

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2006



SOUTH
AFRICA
WORKS
BECAUSE OF
PUBLIC
WORKS

20
06



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



**SOUTH
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WORKS
BECAUSE OF
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WORKS**

IN MEMORIAM



Ms Stella Sigcau

14 January 1937 – 7 May 2006

Minister of Public Works

19 June 1999 – 7 May 2006



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CHAPTER I

General information



I.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 2006

A handwritten signature in black ink that reads "S Phillips".

Dr Sean Phillips
Acting Director-General
Department of Public Works
Date: 31 August 2006





1.2 MINISTER'S FOREWORD

The successful passage of the GIAMA legislation through the Parliamentary processes in 2006 will signal the beginning of a new era in the management of state's immovable properties. Historically the immovable assets of government and their value to service delivery have been underrated. Thought of as only bricks and mortar, the role of this fixed property portfolio was completely misconstrued and its function reduced to housing repressive state institutions in order to enforce apartheid and advance other heinous acts including land expropriation for forced resettlements.

Over the past twelve years of our democracy, the country has seen the transformation of these assets as they become catalysts of public service delivery, social development and economic growth. Once promulgated, the GIAMA legislation will entrench the position of government's immovable assets as having intrinsic value to the achievement of the country's socio-economic goals. In anticipation for the coming of GIAMA and in recognition of the value inherent in this portfolio, the Department has reorganised its entire Asset Management branch, starting with the appointment of a responsible Deputy Director-General for the period under review. The resultant Asset Management Business Plan has identified "pockets of excellence" for the successful management of this complex portfolio. Chief among them are the function of Asset Management Plans, the enhancement of the data integrity on the Asset Register, the acceleration of the unutilised property disposals, prioritisation of maintenance and capital budgets as well as improving the portfolio analysis

techniques including valuation services, investment analysis, property industry research, and the devolution of budgets and the introduction of accommodation charges. Effectively this attests to the value proposal that the Department is bringing to the management and utilization of these assets in support of service delivery, prudent financial management and good corporate governance.

In accordance with the White Paper of 1997 on the transformation of Public Works, the Department has finalised a business plan for the successful introduction of the process to devolve the remainder of the other budgets to clients, starting on 01 April 2006. Maintenance, property rates, leasing and municipal services budgets were devolved to complete a cycle that commenced with the devolution of capital works budgets some three financial years ago. As much as fulfilling the vision of the White Paper, the devolution of budgets and the introduction of user accommodation charges reflect compliance with the precepts of the PFMA of transparency and accountability. Also under consideration, is the devolution of budgets to provinces in respect of their property rates. Much preparatory work has been done in this regard.

One of the stated functions of the Asset Management Branch is to manage sustainable relationship with client departments by enhancing our service to them and providing value-adding products that serve their accommodation and convenience needs. The launch of the Re Kgabisa Tshwane Programme in November 2005 and the subsequent appointment of a responsible Deputy Director-General in December 2005 will strengthen that vision. The purpose of Re Kgabisa Tshwane Programme is to improve the



physical working environment of national government departments and agencies within the inner city of Tshwane. A Spatial Development Framework has been drafted and is currently being refined for final presentation to the City of Tshwane Metropolitan Municipality (an official partner) and possible adoption. More than 90% of needs assessment work has been done and the team hopes to complete the options analysis on behalf of client departments by December 2006. It is expected that the roll-out of RKTP will be a welcome boost to the construction and property industries in terms of their development, growth and transformation.

Given South Africa's briskly growing economy, the construction and property sectors and their order books are indicative of that boom. Both industries are critical to NEPAD and ASGISA and as a result need to reflect the transformative agenda of the country. The signing of the Property and Construction Transformation Charters on 17 March 2005 was a big milestone on the road to transformation as first encapsulated in the 1996 White Paper on "creating an enabling environment" for the promotion of growth and transformation of the construction industry. This is a significant step towards the realisation of the BBBEE and its aspirations, as contained in the newly formulated DPW policy on Broad-Based Black Economic Empowerment. The expedited finalization of the Registrars of Projects and Contactors as led by the CIDB should ensure swift access by the previously disadvantaged into the mainstream industry, meanwhile assisting to uphold quality and safety ethos in the provision and delivery of infrastructure projects.

As a growing economy, South Africa still grapples

with misery indices such as poverty, unemployment and underdevelopment. In response, the Cabinet has again committed more will-power and resources to the further expansion of the Expanded Public Works Programme for the "massification" of the opportunities inherent in the programme, particularly in the infrastructure and social sectors. This is in testimony to the success of the Programme since its inception in April 2004. To date, more than 300 000 job opportunities had been created across all the four sectors of the Programme in all the provinces. In addition, concomitant skills were also provided as evidenced by the growing number of learnerships under the Vukuphile Contractor & Supervisor Learnership Programme. The latter was officially launched in October 2005 and pays tribute to the cooperation and collaboration between DPW, Department of Labour, Construction SETA (CETA), other spheres of government and the civil society. We applaud the efforts of the local government in cooperating to finalise the programme reporting techniques so as to give the country a clear and authentic view of the impact of the EPWP in poverty alleviation. The appointment of the Deputy Director General for EPWP in June 2005 demonstrates our commitment to the effective and efficient management and leadership of the EPWP in service of the socio-economic priorities of the country.

The continued success of the Department and its sustainable achievement records depend on new management ethos and other organizational development initiatives collectively labeled the Zimisele – Give it Your Best. This service delivery improvement effort was put in motion in November 2005 before being launched to the Department



nationally on 23 March 2006. Zimisele is the cornerstone of the turn-around strategy of the Department in service delivery and competitiveness; it is the operationalisation of Batho-Pele and the incarnation of responsive governance. The end state of the three year Zimisele roll-out is a proactive Department focused single-mindedly on client service and value-adding and preferred by clients and suppliers alike because it is perceived as a service provider of choice. With Zimisele becoming the way of life in doing business in the organization, the Department will continue to show zero-tolerance for maladministration, mismanagement, poor corporate governance, fraud and corruption.

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



Dr Sean Phillips
Acting Director General

Top Management Committee



Themba Camane
Deputy Director General:
Operations



Lydia Bici
Deputy Director General:
NPWP and Policy



Sphiwe Mathobela
Deputy Director General:
Asset Management



Bongani Gxilishe
Deputy Director General:
EPWP



Zingi Ntsaluba
Deputy Director General:
Finance and Supply Chain Management



Dumisa Dlamini
Deputy Director General:
Re Kgabisa Tshwane Programme



Langa Dhlomo
**Chief Director: Human
Resource Management**



Valerie Shabalala
**Acting Director in the Office
of the Director General**



Zanele Mxunyelwa
Chief Audit Executive



Lucky Mochalibane
**Chief Director: Communications
and Marketing**



Mandisa Fatyela
**Chief Director:
Strategic Management**



Nthabiseng Mosupye
**Chief Director:
Information Services**



1.3 DIRECTOR GENERAL'S OVERVIEW

The emphasis in the Public Finance Management Act on the accountability of individual accounting officers and government's ongoing drive to improve its efficiency and effectiveness in delivering services has highlighted the need for the Department of Public Works to improve its service delivery if it is to remain relevant. During last financial year, the Department of Public Works embarked on several important initiatives aimed at improving service delivery. Building on the previous initiative known as the DPW Leadership Way (a guide to good management practice), the Department launched its turnaround Service Delivery Improvement (SDI) Programme called Zimisele. This three year SDI programme is focusing on developing managerial and supervisory procedures and skills in the department, with the aim of making the department more business-like, customer-oriented and responsive, and to improve the quality, efficiency, effectiveness and alacrity of its service delivery.

DPW is participating in the Infrastructure Development Improvement Programme (IDIP), led by National Treasury. The focus of IDIP is on improving the capacity of provinces to spend their infrastructure budgets effectively, and is resulting in improvements in the delivery of health and education infrastructure at provincial level. DPW is also implementing the IDIP change management processes in its own head office and regional offices, as a complementary SDI programme to Zimisele.

In addition to Zimisele, during last financial year the Department completed detailed planning and preparations for the implementation of the commitment in the 1997 Public Works White Paper to devolve its budgets to its client departments, establish a trading entity and implement the user charge principle. Consequently, these changes were

implemented from 1 April 2006. The main aim of these changes is to increase transparency and accountability by having the full costs of accommodation as a transparent item on all departments' budgets. These changes are also intended to introduce important financial incentives for both DPW and its client departments to utilise accommodation and related resources more efficiently.

The Department also launched the Re Kgabisa Tshwane programme, which involves providing improved accommodation for the headquarters of national government departments in Pretoria, while simultaneously working with the City of Tshwane to provide an improved urban environment. The programme is expected to make an important contribution to inner city renewal, as well as improving the physical work environment for public servants. A Spatial Development Framework was developed and accommodation options analyses were initiated for a number of national government departments.

