316 814 net work opportunities) were created for the period 1 April 2006 -31 March 2007. The total wages paid amounted to at least R917m. The amount of at least 85 700 person-years of work had been created on EPWP projects. At least 6 290 person-years of training were completed by EPWP participants.

2.9.2 EPWP Evaluation Studies

Selected case studies were done to investigate the nature and extent of the relationship between the EPWP and specific outcomes. Ten case studies and ten completion reports were evaluated across the Infrastructure, Environment and Culture and Social Sectors. Both quantitative and qualitative data were obtained and a thousand respondents were interviewed through focus group discussions

and surveys. Projects were selected from each sector, as well as from the following ISRDP (Alfred Nzo & Maluti-a-Phofung) and URP (Motherwell & Alexandra) nodes. In terms of labour distribution the key findings indicate that 54% women and 30% youth were employed in the selected projects. Three types of work systems had been identified, namely time-based [daily wage], task-based and a combination of the two mentioned. Task based system yields better productivity than the daily wage system. Duration of work opportunities ranged between 3 and 24 months. Training and satisfaction of beneficiaries were better with longer duration. Most projects paid wages of between R40 and R60 per day. Most projects surveyed offer technical and other forms of training [life skills]. The cost per work opportunity varies between the various sectors. According to the Case Studies and Completion Report study, Social Sector jobs are the cheapest to provide at R13 000, while the cost in the Environment and Culture Sector ranged from R19 000 to R62 000 and from R73 000 to R95 000 in the Infrastructure Sector. At this stage the exit opportunities were limited for all the projects investigated.

CHAPTER 3 – Audit & Risk Management Committee Statement

Report of the Audit & Risk Management Committee

We are pleased to present our report for the financial year ended 31 March 2007.

Audit Committee Members and Attendance:

The Audit Committee consists of the members listed hereunder, and meets four times per annum as per its approved terms of reference. During the current year five meetings were held.

Name of Members	Number of Meetings Attended
Mr. A Sangqu (Chairperson)	5
Advocate T Motsiri	1
Ms. V Zitumane	4
Prof H de Jager	2
	(Resigned on 1st August 2006)
Ms. T Mahlati	1
	(Appointed on 1st January 2007)

Audit Committee Responsibilities

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) of the PFMA, and Treasury Regulation 3.1.13. The Audit Committee further reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

All the Committee meetings are attended by the staff of the Office of the Auditor General responsible for

the department's audit. The Director General and his executive team attend the Committee's meetings to respond to pertinent questions raised by the Audit Committee in its deliberations.

The effectiveness of Internal Control environment

The system of internal control was not entirely effective for the year under review, as compliance with prescribed policies and procedures were lacking in certain instances. During the year under review, several instances of non compliance were reported by internal and external auditors that resulted from a breakdown in the functioning of controls. Significant control weaknesses have been reported by the Auditor-General in its qualified audit report and in the management letter. In certain instances, some weaknesses reported previously have not been fully and satisfactorily addressed. The effect of these instances has been included in the annual financial statements and the report of the Accounting Officer.

The Quality of in year management and monthly / quarterly reports submitted in terms of the PFMA

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the department during the year under review.

Evaluation of Financial Statements

The Audit Committee has

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor General and the Accounting Officer,



- Reviewed the Auditor General's management letter and management's response thereto
- Reviewed changes in accounting policies and practices
- Reviewed significant adjustments resulting from the audit

The Audit Committee concurs and accepts the Auditor General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General. In view of the significant issues raised in the audit report, the Committee has noted the Accounting Officer's commitments towards developing an action plan to comprehensively address the issues raised by the Auditor General. The Committee will closely monitor the progress with keen interest.

A Sangqu
Chairperson of the Audit & Risk Management
Committee
31 August 2007

CHAPTER 4 – Financial Statements

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE DEPARTMENT OF PUBLIC WORKS FOR THE YEAR ENDED 31 MARCH 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Department of Public Works which comprise the statement of financial position as at 31 March 2007, appropriation statement, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 52 to 99

Responsibility of the accounting authority for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act 1 of 1999) and the Treasury Regulations for Departments issued in terms of the Act. This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable

in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing, read with General Notice 647 of 2007, issued in Government Gazette No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for



my audit opinion.

Basis of accounting

8. The department's policy is to prepare financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1.

Basis for qualified audit opinion

4. Movable assets – furniture and office equipment

The department undertook an intense asset count in some state-owned houses and offices during and after year end through consultants, however, the audit revealed the following significant shortcomings in the management and control of these assets:

- A number of assets belonging to the department were found in houses inspected, but could not be traced to the LOGIS asset register. Out of a sample of 1 745 assets, 328 assets could not be traced to the asset register.
- A number of assets appearing on the LOGIS asset register could not be physically verified during the asset count and were also not identified during the DPW's own asset counting process. Out of a sample of 1 041 assets, 83 assets could not be physically verified.
- A number of assets were not bar coded which made it difficult to locate the assets on the asset register;
- A number of duplicate assets were found on the asset registers submitted for audit and some were shown at two different prices;

At the conclusion of the audit, the department had not provided evidence to invalidate any of the findings. Due to the above mentioned findings, furniture and office equipment of R73 million disclosed under note 28 to the financial statements could not be materially misstated.

Furthermore, at year end the Department had not performed asset counts in all the state-owned houses and offices. At the time of this report the fixed asset register had not been updated with the result of the asset count. Due to the significance of the shortcomings identified above, I am unable to conclude on the completeness, accuracy and valuation of the fixed asset register and furniture and office equipment of R73 million disclosed under note 28 to the financial statements.

5. Immovable property - buildings

- As disclosed in note 28.3 (c) to the financial statements, the department has not included additions and improvements to the properties amounting to 2006/07: R414 million, (2005/06: R406 million) in the asset register although the amount has been included in note 28 to the financial statements. I am therefore unable to conclude on the accuracy of the buildings and other fixed structures of R1, 084 billion disclosed in note 28 to the financial statements.
- The Department of Correctional Services (DCS) incurred expenditure amounting to R1, 242 billion on improvements/additions to buildings under the custodianship of the Department of Public Works. However, at the time of compiling this report, the DCS had not transferred these improvement/ additions to the department and as a result the PMIS and note 37 to the financial statements are understated by R1, 242 billion.

Opinion

6. In my opinion except for the effects of the matters described in the basis for the qualified opinion the financial statements present fairly, in all material respects, the financial position of the Department of Public Works as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in a manner required by the Public Finance Management Act, 1999 (Act 1 of 1999).

Emphasis of matter

Without further qualifying the opinion above, attention is drawn the following matter.

7. Immoveable property

Highlighting of a matter affecting the financial statements which is included in note 28 to the financial statements

The department in note 28.3(a) to the financial statements states that "Included in DPW's opening balance is an amount of R136, 132 in respect of 136,132 state-owned properties deemed to be immovable assets of the National Government under the custodianship of DPW, at a nominal value of R1.00 (one rand) per property. These properties comprise of 100,603 buildings and structures and 35,529 land parcels. It should be noted that the interim Constitution (1993) separated the ownership of state-owned immovable assets between the National and Provincial Governments, based on their designated functions and the legislation administered

by such governments. Currently the constitution (1996) creates a mechanism for the National and Provincial custodians of State-owned immovable assets to confirm and record the historical vesting of such assets that occurred on 27 April 1994 in terms of the interim constitution. Immovable assets held by National and Provincial governments comprise more than 108,000 land parcels (both improved and unimproved properties) of which on 27 April 1994 more than 108,000 were registered in an array of names (eg. Governor of the Cape of Good Hope; Minister of Lands; Education Trustees; Hospital Trustees; Union of South Africa; Republic of South Africa; etc) that requires clarification in respect of current ownership by National or Provincial Governments. The Department of Land Affairs, in conjunction with DPW and all Provincial custodians, has been tasked to lead a government-wide initiative to complete the vesting of State-owned land by 2008/2009."

The completeness and rights and obligations over state-owned properties disclosed in note 28 to the financial statements will therefore only be confirmed once the above mentioned initiative has been completed. The completeness of departmental revenue (sale of goods and services other than capital assets) and rental debtors disclosed under note 2 and 25 to the financial statements respectively will also be confirmed once this initiative has been completed.

For the 2006/07 and 2007/08 financial years, the National Treasury granted approval to the department to account only for those immoveable assets that have been identified by the end of these financial years and also to account for these assets at R1 values.



8. Maintenance, repairs and running costs

As referred to in note 5 to the financial statements, included in the Maintenance, repairs and running costs of R6 Million are amounts that could be classified as Capital Expenditure. A similar category of expenditure amounting to R1, 494 billion was similarly allocated and disclosed as "Maintenance, repairs and running costs" under Current Expenditure in the financial statements of the Property Management Trading Entity (PMTE) of the department. The expenditure was not allocated between capital and current

Had any of the above expenditure been classified as capital, the fixed asset register of the department and the amount disclosed in note 28 to the financial statements would have had to be increased by a similar amount. The department is working with the National Treasury to formulate an appropriate policy regarding the classification of expenditure between current and capital.

14. Inter-departmental balances

As disclosed in Annexure 4 to the financial statements, inter-departmental balances were not confirmed and the department had unallocated deposits of R38 million at year-end. The department issued confirmation letters to other departments during April 2007 and at the date of this report no responses had been received from such departments.

15. Movable assets – furniture and office equipment

Minor assets are properly accounted for in terms of the accounting policy which requires that these assets be written off during the year in which they

were purchased. Included in goods and services under note 6 to the financial statements, are assets amounting to R23.3 million (2005/06: R17.2 million) being capital assets of less than R5 000.

Other Matters

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

16. Rental debtors

The following significant control weaknesses were identified during the audit of rental debtors which was mainly due to lack of approved policies and procedures. At the time of this report the policies and procedures on rental debtors were still in draft and not implemented.

According to the results obtained from the debtors circularisation, of the 698 sent out, no responses were received for 312 (45%) of the confirmations and 69 (10%) were returned to sender due to incorrect addresses. On further inspection of the address details it was noted that the data relating to the address fields were not always correct and complete. Although there is an increase in rental collections and decrease in rental debtors at year end in comparison to the previous years, there is still an indication of inadequate recovery of rental debtors which resulted in long outstanding debts and write offs at year end amounting to R 715 000.

At the time of this report the policies and procedures on rental debtors were still in draft and not implemented.

17. Non compliance with applicable legislation

- Payments of invoices amounting to R10.7 million were not made within 30 days of receipt of invoice as required in terms of Treasury Regulation (TR) 8.2.3 and the PFMA.
- Payments were made on invalid “tax invoices” on which VAT was charged;
- Departmental receipts were not always deposited on a timely basis as required in terms of Treasury Regulation 15.5.1;
- Payments to the Trading Account were not always properly authorised in terms of the departmental delegations as required by section 44 of the PFMA;

18. Material corrections made to the financial statements submitted for audit

The financial statements, approved by the accounting officer as submitted for audit on 31 May 2007 have been significantly revised in respect of the following misstatements identified during the audit:

Rental debtors were previously overstated with R2.6 million being debtors written off at year end but still included in the year end balance and interest included twice in the debtors balance;

Consultants and venues and facilities were overstated and understated respectively by R3.6 million;

Operating leases were overstated by R48.4 million; Intangible assets were understated by R3.6 million;

19. Delay in finalisation of audit

Due to the national public sector strike action during June 2007 the Auditor-General had to delay the finalisation of affected departments. As a result, the Auditor-General's consistency review process of the audit reports could only be conducted subsequent to 31 July 2007, the consequence of which was a delay in the finalisation of the audit of this department for the 2006/07 financial year. Further delays were experienced on the finalisation of the audit due to engagements between the National Treasury, the Auditor General and the Department on issues relating to planned maintenance and immovable assets.

20. General controls in the information technology environment

The follow-up information systems audit surrounding the Property Management Information Systems (PMIS) and the Works Control System (WCS) was completed during October 2006.

The most significant weaknesses identified were the following:

- The security policy had not been formally approved. Furthermore, the user account management procedures in respect of the network, PMIS and WCS did not address all the matters pertaining to user account management,
- Change control documentation was also not always fully completed, version control did not exist and programmers had access to the production environment.
- Backup procedures had not been formally approved and there was no evidence to confirm that the backup tapes were regularly tested for restorability.



- Various shortcomings were identified in respect of the operating system and logical access controls.

21. Performance audit conducted during the year

A performance audit on project management was conducted during the financial year. The findings were discussed and cleared with the DPW on 8 February 2007 and the management report was issued to the DPW on 14 February 2007. The main findings focused on the availability of resources, management information and project management and control.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

22. I have audited the performance information as set out on pages 19 to 36

Responsibilities of the accounting authority for departments, constitutional institutions and trading entities

23. The accounting authority has additional responsibilities as required by section 55(2)(a) of the Public Finance Management Act, 1999 (Act 1 of 1999) to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the Department of Public Works.

Responsibility of the Auditor-General

24. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with General Notice 646 of 2007, issued in Government Gazette No. 29919 of 25 May 2007.

25. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

26. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit.

Findings

Not all objects as set out in the strategic plan for the EPWP were reported in the annual report.

APPRECIATION

27. The assistance rendered by the staff of the Department of Public Works during the audit is sincerely appreciated.

S Cele

S Cele for Auditor-General

Pretoria

31 August 2007



ACCOUNTING OFFICER'S REPORT FOR THE YEAR ENDED 31 MARCH 2007

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa

1. General review of the state of affairs

For the first time in the year under review, the department is publishing two sets of annual financial statements, namely the department's annual financial statements as well as the Property Management Trading Entity (PMTE) understood to be the Trading Account operating under the auspices and forming an integral part of the department. The accounting bases used to prepare the annual financial statements of the (PMTE) are not in compliance with Treasury Regulation 18 as the management information systems used by the department are not geared towards reporting in terms of Generally Accepted Accounting Practice (GAAP) – the necessary exemption has been sought and obtained from the National Treasury in compliance with PFMA.

As in the past financial years, the Department has continued to focus on service delivery improvement underpinned by prudent financial management practices in all that it does. As fully described in the Statement of Financial Performance, the department managed an allocated budget of R3, 117 billion (2005 / 06: R5.644 billion) for its own account during the year under review. The reason for the huge decline in the Appropriation allocation in relation to the previous year was as a result of budget devolution to clients departments of accommodation related costs for the respective departments. The amounts devolved to client departments were paid back to DPW either in the form of "Accommodation Charge" to the extent to

which State owned properties were used by the client department or in the form of "Operating Leases" in instances where lease arrangements were made with the Private sector entities – in the latter instance, DPW served the role of a conduit between the client departments concerned and the private sector entities in the leasing arrangements.

To give effect to the Budget devolution referred to above, the department through its PMTE

- Managed transactions to the value of R3.93 billion on behalf of its clients - a more comprehensive analysis of these transactions is to be found in the Statement of Financial Performance of the Trading EntityAccount itself which form part of the financial statements published with the department's.
- As in the past, the department managed an estimated R2, 5 billion worth of Capital expenditure on behalf of its client departments during the year under review. With the advent of the Trading EntityAccount, these transactions had been accounted for in the financial statements of the Trading Entity Account itself.

As reported above, the PMTE's financial statements had not been prepared in terms of GAAP, but instead had been prepared in on a modified cash basis determined by National Treasury. The effect of this is that monies had been accounted for when either paid or received as opposed to when transactions took place. As a result of this, a deficit of R165 million which represents unpaid invoices by clients is reported in the Statement of Financial Performance of the PMTE.