The Department continued to lead the implementation of the Expanded Public Works Programme (EPWP) across the three spheres of government. Although the programme is meeting its initial targets, these targets are modest, and the Department worked on several initiatives to scale up the programme during the course of last financial year. A business plan for scaling up the EPWP in the access roads sector was finalized in partnership with the Department of Transport. DPW also worked closely with the Department of Social Development to assist the provinces to plan for large increases in the size of the social sector EPWP programmes (early childhood development and home community-based care).

With regard to black economic empowerment, the Contractor Incubator Programme (CIP), was designed to promote medium sized black contractors, and is currently in implementation. A revised Emerging Contractor Development



Programme (ECCDP) implementation plan was developed and will be implemented in the new financial year. The department continued to lead and facilitate the Vuk'uphile labour intensive contractor and supervisor development programme under the EPWP, with approximately six hundred contractors and 1200 supervisors in learnerships. In addition, the Department played a leading role in the process of negotiating the construction and property industry transformation charters, which were signed during the course of last financial year.

The Programme of Action for last financial year required DPW to lead a process of developing a national strategy to improve the maintenance of public infrastructure. This was done in collaboration with the Construction Industry Development Board (CIDB) and the Council for Scientific and Industrial Research (CSIR), and the strategy is currently before Cabinet. The Department worked together with the CIDB on a number of collaborative projects, including a study to determine the envisaged skills shortages in the construction industry over the foreseeable future (a draft report is currently under discussion) as part of the JIPSA initiative under ASGISA, and a paper on positioning the construction industry as a growth industry under ASGISA and under the national industrial development strategy (submitted to the Department of Trade and Industry).

During last financial year the department hosted a Forum of SADC Public Works Ministers with the aim of supporting NEPAD. The Forum successfully reached a number of agreements and identified areas of future collaboration. In collaboration with the SANDF and the Department of Foreign Affairs, DPW is refurbishing a military base in Kawaweta in Uganda, which also involves the relocation of the remains of Umkhonto We Sizwe combatants from Kampala to Kawaweta, where a memorial wall will be built.

The Department has been participating in the

development of the NEPAD Strategy for South Africa. The strategy will serve as a strategic framework for the Department's future engagement with the African continent at large. The Department has also been participating in the forum developing the National Sustainable Development Strategy and as a custodian of state immovable assets is going to develop its own sustainable development framework to provide guidelines on the sustainable management of the state's immovable assets.

In line with Zimisele, the Department continued with its efforts to improve its administration during the course of last financial year. Further progress was made with the development and implementation of modernised supply chain management policies and practices, and this work is ongoing. A strong focus on expenditure management resulted in the Department spending 99.99% of its own budget of R5.64 billion and 99% of the budget of R1.77 billion which it managed on behalf of its client departments. During this year, the Internal Audit arm of DPW undertook a number of forensic audits to address corruption and fraud in the department. A number of arrests were made.

In conclusion, the Department is undergoing far-reaching changes as a result of the introduction of user charges. This process, together with the various service delivery improvement initiatives, will in time address the department's service delivery shortcomings.



I.4 VISION, MISSION, VALUES & LEGISLATIVE MANDATE

I.4.1 Vision

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

“To be world-class Public Works Department”

I.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:-

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

I.4.3 Values

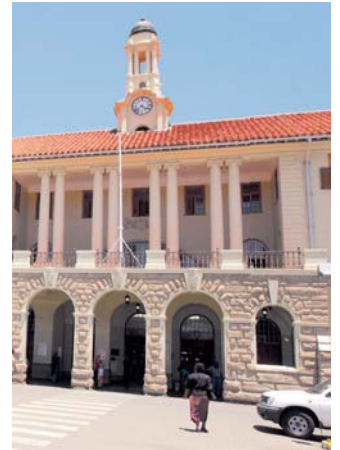
- **Open Communication** – All of the DPW family communicates regularly, frankly and openly with each other at all times

- **Urgency** – All members of the DPW family shall attend to all aspects of their work with diligence and with urgency
- **Commitment** – All members of the DPW family shall demonstrate commitment to their work and to serve clients to the best of their ability, as well as show a higher level of commitment to get things done quickly, correctly, on time and 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 built 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 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, manages such land and accommodation, is the custodian of national government immovable assets, provides strategic leadership to the Construction and Property Industries and coordinates the implementation of the Expanded Public Works Programme.

The 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



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CHAPTER 2

Programme performance

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

2.1 VOTED FUNDS

An amount of R5 644 236 000.00 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 Auxilliary and Associated Services.

2.4 STRATEGIC OVERVIEW, KEY POLICY DEVELOPMENTS AND OVERVIEW OF THE SERVICE DELIVERY AND ORGANISATIONAL ENVIRONMENT

The four main functional areas of DPW are:

- a) being an accommodation service provider to

- other national government departments;
- b) being the custodian of a major portion of the national government's immovable assets;
- c) leading the EPWP; and
- d) development and transformation of the construction and property industries.

Strategic overviews and key policy developments in each of these functional areas are dealt with in turn below.

2.4.1 Accommodation service provision and custodianship

Most of the Department's resources are allocated to the function of providing an accommodation service to other national government departments. In this regard, the most important strategic imperative for the Department of Public Works is to improve its service delivery. The Department continues to have a reputation for being slow and unresponsive, and the Department is at risk of losing its clients. The strategies which the Department has introduced to address this risk are its Zimisele service delivery improvement programme and the Re Kgabisa Tshwane programme aimed at providing national departments with improved headquarters accommodation.

The custodial and related asset management functions of the Department underpin its service provider role. The Department has only started to carry out



essential asset management functions such as key account management, portfolio analysis and portfolio performance monitoring in recent years, and its asset management branch is nascent. DPW is the custodian for an enormous property portfolio which is of strategic relevance in a number of respects, including for the national accounts and for the transformation of the property sector, as well as service delivery by the departments which occupy the portfolio. The department is engaged in a number of strategic initiatives aimed at improving its asset management, including a three year programme to improve the quality and comprehensiveness of the information on the immovable asset register; a proactive programme to dispose of assets which are no longer required for service delivery; and the development and implementation of a government-wide immovable asset management framework (GIAMA) which includes the production of asset management plans. During last financial year, the Department completed its first GIAMA-compliant asset management plan with the Department of Home Affairs, and this plan is being used as a template for the development of similar plans for all the national departments. DPW has been motivating to National Treasury that these user asset management plans should serve as the basis for the accommodation related budget inputs to be submitted to National Treasury by each department as part of their overall MTEF budget submission each year.

One of the main reasons for clients' dissatisfaction with the Department's service delivery is the poor state of maintenance of the assets. This has been due to under-funding for maintenance. It has not been due to under-budgeting for maintenance – the Department has been making detailed and well-motivated submissions for increased maintenance budgets into the budgetary process. It is also not due to under-expenditure – the Department has been fully spending its maintenance budgets. Historically, the maintenance budgets which have been allocated have been insufficient to meet

the annual ongoing maintenance needs, let alone to address the maintenance backlogs. Consequently, the maintenance backlogs have been increasing. In 2004, the department estimated these backlogs to be approximately R12 billion. During the financial year under review, the Department did receive an increased maintenance budget, but this was still insufficient to meet ongoing maintenance needs, and the overall average condition of the portfolio continued to deteriorate.

During last financial year the Department completed detailed planning and preparatory work for the devolution of its maintenance, leasing, and municipal rates and services budgets to its client departments. These budgets have been replaced by user-charges, which departments are now obliged to pay to DPW on a quarterly basis. The user-charges per department are calculated on the basis of the quantity of property occupied by that department, as reflected in the immovable asset register. The Department has established a trading entity to receive the user-charges, and utilises this revenue to carry out maintenance on properties, and to pay leases and municipal rates.

The devolution of budgets, introduction of user-charges and creation of a trading entity is a fundamental change with far-reaching implications for the Department's roles as custodian and accommodation service provider. The implication of these changes is that the Department will become the state's 'landlord', renting out state properties to departments. It provides opportunities for better financing of maintenance and puts in place the necessary incentives for both the Department and its clients to utilise immovable assets more efficiently and effectively. Under-utilised assets will become a liability to either the Department or the client. It paves the way to work towards a future scenario where the property portfolio can be self-sustaining – in other words, where the full and true costs of the properties will be transparent in the budgets of the departments



which utilise the properties, and where the portfolio can be maintained in perpetuity through the user charges.

The user-charges introduced from 1 April 2006 are very low compared to market-related rentals. It is the intention of the Department to increase these user charges over time, in consultation with Treasury, until they reach a level such that the Department is able to adequately maintain the portfolio.

As service provider and custodian, DPW has responsibility for large amounts of expenditure and for managing a huge property portfolio. Through these activities, there are many opportunities for the Department to contribute to the Government's overarching strategy of broad-based black economic empowerment. The Department has several initiatives in this regard, some of which were evaluated and redesigned during the previous financial year. During the course of last financial year, the Department finalised its BEE strategy.