VIREMENT A virement amount of R37,5 million was made from Programme 2 to augment the budget shortfalls in Programmes 1 and 4 to the



amounts of R32 million and R5.5 million respectively. The analysis of the shortfalls in the respective programmes was as a result of the following:

Programme 1: The shortfall occurred as a result of the following:

- Customisation of the iEworks system as part of the solution towards the integration of the Property Management Information System (PMIS) and the Works Control System (WCS)
- Marketing and awareness programmes on the rollout of the Service Delivery Improvement Programme (known as Zimisele) and various other awareness programmes within the department
- Refurbishment and upgrading the security in compliance with MISS requirements in the building housing the Minister and the Deputy Minister following the relocation from the Head Office due to the major refurbishments taking place at the Head Offices of the department

Programme 4: The main reason for the shortfall was as a result of the costs incurred towards the State functions in the form of logistical / accommodation related support that the department has to provide.

Overall, the department is reporting an under spending of R91 million during the year under review. A roll-over request has been made to National Treasury for an amount of R79,330 million in respect of capital commitments at year-end whose cash flows will only take place in the 2007/08 financial year. If the amount to be rolled over is approved, the department would be reporting an under spending of R11 million (representing 0.4% of the budget allocation) during the year under review.

Analysis of Expenditure and Revenue Trends on DPW's Statement of Financial Performance

The following expenditure items reflect significant change on year-on-year comparison:

Expenditure Items	2006/07 R'000	2005/06 R'000
Compensation of Employees	613,572	542,763
Goods and Services	709,650	3 654 411
Interest and rent on land	–	15,836
Financial transactions in assets and liabilities	28,322	8,499
Trading Account	4,095,325	–
Buildings and other fixed structures	414,120	376,783
Revenue Items		
Annual Appropriation	3,116,762	5,644,236
Departmental Revenue	79,937	98,077
Trading Account	3,930,336	–

The reasons for the significant changes are:

EXPENDITURE

Compensation of Employees: This increase is as a result of the following

- the general increase in salaries and wages of 6% during the year under review.
- the costs associated with the re-evaluation of some posts that were broad-banded in the past.
- The costs associated with the appointment of interns and learner candidates

Goods and Services: The reduction is as a result of the fact that all accommodation related costs had been accounted for in the PMTE following the budget

devolution to client departments.

Interest on Rent and Land: As all accommodation related costs had been accounted for in the PMTE of which this particular expenditure item form part, it will no longer be reported on in DPW.

Financial transactions in assets and liabilities: The increase is as a result of more "Suspense Accounts" written off during the year under review. The pace at which "Suspense Accounts" get written off depends entirely on when such advice is received from the State Attorney's office and in the case of "vis major" transactions, depends on the occurrence of such events.

Trading account: These are expenditure items incurred by the PMTE. As this was the first financial year, no meaningful comparison is available.

Buildings and other fixed structures: The increase in the main is as a result of a higher capital expenditure programme during the year and this is commensurate to the increase in the appropriation for CAPEX by National Treasury.

REVENUE:

Annual Appropriation: The decline is wholly attributable to budget devolution explained earlier.

Departmental Revenue: The decline is as a result of the Minister's decision to put a moratorium on the disposal of land / properties of the State falling under the department's custody.

Trading account: This represents revenue generated by the PMTE on its activities. No meaningful comparison could be made as this is the PMTE's first

year of operation.

2. Services rendered by DPW and the PMTE

As explained above, the department's services were split during the year under review with all accommodation related activities carried out by the PMTE with the department providing the necessary expertise in the form of personnel and technology. The department continued to incur its accommodation related costs whose services were derived through the PMTE. The department as in the past continued to lead the national expanded public works programme, and to optimize growth, employment and transformation in the construction and property industries.

3. Tariff structure of the department's services

Detailed below, are the department's sundry revenue streams and the bases on which tariffs are determined:

- Non- refundable tender deposits: the tariff represents the approximate cost of the tender documents issued to prospective tenderers.
- Price on sale of land and property: Market valuation is used. In exceptional circumstances where a selling price is below market, Treasury approval is solicited in compliance with Treasury Regulations
- Rental on State properties: a market related rental is levied (with the exception of housing for state officials and political office bearers) as per paragraph 16A7.4 of the Treasury Regulations.

Free Services

With Treasury approval, the department provided property and project management agency services to its client departments free of charge. It is estimated



that an amount of R491 million which represents 80% of the personnel budget would have been levied against departments had DPW charged for its services.

In addition, the department through the PMTE paid and administered on behalf of the various Provinces Property Rates due to the Municipalities amounting to R710,131 000.00

4. Public Entities

The Minister is responsible for the following organizations all of whom had been established in terms of their own enabling Acts of Parliament: These entities are audited separately.

- The Independent Development Trust (IDT)
- The Construction Industry Development Board (CIDB)
- The Council for the Built Environment (CBE)
- Agreeme'nt Board of South Africa

Transfer Payments made to Public Entities:

4.1 The Independent Development Trust

No transfer payments were made to the IDT during the year under review

4.2 The Construction Industry Development Board

The total amount transferred to the CIDB during the year under review was R40 012 000.00.

This transfer was made based on the financial requirements of the business plan to enable the Board to carry out its activities efficiently and effectively. The transfer was made upon receipt and approval of the business plan by the Minister.

4.3 The Council for the Built Environment

The total amount transferred to the CBE was R7 185 000.00. This transfer was also made to the CBE based on its financial requirements to carry out its

activities efficiently and effectively. The transfer was made upon receipt and approval of the business plan by the Minister.

4.4 The Agreeme'nt Board of South Africa

The total amount transferred to the Agreeme'nt Board amounted to R 8,065 500.00 and was paid on the basis of an approved business plan.

5. Public private partnerships

The department has entered into a transversal public private partnership agreement on fleet management concluded on behalf of national departments by the National department of Transport. As at the date of this report, the department had not yet finalized its customized service level agreement with the Phavis World consortium due to feasibility study that had yet to be finalized I

In view of its accommodation-provisioning role, the department also played a supportive role in the PPP transaction underway in the department of Education.

6. Corporate Governance arrangements

The department has a fully functional Audit & Risk Management Committee. A high-level risk profile developed as a platform and foundation to be used by the department in identifying, managing and controlling the business risks of the department is in place. A fraud prevention plan which includes a fraud policy statement was reviewed during the year under review. The department also has an Audit committee and the Internal Audit function in place.

7. SCOPA RESOLUTIONS:

The latest SCOPA resolution relates to the 2002 Annual Report. In that report, the Auditor General issued a disclaimer of audit opinion. Since then, significant improvements had taken place as evidenced by the issuance of an unqualified audit

report in the 2005 and 2006 Annual reports. The department's last plenary session with SCOPA took place on 20 October 2004. As the department has no record of resolution passed since that meeting, the department acknowledges with appreciation the committee's recommendation for the approval by Parliament of the unauthorized expenditure incurred as at 31 March 2002. The department is however anxious to meet the Committee to deal with the unauthorized expenditure amounting to R345 474 000 .00 incurred since the 2002 financial year as it believes that value for money accrued to the State and therefore under the circumstances, recommendation for the Parliamentary approval is justified. Two written requests for the audience with the Committee to resolve the issues around the Unauthorised expenditure were made in 2004 by the former Director General.

8. Comments on the audit report

I have noted the significant issues raised by the Auditor General that have translated to the qualification of the department's audit report as well as other equally significant matters raised in subsequent paragraphs of the audit report. In view of their significance, I will closely monitor the action plan to be put in place to ensure their resolution and preventing recurrence thereof in the course of the financial year. The oversight structures of Parliament will soon be provided with the action plan to resolve these matters with realistic timeframes as some of them particularly those whose resolution will require the co-operation of other departments can only be resolved with the co-operation of the departments concerned.

Approval

The annual financial statements set out on pages 52 to 99 for DPW and on pages 102 to 119 for PMTE, have been approved by the Accounting Officer.



MANYE MOROKA
DIRECTOR GENERAL
31 AUGUST 2007



ACCOUNTING POLICIES for the year ended 31 March 2007

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid..

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the appropriation statement.

2. Revenue

2.1 Appropriated funds

Appropriated and adjusted appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund, Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

2.2 Departmental revenue



All departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

2.2.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the statement of financial performance when received.

2.2.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the statement of financial performance when the cash is received.

2.2.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

2.2.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the statement of financial performance when the

cash is received.

2.2.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

2.2.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Forex gains are recognised on payment of funds.

2.2.7 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the financial statements.

2.3 Local and foreign aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. The value of the assistance expensed prior to the receipt of the funds is recognized as a receivable in the statement of financial position

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

3. Expenditure

3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance .

All other payments are classified as current expense.

Social contributions include the employer's contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the statement of financial performance when the payment is effected on the system.

3.1.1 Short term employee benefits

Short term employee benefits comprise of leave entitlements (including capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year).

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance.

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer (to households) when the payment is effected on the system (by no later than 31 March of each year).

3.1.2.2 Post employment retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both



employer and employee contributions. Employer contributions to the fund are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year).

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5000 or more is purchased. All assets costing less than R5000 will also be reflected under goods and services.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

Forex losses are recognised on payment of funds.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Unauthorised expenditure

When discovered unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is recognised in the statement of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the statement of financial performance on the date of approval.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until

such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.7 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

3.8 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the payment is effected on the system (by no later than 31 March of each year).

3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year)..

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party.

Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance when the cash is received.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in disclosure note 36

4.5 Loans

Loans are recognised in the statement of financial position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in disclosure note 36.



4.6 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

4.7 Capital assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the capital asset may be stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Projects (of construction/development) running over more than one financial year relating to assets, are only capitalised as assets on completion of the project and at the total cost incurred over the duration of the project.

Disclosure Notes 37 and 38 reflect the total movement in the asset register for the current financial year.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as

expenditure in the statement of financial performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures and disclosure notes to the financial statements.

5.3 Accruals

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the system.

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.4 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or

A contingent liability is a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the disclosure notes.

5.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

6. Net Assets

6.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

6.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

7. Related party transactions

Related parties are departments that control or significantly influence entities in making financial

and operating decisions. Specific information with regards to related party transactions is included in the disclosure notes.

8. Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department.

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

9. Public private partnerships

A public private partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:

- Performs an institutional function on behalf of the institution; and/or
- acquires the use of state property for its own commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- receives a benefit for performing the institutional function or from utilizing the state property, either by way of:
- consideration to be paid by the department which derives from a Revenue Fund;
- charges fees to be collected by the private party from users or customers of a service provided to them; or
- a combination of such consideration and such charges or fees.



A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

Department of Public Works - Vote 6
Appropriation Statement for the year ended 31 March 2007

Appropriation per Programme										
	2006/07						2005/06			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
1. Administration										
Current payment	589,762	-	32,028	621,790	614,325	7,465	98.8	377,906	350,023	
Transfers and subsidies	1,090	-	-	1,090	738	352	67.7	489	1,514	
Payment for capital assets	2,359	-	-	2,359	10,142	(7,783)	429.9	13,894	40,895	
2. Provision of Land and Accommodation										
Current payment	665,563	-	(37,503)	628,060	587,865	40,195	93.6	3,758,610	3,755,588	
Transfers and subsidies	1,162,453	-	-	1,162,453	1,162,869	(416)	100	925,853	928,529	
Payment for capital assets	508,420	-	-	508,420	437,251	71,169	86	409,162	392,756	
3. National Public Works Programme										
Current payment	115,725	-	-	115,725	110,312	5,413	95.3	105,414	104,969	
Transfers and subsidies	48,021	-	-	48,021	47,346	675	98.6	34,382	37,078	
Payment for capital assets	150	-	-	150	346	(196)	230.7	430	43	
4. Auxiliary and Associated Services										
Current payment	1,656	-	5,475	7,131	6,601	530	92.6	1,654	2,430	
Transfers and subsidies	21,563	-	-	21,563	19,696	1,867	91.3	15,893	11,997	
Payment for capital assets	-	-	-	-	1	(1)	-	549	549	
5. Special Functions (Theft and Losses)										
Current payment	-	-	-	-	28,296	(28,296)	-	-	8,499	
Total	5,644,236	-	-	5,644,236	5,634,870	9,366	99.8%	5,513,909	5,304,916	
Reconciliation with Statement of Financial Performance										
Departmental receipts				79,937				98,077		
Actual amounts per Statement of Financial Performance (Total Revenue)				3,196,699				5,742,313		
Actual amounts per Statement of Financial Performance Expenditure					3,025,788				5,634,870	

APPROPRIATION STATEMENT
for the year ended 31 March 2007

Appropriation per Economic classification									
	2005/06					2005/06			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	655,829	–	–	655,829	613,572	42,257	93.6	539,555	542,763
Goods and services	716,877	–	–	716,877	705,505	11,372	98.4	3,688,193	3,654,411
Interest on rent on land	–	–	–	–	–	–	–	15,836	15,836
Financial transactions in assets and liabilities	–	–	–	–	28,322	(28,322)	–	–	8,499
Transfers & subsidies									
Provinces & municipalities	710,452	–	–	710,452	710,570	(118)	100	925,931	926,652
Departmental agencies & accounts	505,658	–	–	505,658	502,945	2,713	99.5	37,176	37,049
Foreign governments & international organisations	13,916	–	–	13,916	13,348	568	95.9	12,651	11,607
Public corporations & private enterprises	254	–	–	254	2	252	0.8	50	72
Households	2,847	–	–	2,847	3,784	(937)	132.9	809	3,738
Payment for capital assets									
Buildings & other fixed structures	493,450	–	–	493,450	414,120	79,330	83.9	393,074	376,783
Machinery & equipment	17,479	–	–	17,479	29,323	(11,844)	167.8	30,884	29,525
Software & other intangible assets	–	–	–	–	4,297	(4,297)	–	77	27,935
Total	3,116,762	–	–	3,116,762	3,025,788	90,974	97.1	5,644,236	5,634,870



**Notes to the Appropriation Statement
for the year ended 31 March 2007**

Programme per subprogramme	2006/07							2005/06	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
1.1 Minister									
Current payment	887	-	-	887	993	(106)	112	1,141	1,183
Transfers and subsidies	-	-	-	-	-	-	-	-	3
1.2 Deputy Minister									
Current payment	655	-	-	655	814	(159)	124.3	873	858
Transfers and subsidies	-	-	-	-	1	(1)	-	-	-
Payment for capital assets	-	-	-	-	(1)	1	-	-	-
1.3 Management									
Current payment	70,838	-	-	70,838	63,721	7,117	90	58,023	57,537
Transfers and subsidies	24	-	-	24	442	(418)	1,841.7	-	295
Payment for capital assets	290	-	-	290	597	(307)	205.9	-	202
1.4 Corporate Services									
Current payment	270,022	-	32,028	302,050	300,541	1,509	99.5	317,869	290,445
Transfers and subsidies	1,066	-	-	1,066	295	771	27.7	489	1,216
Payment for capital assets	2,069	-	-	2,069	9,546	(7,477)	461.4	13,894	40,693
1.5 Property Management									
Current payment	247,360	-	-	247,360	248,256	(896)	100.4	-	-
Total	593,211	-	32,028	625,205	625,205	34	100	392,289	329,432

Notes to the Appropriation Statement
for the year ended 31 March 2007

Economic classification	2006/07							2005/06	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	181,784	–	–	181,784	163,932	17,852	90.2	142,967	142,960
Goods and services	407,978	–	32,028	440,006	450,393	(10,387)	102.4	234,939	207,064
Transfers and subsidies									
Provinces & municipalities	100	–	–	100	122	(22)	122	379	543
Public corporations & private enterprises	50	–	–	50	–	50	–	50	66
Households	940	–	–	940	616	324	65.5	60	905
Payments for capital assets									
Machinery & equipment	2,359	–	–	2,359	5,938	(3,579)	251.7	13,894	13,021
Software & other intangible assets	–	–	–	–	4,204	(4,204)	–	–	27,873
Total	593,211	–	32,028	625,239	625,205	34	100	392,289	392,432