2.4.2 Leading the EPWP

The EPWP involves using government expenditure on goods and services to create additional work opportunities, coupled with training, particularly for the unskilled unemployed. It is a cross-cutting or transversal programme, with all spheres of government and state-owned enterprises being responsible for implementation.

The EPWP continues to be one of government's main second economy interventions, and is highlighted in the ASGISA strategy. Cabinet has indicated that the scale and impact of the EPWP needs to be increased.

DPW's role in the programme is a leadership role – it needs to drive the process of changing the way in which goods and services are procured to promote

higher labour-intensity and to create increased demand for unskilled labour on government projects and programmes. In some instances, increasing the scale of labour-intensive programmes will require additional budgetary allocations, and DPW also needs to play a leading role in ensuring that motivations for such funding are made.

DPW also needs to play a leadership role on the supply side – to ensure that the relevant industries which supply government have the capacity to respond to the demand for more labour-intensive goods and services, without sacrificing the quality or cost of these goods and services.

If the EPWP is to have the impact that is expected of it, the leadership role of DPW will need to be intensified. For example, many infrastructure programmes are not yet being implemented as labour intensively as they could be. The capacity of the private and non-governmental sectors to provide good quality cost-effective labour-intensive services in the infrastructure and social sectors of the EPWP is not yet adequate, and a great deal more development work is required in this regard.

2.4.3 Facilitating the development of the construction and property industries

The construction industry is entering into a new period of high growth, fuelled by increases in both private and public sector fixed investment. This increasing public sector fixed investment is a key element of the ASGISA strategy. In this context, the ongoing work of the Construction Industry Development Board (CIDB) in the development of both the construction industry and public sector clients is very important. As mentioned in the Director General's overview above, the Department and the CIDB have been working on various initiatives in response to the challenges posed by increased growth.



The strategic role of the construction industry in the country's pursuit of shared growth places emphasis on the Department's various other initiatives to develop the construction industry, such as Construction Week. During the course of last financial year, the Property and Construction Sector Transformation Charters were completed and signed-off by the Minister of Public Works and all the various stakeholders. The construction charter has been submitted to dti for approval. The Department will need to continue to play a leading role in the implementation and monitoring of the Charters.

2.5 PROGRAMME PERFORMANCE

PROGRAMME I

2.5.1 COMMUNICATIONS & MARKETING

Purpose Statement

The Chief Directorate: Communications & Marketing consists of three Directorates, namely Media Relations, Marketing & External Relations as well as Internal Communications & Mobilisation. Reporting to the Director-General, the Unit facilitates essential and strategic information between the Department and all its publics, both internal and external, using communication and marketing techniques to differentiate the role of Public Works by accentuating its products, programmes, policies, personalities and other achievements and milestones.

Objectives

According to the Units' 2005/06 Business Plan the following were identified as key achievables in support of the Strategic Objectives of the Department:

- Finalise personnel appointments and stabilise the structure by end of 2005/06

- Execute at least three high level campaigns per year to profile the Department internally and externally
- Establish a seamless operational plan incorporating annual inputs of Provincial Departments of Public Works

Achievements

During 2005/2006, the Unit achieved the following:

- The participation in the April 2005 and March 2006 Rand Easter shows contributed to the Public Relations Strategy of the Department and in recognition won the Department both the Gold and Platinum Awards for the Best Design at the 2006 Rand Show. DPW through the Unit also participated at the 2005 August Pretoria Show. Small exhibitions were held on request at the Cape Town Small Business Expo and at the various "Parliament Meets the People" Imbizos.
- In order to strengthen the positioning and the Brand of DPW, the Unit appointed The Agency in November 2005 as their creative partners. The association has yielded a comprehensive marketing and brand positioning campaign entitled "South Africa Works because of Public Works". In addition the presence of the The Agency has improved the capacity, the quality, and the speed of the Unit in line with the latter's declared values of speed, quality, innovation, cost effectiveness and ethics.
- The Chief Director: Communications and Marketing together with the Acting Director: Marketing & External Relations, visited the World Exhibition at Aichi, Japan in September 2005. Hosted by the South African Embassy in Japan, the delegation learnt a great deal about the logistical investment into any gigantic exhibition.



- In line with the Unit's Business Plan, the Provincial Departments of Public Works were successfully rallied behind the Public Works Communicators Forum (PWCF). Established by the Minister of Public Works in April 2002, the PWCF comprises all Heads of Communications in Public Works Departments united to create awareness about, and promote the role of Public Works in the transformation agenda of South Africa. A 2005/2007 Corporate Planner was adopted, both the HOD Forum and MinMec were given an updated Progress Report and the Portfolio Committee requested a comprehensive and transversal programme of action to promote the image of Public Works.
- Internally, the structure of the Unit stabilised and this was demonstrated in the improved performance of Internal Communications and Mobilisation. The latter cooperated with Human Resources and Strategic Management Units to assist drive change management and organisational development initiatives including the Leadership Way and the Zimisele (Service Delivery Improvement Programme). All Regional Offices were visited as part of campaign to raise their awareness about the dynamism and importance of communication, particularly internal communications.

Challenges

For the period under review, the Unit confronted the following real challenges:

- Incompleteness of internal communication processes owing to absence of communication as a support unit in the Regional Offices. The proposed establishment and appointment of Zimisele Internal Facilitators, it is hoped, will alleviate problems associated with internal

communications at the Regional Offices. The solution is to review the job descriptions of the Facilitators to reflect internal communications functions and establish clear lines of reporting.

- Poor involvement of the Unit in forums and events critical to subsequent communications. Often the media and other public enquiries revealed the extent to which there was a need for closer cooperation and information-sharing between the line functions and Communications Unit. A systematic information-sharing agenda is necessary to involve the Unit in most strategic conversations.

2.5.2 FINANCE

Purpose

The purpose of the Finance branch includes setting the financial strategy of the department by designing and implementing adequate internal control systems, risk identification and management, funds mobilisation, providing financial and supply chain management throughout the department and participating in the strategic formulation and implementation of the department in executing its Parliamentary mandate.

Since the inception of Supply Chain Management in government in 2003, the National Department Public Works has established the Chief Directorate: SCM to introduce a standardized and uniform provisioning and procurement environment in support of the SCM Regulations. In addition, the Department also developed and adopted a Procurement Policy in September 2005 to promote a fair, equitable, transparent, competitive and cost-effective procurement system in anticipation of good governance and value-for-money. The Chief Director: SCM was appointed in October 2005 and reporting to him is the Director: Procurement and the Director Provisioning & Logistics.



Strategic Objectives of the Supply Chain Management Chief Directorate

- To establish and guide uniformity in practices and procedures across the different procuring environments in the Department.
- To reform the procurement institutions (internal) critical to, but also in line with SCM principles of government.
- To further restructure the CD: SCM in the fulfillment of its role.
- Implementation of the supplier register in compliance with Supply Chain Management Framework.
- A project is underway to ensure full implementation of all six elements of SCM aimed at bringing about alignment in the Department. This is expected to be completed in 2007/08.

Achievements of the Supply Chain Chief Directorate

- Compliance of procurement has been finalized in accordance with the SCM framework and the PPPFA. A Procurement Policy was developed and the alignment of Directives, delegations and Standard Operating Procedures to the Procurement Policy is underway. Staff training on supply chain management (SCM) was conducted both at Head Office and the Regions. A Procurement Toolkit has been developed and made available to employees. Compliance with the CIDB regulations, as a requirement of the SCM is monitored. The SCM unit is currently engaged in the consolidation of its business processes.
- A computerised acquisitions solutions (PROQURE) has been acquired in order to automate the department's acquisitions processes and to allow for safer record

keeping as well as more credible analysis and reporting.

- In addition, Bid Specification, Bid Evaluation and Bid Adjudication Committees were established throughout the Department and their delegations approved in accordance with the powers of the Accounting Officer in terms of the PFMA.
- Training for a better understanding of the SCM Model was conducted at Head Office and all Regional Offices, targeting relevant users and Senior Managers. Officials within the SCM System were also trained on the requirements of the new Procurement Code of Conduct.

Challenges of the Supply Chain's Chief Directorate

- Development of the provisioning and administration policies compliant with the Supply Chain Management Framework
- Development of standards for uniformity within the Built environment profession procurement that are compliant with CIDB Regulations

Strategic Objectives of the Finance Chief Directorate

- Ensure sound corporate governance within the department and full compliance with PFMA
- Ensure adequate funding for the department's activities
- Participate in the strategic direction and positioning of the department
- Ensure that the department is adequately resourced at all times
- Render integrated Financial System support

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Achievements of the Finance Chief Directorate

- The department achieved 100% expenditure on the allocated budget for 2005/06 and 99.2 percent expenditure in respect of Client Capital budgets.
- Mobilised funds from Treasury to meet the funding requirements of the Department
- Played an instrumental role in achieving an unqualified audit report in 2004/05.
- Implemented an action plan to address significant audit issues raised by the Auditor General in the 2004/05 financial year.
- Met all critical milestones in the development and the establishment of the Interim Reporting Mechanism that became operational on 01 April 2006 as a precursor to the Trading Entity whose business case is being developed for implementation on 01 April 2007.