**Detail per programme 2 – Provision of Land and Accommodation
for the year ended 31 March 2007**

Programme per subprogramme	2006/07							2005/06	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
2.1 Capital Works									
Current payment	–	–	–	–	–	–	–	–	48
Transfers and subsidies	–	–	–	–	–	–	–	–	12
Payment for capital assets	493,450	–	–	493,450	414,120	79,330	83.9	376,880	376,852
2.2 Property Management									
Current payment	443,179	–	(37,503)	405,676	364,967	40,709	90	3,564,929	3,569,540
Transfers and subsidies	712,453	–	–	712,453	712,091	362	99.9	925,853	927,480
Payment for capital assets	14,970	–	–	14,970	21,627	(6,657)	144.5	32,282	11,112
2.3 Asset Management									
Current payment	28,430	–	–	28,430	31,696	(3,266)	111.5	39,400	37,420
Transfers and subsidies	–	–	–	–	25	(25)	–	–	632
Payment for capital assets	–	–	–	–	123	(123)	–	–	29
2.4 Administration									
Current payment	193,954	–	–	193,954	191,202	2,752	98.6	154,281	148,580
Transfers and subsidies	–	–	–	–	753	(753)	–	–	405
Payment for capital assets	–	–	–	–	1,381	(1,381)	–	–	4,763
1.5 Argumentation of PMTE									
Transfers and subsidies	450,000	–	–	450,000	450,000	–	100	–	–
Total	2,336,436	–	(37,503)	2,298,933	2,187,985	110,948	95.2	5,093,625	5,076,873

Detail per programme 2 – Provision of Land and Accommodation
for the year ended 31 March 2007

	2006/07							2005/06	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
Current									
Compensation of employees	450,594	–	–	450,594	426,478	24,116	94.6	376,949	380,621
Goods and services	214,969	–	(37,503)	177,466	161,361	16,105	90.9	3,365,825	3,359,130
Interest on rent on land	–	–	–	–	–	–	–	15,836	15,836
Financial transactions in assets and liabilities	–	–	–	–	26	(26)	–	–	–
Transfers & subsidies									
Provinces & municipalities	710,434	–	–	710,343	710,431	(88)	100	925,495	926,050
Dept agencies & accounts	450,000	–	–	450,000	450,000	–	100	–	39
Public corporations and public enterprises	204	–	–	204	2	202	1	–	6
Households	1,906	–	–	1,906	2,436	(530)	127.8	358	2,434
Capital									
Buildings and other fixed structures	493,450	–	–	493,450	414,120	79,330	83.9	393,074	376,783
Machinery and equipment	14,970	–	–	14,970	23,038	(8,068)	153.9	16,011	15,912
Software & other intangible assets	–	–	–	–	93	(93)	–	77	62
Total	2,336,436	–	(37,503)	2,298,933	2,187,985	110,948	95.2	5,093,625	5,076,873



**Detail per programme 3 – National Public Works Programme
for the year ended 31 March 2006**

Programme per subprogramme	2005/06						2004/05		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
3.1 Construction Industry									
Current payment	26,190	–	–	26,190	39,427	(13,237)	150.5	43,150	42,196
Transfers and subsidies	48,021	–	–	48,021	47,337	684	98.6	34,295	37,053
Payment for capital assets	–	–	–	–	83	(83)	–	–	–
3.2 Expanded Public Works									
Current payment	77,803	–	–	77,803	70,146	7,657	90.2	62,264	62,780
Transfers and subsidies	–	–	–	–	9	(9)	–	87	25
Payment for capital assets	150	–	–	150	251	(101)	167.3	430	43
3.3 Property Industry									
Current payment	11,732	–	–	11,732	737	10,995	6.3	–	–
Payment for capital assets	–	–	–	–	12	(12)	–	–	–
3.4 Administration									
Current payment	–	–	–	–	2	(2)	–	–	(7)
Total	163,896	–	–	163,896	158,004	5,892	96.4	140,226	142,090

Detail per programme 3 – National Public Works Programme
for the year ended 31 March 2007

	2006/07							2005/06	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
Current									
Compensation of employees	23,451	–	–	23,451	23,162	289	98.8	19,639	19,182
Goods and services	92,274	–	–	92,274	87,150	5,124	94.4	85,775	85,787
Transfers & subsidies									
Provinces & municipalities	9	–	–	9	17	(8)	188.9	57	59
Dept agencies & accounts	48,012	–	–	48,012	47,197	815	98.3	34,325	37,010
Households	–	–	–	–	132	(132)	–	–	9
Capital									
Machinery and equipment	150	–	–	150	346	(196)	230.7	430	43
Total	163,896	–	–	163,896	158,004	5,892	96.4	140,226	142,090



Detail per programme 4 – Auxiliary and Associated Services

for the year ended 31 March 2007

	2006/07							2005/06	
Programme per subprogramme	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
4.1 Compensation for Losses									
Current payment	1,565	–	–	1,565	–	1,565	–	394	3
Transfers and subsidies	–	–	–	–	600	(600)	–	–	390
Payment for capital assets	–	–	–	–	1	(1)	–	–	–
4.2 Distress Relief									
Current payment	1	–	–	1	–	1	–	1	–
4.3 Loskop Settlement									
Current payment		–	–	–	–	–	–	–	–
Transfers and subsidies	1	–	–	1	–	1	–	1	–
4.4 Assistance to Organisations for preservation of National Memorials									
Transfers and subsidies	13,916	–	–	13,916	13,348	568	95.9	12,651	11,607
4.5 Grant-in aid									
Current payment	–	–	–	–	–	–	–	–	901
Transfers and subsidies	–	–	–	–	–	–	–	1,516	–
Payment for capital assets	–	–	–	–	–	–	–	–	–
4.6 Decorations for Public Functions									
Current payment	–	–	–	–	–	–	–	1,259	1,526
Transfers and subsidies	–	–	–	–	–	–	–	–	–
Payment for capital assets	–	–	–	–	–	–	–	–	–
4.7 Government Motor Transport									
Current payment	–	–	–	–	–	–	–	–	–
Transfers and subsidies	–	–	–	–	–	–	–	–	–
Payment for capital assets	–	–	–	–	–	–	–	549	549
4.8 Sectoral Education and Training Authority									
Transfers and subsidies	1,898	–	–	1,898	–	1,898	–	1,725	–
4.9 Parliamentary Village									
Transfers and subsidies	5,748	–	–	5,748	5,748	100	–	–	–
4.10 State functions									
Current payment	90	–	5,475	5,565	6,601	(1,036)	118.6	–	–
Total	23,219	–	5,475	28,694	26,298	2,396	91.6	18,096	14,976

Detail per programme 4 – Auxiliary and Associated Services
for the year ended 31 March 2007

Economic classification	2006/07							2005/06	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
Current									
Goods and services	1,656	–	5,475	7,131	6,601	530	92.6	1,654	2,430
Transfers & subsidies									
Dept agencies & accounts	7,646	–	–	7,646	5,748	1,898	75.2	2,851	–
Universities and technikons	–	–	–	–	–	–	–	–	–
Foreign governments & international organisation-	13,916	–	–	13,916	13,348	568	95.9	12,651	11,607
Households	1	–	–	1	600	(599)	60,000	391	390
Payments for capital assets									
Machinery and equipment	–	–	–	–	1	(1)	–	549	549
Total	23,219	–	5,475	28,694	26,298	2,396	91.6	18,096	14,976



Detail per programme 5 – Special Functions (Theft and Losses)

for the year ended 31 March 2007

	2006/07							2005/06	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
Programme per subprogramme									
5.1 Theft and Losses									
Current payment	–	–	–	–	28,296	(28,296)	–	–	8,499
Total	–	–	–	–	28,296	(28,296)	–	–	8,499

	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
Economic classification									
Current									
Financial transactions in assets and liabilities	–	–	–	–	28,296	(28,296)	–	–	8,499
Total	–	–	–	–	28,296	(28,296)	–	–	8,499



1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 8 (Transfers and subsidies) and Annexure 1 (A-L) to the annual financial statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the annual financial statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 7 (Details of special functions (theft and losses)) to the annual financial statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%

Programme name

1. Administration	625,239	625,205	34	0%
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Explanation of variance : Variance in this programme is 0% and therefore immaterial.

2. Provision of Land and Accom.	2,298,933	2,187,985	110,948	5%
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Explanation of variance: R79,33 million of the variance is due to delays in the implementation of some of the capital projects within the Rekgabisa Tshwane and Prestige programmes. These delays have been caused, mainly, by the longer than anticipated time it took to finalise security clearance on contractors, valuation of Salvokop site, re-zoning of Oumashoop site, correct errors on invoices submitted by contractors. Factors such as: changes in the project scope, non-performance of contractors and late submission of invoices also contributed towards the under spending. The full R79.33 million has been included in the department's submission to National Treasury on rollovers. The balances has been utilised for write offs.

3. National Public Works Programme	163,896	158,004	5,892	4%
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Explanation of variance : Invoices received late from service providers.

4. Auxillary and Associated Services	28,694	26,298	2,396	8%
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Explanation of variance: The 8% variances on the programme has been caused by exchange rate gains on the annual transfer payment to the Commonwealth War Graves Commission as well as the R1,9 million set aside for CETA that was claimed.

Per Economic classification

2006/07

Current payment:

R'000

Compensation of employees	42,257
Goods and services	7,255
Interest and rent on land	—
Financial transactions in assets and liabilities	(28,322)
Unauthorised expenditure approved	—

Transfers and subsidies:

Provinces and municipalities	(119)
Departmental agencies and accounts	2,713
Universities and Technikons	252
Public corporations and private enterprises	—
Foreign governments and international organisations	568
Non-profit institutions	—
Households	(937)

Payments for capital assets:

Buildings and other fixed structures	79,330
Machinery and equipment	(11,875)
Software and other intangible assets	(148)
	90,974

**Statement of Financial Performance
for the year ended 31 March 2007**

	<i>Note</i>	2006/07 R'000	2005/06 R'000
REVENUE			
Annual appropriation	1.	3,116,762	5,644,236
Departmental revenue	2.	79,937	98,077
TOTAL REVENUE		<u>3,196,699</u>	<u>5,742,313</u>
EXPENDITURE			
Current expenditure			
Compensation of employees	4.	613,572	542,763
Goods and services	5.	705,505	3,654,411
Interest and rent on land	6.	–	15,836
Financial transactions in assets and liabilities	7.	28 322	8,499
Total current expenditure		<u>1,347,399</u>	<u>4,221,509</u>
Transfers and subsidies	8.	1,230,649	979,118
Expenditure for capital assets			
Buildings and other fixed structures	9.	414,120	376,783
Machinery and Equipment	9.	29,323	29,525
Software and other intangible assets	9.	4,297	27,935
Total expenditure for capital assets		447,740	434,243
TOTAL EXPENDITURE		<u>3,025,788</u>	<u>5,634,870</u>
SURPLUS/(DEFICIT)		170,911	107,443
SURPLUS/(DEFICIT) FOR THE YEAR		<u>170,911</u>	<u>107,443</u>
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds	15.	90,974	9,366
Departmental revenue	16.	79,937	98,077
SURPLUS/(DEFICIT) FOR THE YEAR		<u>170,911</u>	<u>107,443</u>



**Statement of Financial Position
for the year ended 31 March 2007**

	<i>Note</i>	2006/07 R'000	2005/06 R'000
ASSETS			
Current assets		493,783	811,808
Unauthorised expenditure	10.	345,474	345,474
Fruitless and wasteful expenditure	11.	37,980	46,310
Cash and cash equivalents	12.	182	325
Prepayments and advances	13.	4,715	6,219
Receivables	14.	105,432	413,480
TOTAL ASSETS		493,783	811,808
LIABILITIES			
Current liabilities		493,783	811,808
Voted funds to be surrendered to the Revenue Fund	15.	90,974	9,366
Departmental revenue to be surrendered to the Revenue Fund	16.	9,710	16,660
Bank overdraft	17.	230,325	663,620
Payables	18.	162,774	119,400
Local and foreign aid assistance unutilised	3.	–	2,762
TOTAL LIABILITIES		493,783	811,808
NET ASSETS		–	–

Cash Flow Statement
for the year ended 31 March 2007

	<i>Note</i>	2006/07 R'000	2005/06 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		3,170,117	5,690,426
Annual appropriated funds received	1.1	3,116,762	5,644,236
Departmental revenue received		53,355	46,190
Net (increase)/ decrease in working capital		358,494	177,307
Surrendered to Revenue Fund		(96,253)	(297,070)
Current payments		(1,347,399)	(4,214,950)
Transfers and subsidies paid		(1,230,649)	(979,118)
Net cash flow available from operating activities	19.	854,310	376,595
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(447,740)	(434,243)
Proceeds from sale of capital assets		26,582	51,887
Net cash flows from investing activities		(421,158)	(382,356)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows from financing activities		—	—
Net increase/ (decrease) in cash and cash equivalents		433,152	(5,761)
Cash and cash equivalents at beginning of period		(663,295)	(657,534)
Cash and cash equivalents at end of period	20.	(230,143)	(663,295)



**Notes to the Annual Financial Statements
for the year ended 31 March 2007**

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted Funds) and Provincial Departments: **

	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation Received 2005/06 R'000
Administration	625,239	625,239	—	392,289
Provision of Land and Accommodation	2,298,933	2,298,933	—	5,093,625
National Public Works Programme	163,896	163,896	—	140,226
Auxilliary and Associated Services	28,694	28,694	—	18,096
Total	3,116,762	3,116,762	—	5,644,236

2. Departmental revenue to be surrendered to Revenue Fund

	<i>Note</i>	2006/07 R'000	2005/06 R'000
Sales of goods and services other than capital assets	2.1	25,512	22,275
Fines, penalties and forfeits		3	124
Interest, dividends and rent on land	2.2	1,877	2,848
Sales of capital assets	2.3	26,582	51,887
Financial transactions in assets and liabilities	2.4	25,963	20,943
Total revenue collected		79,937	98,077

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	25,497	22,257
Sales by market establishment	23,395	19,750
Administrative fees	399	487
Other sales	1,703	2,020
Sales of scrap, waste and other used current goods	15	18
Total	25,512	22,275

2.2 Interest and rent on land

Interest	1,866	2,682
Rent on land	11	166
Total	1,877	2,848

2.3 Sales of capital assets

Land and subsoil assets	26,355	49,259
Other capital assets	227	2,628
Total	26,582	51,887

**Notes to the Annual Financial Statements
for the year ended 31 March 2007**

2.4 Financial transactions in assets and liabilities	2006/07	2005/06
	R'000	R'000
Nature of recovery		
Loans	–	62
Receivables	1,025	688
Stale cheques written back	57	–
Other Receipts including Recoverable Revenue	24,881	20,193
Total	25,963	20,943
3. Local and foreign aid assistance		
3.1 Assistance received in cash from RDP		
Foreign		
Opening Balance	2,762	2,762
Local and foreign aid paid to RDP fund/donors	(2,762)	–
Closing Balance	–	2,762
Analysis of balance		
Local and foreign aid unutilised	2,762	2,762
Local and foreign aid paid to RDP fund/donors	(2,762)	–
Closing balance	–	2,762
4. Compensation of employees		
4.1 Salaries and wages		
Basic salary	426,275	379,693
Performance award	19,953	15,332
Service Based	82	137
Compensative/circumstantial	5,031	3,658
Periodic payments	2,000	3,378
Other non-pensionable allowances	81,016	69,354
Total	534,357	471,552
4.2 Social contributions		
4.2.1 Employer contributions		
Pension	53,865	47,889
Medical	25,204	23,180
Bargaining council	146	141
Insurance	–	1
Total	79,215	71,211
Total compensation of employees	613,572	542,763
Average number of employees	4,682	4,722



**Notes to the Annual Financial Statements
for the year ended 31 March 2007**

		2006/07	2005/06
		R'000	R'000
5. Goods and services			
Advertising		17,603	10,309
Attendance fees (including registration fees)		1	18
Bank charges and card fees		294	454
Bursaries (employees)		2,493	2,324
Communication		24,661	23,571
Computer services		26,486	22,852
Consultants, contractors and special services		140,172	114,158
Courier and delivery services		1,262	963
Tracing agents & debt collections		3	2
Drivers licences and permits		8	1
Entertainment		3,949	2,104
External audit fees	5.1	22,443	15,798
Equipment less than R5 000		28,302	17,295
Freight service		–	2,488
Inventory	5.2	32,120	35,130
Learnerships		3,418	11,833
Legal fees		4,493	5,033
Maintenance, repair and running costs		6,098	884,374
Medical services		45	61
Municipal Services		113,205	1,103,702
Operating leases		180,862	1,247,863
Personnel agency fees		5,001	4,020
Photographic services		34	81
Plant flowers and other decorations		603	1,080
Printing and publications		1,320	2,604
Professional bodies and membership fees		433	242
Resettlement costs		2,219	2,644
Subscriptions		151	232
Storage of furniture		–	4
Taking over of contractual obligations		–	19
Owned and leasehold property expenditure		8,066	46,590
Translations and transcriptions		–	14
Transport provided as part of the departmental activities		800	915
Travel and subsistence	5.3	67,648	70,516
Venues and facilities		1,327	3,787
Protective, special clothing & uniforms		657	572
Training & staff development		10,280	20,758
Total		<u><u>705,505</u></u>	<u><u>3,654,411</u></u>

Included in the Maintenance, repairs and running costs of R6,098,000 is an amount that could be classified as capital expenditure, the determination of which could not be established at the finalisation of the audit due to the absence of a clear accounting policy on this matter. Consequently, both current and capital portion of this expenditure item could be mistated. The department will work closely with National Treasury to reach an acceptable treatment of this accounting disclosure for future financial years.