Challenges

- Development and implementation of the business case for the Trading Entity due for implementation on 01 April 2007 that is fully compliant with PFMA.
- Ability to successfully mobilise for sufficient funds for the EPWP unit.

2.5.3 HUMAN RESOURCE MANAGEMENT

Objectives

- To improve the effectiveness of the operational responsibilities of the department through developing an integrated human resources plan to ensure an appropriate match between human, financial and physical resources needed to achieve delivery.
- To implement a performance management system that is supported by a remuneration

strategy that will support retention of well performing staff members.

- To ensure effective management of employee benefits through compliance with the necessary legislation, policies and processes.
- Developing an integrated education, training, development, career development and organisational behaviour strategy to improve individual, group and organisational effectiveness.
- Introducing effective labour relations interventions including effectively managing the collective bargaining process, managing dispute resolution and supporting the maintenance of a harmonious work environment.
- To facilitate resourcing of the Department with the appropriate skills and in line with the Employment Equity objectives of the Department.

Achievements

- The Human Resources Plan for the Department was signed.
- The Department introduced a Graduate Programme to address the areas where scarce skills were identified. The programme constitute of Internships, Learnerships and Management Trainee programme. The Management Trainee programme mainly targets the areas of Professional Services.
- The department has assessed factors impacting positively and negatively on employee well-being . To ensure there is optimal support for employees who may need support, the department has put programmes in place, namely: HIV/ AIDS; stress; workplace safety and wider environmental safety and self-management. The department has also developed a monitoring and evaluation mechanism to



assess the impact of interventions. Wellness Committees were established in the Regional Offices. Voluntary Counseling and Testing was conducted in the Department. Various destigmatisation campaigns were conducted.

- An Inter Departmental Human Resources Council was established. This Council consists of human resources representatives from the Provincial Departments of Public Works, National Department of Public Works and the Regional Office (NDPW). The aim of this Council is to address transversal human resources issues between National and Provincial Public Works.
- A key focus area during the year as well as last year was the development of junior and middle management competencies. Various management development programs were undertaken including a Management Development Programme, a Supervisory Development Programme and the Presidential Strategic Leadership Programme.
- A completed workplace skills plan was developed and submitted to the relevant Sector Education and Training Authority.
- The Performance Management policy has been implemented and various units and individual employees have set goals in performance agreements. These goals flow from the business plans of the Units.
- Key activities that were undertaken relating to labour relations included establishing a Departmental Bargaining Council, addressing dispute resolution and increasing the efficacy related to addressing grievances and disciplinary issues in the Department.
- The Human Resources policy and procedure framework has been reviewed and standardised implementation of these policies has been initiated through Compliance Workshops.
- The job evaluation process continued

and implementation of the project was coordinated through different phases.

Challenges

- The combination of the existing remuneration strategy and the shortage of skills have resulted in it being difficult to appropriately fill the vacancies in the organisational structure.
- The Scarce Skills Allowance is only a short term solution to the skills problem. Long term solutions need to be implemented to ensure that these skills shortages are properly addressed.
- It is difficult to ensure that the targets that have been set in terms of the Employment Equity plan are achieved as a result of the scarcity of the appropriately profiled skills in the sector.
- The implementation of the Employee Wellness Programmes is a holistic and sustained intervention in ensuring the health and wellness of employees. The Department needs to provide more resources to ensure success of the programme.

2.5.4 INFORMATION SERVICES

Objectives

- To improve systems efficiency within the department
- To centralise, maintain and support ICT within the department
- To provide and manage integrated information systems within the department
- Utilise formal project management methodology
- To ensure proper IT strategy, policies and governance
- Develop the career paths of our staff
- To ensure that the components of the enterprise architecture are streamlined



Achievements

- Implementation of Network Monitoring Software and training for all technicians
 - This would assist IT in monitoring the network, and proactively identify problems.
- Upgrading of WAN links to all Regional Offices is 85% complete and this resulted in stable core network.
- Procurement was centralised and more informed by a new ITP system that ensured tracking and management of procurement process.
- Microsoft Operations Manager 2005 was implemented to provide comprehensive event and performance management on Windows Servers nation wide.
- Off-site storage facility was established for backup tapes that are now collected/ delivered on a daily basis by an off-site storage provider. This facility is provided to all the offices of DPW.
- Policy for making use of strong passwords when logging onto the network was rolled out. All users on the DPW now have strong passwords.
- Procedure for physical disposal of IT equipment was approved and obsolete IT equipments from Head Office were donated to the National Department of Education.
- Continuous training of our Regional Technicians for skills development and improved user assistance.
- Internet revamp: the Department's Internet was successfully revamped. New information will be added on a continuous basis.
- EPWP – The first phase was completed. This dealt with the identification of IT needs for EPWP. The needs were identified and recommendations were made.
- Supplier Register – The database for registering

suppliers was successfully developed, which will be interfaced with the new e-procurement system to be implemented.

- Procurement Spend – An application was successfully developed and deployed to regions.
- Re Kgabisa Tshwane – Good work was done in developing both the Website and Database for the GIS information.
- Internal SLA – An internal SLA was signed with the rest of the department.
- General procedures manual – A manual containing all the general procedures required for system maintenance was developed and is available.
- Internship programme – This programme ran into its third year and the intake was increased for the previous financial year. Contribution to the National Skills Development.
 - All the interns trained in 2004/2005 managed to secure jobs.

Challenges

Key among the challenges included:

- the slow response from National Treasury with regard to integrated asset management system
- Unclear request from supported units with regards to their system requirements
- Resignation of key personnel due to attractive packages offered elsewhere
- Recruitment of specialised skills
- Project management culture
- Communication
- SITA dependency on issues like:
 - Wide Area Network (respond time poor when the lines are down)
 - Some tenders (348 and 392) are closed, the Department has to engage SITA for the services on these contracts and SITA



takes long time to get the services to the Department.

- o tender process which is slow on approval of tenders.
- Availability of Telkom Infrastructure for Wide Area Network, where upgrades are required
- Viruses, Worms, Spyware and Spams on the network.
- Theft of IT equipments.
- Keeping with new/changes Acts and regulations that IS must adhere to:
 - o ECT Act.
 - o SITA Regulations and Acts.
 - o Archive Act.
- Availability of Senior Managers for the installation of Digital Signature to improve security.
- Regional Offices not complying with IT procurement process.
- Limited Budget.
- Lack of resources to accommodate more Interns and Learners.
 - o E.g. Office Space, Computers.

2.5.5 INTERNAL AUDIT & FRAUD INVESTIGATION SERVICES

Objectives

To provide an independent, objective assurance and consulting activity designed to add value and improve the Department's operations and to assist the Department to accomplish its' objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of Risk Management, Control, Governance and Fraud Prevention processes.

Achievements

Internal Audit Services Charters

- The Internal Audit Charter was adopted and implemented during the year. This Charter complies with both the new professional requirements set by the Institute of Internal Auditors, and the new Treasury regulations.
- The unit facilitated the revision of the Audit Committee Charter, which was approved by the Minister and adopted for implementation by the committee. The unit also facilitated the committee's activities to ensure that it effectively achieved its responsibilities in the department, as set up in the charter.

Capacity

- The unit's establishment was increased with permanent positions in its regional internal audit sections, during the year.
- These new positions involved appointment of permanent audit supervisors for each of the eleven regional offices of the Department, to ensure effectiveness of the unit in the evaluation of the controls, risk management and governance processes in the regional offices. This increase of permanent positions in the unit resulted in the phasing-out of audit supervision in the regional offices by co-sourced firms.
- The co-sourced PricewaterhouseCoopers consortium assisted the unit in building capacity to meet its' audit plan, in cases where resignations were experienced and technical skills were lacking.

Activities

- The unit activities were prioritised on the basis of the results of the Department's annually revised risk Management plan.
- The unit ensured that at least 80% of its planned activities were effectively implemented and set objectives were achieved.



The following major activities were covered by the unit's audits during the year:

- Review of the department's Business continuity plan and the Disaster recovery plan.
 - Property Management system's debtor module.
 - Regional Unplanned maintenance controls.
 - Regional Property management controls.
 - Regional Capital procurement controls.
 - Follow-up on management actions to Auditor General's reports of 2004/2005.
 - Human Resources Management policies.
 - Financial Management & Supply Chain Management policies.
- All the audit recommendations on the above audits were adopted by management for implementation within reasonable timeframes.
 - The internal audit activities were also coordinated with the Office of the Auditor General activities to ensure effective evaluation of management actions to deal with previous negative and significant audit findings. The unit also facilitated workshops, jointly with the Office of the Auditor General, to assist the Department's audit steering committees on how to effectively deal with previous audit findings and prevent future occurrences.
 - The on-going internal quality assurance was jointly performed with the assistance of the co-sourced consortium audit firms of PricewaterhouseCoopers, to ensure that all the audit assignments were conducted in conformity with the standards for the professional practice of internal auditing.
 - The unit has reviewed and incorporated in its audit approach and methodology all the new professional standards and best

practice introduced in the internal auditing environment.

- The Chief Audit Executive has, at the request of the Institute of Internal Auditors (IIA), participated in the IIA external quality assurance reviews conducted in the private sector internal audit environment.
- Senior management members of the unit have also engaged in providing professional auditing support to the public sector internal auditing departments, through formal training and sharing of professional audit approach and methodologies.

Training

- The unit organised comprehensive training courses, facilitated by the Chief Audit Executive and PricewaterhouseCoopers Consortium, on the requirements of the quality assurance and improvement program. The training equipped the unit's staff members to ensure that their internal auditing activities are conducted in conformity with the Institute of Internal Auditors Standards for Professional Practice of Internal Auditing.
- The unit conducted a lot of other professional technical training on audit methodologies during the year. This training resulted in both permanent staff and interns within the unit being promoted to senior positions or attracted to external organisation.
- The effectiveness of the internship program of post graduate internal auditing students ensured that they are able to be attracted to permanent employment opportunities before the end of their training contract.
- All the audit staff members of the unit are registered for professional membership with the Institute of Internal Auditors and other professional associations relevant to their area of assignments.



Fraud Awareness and Prevention

- The unit facilitated the revision of the department's Fraud Prevention Strategy to be aligned with the National Government's Anti-corruption Strategy and to incorporate new best practice developments.
- The fraud awareness workshops conducted during the year to educate the employees about detection and prevention of fraud and corruption practices, resulted in an improved trust by both the public and employees of the Department to report cases of fraud and corruption to the department's Chief Audit Executive and the public sector hotline.

Fraud Investigations

- The Department is widely recognised for its commitment in the fight against fraud and corruption, as well as its internal anti-corruption capacity.
- During the National Anti-corruption Summit, held in April 2005, the DPSA distributed a publication for the implementation of anti-corruption capacity in Public sector departments. In this publication the National Department of Public Works' model was used as a best practice case study.
- The co-sourcing of investigation and fraud awareness services from Deloitte and BEE partner Nkonki assisted the department to further improve its ability to investigate and to promote a culture of zero tolerance towards fraud and corruption.
- The successful investigations and the awareness program during the year is proof of the department's achievements in this regard.
- The unit uncovered in the department's Pretoria Regional Office a fraud to the value

of R4, 2 million. This investigation enabled the department to stop further fraudulent transactions to the value of R10,8 million that were still in the process of being effected in the financial system of the Department. The investigation also assisted the department with a factual basis to charge the implicated official in a disciplinary hearing.

- The implicated official was dismissed after being found guilty in the disciplinary hearing. The evidence secured by the department's investigating team provided a sound basis for the criminal prosecution of the perpetrators in the Commercial Court, as well as the seizure of assets by the Asset Forfeiture Unit.

Other fraud and corruption allegations successfully investigated during the year related to the following:

- Theft of state inventory
- Conflict of interest by service providers and department's employees.
- Payments to service providers for services not received or effectively performed.
- Irregularities on the Tender processes and fronting.
- Non compliance to Human resources policies and procedures.
- The department implemented the corrective actions for cases reported, but some are still in progress of implementation and the unit will be conducting follow up on such outstanding actions.
- The unit has been successful in coordination of its investigation activities with external law enforcement agencies to deal effectively with fraud cases in the department.



Challenges

Internal Audit Services

- The unit is experiencing technical skills drain, as a result of increase in the resignations for higher positions in the private sector.
- Certain senior managers were transferred to the unit, through transformation processes, without the auditing technical skills required to meet their responsibilities in the unit.
- Inadequate in-house computer auditing skills, due to public sector remuneration levels.
- Limited financial resources to meet the critical approved plans of the unit.
- Delays in the completion of audit phases due to non-availability of critical information or key management members to facilitate the conclusion of the audit assignment.
- Inadequate processes for the development of an effective risk management due to lack of training of unit managers on the risk assessment and control processes.
- Incomplete Department's business processes to facilitate the conduct of compliance audits by the unit.
- Co-ordination and implementation of an external quality assurance review by the Institute of Internal Auditors before January 2007.

Fraud Awareness

- There is still a need for the unit to educate the officials of the department on the new statutory laws that have an impact on the liability to report incidents of fraud and corruption.
- The Department's fraud prevention strategy still needs to be monitored for its effective communication and implementation by all levels of management in the department.

- The complexity of the department's business processes have not made it easy for certain acts of corruption to be easily identified.
- Tight financial parameters make it difficult to implement all facets of the Fraud Prevention Strategy.

Fraud Investigations

- The limitations in the capacity of the unit to deal effectively with the increasing need for investigation of allegations, due to inadequate financial resources and high level of resignations.
- Staff retention is a serious challenge. Skilled and experienced investigators are a scarce resource.
- General criminal justice process delays.

2.5.6 LEGAL SERVICES AND CONTRACT ADMINISTRATION

Objectives

The Directorate's main objectives are to:-

- Ensure the sound administration and management of the Department's legal and contract administration affairs;
- Provide/procure specialized legal services (including legislative drafting) and contract administration services to the Department; and,
- Critically and continuously review, in conjunction with the various line-functionaries, the standard instruments and documentation used by the Department, for legal compliancy and expediency.

During the period under review the Directorate handled a total of 403 new matters whilst 120 matters



of the previous year(s) were finally disposed of. Some further statistics of the period under review are:

- 1213 memoranda and letters were drafted;
- 291 oral and 172 written internal legal opinions were rendered;
- 4 misconduct charge sheets advised on; and,
- 2 formal misconduct hearings presided in.

Achievements

Some of the key achievements of the Directorate during the reporting period were:

- Successful consultations with the Office of the State Attorney and the line-functionary on the adaptation of the JBCC- and GCC Construction contracts for use by the Government in its construction contracts.
- Successful defense of the Top-di Compta vs. Minister of Public Works-arbitration on the Department's rationale for the cancellation of the sale of land agreement due to the Company's inability to perform in terms of the provisions of the contract between the two parties.
- Final settlement of the Minister of Public Works vs. Ubuntu Construction (Pty) Ltd-matter in which the Department had claimed damages as a result of a part of the Head Office having been damaged due to negligence on their part during the execution of a contract.
- Assistance with, and administration of the process of drafting and finalizing the Government Immovable Asset Management Bill, 2006, which is an important tool in improving the general state as well maintenance of State property that resorts under various National and Provincial Departments. The Bill is currently before Parliament and is expected to be adopted

during the 2006 session.

- The drafting of a number of contracts, inter alia, with the consultants that are assisting the Department in the Tshwane Inner City Renewal Programme, as well as a number of Service Level Agreements and Memoranda of Understanding relating to the devolution of the capital budgets to client departments.
- Constant, consistent high-level and professional legal assistance and contract administration services to all branches and regional offices of the Department on a variety of legal matters, including litigation, misconduct, the drafting of contracts and other legal documents as well as the rendering of legal opinions.
- Successful absorption of the Contract Administration-function as well as extension of the legal service and contract administration-function to all eleven Regional Offices.

Challenges

- Soccer City: Finalisation of this long-outstanding matter in which the Department is owed an amount of R12,9 million for the sale of the land on which the FNB Stadium is built, is receiving urgent attention.
- Continuing personnel-shortage due to current personnel being promoted to other posts and inability to fill vacancies as a result of a shortage of office space.
- Ensuring that submissions received are qualitatively better and more comprehensive in order to explain the legal problems experienced, so that assistance can be rendered on a more pro-active basis.



2.5.7 STRATEGIC MANAGEMENT UNIT (SMU)

SMU has an oversight role and is an internal consultant to the core business of the Department on strategic business management aspects. SMU has the following Directorates:

- Knowledge Management and Research
- Business Analysis and Business Risk Management;
- Development Economist (Economic Analysis) and
- Strategic Planning.

Objectives

SMU has an oversight role over the entire business of the department. Following are the key main objectives of SMU aimed at supporting the implementation of the strategic goals of the department and the strategic drivers:

- Formulate, monitor and evaluate the implementation of the corporate strategy;
- Manage and implement strategic planning processes of the department;
- Manage and implement knowledge management, business processes and risk management strategy of the department.