**Notes to the Annual Financial Statements
for the year ended 31 March 2007**

	<i>Note</i>	2006/07 R'000	2005/06 R'000
5.1 External audit fees			
Regulatory audits		19,548	12,594
Performance audits		–	168
Other audits		2,895	3,036
Total		<u>22,443</u>	<u>15,798</u>
5.2 Inventory			
Domestic Consumables		13,110	21,932
Learning and teaching support material		46	38
Food and supplies		12	27
Fuel, oil and gas		7,383	2,471
Laboratory consumables		69	112
Other consumables		74	173
Parts and other maintenance material		1,341	1,935
Sport and Recreation		10	–
Stationery and Printing		9,904	8,328
Restoration and fittings		171	106
Medical Supplies		–	8
Total		<u>32,120</u>	<u>35,130</u>
5.3 Travel and subsistence			
Local		67,040	69,198
Foreign		608	1,318
Total		<u>67,648</u>	<u>70,516</u>
6. Interest and rent on land			
Interest expense		–	5,811
Rent on land		–	10,025
Total		<u>–</u>	<u>15,836</u>
7. Financial transactions in assets and liabilities			
Material losses through criminal conduct		272	976
– Other material losses	7.1	272	976
Other material losses written off	7.2	10,034	4,253
Debts written off	7.3	18,016	3,270
Total		<u>28,322</u>	<u>8,499</u>
7.1 Material losses through criminal conduct			
Other material losses			
Incident	Disciplinary steps taken/criminal proceedings		
Criminal Acts	Cases of burglary	7	8
Criminal Acts	Damage to buildings	190	669
Criminal Acts	Fraud	–	299
Theft		75	–
Total		<u>272</u>	<u>976</u>



**Notes to the Annual Financial Statements
for the year ended 31 March 2007**

	<i>Note</i>	2006/07 R'000	2005/06 R'000
7.2 Other material losses written off			
Nature of losses			
Unavoidable Expenditure		3,979	51
Vis Major		5,682	3,416
Other		373	786
Total		<u>10,034</u>	<u>4,253</u>
7.3 Debts written off			
Nature of debts written off			
Irrecoverable Debts		18,016	3,270
Total		<u>18,016</u>	<u>3,270</u>
8. Transfers and subsidies			
Provinces and municipalities	<i>ANNEXURE 1A</i>	710,570	926,652
Departmental agencies and accounts	<i>ANNEXURE 1B</i>	502,945	37,049
Foreign governments and international organisations	<i>ANNEXURE 1D</i>	13,348	11,607
Public corporations and private enterprises	<i>ANNEXURE 1</i>	2	72
Households	<i>ANNEXURE 1E</i>	3,748	3,738
Total		<u>1,230,649</u>	<u>979,118</u>
9. Expenditure on capital assets			
Buildings and other fixed structures	28	414,120	376,783
Machinery and equipment	28	29,323	29,525
Software and other intangible assets	29	4,297	27,935
Total		<u>447,740</u>	<u>434,243</u>
10. Unauthorised expenditure			
10.1 Reconciliation of unauthorised expenditure			
Opening balance		345,474	345,476
Unauthorised expenditure awaiting authorisation		345,474	345,474

In terms of Act No.2 of 2007: Finance Act, 2007 an amount of R41m was approved by Parliament in terms of section 32(1)(b) of the Public Finance Management Act and it will be treated in terms of schedule 1 of section 34(1)(b) of the PMFA.

**Notes to the Annual Financial Statements
for the year ended 31 March 2007**

		Note	2005/06	2004/05
			R'000	R'000
11. Fruitless and wasteful expenditure				
11.1 Reconciliation of fruitless and wasteful expenditure				
			46,310	39,751
			–	6,559
			–	6,559
			(8,330)	–
			(8,330)	–
			37,980	46,310
12. Cash and cash equivalents				
			182	–
			–	325
			182	325
13. Prepayments and advances				
			30	26
			539	560
			–	4,120
			4,146	1,513
			4,715	6,219
14. Receivables				
	</			

Included in the Inter-governmental Receivables at financial year-end, is an amount of R65 million owed by the department of Environmental Affairs and Tourism (DEAT) through one of its public entities. The department obtained written confirmation from the department that the amount in question ought to have been paid through the transfer payments that had been made to the public entity concerned. As at the date of this report, the amount in question remained unpaid. The department will pursue recovery thereof with the assistance of DEAT.



**Notes to the Annual Financial Statements
for the year ended 31 March 2007**

	2006/07 R'000	2005/06 R'000
14.1 Staff debtors		
Personnel Debt	24	798
Salary Accounts	1,264	1,000
Total	<u>1,288</u>	<u>1,798</u>
14.2 Other Debtors		
Disallowances	22,465	39,578
Other	4,605	4,030
Inter Responsibility Clearing	–	5,311
Total	<u>27,070</u>	<u>48,919</u>
15. Voted funds to be surrendered to the Revenue Fund		
Opening balance	9,366	208,993
Transfer from Statement of Financial Performance	90,974	9,366
Paid during the year	(9,366)	(208,993)
Closing balance	<u>90,974</u>	<u>9,366</u>
16. Departmental revenue to be surrendered to the Revenue Fund		
Opening balance	16,660	6,660
Transfer from Statement of Financial Performance	79,937	98,077
Paid during the year	(86,887)	(88,077)
Closing balance	<u>9,710</u>	<u>16,660</u>
17. Bank overdraft		
Consolidated Paymaster General Account	230,325	663,620
Total	<u>230,325</u>	<u>663,620</u>

**Notes to the Annual Financial Statements
for the year ended 31 March 2007**

			<i>Note</i>	2006/07 R'000	2005/06 R'000
18. Payables – current					
Description				2006/07 Total R'000	2005/06 Total R'000
	<i>Note</i>	30 Days R'000	30+ Days R'000		
Advances received	18.1	(9,262)	170,558	161,296	113,177
Clearing accounts	18.2	59	537	596	962
Other payables	18.3	842	40	882	5,261
Total		(8,361)	171,135	162,774	119,400
18.1 Advances received					
Tender Deposits				11,261	14,771
National Departments				135,021	92,494
Public Entities				15,014	5,912
Total				161,296	113,177
18.2 Clearing accounts					
Salary Clearing Accounts				596	850
Other				–	112
Total				596	962
18.3 Other payables					
Prepayments and advances				882	5,261
Total				882	5,261
19. Net cash flow available from operating activities					
Net surplus/(deficit) as per Statement of Financial Performance				170,911	107,443
Add back non cash/cash movements not deemed operating active				683,399	269,152
(Increase)/decrease in receivables – current				308,048	128,525
(Increase)/decrease in prepayments and advances				1,504	(1,519)
(Increase)/decrease in other current assets				8,330	(6,559)
Increase/(decrease) in payables – current				40,612	63,419
Proceeds from sale of capital assets				(26,582)	(51,887)
Expenditure on capital assets				447,740	434,243
Surrenders to revenue fund				(96,253)	(297,070)
Net cash flow generated by operating activities				854,310	376,595
20. Reconciliation of cash and cash equivalents for cash flow purposes					
Consolidated Paymaster General Account				(230,325)	(663,620)
Cash on hand				182	–
Cash with commercial banks (Local)				–	325
Total				(230,143)	(663,295)



**Disclosure Notes to the Annual Financial Statements
for the year ended 31 March 2007**

These amounts are not recognised in the financial statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

			2006/07	2005/06
		<i>Note</i>	R'000	R'000
21. Contingent liabilities				
Motor vehicle guarantees	Employees	ANNEX 2A	944	944
Housing loan guarantes	Employees	ANNEX 2A	5,282	5,640
Claims against the department		ANNEX 2B	223,221	253,955
Total			<u>229,447</u>	<u>260,539</u>

The figures for the current and prior year have been adjusted as a result of the audit adjustments.

22. Commitments

Current expenditure

Approved and contracted	291,750	523,373
Approved but not yet contracted	159	2,332,701
	<u>291,909</u>	<u>2,856,074</u>

Capital expenditure

Approved and contracted	2,054	340,352
Approved but not yet contracted	–	1,250,091
	<u>2,054</u>	<u>1,590,443</u>
Total	<u>293,963</u>	<u>4,446,517</u>

23. Accruals

	30 Days	30+ Days	Total	Total
	R'000	R'000	R'000	R'000
By economic classification				
Compensation of employees	71	–	71	3
Goods and services	3,502	5,252	8,754	100,536
Transfers and subsidies	–	–	–	1,200
Buildings and other fixed structures	424	88	512	52,875
Machinery and Equipment	–	–	–	133
Total	<u>3,997</u>	<u>5,340</u>	<u>9,337</u>	<u>154,747</u>

Listed by programme level

Programme 1	5,925	15,767
Programme 2	1,439	135,308
Programme 3	1,966	3,664
Programme 4	–	8
Programme 5	7	–
Total	<u>9,337</u>	<u>154,747</u>

24. Employee benefit provisions

Leave entitlement	17,371	15,279
Thirteenth cheque	16,955	16,255
Performance awards	20,331	13,586
Capped leave commitments	55,722	54,940
Total	<u>110,379</u>	<u>100,060</u>

24.1 Lease Commitments

	Land	Buildings & other fixed structures	Machinery & equipment	Total
2005/2006	R0'000	R'000	R'000	R'000
Not later than 1 year	3,584	1,109,926	–	1,113,510
Later than 1 year and not later than 5 years	10,705	1,947,636	–	1,958,341
Later than five years	23,403	452,278	–	475,681
Total present value of lease liabilities	37,692	3,509,840	–	3,547,532

24.2 Finance Leases

	Land	Buildings & other fixed structures	Machinery & equipment	Total
2006/2007	R0'000	R'000	R'000	R'000
Not later than 1 year	–	–	4,307	4,307
Later than 1 year and not later than 5 years	–	–	3,365	3,365
Later than five years	–	–	719	719
Total present value of lease liabilities	–	–	8,391	8,391

	Land	Buildings & other fixed structures	Machinery & equipment	Total
2005/2006	R0'000	R'000	R'000	R'000
Not later than 1 year	–	–	–	–
Later than 1 year and not later than 5 years	–	–	13,708	13,708
Later than five years	–	–	–	–
Total present value of lease liabilities	–	–	13,708	13,708

The lease commitments for operating leases for Land and Building & other fixed structures are disclosed in the disclosure note of the PMTE as results of the devolution of budget. This liability consists of a transversal contract in respect of office equipment entered into by National Treasury on behalf of all National Departments. Furthermore, National Treasury issued a practice note 5 of 2006/2007.



	2006/07 R'000	2005/06 R0'000
25. Receivables for departmental revenue		
Rental Debtors (PMIS)	6,554	10,930
Total	6,554	10,930

26. Irregular expenditure

26.1 Reconciliation of irregular expenditure

Opening Balance	39,008	35,601
Add: Irregular expenditure – current year	–	3,407
Irregular expenditure awaiting condonement	39,008	39,008

26.2 Irregular expenditure

Incident	Disciplinary steps taken/criminal proceedings		
Renovations to Nedbank Building without following the tender process :- Nelspruit	Acting DG requested investigation by Human Resources	–	200
This excess expenditure arose as a result of increases arising from the job evaluation exercise of the posts that were broad - banded in 2002-2003 financial year value for money accrued to the dept.	The overspending was legitimate consequently no disciplinary process was instituted against any employee as	–	3,207
Total		–	3,407

27. Key Management Personnel

The aggregate compensation of the senior management of the department showing separately major classes of key management personnel and the respective benefits according to the headings indicated for the current and comparative period.