Achievements

- Compilation of the Department's multi year Strategic Plan 2006/2010 in compliance with National Treasury Regulations;
- Facilitation of DPW's business planning, assessment of quarterly reports and provision of strategic advice to DPW's business units;
- Compilation of annual report 2004/5 in compliance with National Treasury Regulations;
- Conducted a human resources audit to

ensure effective alignment of human resources strategy with DPW's corporate strategy;

- Conducted the following research projects:
 - Review of the Haylett Formula (Contract Price Adjustment and Price Adjustment Provisions) to assess its relevance under the current Macro-Economic conditions of the Republic of South Africa.
 - An evaluation of the demand-side impacts of DPW's expenditure on the South African economy aimed at computing the direct and indirect effects of DPW's expenditure on selective macro economic variables.
 - Modeling and reengineering of DPW's business processes
 - Strategic alignment of DPW's Risk management strategy into the main corporate strategy

The following Knowledge Management initiatives and projects were implemented:

- Development of a robust corporate knowledge foundation: Strategic documents captured systematically in the Internet and Intranet for easy access to contribute towards the creation of a learning organisation.
- Collation of Internet and Intranet content aimed at increasing the rate at which DPW's information is acquired, captured, disseminated and shared for both internal and external customers to comply with Promotion of Access to Information Act.
- Conducted active research analysis using the World Economic Forums indices to evaluate South Africa's Competitiveness in relation to the world and Africa.
- Represented DPW in the following forums:
 - Sustainable Development Framework Forum coordinated by Department of Environment and Tourism



- NEPAD Forum coordinated by Department of Foreign Affairs

Challenges

- DPW's employees in particular managers need to understand the essence of change management principles pertinent to individual contributions and effective collaboration for enhanced service delivery;
- Knowledge transfers from consultants and the ethos of knowledge sharing throughout DPW;
- There is no DPW-wide document management system to capture all strategic and valuable documents of the department centrally;
- Lack of effective collaboration and coordination within and across business units;
- Misalignment of service delivery performance and programme financial expenditure;
- Generic lack of insight on broad government policies and strategic objectives of the developmental state;
- The divergent systems that are housing DPW's data compromise the integrity of valuable information critical to measure strategic and operational performance of DPW regarding service delivery.

PROGRAMME 2

2.6.1 ASSET MANAGEMENT

Purpose

The Asset Management unit's specific purpose is to ensure that immovable property owned and/or utilised for delivering various government services yields functional, economic and social benefits to the State.

Background

In order to achieve this, the Asset Management branch has the following three Chief Directorates:

i. Portfolio Performance and Monitoring (PPM);

The role of the Unit is to monitor the performance of the assets and develop performance enhancement strategies. Through the application of sound investment analysis and asset management standards, the aim is to maximise the government's financial and non-financial (including service delivery) benefits and return on investment for both individual assets and the total property portfolio. One way to improve asset performance management is via the preparation of user specific and National Immoveable Asset Management Plans for state-owned and leased properties as well as the development and monitoring of the strategic management plans for the state-owned and leased portfolio.

ii. Portfolio Analyses (PA)

On the other hand, the Portfolio Analysis is responsible for the valuing of state assets and carrying out investment analyses including options analyses to realise value-for-money for the state. The state is advised on cost-effective investment decisions including making recommendations for alternative funding options where necessary. To maintain a competitive edge in the market place, the Unit on behalf of the department, conducts research into the construction and property industries, which is invaluable to decision-making.

iii. Key Account Management (KAM)

The KAM section provides the interface with the clients. It is the entry point into the Department and the beginning of a long term relationship with the clients, characterized by a concerted effort to



profile the value-chain of the Department in assisting the clients to make informed decisions that meet the expectations of their accommodation and related services. Over time, the section has developed norms, standards and procedures to service clients including Prestige. These are continuously reviewed for relevance.

The department's capacity and competencies are focused on provision of land and accommodation for effective and efficient management of the life cycle of both movable (in relation to the Prestige portfolio) and immovable assets under the custodianship of the DPW for National government. This requires competencies in the following areas:

- Knowledge and nature of levels of service required by clients;
- Ability to predict future demands for service;
- Knowledge and responsibility of ownership of existing assets;
- Capacity to introduce cost effective funding methodologies and/or alternatives;
- Knowledge of the physical conditions of assets;
- Understanding of asset performance and reliability;
- Asset utilisation and capacity;
- Ability to predict failure modes and estimated time of failure of assets;
- Ability to analyse alternative treatment options;
- Ability to rank works or projects based on economic analysis;
- Ability to prioritise works or projects to suit available budgets; and
- Ability to develop and revise the strategic objectives of each asset within portfolios.

Objectives

- Effective and efficient management of

government's immovable assets

- Implement Government-wide Immovable Asset Management Bill
- Developing means to managing immovable assets strategically by producing Asset Management Plans and ensuring optimal space utilisation
- Building sound client relations
- Developing standards or toolkits for proper management of immovable assets

Achievements

- The branch has compiled guidelines for the completion of User immovable Asset Management Plans (UAMPs) and Custodian Immovable Asset Management Plans (CAMPs) to facilitate and assist completion of the required asset management plans by national, provincial and later, the local government. Additional assistance was provided to national client departments to complete their UAMPs in accordance with the client strategic plans. Such client strategic plans are a key input for finalisation of the UAMPs.
- The branch has completed a draft pilot UAMP for the Department of Home Affairs to be implemented by the beginning of the financial year 2006/07. The branch also plans to complete the UAMPs of its remaining 38 client departments and entities in 2006/07.
- The branch commenced the asset register enhancement project in 2005/06 to improve data integrity of the department's asset register, service delivery and to facilitate property management in the eleven regions. The project will be completed over three years with an estimated total budget of R30million. A more coordinated approach is now being implemented to accelerate improvement of the asset register. A total of sixty five contract positions have been



approved in the regions to assist with the programme of which approximately 50 were filled in the year under review. By the end of the period under review, approximately 10% of the work required had been completed. This is relatively low because the programme was being established, and implementation will accelerate in the new financial year.

- The branch has identified about 2000 unutilised properties from the asset register for possible disposal and has developed a disposal programme for their disposal over a period of 5 years. Disposals are now managed in a more integrated and coordinated manner for efficiency and effectiveness. All of the identified properties will be subjected to rigorous analysis for possible use for social and development purposes before final decisions are made to dispose off them. Disposal Phases 1 and 2 of the disposal programme have already been approved by the Minister and it is planned that the superfluous properties will be disposed in the MTEF period 2006/08. In addition to the phases 1 and 2 properties, further investigation into the 2000 unutilised properties together with other additional unutilised properties is underway and will be included in disposal phase 3. The effective rollout of the disposal programme will minimise holdings of surplus and under-performing assets and maximise value to Government in the form of proceeds and non-payment of the concomitant rates and municipal services.
- During the 2005/06 financial year, the branch carried out a systematic prioritisation of the maintenance and capital budgets programme for the 2006/07 year. This was the first time the department's capital and maintenance programmes had been prioritised in such a way. Regional Offices were subsequently formally requested to proceed only with

prioritised projects. During the new financial year, the branch will prioritize capital and maintenance projects for the MTEF period, with the aim of establishing a rolling MTEF construction and maintenance programme. This will result in a situation where the department's project managers are able to work on multi-year project cycles, which in turn will mean that there will no longer be expenditures spikes in March. Summarised below are the prioritisation criteria:

- Statutory compliance taking into consideration some of the following legislation OHSWA, PFMA, PPPFA, other Land, Environmental and Safety Legislation;
 - Security measures e.g. prevention of escapes and safe keeping of firearms;
 - Functional accommodation over residential accommodation;
 - Degree of readiness for implementation; and
 - Contribution to socio-economic objectives (eg. EPWP, Project consolidate; ASGISA and other national priorities).
- Valuation projects amounting to R184, 9 million were finalised in all the nine provinces. These projects include all acquisitions, rentals and disposals that involve transactions between the DPW and various parties, mainly private sector property entities.
- The other key activity within the Valuation Services unit has been the review of municipal valuations on state owned properties to enable savings on municipal rates levied. The Department has also been researching affordable systems with regard to undertaking property valuations that comply with accounting standards.
- The Investment Analysis component concluded cost analysis of leases in various areas, produced a guideline for acquisition



of foreign missions for the Department of Foreign Affairs, and quantified the costs for the improvement of office accommodation for Pretoria CBD.

- Initiation of a process to identify 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.
- Memoranda of Understanding were signed with more than 80% of Client Departments. Although the MOU is not yet a fully fledged service level agreement, it does clarify the roles and responsibilities of DPW and its client departments, and facilitates the devolution of budgets and the introduction of accommodation charges. The MOU will be valid for a period of 2 years during which the interaction between Client Departments and DPW will be further refined, including aspects such as AMPs and finalisation of internal processes. Subsequent to this, Service Delivery Standards (SDS) will feed into Service Level Agreements (SLAs) with the Client Value Proposition (CVP) as the end result.
- The Department completed a spatial development framework to address the current and future space needs of prestige clients in the Parliamentary Precinct in Cape Town.
- The Border Control Operational Co-ordination Committee (BCOCC) structure was presented and approved by the Cabinet Lekgotla in July 2005. DPW was mandated to chair the BCOCC Development Committee. National Treasury allocated a budget of R910 million for the BCOCC until the end of the 2008/2009 financial year, and DPW is managing the expenditure of these funds. The funds are utilised for Capital Works,

Acquisitions, and RAMP projects and for the expansion and renewal of the ICT systems at Ports of Entry (Air, Land, Sea and Rail which includes 54 Land Ports of Entry, 10 Harbours and 10 International Airports).

Challenges

- Determination of an affordable and GRAP-compliant methodology of valuing the portfolio
- Alignment of the work of the policy, asset management, RKT and operations branches
- Determining an affordable and accurate methodology for carrying out condition surveys
- Inventory that is missing and unaccounted for
- Alternative financing models
- Attraction and retention of client departments
- Obtaining acceptance of the new paradigm brought by the introduction of user charges – i.e. that DPW is becoming the state's landlord
- The very low current level of user charges compared to market-related rents
- Lack of immovable asset risk management

2.6.2 OPERATIONS BRANCH & REGIONAL OFFICES

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.



Objectives

- Align and utilise branch expenditure to promote BEE and influence ownership patterns 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

Achievements

- Approximately 48% of the capital and maintenance budget and 23% of the leasing budget was spent on BEE companies. This is a significant achievement against a set target of 30% and 10% for capital projects and leasing respectively for the previous financial year.
- The Zimisele programme was launched in all Regional Offices and nationally. All Regional offices and head office have received the initial training on the programme. Some areas of improvement within Facilities Management and project management are already being implemented.
- The business plan for the Contractor Incubator Programme (CIP) has been finalised and is now in implementation. Suitable projects have been identified for implementation in the new financial year.
- Following the evaluation of the ECDP, a revised business plan was put in place and this will be implemented in the new financial year.
- The branch has achieved 100% expenditure on planned and prioritised capital and maintenance projects, including for example;
 - Planning and designing of Addis Ababa, Abuja

and Maseru Embassies

- Upgrading of Civitas Building, construction of the SAPS Forensic Laboratory and construction of National Library in Pretoria
- The awarding of the Facilities Management contract in Parliament
- The upgrading of the High Court in Bloemfontein
- Some of the department's maintenance projects were implemented using EPWP approaches for the period under review. This will be scaled up in the new financial year.
- Through interventions such as debt collection and reconciliation the Department's debtors have been reduced by 33%.
- Progress was made with the implementation of the dolomite risk management strategy:
 - 80% of the states' estimated 10 000 buildings under the custodianship of the Department of Public Works, and located on dolomite in South Africa, have been investigated and risk classified
 - An engineering wet services upgrading programme has been implemented. During the last three financial years R350m of the estimated R1.8bn backlog countrywide has been addressed
 - A successful reduction in incidences from 50 to 5 sinkholes per annum was achieved
 - Planned projects were diverted to safer ground to avoid fruitless expenditures
 - 180 unsafe structures were demolished and 40 open sinkholes rehabilitated
 - A strategic wet services master plan was compiled for the military area south of Pretoria
 - The drafting of a national standard for development on dolomite (SANS 1936) has almost been completed
 - An Inter-Departmental National Dolomite Risk Management Working Committee



was established as instructed by Cabinet and extensive studies conducted

Challenges

- Service delivery in the department remains a challenge that will be tackled over a medium to long-term period. The branch has been tasked with the coordination of the implementation of the Zimisele programme which is aimed at improving service delivery within the Department as a whole.
- The devolution of budgets and the establishment of a Trading Entity within the Department and the levying of accommodation charges to client departments implemented with effect from 1 April 2006 poses some structural and implementation challenges. This will entail the reviewing and optimisation of the current structure.
- Although some efforts have been made to investigate and combat incidences of fraud and corruption, the department is still faced with this major challenge. The branch works closely with the Internal Audit and Human Resource Management units to minimise this risk.
- The audits on property management conducted by the Internal Audit units revealed some weaknesses of compliance with the Occupational Health and Safety Act. The branch has established a statutory compliance directorate which is now focusing on the implementation of the requirements of the Act throughout the Department.
- The shortage of skills continues to impact on the critical areas of business such as Property Management, Project Management and Professional Services. The Human Resources unit is working closely with the DPSA in finding better ways of recruiting and retaining the critical skills.

2.6.3 RE KGABISA TSHWANE PROGRAMME

Purpose

The purpose of the RKTP is to improve the physical working environment of national government departments 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).

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.

The primary objectives of the programme are:

- To improve the standard of accommodation of all National Government Department Head Quarters in the inner city of Tshwane to an acceptable norm and to improve the urban environment around the workplace.
- To jointly develop departments individual



accommodation solution to ensure that all qualitative and quantitative needs of departments are met.

- To integrate the RKTP with the CTMM Inner City development strategy in order to enable the CTMM to improve the urban environment around Government accommodation in a cost effective manner and to contribute to Urban renewal and economic growth.
- To minimise the cost of this improvement by maximising the use of existing government owned-buildings and related infrastructure, and by promoting shared technology and shared facilities, and amenities wherever possible.
- To improve service delivery by consolidating and clustering government departments based on common or related services provided to the general public.
- To ensure that the most viable option for each department is executed.

The secondary objectives of the programme are:

- To identify and promote opportunities for BEE development and involvement in the programme and its outcomes and wherever possible to support SMME's programmes.
- To improve the appearance, visibility and image of government in Tshwane.
- To promote heritage, culture and capital status of the city through the improvements of the physical work environment of government departments.

The successful implementation of the programme requires significant collaboration between various spheres of government, all of which are responsible for various factors critical to delivering an acceptable accommodation solution.

The DPW and the DPSA were mandated by government Programme of Action in June 2004 to develop a framework for the programme. The DPW

and DPSA along side the CTMM are the project champions who are collaborating with other key stakeholders, such as the National Treasury (NT) and the Government Communication and Information System (GCIS) in achieving the project objectives. Other key stakeholders include the provincial government and agencies such as the Gauteng Development Agency, the national departments and agencies to be accommodated, government employees, potential private sector partners, such as BEE companies, SMMEs, property developers and financiers, the media and the general public. The role of the CTMM is to provide both infrastructure and urban management services. The CTMM has integrated the programme as part of the inner city development strategy to ensure that there is programme alignment.

Summary of Programme Results

- A Memorandum of Understanding has been signed with the City of Tshwane whereby the CTMM is responsible for the implementation of the Government Spatial Development Framework (SDF), to budget for infrastructure improvement, and to form partnerships with the private sector on inner city improvement and development to support the government initiative.
- The SDF draft document has been finalised though pending approval from both the CTMM and the DPW.
- A need assessment exercise to understand the government's qualitative and quantitative requirements has been done.
- On the bases of the need assessment exercise, option analysis advisors have been appointed to attend to thirteen clients departments as part of the phase one options analysis.
- Architectural guidelines documents have been developed for the RKTP.
- A document that discusses the heritage in the city has been developed.



- Transport study terms of reference have been developed and will be discussed and finalised between the CTMM and will go to tender in the next financial year.
- Engineering/Infrastructure study document has been developed and needs to be superimposed on the SDF for adoption.
- It has been established that approximately one third of departments will remain in current locations, another third will be re-accommodated in upgraded state-owned or private buildings, and the final third are already busy with current improvement initiatives, these include CGO-National Department of Public Works, DPSA, and the Presidency.
- A site for DEAT has been identified and purchased. A team of service providers has been appointed to develop the options analysis into a detailed PPP.

Goals for 2006/07

- Complete all the options analyses.
- Implement accommodation solutions for all departments and agencies.
- Finalise plans with municipalities to improve urban environment.
- The planning of the remaining accommodation projects as per Implementation Plan cascading over into 2008 up to 2014.

PROGRAMME 3

2.7.1 NPWP & POLICY BRANCH

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.

The Policy Unit also guides 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.

Objectives

- Increased transformation in the construction and property industries
- Improvements in the management of government immovable assets
- Increased cooperation in the public works sector in Africa

Achievements

During this financial year, the following Key Performance Areas (KPAs) were set for the unit:

- o Development of Transformation Charters for the Property and Construction Sectors;
- o Promotion of emerging sector in the property and construction industries (including women and youth participation);
- o Development of a BEE Policy for the Department;
- o Establishment of a Forum of Public Works Departments in the SADC Region;
- o Promotion of skills development in the construction industry;
- o Development and tabling of Government Asset Management Act (GIAMA) to Parliament; and
- o Development of Disposal Policy to promote property ownership by Historically Disadvantaged Individuals (HDIs) and enterprises.



Progress against these KPA's was as follows.

Transformation of the Property and Construction Industries

Despite significant progress since the establishment of a democratic government in 1994, the South African society, and the property sector in particular, remains characterized by racially based income and social services inequality. In South Africa, black people were denied access to productive land through the Native Land Act of 1913 and subsequent discriminatory policies and legislation. Commercially, direct property ownership in South Africa is dominated by institutional investors, large private owners, collective investment schemes, property loan stocks and listed property entities. Currently, black property ownership in the country is less than 1% and black participation in the construction industry is approximately 10%.