	No of Individuals	Total R'000	Total R'000
Political Office Bearers (provide detail below)			
Officials	2	1,572	2,031
Level 15 to 16	8	3,470	5,576
Level 14	22	14,431	12,291
Family members of key management personnel		–	–
Total		19,473	19,898

**Annexures to the Annual Financial Statement
for the year ended 31 March 2007**

28. Tangible Capital Assets

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Opening balance	Current Year Adjustment to prior year balances	Additions	Disposals	Closing balance
	Cost R'000	Cost R'000	Cost R'000	Cost R'000	Cost R'0'000
BUILDING AND OTHER FIXED STRUCTURES	669,802	—	414,120	—	1,083,922
Dwellings	120,156	—	63,302	—	183,458
Non-residential buildings	549,545	—	350,818	—	900,363
Other fixed structures	101	—	—	—	101
MACHINERY AND EQUIPMENT	69,402	1,694	38,357	249	109,204
Transport assets	739	—	54	—	793
Computer equipment	17,612	-571	6,733	93	23,681
Furniture and Office equipment	44,198	2,282	26,872	156	73,196
Other machinery and equipment	6,853	-17	4,698	—	11,534
LAND AND SUBSOIL ASSETS	(49,224)	—	—	—	(49,224)
Land	(49,224)	—	—	—	(49,224)
TOTAL TANGIBLE ASSETS	689,980	1,694	452,477	249	1,143,902

28.1 ADDITIONS TO TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Cash	Non-Cash	(Capital Work in Progress current costs	Received current, not paid (Paid current year, received prior year)	Total
	Cost R'000	Cost R'000	Cost R'000	Cost R'000	Cost R'0'000
BUILDING AND OTHER FIXED STRUCTURES	414,120	—	—	—	414,120
Dwellings	63,302	—	—	—	63,302
Non-residential buildings	350,818	—	—	—	350,818
Heritage assets	—	—	—	—	—
MACHINERY AND EQUIPMENT	29,323	9,034	—	—	38,357
Transport assets	—	54	—	—	54
Computer equipment	5,401	1,332	—	—	6,733
Furniture and Office equipment	20,448	6,424	—	—	26,872
Other machinery and equipment	3,474	1,224	—	—	4,698
CULTIVATED AND BIOLOGICAL ASSETS	(49,224)	—	—	19	19
Biological assets	(49,224)	—	—	19	19
TOTAL TANGIBLE ASSETS	443,443	9,034	452,477	19	452,496



**Annexures to the Annual Financial Statement
for the year ended 31 March 2007**

28.2 DISPOSALS OF TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Sold (Cash)	Non-Cash	Total Cost	Cash Received Actual Cost
	Cost R'000	Cost R'000	Cost R'000	Cost R'000
MACHINERY AND EQUIPMENT	–	249	249	227
Computer Equipment	–	93	93	–
Furniture and office equipment	–	156	156	20
Other machinery and equipment	–	–	–	207
LAND AND SUBSOIL ASSETS	–	–	–	26,355
Land	–	–	–	26,355
TOTAL	–	249	249	26,582

28.3 MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDING AND OTHER FIXED STRUCTURES	293,019	376,783	–	669,802
Dwellings	–	120,156	–	120,156
Non-residential buildings	292,928	256,627	–	549,545
Other fixed structures	101	–	–	101
MACHINERY AND EQUIPMENT	42,505	29,525	2,628	69,402
Transport assets	–	739	–	739
Computer equipment	8,531	9,081	–	17,612
Furniture and office equipment	31,862	12,336	–	44,198
Other machinery and equipment	2,112	7,369	2,628	6,853
LAND AND SUBSOIL ASSETS	35	–	49,259	(49,224)
Land	35	–	49,259	(49,224)
TOTAL TANGIBLE ASSETS	335,559	406,308	51,887	689,980

Additional Disclosure on disclosure note 28 Tangible Capital Assets (Immovable Assets)

Included in DPW's opening balance is an amount of R136, 132 in respect of 136,132 state-owned properties deemed to be immovable assets of the National Government under the custodianship of DPW, at a nominal value of R1.00 (one rand) per property. These properties comprise of 100,603 buildings and structures and 35,529 land parcels. It should be noted that the interim Constitution (1993) separated the ownership of state-owned immovable assets between the National and Provincial Governments, based on their designated functions and the legislation administered by such governments. Currently the constitution (1996) creates a mechanism for the National and Provincial custodians of State-owned immovable assets to confirm and record the historical vesting of such assets that occurred on 27 April 1994 in terms of the interim constitution. Immovable assets held by National and Provincial governments comprise more than 108,000 land parcels (both improved and unimproved properties) of which on 27 April 1994 more than 108,000 were registered in an array of names (eg. Governor of the Cape of Good Hope; Minister of Lands; Education Trustees; Hospital Trustees; Union of South Africa; Republic of South Africa; etc) that requires clarification in respect of current ownership by National or Provincial Governments. The Department of Land Affairs, in conjunction with DPW and all Provincial custodians, has been tasked to lead a government-wide initiative to complete the vesting of State-owned land by 2008/2009.

(3b)

In view of the fact that (a) the bulk of state land is still registered in historical names (as outlined above); and (b) DPW's immovable asset register contain substantial portfolio of unsurveyed and unregistered state land (eg. State coastal reserves; conservation areas; etc) the electronic register of the Deeds Office (Deeds Web) on it's own cannot be used as a direct comparison to verify DPW's immovable asset register.

(3c)

Property Management Information System (PMIS) contains a list of properties and land parcels with no values except for recent additions that would be recorded at their acquisition costs. Improvements on properties are not recorded on PMIS as such costs are accounted for on the Works Control System.

The department is developing valuation methodologies for the various classes of assets. The process that will involve approval of National Treasury prior to its rollout.

29. MOVEMENT INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Opening balance	Current Year Adjustment to prior year balances	Additions	Disposals	Closing balance
	Cost R'000	Cost R'000	Cost R'000	Cost R'000	Cost R'0'000
COMPUTER SOFTWARE	27,959	—	4,297	—	32,256
OTHER INTANGIBLES	—	—	(69)	—	(69)
TOTAL INTANGIBLE ASSETS	27,959	—	4,228	—	32,187



**Annexures to the Annual Financial Statement
for the year ended 31 March 2007**

29.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Cash	Non-Cash	(Develop- ment work in progress– current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	Cost R'000	Cost R'000	Cost R'000	Cost R'000	Cost R'000
COMPUTER SOFTWARE	4,297	–	–	–	4,297
OTHER INTANGIBLES	–	(69)	–	–	(69)
TOTAL	4,297	(69)	–	–	4,228

29.2 CAPITAL INTANGIBLE ASSETS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2007

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
COMPUTER SOFTWARE	24	27,395	–	27,959
TOTAL INTANGIBLE ASSETS	24	27,395	–	27,959

**Annexures to the Annual Financial Statements
for the year ended 31 March 2007**

**ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2006/07
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Amount received by Municipality R'000	Amount spent by Municipality R'000	% of Available Funds spent by municipality %	
Municipalities	710,343	-	-	710,343	710,570	0%	-	-	0%	925,931
	710,343	-	-	710,343	710,570	-	-	-	-	925,931

**ANNEXURE 1B
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2006/07
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Final Appropriation on Act R'000
Construction Industry Development Board	40,012	-	-	40,012	40,012	100%	34,528
Council for Built Environment	8,000	-	-	8,000	8,000	89.9%	3,000
Public Investment Commissioners	-	-	-	-	-	0%	38
Property Management Trading Entity	450,000	-	-	450,000	450,000	100.0%	-
Parliament Villages Management Board	5,748	-	-	5,748	5,748	100.0%	-
	503,760	-	-	502,945	502,945		37,566

Annexures to the Annual Financial Statements
for the year ended 31 March 2007

ANNEXURE 1C
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2004/05
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Capital R'000	Current R'000	Total Available R'000
Private Enterprises									
MID & Glenrand	-	-	-	-	2	-	-	-	50
	-	-	-	-	2	-	-	-	50

ANNEXURE 1D
STATEMENT OF TRANSFERS/SUBSIDIES TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION			EXPENDITURE		2006/07
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred % Final Appropria- tion Act R'000
Transfers						
Common Wealth war graves	13,916	–	–	13,916	13,348	95.9% 12,651
	13,916	–	–	13,916	13,348	95.9% 12,651



**Annexures to the Annual Financial Statements
for the year ended 31 March 2007**

**ANNEXURE 1E
STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2006/07
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Appropriation Act R'000
Subsidies	2,847	–	–	2,847	3,784	132.9%	809
	2,847	–	–	2,847	3,784	132.9%	809

**ANNEXURE 1F
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2006/07 R'000	2005/06 R'000
Received in kind			
Murray and Roberts Pty (Ltd)	National construction week gala dinner	450	–
WBHO Pty (Ltd)	Production of posters which were distributed to all schools in South Africa to opromote awareness about the construction industry.	60	–
Aveng Pty (Ltd)	Production of posters for national construction week	243	–
Total		753	–

**Annexures to the Annual Financial Statements
for the year ended 31 March 2007**

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2007 – LOCAL

Guarantor Institution	Guarantee in respect of	Original Guaranteed capital amount	Opening Balance 01/04/2006	Guarantees draw downs during the year	Guarantees repayments/cancelled/reduced during the year	Currency revaluations	Closing balance 31 March 2007	Guaranteed interest outstanding as at 31 March 2006	Realised losses not recoverable
		R0'000	R0'000	R0'000	R0'000	R0'000	R0'000	R0'000	R0'000
Standard Bank									
Vehicle and Asset									
	Motor Vehicle	–	944	–	–	–	944	–	–
		–	944	–	–	–	944	–	–
Standard	Housing	725	859	95	181	–	773	–	–
Cape of Good Hope Bank	Housing	48	48	–	–	–	48	–	–
Nedbank Ltd	Housing	294	372	39	81	–	330	–	–
Firststrand Bank Ltd	Housing	500	742	–	100	–	642	–	–
Nedbank Ltd Inc BOE	Housing	12	12	–	–	–	12	–	–
ABSA	Housing	1,322	1,946	120	366	–	1,700	–	–
Company Unique Financing	Housing	11	11	–	–	–	11	–	–
Old Mutual Finance Ltd	Housing	51	89	–	38	–	51	–	–
Peoples Bank FBC	Housing	167	220	–	25	–	195	–	–
Nedbank Ltd Inc NB	Housing	86	201	–	–	–	201	–	–
Firststrand Bank Ltd (Saambou)	Housing	368	521	–	72	–	449	–	–
Old Mutual Bank Div of Ned	Housing	382	872	14	159	–	727	–	–
Ithala Limited	Housing	18	18	–	–	–	18	–	–
Free State Dev Corp	Housing	20	20	–	–	–	20	–	–
VBS Mutual Bank	Housing	109	86	–	–	–	86	–	–
ABSA Former Unibank	Housing	–	10	–	10	–	–	–	–
National Housing Finance cor	Housing	19	19	–	–	–	19	–	–
Subtotal		4,132	6,046	268	1,032	–	5,282	–	–
TOTAL		4,132	6,584	268	1,032	–	6,226	–	–

Annexures to the Annual Financial Statements
for the year ended 31 March 2007

ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2007

Nature of Liability	Opening Balance 01/04/2006 R0'000	Liabilities incurred during the year R0'000	Liabilities paid/cancelled/ reduced during the year R0'000	Liabilities recoverable (Provide details hereunder) R0'000	Closing Balance 31/03/2007 R0'000
Claims against department Previous Years Claims	159,505	–	–	–	159,505
Adjustments in Opening Bal.					
Kwinda Construction Claim for services rendered	108	–	–	–	108
Augustino Banse Sued by awaiting trial prisoner for injuries at New Lock Prison. The amount adjusted from R250000 to R500000	250	–	–	–	250
Angela Gradner Duplicated in opening balance	(184)	–	–	–	(184)
Ms De Kock Summons increased to R150000					
Recorded last year as R71236.62	78	–	–	–	78
Phelane Electrical Contractors Incorrectly recorded as R17181.05. Should be R17815.05	16	–	–	–	16
EC Lubbe Claims for services rendered	(496)	–	–	–	(496)
E Corle Claim for arrear rentals	(57)	–	–	–	(57)
Vaardighedsakademie Claims for services rendered	(917)	–	–	–	(917)
Bluefin Holding (Pty) Ltd Application to set aside lease	–	–	–	–	–



Century One Holdings (Pty) Ltd					61,300
Damage – breach of contract	–	–	–	–	–
Neo Arch Architects CC					33
Claim for services rendered	–	–	–	–	–
G Venter					470
Transfer of 3 farms	–	–	–	–	–
Era Properties					1,149
Payment for tenant installations	–	–	–	–	–
Sarkum Civils & Construction					3,715
Claims for services rendered	–	–	–	–	–
Puma Logistics CC					1,075
Claims for services rendered	–	–	–	–	–
Augustino Banze					500
Claims for damages – injuries	–	–	–	–	–
Rand Consolidated					(4,500)
Claim for damages – property	–	–	–	–	–
Harvard Real Estate					(14)
Claims for arrear rentals	–	–	–	–	–
Harvard Real Estate					(76)
Claims for arrear rentals	–	–	–	–	–
Free State Development Corp					–
Claim for arrear rentals	–	36	–	–	–
Buffalo City Municipality					7
Claim for rates, sewerage etc	–	–	–	–	–
11 Victoria Street Investment					319
Claim for arrear rentals	–	–	–	–	–
NWDC					(315)
Claim for arrear rentals	–	–	–	–	–
ABSA Bank Ltd					(240)
Payment its Cession	–	–	–	–	–
Samancor					129
Claim for rental	–	–	–	–	–

Gypsy Fire CC					
Claim for damages – breach	32,000	–	–	–	32,000
New York International In.					
Payment for goods supplied	588	–	–	–	588
K Makay					
Claim for damages – injuries	(10)	–	–	–	(10)
M Dhunib					
Claim arising from accident	(17)	–	–	–	(17)
Nigel Vos					
Claims for payment for work done	–	–	–	–	–
SSJ High Yield					
Claims for arrear rentals	–	–	–	–	–
Mkwanazi Construction					
Claimed interest on late payment	(99)	–	–	–	(99)
Old Mutual Properties (Pty) Ltd					
Claim for arrear rentals	11	–	–	–	11
T A Kousiaklis					
Claims for damages – property	25	–	–	–	25
Bluefin Holdings (Pty) Ltd					
Application to set aside lease	(434)	–	–	–	(434)
P Joubert Trust					
Damages	–	–	50	–	(50)
M J Mokwana					
Claim for damages: Delictual & contractual	–	300	–	–	300
P G Roos					
Claim for damages: motor vehicle	–	6	–	–	6
Bongiwe Construction					
Claim for Contractual damages	–	698	–	–	698
John Roux					
Rentals	–	82	–	–	82
Boiler & Stoker Spares					
Claim for services rendered	–	4,823	–	–	4,823
Air Conditioning Design and Development					
Claim for contractual damages (paid R758)	–	–	915	–	(915)



Ertec (Pty) Ltd					
Claim for services rendered & material supplied	369	—	—	—	369
Mrs Naidoo					
Claim for damages: motor vehicle	39	—	—	—	39
Aushanand Babooram					
Claim for damages to leased property	40	—	—	—	40
M J Prins					
Claim for damages: motor vehicle	5	—	—	—	5
Delores Stassen					
Claim for damages: motor vehicle	16	—	—	—	16
Cirve Investments					
Claims for arrear rentals and unlawful occupation	25	—	—	—	25
Larglen Investment					
Claimed for arrear rental	64	—	—	—	64
Norwegian Christian Church					
Claim for unjust enrichment	750	—	—	—	750
Appolis Builders					
Claims for contractual damages	9,660	—	—	—	9,660
African Contactors Finance					
Claim for direct payment (bank not to proceed with claim Matter finalised)	—	—	197	—	(197)
Top-Di Computa					
Claim against alleged wrongful	—	—	125,000	—	(125,000)
New Heights 326 (Pty) Ltd					
Claim for cost of user installation	704	—	—	—	704
Plumbrink SA (Pty)					
Claim for goods sold and delivered	126	—	—	—	126
Zimport Water Services CC					
Claim for damages: cancellation of tender	76,000	—	—	—	76,000
A J Scheepers					
Claim for arrear rental	100	—	—	—	100
J van Litsenborgh					
Claim for damages	1,305	—	—	—	1,305

F Lawrence					
Damages	–	250	–	–	250
W Prins					
Damages	–	100	–	–	100
M Stern					
Damages	–	2	–	–	2
Twosome Corner					
Arrear rentals	–	13	–	–	13
Transnet Ltd t/a Spoornet					
Claim for arrear rental	–	131	–	–	131
Total	253,955	95,608	126,342	–	223,221



Annexures to the Annual Financial Statement
for the year ended 31 March 2006

ANNEXURE 5
INTER-GOVERNMENTAL RECEIVABLES

GOVERNMENT ENTITY Department	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/07	31/03/06	31/03/07	31/03/06	31/03/07	31/03/06
	R0'000	R0'000	R0'000	R0'000	R0'000	R0'000
Agriculture		–	–	17,137	–	17,137
Arts		–	–	(5,977)	–	(5,977)
BCIP		–	–	(9,313)	–	(9,313)
Coorectional Services		–	1,358	202,835	1,358	202,835
Defence		–	–	5,637	–	5,637
Education		–	1,110	1,276	1,110	1,276
Env Affairs		–	64,940	63,076	64,940	63,076
Foreign Affairs		–	–	(45)	–	(45)
Health		–	1,913	2,124	1,913	2,124
Home Affairs		–	–	217	–	217
Independent Complaints Directorate		–	–	(159)	–	(159)
Justice		–	3,035	41,112	3,035	41,112
Labour		–	3,915	27,180	3,915	27,180
Land Affairs		–	–	(6,982)	–	(6,982)
Mineral and Energy		–	–	11	–	11
SARS		–	–	14,827	–	14,827
SA Police Services		–	–	37,552	–	37,552
Water Affairs		–	31	44	31	44
Communication		–	–	(8)	–	(8)
Housing		–	–	(1,254)	–	(1,254)
Human Rights Commission		–	–	(27)	–	(27)
National Prosecuting Authority		–	367	382	367	382
Parliament		–	–	(251)	–	(251)
Provincial and Local Government		–	–	(756)	–	(756)
Public Protector		–	–	(2,096)	–	(2,096)
Public Service and Adminstration		–	1	12	1	12
Public Works		–	–	(1,101)	–	(1,101)
SA Management Development Institute		–	–	(2)	–	(2)
Social Development		–	–	(958)	–	(958)
Statistics South Africa		–	361	360	361	360
The Presidency		–	43	(273)	43	(273)
Trade & Industry		–	–	51	–	51
Transport		–	–	(397)	–	(397)
Other Claims: National Departments		–	–	(21,471)	–	(21,471)
TOTAL		–	77,074	362,763	77,074	362,763

**REPORT OF THE AUDITOR-GENERAL TO
PARLIAMENT ON THE ANNUAL FINANCIAL
STATEMENTS OF THE PROPERTY MANAGEMENT
TRADING ENTITY (PMTE) FOR THE YEAR ENDED
31 MARCH 2007**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Property Management Trading Entity (PMTE) which comprise the statement of financial position as 31 March 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 102 to 119

Responsibility of the accounting authority for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Standards of Generally Recognised Accounting Practices (GRAP) and in the manner required by the Public Finance Management Act, 1999 (Act 1 of 1999) and the Treasury Regulations for Departments issued in terms of the Act. This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing, read with General Notice 645, 647 and 648 of 2007, issued in Government Gazette No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Basis of accounting

8. The entity's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as set out in note 1.1 to the financial statements

S Cele

S Cele for Auditor-General

Pretoria

31 August 2007

Opinion

1. In my opinion the financial statements present fairly, in all material respects, the financial position of the Property Management Trading Entity as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the PFMA.



EMPHASIS OF MATTER

Without qualifying my audit opinion, I draw attention to the following matters:

2. Maintenance, repairs and running costs

As referred to in note 2 to the financial statements, included in the Maintenance, repairs and running costs of R 1,494 890 000 are amounts that could be classified as Capital Expenditure. The department is working with the National Treasury to formulate an appropriate policy regarding the classification of expenditure between current and capital.

APPRECIATION

3. The assistance rendered by the staff of the Department of Public Works during the audit is sincerely appreciated.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2007

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid..

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the appropriation statement.

2. Revenue

2.1 Appropriated funds

Appropriated and adjusted appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. These approved rollover funds form part of retained funds in the annual financial statements. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.



2.2 Departmental revenue

All departmental revenue is paid into the National Revenue Fund when received, except monies received in the ordinary course of operating the Trading Entity as envisaged in S13 (1) (f) (i) of the PFMA. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

2.2.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the statement of financial performance when received.

2.2.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the statement of financial performance when the cash is received. **Included herein, are also expenditure re-imbursements of costs incurred on behalf of the client departments by the Trading Entity. This accounting treatment is consistent and complies with the National Treasury approved Business case for the Trading Entity.**

2.2.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited

amounts which were imposed by a court or quasi-judicial body and collected by the department.

Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

2.2.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

2.2.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

2.2.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Forex gains are recognised on payment of funds.

2.2.7 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid

into the National/Provincial Revenue Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the financial statements.

2.3 Local and foreign aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. The value of the assistance expensed prior to the receipt of the funds is recognized as a receivable in the statement of financial position

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

2.4 CARA Fund assistance

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects

are recognised as current or capital expenditure in the statement of financial performance.

Any unspent CARA funds are transferred to Retained Funds as these funds do not need to be surrendered to the National Revenue Fund.

3. Expenditure

3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance .

All other payments are classified as current expense.

Social contributions include the employer's contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the statement of financial performance when the payment is effected on the system.

3.1.1 Short term employee benefits

Short term employee benefits comprise of leave entitlements (including capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year).

Short-term employee benefits that give rise to a



present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance.

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer (to households) when the payment is effected on the system (by no later than 31 March of each year).

3.1.2.2 Post employment retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year).

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5000 or more is purchased. All assets costing less than R5000 will also be reflected under goods and services.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

Forex losses are recognised on payment of funds.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Unauthorised expenditure

When discovered unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is recognised in the statement of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the statement of financial performance on the date of approval.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.7 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

3.8 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the payment is effected on the system (by no later than 31 March of each year).

3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year)..

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party.

Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such



as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance when the cash is received.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in disclosure note 36

4.5 Loans

Loans are recognised in the statement of financial position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in disclosure note 36.

4.6 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

4.7 Capital assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the capital asset may be stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Projects (of construction/development) running over more than one financial year relating to assets, are only capitalised as assets on completion of the project and at the total cost incurred over the duration of the project.

Disclosure Notes 37 and 38 reflect the total movement in the asset register for the current financial year.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures and disclosure notes to the financial statements.

5.3 Accruals

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the system.

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included

in the disclosure notes.

5.4 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or

A contingent liability is a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the disclosure notes.

5.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

6. Net Assets

6.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement

of financial position for the first time in the current reporting period. Amounts are transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

6.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

7. Related party transactions

Related parties are departments that control or significantly influence entities in making financial and operating decisions. Specific information with regards to related party transactions is included in the disclosure notes.

8. Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department.

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

9. Public private partnerships

A public private partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:

- Performs an institutional function on behalf of the institution; and/or
- acquires the use of state property for its own



- commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- receives a benefit for performing the institutional function or from utilizing the state property, either by way of:
- consideration to be paid by the department which derives from a Revenue Fund;
- charges fees to be collected by the private party from users or customers of a service provided to them; or
- a combination of such consideration and such charges or fees.

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 9 (Transfers and subsidies) and Annexure 1 (A-K) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be

viewed in note 8 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

In the case of a positive variance on programmes, a detailed explanation must be given as to whether it is as a result of a saving or under spending.

**Statement of Financial Performance
for the year ended 31 March 2007**

	<i>Note</i>	2005/06 R'000
REVENUE		
Entity revenue	1.	3,930,336
TOTAL REVENUE		<u>3,930,336</u>
EXPENDITURE		
Current expenditure		
Goods and services	2.	3,048,705
Interest and rent on land	3.	11,850
Total current expenditure		<u>3,060,555</u>
Transfers and subsidies	4.	1,034,770
TOTAL EXPENDITURE		<u>4,095,325</u>
SURPLUS/(DEFICIT)		(164,989)
SURPLUS/(DEFICIT) FOR THE YEAR		<u>(164,989)</u>
Reconciliation of Net Surplus/(Deficit) for the year		
Entity surplus/deficit to be retained	N/A	(168,723)
Entity/revenue to be surrendered to the revenue fund	8	3,734
SURPLUS/(DEFICIT) FOR THE YEAR		<u>(164,989)</u>



**Statement of Financial Position
for the year ended 31 March 2007**

	<i>Note</i>	2006/07 R'000
ASSETS		
Current assets		848,977
Prepayments and advances	6	800
Receivables	7	848,177
TOTAL ASSETS		848,977
LIABILITIES		
Current liabilities		1,017,700
Entity revenue to be surrendered to the Revenue Fund	8	3,734
Bank overdraft	9	988,234
Payables	10	25,732
TOTAL LIABILITIES		1,017,700
NET ASSETS		(168,723)
Represented by:		
Retained funds (Legislatures/Parliament/CARA Fund Assistance)		(168,723)
TOTAL		(168,723)

**Statement of Changes in Net Assets
for the year ended 31 March 2007**

	<i>Note</i>	2005/06 R'000
Retained funds		
Opening balance		
Transfer from Statement of Financial Performance		(168,723)
Closing balance		<u>(168,723)</u>



**Cash Flow Statement
for the year ended 31 March 2007**

	<i>Note</i>	2006/07 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		3,930,336
Entity revenue received		<u>3,930,336</u>
Net (increase)/ decrease in working capital		(823,245)
Current payments		(3,060,555)
Transfers and subsidies paid		<u>(1,034,770)</u>
Net cash flow available from operating activities	11	<u><u>(988,234)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash flows from investing activities		<u>—</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flows from financing activities		<u>—</u>
Net increase/ (decrease) in cash and cash equivalents		(988,234)
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period	12	<u><u>(988,234)</u></u>

**Notes to the Annual Financial Statements
for the year ended 31 March 2007**

Description	Note	2006/07 R'000
Tax revenue		
Sales of goods and services other than capital assets	1.1	3,476,602
Fines, penalties and forfeits		2,281
Interest, dividends and rent on land	1.2	1,453
Transfer received	1.3	450,000
Total		<u><u>3,930,336</u></u>
 1.1 Sales of goods and services other than capital assets		
Sales of goods and services produced by the department		<u>3,476,602</u>
Sales by market establishment		<u>3,476,602</u>
Total		<u><u>3,476,602</u></u>
 1.2 Interest and rent on land		
Interest		<u>1,453</u>
Total		<u><u>1,453</u></u>
 1.3 Transfers received		
Other governmental units		<u>450,000</u>
Total		<u><u>450,000</u></u>
 2 Goods and services		
Advertising		22
Bank charges and card fees		45
Maintenance, repairs and running costs		1,494,890
Municipal Services		44,997
Operating leases		1,438,651
Owned leasehold property expenditure		<u>70,100</u>
Total		<u><u>3,048,705</u></u>
<p>Included in the Maintenance, repairs and running costs of R 1,494 890 000 is an amount that could be classified as Capital Expenditure, the determination of which could not be established at the finalisation of the audit due to the absence of a clear accounting policy on this matter. Consequently, both Current and the Capital portion of this expenditure item could be misstated. The department will work closely with National Treasury to reach an acceptable treatment of this accounting disclosure for the future financial years.</p>		
 3. Interest on land		
Interest expense		3,677
Rent on land		<u>8,173</u>
Total		<u><u>11,850</u></u>
 4. Transfers and subsidies		
Provinces and municipalities	Annexure 1A	<u>1,034,770</u>
Total		<u><u>1,034,770</u></u>



**Notes to the Annual Financial Statements
for the year ended 31 March 2007**

	<i>Note</i>	2006/07 R'000
5 Fruitless and wasteful expenditure		
5.1 Reconciliation of fruitless and wasteful expenditure		
Opening balance		–
Fruitless and wasteful expenditure – current year		3,677
Current		3,677
Capital		–
Amounts condoned		(3,677)
Current expenditure		(3,677)
Fruitless and wasteful expenditure awaiting condonement		–
5.2 Analysis of Current Fruitless and wasteful expenditure		
Incident	Disciplinary steps taken/criminal proceedings	
Interest on overdue accounts from municipalities		3,677
Total		3,677
6. Prepayments and advances		
Prepayments		800
Total		800
7. Receivables		
	<i>Note</i>	
		2006/07 Total R'000
Other debtors	7.1	25,727
Intergovernmental receivables	Annexure 2	822,450
Total		848,177
7.1 Other debtors		
Disallowance Miscellaneous		7,223
Disall Damages and Losses CA		8,800
Disall Damages and Losses Recover: CA		9,704
Total		25,727

**Notes to the Annual Financial Statements
for the year ended 31 March 2007**

	<i>Note</i>	2006/07 R'0008.
Entity revenue to be surrendered to the Revenue Fund		
Entity revenue to be surrendered	3	3,734
Closing balance		<u>3,734</u>
9. Bank overdraft		
Consolidated Paymaster General Account		988,234
Total		<u>988,234</u>
10. Payables – current		
Description		2006/07 Total
	30 Days	30+ Days
	R'000	R'000
	<i>Note</i>	R'000
Advances received	10.1	23,873
Other payables	10.2	1,859
Total		<u>25,732</u>
10.1 Advances received		
Advances received from National depts		23,873
Total		<u>23,873</u>
10.2 Other payables		
Claims		774
EBT rejections		1,085
Total		<u>1,859</u>
11. Net cash flow available from operating activities		
Net surplus/(deficit) as per Statement of Financial Performance		(164,989)
Add back non cash/cash movements not deemed operating activities		(823,245)
(Increase)/decrease in receivables – current		(848,177)
(Increase)/decrease in rprepayments and advances		(800)
(Increase)/decrease in payables – current		25,732
Net cash flow generated by operating activities		<u>(988,234)</u>
12. Reconciliation of cash and cash equivalents for cash flow purposes		
Consolidated Paymaster General Account		(988,234)
Total		<u>(988,234)</u>



**Annexures to the Annual Financial Statements
for the year ended 31 March 2007**

These amounts are not recognised in the financial statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

	<i>Note</i>	2006/07 R'000
13. Commitments		
Current expenditure		
Approved and contracted		1,610,601
Approved but not yet contracted		4,898,049
		<u>6,508,650</u>
Capital expenditure		
Approved and contracted		2,332,385
Approved but not yet contracted		6,817,280
		<u>9,149,665</u>
Total Commitments		<u><u>15,658,315</u></u>

14. Accruals			
	30 Days	30+ Days	Total
	R'000	R'000	R'000
By economic classification			
Goods and services	54,191	8,822	63,013
Interest and rent on land	218	35	253
Buildings and other fixed structures	29,146	4,745	33,891
Machinery and Equipment	398	65	463
Total	<u>83,953</u>	<u>13,667</u>	<u>97,620</u>
Listed by programme level			
Programme 1			3,017
Programme 2			90,875
Special Functions 5			3,728
Total			<u><u>97,620</u></u>

15. Lease Commitments

15.1 Operating leases

	Land	Buildings and other fixed structures	Total
	R'000	R'000	R'000
Not later than 1 year	13,389	1,202,084	1,215,473
Later than 1 year and not later than 5 years	11,225	2,597,935	2,609,160
Later than 5 years	2,691	979,660	982,351
Total present value of lease liabilities	<u>27,305</u>	<u>4,779,679</u>	<u>4,806,984</u>

16. Receivables for Departmental revenue

Other	148,724
Total	<u>148,724</u>

**Annexures to the Annual Financial Statements
for the year ended 31 March 2007**

**ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2006/07
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Amount received by Municipality R'000	Amount spent by Municipality R'000	% of Available Funds spent by municipality %	Division of Revenue Act R'000
Municipalities	-	-	1,034,770	1,034,770	-	0%	-	-	0%	-
	-	-	1,034,770	1,034,770	-	0%	-	-	0%	-



Annexures to the Annual Financial Statement
for the year ended 31 March 2006

ANNEXURE 4
INTER-GOVERNMENTAL RECEIVABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/07	31/03/06	31/03/07	31/03/06	31/03/07	31/03/06
Department	R0'000	R0'000	R0'000	R0'000	R0'000	R0'000
Agriculture	–	–	9,425	–	9,425	–
Arts & culture	35,515	–	(2,924)	–	32,591	–
BCIP	–	–	528	–	528	–
Communication	–	–	2,180	–	2,180	–
Correctional Services	37,708	–	297,525	–	335,233	–
Defence	–	–	57,318	–	57,318	–
Disal Domestic Serv	–	–	1,995	–	1,995	–
Education	–	–	2,006	–	2,006	–
Environmental Affairs & tourism	–	–	7,683	–	7,683	–
Foreign Affairs	–	–	9,969	–	9,969	–
GCIS	–	–	148	–	148	–
Gender Equal Com	–	–	225	–	225	–
Health	–	–	4,266	–	4,266	–
Home Affairs	–	–	(2,353)	–	(2,353)	–
Housing	–	–	954	–	954	–
Independent Complaints Directorate	–	–	41	–	41	–
Human Rights Commission	–	–	71	–	71	–
Justice and Const. Development	24,708	–	67,555	–	92,263	–
Labour	12,317	–	3,406	–	15,723	–
Land Affairs	840	–	2,675	–	3,515	–
Mineral and Energy	–	–	1,612	–	1,612	–
National Prosec Author	–	–	746	–	746	–
Parliament	–	–	82	–	82	–
Provincial and Local Govt	–	–	2,123	–	2,123	–
Public Protector	–	–	705	–	705	–
Public Enterprises	–	–	243	–	243	–
Public Services Administration	–	–	3,932	–	3,932	–
Public Services Commission	–	–	574	–	574	–
Public Works	–	–	18,680	–	18,680	–
Prestige	–	–	14,510	–	14,510	–
SA Management Development Institute	–	–	–	–	–	–
Science and Technology	–	–	96	–	96	–
SAPS	–	–	173,460	–	173,460	–
SARS	–	–	6,580	–	6,580	–
Social Development	–	–	(3,870)	–	(3,870)	–
Sports and Recreation	–	–	2,970	–	2,970	–
Statistics SA	–	–	1,858	–	1,858	–
SA Social security	–	–	60	–	60	–
The Presidency	–	–	3,515	–	3,515	–
Trade and Industry	–	–	231	–	231	–
Treasury	–	–	5,175	–	5,175	–
Transport	–	–	494	–	494	–
Water Affairs and Forestry	–	–	5,677	–	5,677	–
No Projects	–	–	8,726	–	8,726	–
Sub-total	111,088	–	710,872	–	821,960	–
Other Government Entities						
Land Affairs	–	–	490	–	490	–
Sub-total			490		490	
TOTAL	111,088	–	711,362	–	822,450	–

CHAPTER 5 – Human Resources Management (oversight report)

CHAPTER 5

Expenditure

Departments budget in terms of clearly defined programmes. The following tables summarise final

audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

Table 2.1 – Personnel costs by programme, 2006/07

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure (R'000)	Average personnel cost per employee (R'000)
Prog 1: administration	582,258	163,934	6,531	0	28.1	35
Prog 2: provis of land & accom	2,230,565	426,479	3,776	0	19.1	91
Prog 3: nation public works pro	158,141	23,162	0	0	14.6	5
Prog 4 auxiliary & ass service	26,228	0	0	0	0	0
Sassa	0	0	0	0	0	0
Theft and losses	3,277	0	0	0	0	0
Total	3,000,469	613,573	10,307	0	50.5	131



Table 2.2 – Personnel costs by salary bands, 2006/07

Salary Bands	Personnel Expenditure (R'000)	% of Total Personnel Cost	Average Personnel Cost per Employee (R'000)
Lower skilled (Levels 1-2)	131,747	20.9	59,831
Skilled (Levels 3-5)	29,424	4.7	77,432
Highly skilled production (Levels 6-8)	150,745	23.9	142,212
Highly skilled supervision (Levels 9-12)	223,024	35.4	283,746
Senior management (Levels 13-16)	55,716	8.8	546,235
Other	70	0	35,000
Contract (Levels 1-2)	951	0.2	55,941
Contract (Levels 3-5)	9,728	1.5	87,640
Contract (Levels 6-8)	2,853	0.5	219,462
	5,579	0.6	325,364
Contract (Levels 13-16)	3,845	0.6	769,000
Periodical Remuneration	1,350	0.2	5,357
Abnormal Appointment	3,111	0.5	20,879
TOTAL	616,143	97.7	121,050

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical

assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

Table 2.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme, 2006/07

Pro- gramme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as % of Personnel Cost	Amount (R'000)	Overtime as % of Personnel Cost	Amount (R'000)	HOA as % of Personnel Cost	Amount (R'000)	Medical Ass. as % of Personnel Cost
**Adminis- tration	16	34.8	1	2.2	0	0	0	0
**npwp	18	58.1	0	0	0	0	2	6.5
**Pro- gramme 1 admin	0	0	0	0	0	0	0	0
**Provision of building and structure and equip	0	0	0	0	0	0	0	0
**Pro- gramme 1 adminis- tration	113520	68.2	1036	0.6	2382	1.4	6030	3.6
Pro- gramme 2 provi- sioning land & accom- modation	297868	67.8	5891	1.3	7821	1.8	18260	4.2
Pro- gramme 3 national public works pro- gramme	15122	62.6	23	0.1	405	1.7	723	3
TOTAL	426594	67.7	6751	1.1	10608	1.7	25015	4



**Table 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance
by salary bands, 2006/07**

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as % of Personnel Cost	Amount (R'000)	Overtime as % of Personnel Cost	Amount (R'000)	HOA as % of Personnel Cost	Amount (R'000)	Medical Ass. as % of Personnel Cost
Lower skilled (Levels 1-2)	92,202	69.2	2,332	1.7	3,633	2.7	6,889	5.2
Skilled (Levels 3-5)	20,342	68.2	817	2.7	790	2.7	1,695	5.7
Highly skilled production (Levels 6-8)	109,273	71.7	2,391	1.6	1,996	1.3	7,720	5.1
Highly skilled supervision (Levels 9-12)	157,589	68	1,151	0.5	2,473	1.1	7,278	3.1
Senior management (Levels 13-16)	32,114	56.1	0	0	1,510	2.6	1,307	2.3
Other	54	77.1	0	0	0	0	5	7.1
Contract (Levels 1-2)	737	76.2	8	0.8	0	0	-2	-0.2
Contract (Levels 3-5)	7,357	74.5	49	0.5	0	0	6	0.1
Contract (Levels 6-8)	2,170	75.7	2	0.1	0	0	10	0.3
Contract (Level 9-12)	563	67.4	0	0	46	1.2	64	1.7
Contract (Levels 13-16)	2,189	56.1	0	0	159	4.1	43	1.1
Periodical Remuneration	0	0	0	0	0	0	0	0
Abnormal Appointment	4	0.1	0	0	0	0	0	0
TOTAL	426,594	67.7	6,750	1.1	10,607	1.7	25,015	4

3. Employment and vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 3.1), salary band (Table 3.2)

and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department.

The vacancy rate reflects the percentage of posts that are not filled.

Table 3.1 – Employment and vacancies by programme, 31 March 2007

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate %	Number of Posts Filled Additional to Establishment
Programme 1 administration, Permanent	1175	919	21.8	26
Programme 2 provisioning - land & accommodation, Permanent	4385	3692	15.8	50
Programme 2 provisioning - land & accommodation, Temporary	1	1	0	0
Programme 3 national public works programme, Permanent	123	77	37.4	0
TOTAL	5684	4689	17.5	76



Table 3.2 Employment and vacancies by salary bands, 31 March 2007

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate %	Number of Posts Filled Additional to Establishment
Lower skilled (Levels 1-2), Permanent	2312	2227	3.7	0
Skilled (Levels 3-5), Permanent	514	374	27.2	0
Skilled (Levels 3-5), Temporary	1	1	0	0
Highly skilled production (Levels 6-8), Permanent	1395	1050	24.7	0
Highly skilled supervision (Levels 9-12), Permanent	1163	782	32.8	0
Senior management (Levels 13-16), Permanent	141	97	31.2	2
Contract (Levels 1-2), Permanent	14	14	0	5
Contract (Levels 3-5), Permanent	109	109	0	68
Contract (Levels 6-8), Permanent	19	19	0	1
Contract (Levels 9-12), Permanent	11	11	0	0
Contract (Levels 13-16), Permanent	5	5	0	0
TOTAL	5684	4689	17.5	76

The information in each case reflects the situation as at 31 March 2007. For an indication of changes in

staffing patterns over the year under review, please refer to section 5 of this report.

Table 3.3 – Employment and vacancies by critical occupation, 31 March 2007

Occupation	Number of posts	Number of posts filled	Vacancy Rate	Turnover Rate
Architects town and traffic planners, Permanent	15	12	20	0
Civil engineering and technicians, Permanent	7	4	42.9	0
Engineering sciences related, Permanent	223	121	45.7	0
Engineers and related professionals, Permanent	106	48	54.7	0
Quantity surveyors & related professionals not class elsewhere, Permanent	80	66	17.5	0
Senior managers, Permanent	139	99	28.8	2



4. Job Evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled.

This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 4.1 Job Evaluation Results for 1 April 2006 to 31 March 2007

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	2312	0	0	14	0	0	0
Contract (Levels 1-2)	14	0	0	0	0	0	0
Contract (Levels 3-5)	109	0	0	0	0	0	0
Contract (Levels 6-8)	19	0	0	0	0	0	0
Contract (Levels 9-12)	11	0	0	0	0	0	0
Contract (Band A)	3	0	0	0	0	0	0
Contract (Band B)	1	0	0	0	0	0	0
Contract (Band C)	1	0	0	0	0	0	0
Skilled (Levels 3-5)	515	19	3.7	7	36.8	27	142.1
Highly skilled production (Levels 6-8)	1395	35	2.5	20	57.1	30	85.7
Highly skilled supervision (Levels 9-12)	1163	34	2.9	31	91.2	6	17.6
Senior Management Service Band A	107	1	0.9	2	200	0	0
Senior Management Service Band B	26	0	0	0	0	0	0
Senior Management Service Band C	7	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
TOTAL	5684	89	1.6	74	83.1	63	70.8



The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number

of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2006 to 31 March 2007

Beneficiaries	African	Asian	Coloured	White	Total
Female	15	0	0	4	19
Male	15	0	2	6	23
Total	30	0	2	10	42
Employees with a disability	0	0	0	0	0

The following table summarises the number of cases where remuneration levels exceeded the

grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2006 to 31 March 2007 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	0
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2006/07				
Percentage of total employment				

Table 4.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 4.4 – Profile of employees whose salary level exceedd the grade determined by job evaluation, 1 April 2006 to 31 March 2007

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0

5. Employment Changes

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the department. The following

tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2). (These “critical occupations” should be the same as those listed in Table 3.3).

Table 5.1 – Annual turnover rates by salary band for the period 1 April 2006 to 31 March 2007

Salary Band	No of employees per band as on 1 April 2006	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover Rate
Lower skilled (Levels 1-2)	2308	22	108	4.7
Skilled (Levels 3-5)	381	32	13	3.4
Highly skilled production (Levels 6-8)	1043	79	53	5.1
Highly skilled supervision (Levels 9-12)	756	45	43	5.7
Senior Management Service Band A	75	3	8	10.7
Senior Management Service Band B	20	1	4	20
Senior Management Service Band C	6	0	1	16.7
Senior Management Service Band D	1	0	1	100



Table 5.2 – Annual turnover rates by critical occupation for the period 1 April 2006 to 31 March 2007

Occupation	No of employees per band as on 1 April 2006	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover Rate
Architects town and traffic planners, Permanent	10	0	0	0
Civil engineering and technicians, Permanent	7	0	0	0
Engineering sciences related, Permanent	115	13	14	12.2
Engineers and related professionals, Permanent	45	2	2	4.4
Quantity surveyors & related professionals not class elsewhere, Permanent	59	0	5	8.5
Senior managers, Permanent	102	8	19	19.2

Table 5.3 identifies the major reasons why staff left the department.

Table 5.3 Reasons why staff are leaving the department

Termination Type	Number	% of total
Death	43	10.2
Resignation	148	35.4
Expiry of contract	115	27.5
Dismissal – operational changes	17	4.1
Dismissal-misconduct	9	2.2
Retirement	80	19.1
Other	5	1.2

Table 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2006	Promotions to another salary level	Salary level Promotions as a % of employees by occupation	Progressions to another notch within salary level	Notch progressions as a % of employees by occupation
Architects town and traffic planners	10	2	20	5	50
Civil engineering technicians	7	0	0	7	100
Engineering sciences related	115	13	11.3	65	56.5
Engineers and related professionals	45	9	20	18	40
Quantity surveyors & related professionals not classified elsewhere	59	0	0	51	86.4
Senior managers	102	15	14.7	55	53.9

Table 5.5 – Promotions by salary band

Salary Band	Employees as at 1 April 2006	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	2349	0	0	1629	69.3
Skilled (Levels 3-5)	498	47	9.4	217	43.6
Highly skilled production (Levels 6-8)	1071	84	7.8	555	51.8
Highly skilled supervision (Levels 9-12)	765	102	13.3	409	53.5
Senior management (Levels 13-16)	102	15	14.7	64	62.7
Total	4785	248	5.2	2874	60.1



6. Employment equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

Table 6.1 – Total numbers of Employees (incl. employees with disabilities) in each of the following occupational categories as on 31 March 2007

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	34	8	3	16	24	1	2	7	95
Professionals	488	43	24	162	416	29	14	117	1293
Clerks	119	27	1	33	217	31	10	147	585
Service and sales workers	40	9	0	15	5	1	0	0	70
Craft and related trades workers	78	30	11	102	12	0	1	0	234
Plant and machine operators and assemblers	21	14	1	1	1	1	0	0	37
Elementary occupations	905	340	16	40	894	166	3	9	2373
TOTAL	1685	471	56	369	1569	227	30	280	4689
Employees with disabilities	6	4	0	9	1	2	0	7	29

Table 6.2 – Total numbers of employees (incl. employees with disabilities) in each of the following occupational categories as on 31 March 2007

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	4	1	0	2	2	0	0	1	10
Senior Management, Permanent	34	6	4	16	22	1	3	6	92
Professionally qualified and experienced specialists & mid-management, Permanent	301	43	31	191	155	9	10	46	786
	256	52	4	112	369	40	11	216	1060
Semi-skilled and discretionary decision making, Permanent	179	65	5	29	77	17	3	5	380
Unskilled and defined decision making, Permanent	826	302	12	16	876	162	3	4	2201
Unskilled and defined decision making, Temporary	0	0	0	0	1	0	0	0	1
Not available, Permanent	0	1	0	0	1	0	0	0	2
Contract (Top Management), Permanent	1	0	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	2	0	0	2	0	0	0	0	4
Contract (Professionally qualified), Permanent	4	0	0	1	4	0	0	2	11
Contract (Skilled technical), Permanent	8	0	0	0	5	0	0	0	13
Contract (Semi-skilled Permanent)	60	1	0	0	50	0	0	0	111
Contract (Unskilled), Permanent	10	0	0	0	7	0	0	0	17
TOTAL	1685	471	56	369	1569	227	30	280	4689



Table 6.3 – Recruitment for the period 1 April 2006 to 31 March 2007

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	3	0	1	0	0	0	0	0	4
Professionally qualified and experienced specialists & mid-management, Permanent	27	3	1	2	10	0	0	2	45
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	29	0	0	0	45	4	0	1	79
Semi-skilled and discretionary decision making, Permanent	12	1	0	0	19	0	0	0	32
Unskilled and defined decision making, Permanent	7	1	0	0	14	0	0	0	22
Contract (Senior Management), Permanent	1	0	0	2	0	0	0	0	3
Contract (Professionally qualified), Permanent	2	0	0	1	2	0	0	0	5
Contract (Skilled technical, Permanent	4	0	0	0	5	0	0	0	9
Contract (Semi-skilled Permanent	80	2	0	1	71	0	0	0	154
Contract (Unskilled), Permanent	14	0	0	0	9	0	0	0	23
TOTAL	179	7	2	6	175	4	0	3	376

Table 6.4 – Promotions for the period 1 April 2006 to 31 March 2007

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	0	0	0	0	0	0	0
Senior Management, Permanent	7	0	0	3	4	0	1	0	15
Professionally qualified and experienced specialists & mid-management, Permanent	45	1	2	18	25	1	1	9	102
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	29	1	0	1	42	3	1	7	84
Semi-skilled and discretionary decision making, Permanent	23	4	0	0	19	0	0	1	47
Unskilled and defined decision making, Permanent	0	0	0	0	0	0	0	0	0
TOTAL	104	6	2	22	90	4	3	17	248

Employees with disabilities	6	4	0	8	0	2	0	6	26
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Table 6.5 – Terminations for the period 1 April 2006 to 31 March 2007

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	0	1	1	0	0	0	2
Senior Management, Permanent	6	0	0	2	3	1	0	0	12
Professionally qualified and experienced specialists & mid-management, Permanent	18	3	1	11	6	0	0	4	43
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	17	4	0	9	8	1	1	13	53
Semi-skilled and discretionary decision making, Permanent	4	2	0	5	0	0	0	2	13
Unskilled and defined decision making, Permanent	50	13	2	3	33	6	1	0	108
Not Available, Temporary	0	0	0	0	1	0	0	0	1
Contract (Top Management), Permanent	1	0	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	3	0	1	1	0	1	0	0	6
Contract (Professionally qualified), Permanent	1	0	0	0	0	0	0	1	2
Contract (Skilled technical), Permanent	6	0	0	0	5	0	0	0	11

Table 6.5 – Terminations for the period 1 April 2006 to 31 March 2007 (cont.)

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Semi-skilled Permanent)	70	1	0	2	79	2	0	0	154
Contract (Unskilled) Permanent	6	0	0	0	6	0	0	0	12
TOTAL	182	23	4	34	142	11	2	20	418
Employees with disabilities	1	0	0	0	0	0	0	0	1

Table 6.6 – Disciplinary action for the period 1 April 2006 to 31 March 2007 (cont.)

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	2	0	0	1	0	0	0	0	3



Table 6.7 – Skills development for the period 1 April 2006 to 31 March 2007

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	0	6	3	17	19	1	2	7	85
Professionals	160	24	17	116	90	2	2	30	441
Technicians and Associate Professionals	331	21	7	45	330	27	12	88	861
Clerks	120	28	1	33	217	31	10	148	588
Service and Sales Workers	40	9	0	15	5	1	0	0	70
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	78	30	11	102	12	0	1	0	234
Plant and Machine Operators and Assemblers	21	13	1	1	1	1	0	0	38
Elementary Occupations	910	340	17	40	895	166	3	9	2380
TOTAL	1690	471	57	369	1569	229	30	282	4697
Employees with disabilities	6	5	0	9	1	2	0	7	30

7. Performance rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented

in terms of race, gender, and disability (Table 6.1), salary bands (table 6.2) and critical occupations (Table 6.3).

Table 7.1 – Performance Rewards per race, gender and disability, April 2006 to 31 March 2007

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee (R)
African					
Male	713	1679	42.5	6,170	8,654
Female	643	1568	41	4,966	7,672
Asian					
Male	33	56	58.9	509	15,410
Female	19	30	63.3	422	22,236
Coloured					
Male	284	467	60.8	1,763	6,206
Female	90	227	39.6	553	6,136
White					
Male	209	360	62.1	3,548	16,977
Female	158	273	58.1	2,245	14,210
Employees with a disability	18	29	62.1	189	10,477
TOTAL	2167	4689	46.2	20,331	9,382



Table 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2006 to 31 March 2007

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	11557	2202	52.5	5,401	4,668
Skilled (Levels 3-5)	189	380	49.7	1,195	6,323
Highly skilled production (Levels 6-8)	418	1060	39.4	4,651	11,127
Highly skilled supervision (Levels 9-12)	325	786	41.3	7,375	22,692
	0	2	0	0	0
Contract (Levels 1-2)	0	17	0	0	0
Contract (Levels 3-5)	0	111	0	0	0
Contract (Levels 6-8)	2	13	15.4	33	16,500
Contract (Levels 9-12)	0	11	9.1	11	11,000
Periodical Remuneration	0	252	0	0	0
Abnormal Appointment	0	149	0	0	0
TOTAL	2092	4983	42	18,666	8,923

Table 7.3 – Performance Rewards by critical occupations, 1 April 2006 to 31 March 2007

Critical Occupations	Beneficiary Profile			Cost	
	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Architects town and traffic planners	3	10	30	52	17,333
Civil engineering technicians	3	7	42.9	41	13,667
Engineering science related	34	120	28.3	901	26,500
Engineering and related professionals	10	44	22.7	228	22,800
Quantity surveyors & related professionals	34	53	64.2	535	15,735
Senior managers	75	107	70.1	1,362	18,160
TOTAL	159	341	46.6	3,119	19,616

Table 7.4 – Performance related rewards (cash bonus), by salary band, 1 April 2006 to 31 March 2007

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average Cost per employee	Total cost as a % of the total personnel expenditure
	Number of Beneficiaries	Number of employees	% of total within band			
Band A	54	67	80.6	1,120	2,074	2.9
Band B	17	29	58.6	452	2,659	3.1
Band C	3	11	27.3	68	2,267	1
Band D	1	0	0	25	2,500	3.9
TOTAL	75	107	70.1	1,665	2,220	2.7



8. Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary

bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

Table 8.1 – Foreign Workers, 1 April 2006 to 31 March 2007, by salary band

Salary Band	1 April 2006		31 March 2006		Change	
	Number	% of total	Number	% of total	Number	% of total
Lower skilled (Levels 1-2)	2	20	2	16.7	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	1	10	1	8.3	0	0
Highly skilled supervision (Levels 9-12)	4	40	6	50	2	100
Senior management (Levels 13-16)	1	10	1	8.3	0	0
Contract (Levels 13-16)	2	20	2	16.7	0	0
TOTAL	10	100	12	100	2	100

Table 8.2 – Foreign Workers, 1 April 2006 to 31 March 2007, by major occupation

Salary Band	1 April 2006		31 March 2006		Change	
	Number	% of total	Number	% of total	Number	% of total
Elementary occupations	2	20	2	16.7	0	0
Professionals and managers	8	80	10	83.3	2	100
TOTAL	10	100	12	100	2	100

9. Leave utilisation for the period 1 January 2006 to 31 December 2006

The Public Service Commission identified the need for careful monitoring of sick leave within the public

service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

Table 9.1 – Sick leave, 1 January 2006 to 31 December 2006

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	8076	82.3	1215	40.2	7	1,242
Skilled (Levels 3-5)	1585	77	238	7.9	7	330
Highly skilled production (Levels 6-8)	5754	77.8	841	27.8	7	2,139
Highly skilled supervision (Levels 9-12)	3603.5	79.5	566	18.7	6	3,024
Senior management (Levels 13-16)	318	80.5	65	2.2	5	572
Contract (Levels 1-2)	10	40	3	0.1	3	1
Contract (Levels 3-5)	253	72.7	73	2.4	3	52
Contract (Levels 6-8)	36	63.9	13	0.4	3	15
Contract (Levels 9-12)	37	86.5	6	0.2	6	42
Contract (Levels 13-16)	11	63.6	1	0	11	20
Not Available	10	100	1	0	10	4
TOTAL	19693.5	79.9	3022	100	7	7,441



Table 9.2 – Disability leave (temporary and permanent), 1 January 2006 to 31 December 2006

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	1108	100	32	36.8	35	168
Skilled (Levels 3-5)	307	100	10	11.5	31	57
Highly skilled production (Levels 6-8)	371	98.9	33	37.9	11	148
Highly skilled supervision (Levels 9-12)	70	100	10	11.5	7	62
Senior management (Levels 13-16)	65	100	2	2.3	33	115
TOTAL	1921	99.8	87	100	22	550

Table 9.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual

leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 9.3 – Annual Leave, 1 January 2006 to 31 December 2006

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	46306.36	22	2126
Skilled (Levels 3-5)	7914.32	22	364
Highly skilled production (Levels 6-8)	22422.48	20	1146
Highly skilled supervision (Levels 9-12)	16810.92	20	857
Senior management (Levels 13-16)	2107	19	113
Other	6	3	2
Contract (Levels 1-2)	101.6	5	19
Contract (Levels 3-5)	987	7	145
Contract (Levels 6-8)	166	9	18
Contract (Levels 9-12)	79	10	8
Contract (Levels 13-16)	104	10	10
Not Available	3	3	1
TOTAL	97007.68	20	4809



Table 9.4 – Capped Leave, 1 January 2006 to 31 December 2006

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	1044	6	67
Skilled (Levels 3-5)	256	8	77
Highly skilled production (Levels 6-8)	485	7	48
Highly skilled supervision (Levels 9-12)	420	8	56
Senior management (Levels 13-16)	32	4	68
TOTAL	2237	6	63

Table 9.5 – Leave payouts for the period, 1 April 2006 to 31 March 2007

The following table summarises payments made to employees as a result of leave that was not taken.

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2006/07 due to non-utilisation of leave for the previous cycle	43	9	4,778
Capped leave payouts on termination of service for 2006/07	1031	295	3,495
Highly skilled production (Levels 6-8)	387	755	5160
TOTAL	1461	379	3,855

10. HIV and AIDS & health promotion programmes

Table 10.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk

Table 10.2 Details of Health Promotion and HIV/AIDS Programmes

Question
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.
YES Minah Jones: Act Dir Organisational Development
2. Does the Department have a dedicated unit or has it designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose
YES Organisational development: 02 permanent & 05 contract, 02 interns
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this programme.
YES HIV/AIDS workplace, VCT, Occupational Health & Safety, Disaster management, Disability management, employee health & wellness
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.
YES <ul style="list-style-type: none"> • Thabile Zuma from HRD • Itumeleng Lenken: EPWP • Charles Beurain: Professional Services (OHS: • Minah Jonas: HIV/AIDS & GENDER (Chairperson) • Esther Sethiba: EAP • Ronel Visagie: Volunteer • Lindie Nemavhidi: Communication • Cate Masemola: Finance Branch • Parry Pillai: DG's Office • Emmerantia van der Westhuisen: disabled Group • Elizabeth Mathebula: HRA • Seipati Kubheka: Communication and Marketing • Khanyisa Hoveni NEHAWU • * (Deceased) Hendrik Matsetela from PSA • Sam Sibanda from SASAWU • Mike Motise from NUPSAW



5. Has the Department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.
NO
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.
NO
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.
YES: VCT Drive was conducted over a six month period, 85% success rate.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.
YES, compulsory 3 day advocacy training for SMS on minimum standards, Health button on intranet, policy displayed

11. Labour Relations

The following collective agreements were entered into with trade unions within the department.

Table 11.1 – Collective agreements, 1 April 2006 to 31 March 2007

Total collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2006 to 31 March 2007

Outcomes of disciplinary hearings	Number	% of total
Final written warning	34	46.5
Suspended without pay	7	67.1
No outcome	32	43.8
TOTAL	73	

Table 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of Total	Total
Absent from work without reason or permission	23	766.7	3
False statement/evidence in execution of duty	0	0	3
Steals, bribes or commits fraud	20	666.7	3
TOTAL	43	1433.3	3

Table 11.4 – Grievances lodged for the period 1 April 2006 to 31 March 2007

	Number	% of total
Number of grievances resolved	77	74
Number of grievances not resolved	27	25.9
Total number of grievances lodged		

Table 11.5 – Disputes lodged with Councils for the period 1 April 2006 to 31 March 2007

	Number	% of total
Number of disputes upheld	9	56.2
Number of disputes dismissed	7	43.7
Total number of disputes lodged	16	

Table 11.6 – Strike actions for the period 1 April 2006 to 31 March 2007

Total number of working days lost	
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 11.7 – Precautionary suspensions for the period 1 April 2006 to 31 March 2007

Number of people suspended		7
Number of people whose suspension exceeded 30 days		7
Average number of days suspended		227
Cost (R'000) of suspensions		1,902



12. Skills Development

This section highlights the efforts of the department with regard to skills development.

Table 12.1 – Training needs identified 1 April 2006 to 31 March 2007

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	10	0	10	0	10
	Male	25	0	25	0	25
Professionals	Female	144	40	74	30	144
	Male	415	22	365	28	415
Technicians and associate professionals	Female	23	10	13	0	23
	Male	151	29	115	7	151
Clerks	Female	765	77	663	25	765
	Male	600	27	553	20	600
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	28	19	9	0	28
	Male	219	12	207	0	219
Plant and machine operators and assemblers	Female	3	0	3	0	3
	Male	4	0	4	0	4
Elementary occupations	Female	1102	0	110	992	1102
	Male	1208	0	121	1087	1208
Gender sub totals	Female	2075	146	882	1047	2075
	Male	2622	90	1390	1142	2622
TOTAL		4697	236	2272	2187	4697

13. Injury on duty

The following tables provide basic information on injury on duty.

Table 13.1 – Injury on duty, 1 April 2006 to 31 March 2007

Nature of injury on duty	Number	Percentage of Total
Required basic medical attention only	20	74
Temporary Total Disablement	7	25.9
Permanent Disablement	0	0
Fatal	0	0
TOTAL	27	

Glossary

A

- AIDS – Acquired Immune Deficiency Syndrome.
- AREP – Asset Register Enhancement Programme.
- ASGISA – Accelerated and Shared Growth Initiative for South Africa.
- AUA – African Union of Architects

B

- BCOCC – Border Control Operational Coordinating Committee.
- BEE – Black Economic Empowerment

C

- CBE – Council for the Built Environment
- CD – Chief Directorate
- CIDB – Construction Industry Development Board
- CIP – Constructor Incubator Programme
- CTMM – City of Tshwane Metropolitan Municipality

D

- DEAT – Department of Environmental Affairs and Tourism
- DFA – Department of Foreign Affairs
- DFRC – Development Finance Resource Centre
- DoD – Department of Defence
- DPSA – Department of Public Service and Administration
- DPW – Department of Public Works

E

- ECDP – Emerging Contractor Development Programme.
- EPWP – Expanded Public Works Programme
- EXCO – Executive Committee.

F

- FIFA – Federation of International Football Association



G

- GIAMA – Government-wide Immovable Asset Management Act.
- GCIS – Government Communication and Information System.

H

- HDI – Historically Disadvantaged Individual
- H & S – Health and Safety
- HIV – Human Immunodeficiency Virus
- HOA – Home owners Allowance.

I

- ICT – Information Communication Technology
- IDIP – Infrastructure Delivery Improvement Programme.
- IDT – Independent Development Trust.
- IIA – Institute of Internal Auditors
- IMC – Inter Ministerial Committee
- IRFA – Intergovernmental Relations Framework Act.
- ISRDP – Integrated Sustainable Rural Development Programme.
- IT – Information Technology.

J

- JIPSA –Joint Initiative for Priority Skills Acquisition.

K

- KAM – Key Accounts Management

M

- MoA – Memorandum of Agreement
- MoU – Memorandum of Understanding
- MTEF - Medium Term Expenditure Framework.

N

- NCOP – National Council of Provinces
- NDPW – National Department of Public Works
- NEPAD – New Partnership for Africa's Development
- NIMS – National Infrastructure Maintenance Strategy
- NPA – National Ports Authority
- NPWP- National Public Works Programme
- NYS- National Youth Service

P

- PA- Portfolio Analysis
- PAP- Pan African Parliament
- PBMC- Planned Maintenance Budget Committee
- PFMA- Public Finance Management Act
- PMIS- Property Management Information System
- PPM- Portfolio Performance Monitoring
- PSCBC- Public Service Coordinating Bargaining Council
- PSR- Public Service Regulations
- PWP- Public Works Programme

R

- RAMP- Repair and Maintenance Programme
- RKTP- Re Kgabisa Tshwane Programme
- RSA- Republic of South Africa

S

- SADC- Southern African Development Community
- SAICA- South African Institute of Architects
- SARS- South African Revenue Service
- SASSA- South African Social Security Agency
- SDF- Spatial Development Framework
- SDS- Service Delivery Standards
- SITA- State Information Technology Agency
- SLA-Service Level Agreement
- SMS- Senior Management Services
- SOE- State Owned Enterprises



T

- TMC- Top Management Committee

U

- UAMP- User Immovable Asset Management Plan
- UIA- International Union of Architects
- URP- Urban Renewal Programme

V

- VCT- Voluntary Counselling and Testing