It is for this reason that the property and construction sector stakeholders considered it desirable to develop transformation charters. The process of developing transformation charters was initiated by the industry stakeholders in the middle of 2004 and was formally launched by the Minister Stella Sigcau in 2004. Various committees, representing the public and private sectors, were formed to manage the process. The lead government department in the Charter process was the Department of Public Works. After extensive discussions and consultations, the Property and Construction Charters were signed by all stakeholders during the period under review. The process is currently underway to submit the Charters to the Minister of Trade and Industry for gazetting and to establish Charter Councils that will manage and oversee the implementation of the Charters.

The signing of the Charters creates a conducive environment for the transformation of the sectors. For example, some of the significant targets agreed to by stakeholders on the property charter are: 25% broad-based black ownership in five years, 70% procurement from black suppliers, 10% of total annual investment in under-resourced areas. On the construction charter the target agreed for ownership is 30% over seven years and for procurement is 70% to black suppliers.

o Disposal Strategy to promote Black Economic Empowerment

The Departments of Public Works (DPW) and Public Enterprises (DPE) completed a Disposal Policy to promote uniformity in the disposal of state immovable assets across government and to maximise BBBEE and other socio-economic objectives.

The policy thrust is to ensure that, in the process of disposing assets that are surplus to government requirements for service delivery, the economic value, transformation, socio-economic value and cost efficiency in the management of state immovable assets is maximised.

o Promotion of Women Business enterprises in the property and construction industries

The goal is to create an enabling environment that supports the advancement of women in both their business and professional lives in these industries.

In August 2005, the Department facilitated the establishment of an Association of Women in Property (AWiP). By the end of the period under review, AWiP had a membership of 300 women business enterprises, the majority of which are new entrants in the property industry. The Department has also assisted



AWiP with office space and administrative capacity.

o Promotion of youth participation in the property and construction industries

The idea is to attract youth to enter these sectors either as entrepreneurs or professionals. The programme will be kick-started by a Youth Summit in the new financial year. The focus of the Summit will be to introduce the youth to these industries in terms of career and business opportunities.

o Land Reform Programme

The Policy Unit's responsibility in this regard is to develop policy and strategy to co-ordinate, guide and assist the Department's Regional Offices in the identification and facilitation of land reform opportunities on State land under the control of DPW, in conjunction with the Department of Land Affairs. The key activities of the Policy Unit over the past financial year have been the co-ordination of all land reform projects of State land under the Department's control, in support of the Government's land reform programmes – in particular the land restitution programme and the Land Redistribution through Agricultural Development (LRAD) programme.

During the year under review the Department released 34 properties (totaling in extent 6 932 hectares) for land reform purposes. In addition, the current (on-going) major land reform projects involving DPW include -

- Wallmansthal land claim: Wallmansthal Community: Gauteng;
- Boschoek land claim: Kunene Tribe: KwaZulu-Natal;
- Sodwana State Forest land claim: Mbila Tribe: KwaZulu-Natal;
- Farm Champagne land claim: Bohlabela

District, Limpopo;

- Farm Kremetart land claim: Masangwanyi Community: Limpopo;
- Farm Lille land claim: Mashishimale Tribe: Limpopo;
- Farm New Forest land claim: Bohlabela District, Limpopo;
- Glen Alpine land claim: Tale Ga Morudu Community: Limpopo;
- Kalkbank land claim: Makgodu Community: Limpopo;
- Madimbo Corridor land claim: Gumbu Community: Limpopo;
- Rambuda land claim: Vhembe District, Limpopo;
- Mariepskop land claim (Air Force Base): Mpumalanga; and
- Vaalkop land claim: Vaalkop Community: North West Province.

Promotion of uniformity and best practice in the management of state immovable assets

Government is confronted with service delivery needs which have to be matched with the efficient use of limited resources. It is therefore vital that Government's immovable assets be managed in a uniform and accountable manner to ensure -

- the efficient use of such assets;
- better service delivery; and
- an improved physical work environment.

Cabinet mandated the Minister of Public Works to develop an overarching policy framework to govern the management of immovable assets throughout government and to implement that policy by means of legislation.

During the year under review, the Department, based on extensive research conducted, completed the Government-wide Immovable Asset Management Policy that establishes a uniform governance



framework for the management of immovable assets throughout government. The policy is based on the following principles, among others -

- an organ of state is required to develop a strategy for the efficient use of immovable assets as part of its annual strategic planning process;
- the strategy must result in an immovable asset management plan that addresses the acquisition, operation & maintenance and disposal of immovable assets;
- service delivery objectives must be the primary factor in decision-making regarding immovable assets;
- only a custodian of immovable assets may dispose of surplus immovable assets within the framework of the relevant legislation; and
- a custodian should consider alternative uses, the needs of other spheres of government and government's socio-economic objectives, including land reform, black economic empowerment, alleviation of poverty, job creation and the redistribution of wealth, when disposing of surplus immovable assets.

In August 2005, Cabinet approved the Policy and the Bill for formal submission to Parliament. The legislation and the regulations to be promulgated thereunder, will require all national and provincial departments to adopt a uniform approach in the management of immovable assets and will set minimum norms & standards for the –

- planning;
- acquisition;
- operation and maintenance; and
- disposal of immovable assets.

Custodial responsibilities

- o Asset Register
The custodians of the state's immovable

assets are obliged to maintain asset registers. The quality and completeness of such asset registers vary markedly among the various custodians. The Department has therefore established an intergovernmental forum for custodians of national and provincial immovable assets to share expertise and to explore synergies in the compilation and maintenance of immovable asset registers.

- o Land Affairs Board

The Land Affairs Board was established in terms of the Land Affairs Act, 1987 to advise government on the value of immovable assets and rights therein. The Policy Unit oversees the performance of this Board and renders a secretariat service. The Unit also promotes the services of the Board to other organs of the state.

In the past financial year (2005-2006), the Board considered 130 valuation reports, pertaining to 295 properties.

- o Amendment of the Expropriation Act

The Expropriation Act, 1975 predates the Constitution, 1996 which is the supreme law of the Republic and which provides that any law or conduct which is inconsistent with the Constitution is invalid and that any obligation imposed by the Constitution must be fulfilled. The amendment of the Expropriation Act therefore became necessary to ensure consistency with the provisions of the Constitution dealing with property rights (clause 25), access to information (clause 32) and fair and transparent administrative processes (clause 33).

The Department initiated the process of amendment of this Act and has since received comments from various government



departments. After consideration of the concerns raised by government departments and other interested parties, the Department will be in a position to finalise the Expropriation Bill and make submission to Cabinet in the coming financial year.

> National Construction Week

National Construction Week is a nationwide awareness campaign to promote the image and profile of the construction sector, so as to give young learners the opportunity to experience a wide range of exciting opportunities available in today's built environment and construction sector.

National Construction Week showcases the construction sector through:

- Vigorous advertising campaigns through local media, television, radio, billboards and magazines,
- Production of promotional material which will include posters and brochures,
- Using construction ambassadors as role models for young people,
- Organising site visits for the youth to interesting construction projects,
- Visits to professional offices,
- School poster design competitions,
- Profiling projects produced by the Department's 2014 Youth Foundation.

National Construction Week involves hosting a number of smaller activities which culminate in a weeklong celebration of the construction sector in July of each year. The theme of the awareness campaign will change annually and each year's campaign will be reviewed and the results brought back into the process of developing a campaign for the following year. The first National Construction Week will be

held from 26 July 2006 to 3 August 2006.

During the year under review, the department finalised the concept document and business plan for implementation in the next financial year. The plans were benchmarked against similar initiatives internationally.

> Skills Development

The intellectual capacity base of the South African construction industry has been eroded by the aging of knowledgeable built environment professionals, which in combination with the reduced attractiveness of the industry to young professionals has inhibited the transfer of knowledge. On the other end of the scale, it appears as if the industry has failed to recruit new entrants to replace the aging professionals and sustain its institutional memory. The institutional memory and capacity has further more been eroded by the migration of both newly qualified and experienced professionals into more lucrative and attractive industries or abroad.

Capacitating those graduates absorbed into the industry with functional skills has further been hampered by the perception that current training does capacitate entrées to be immediately utilised in the industry. This failure has resulted in a reluctance to employ newly qualified graduates.

In light of the challenges facing the sector in terms of attracting skills, the late Minister of Public Works and patron to the 2014 Youth Foundation, Ms Stella Sigcau, officially launched the Department's 2014 Youth Foundation in September 2004 in an effort to attract the youth into the sector by promoting the built environment professions



(architecture, engineering, quantity surveying etc), the trades (plumbing, carpentry, etc) and the construction industry as a whole to the youth.

The foundation has been named the “2014 Youth Foundation” as it is aligned to the 2014 Vision for the Built Environment developed by the Department. In addition, this is further aligned to broad Government vision for the next decade. The Foundation is appropriately called the “2014 Foundation” as it will take approximately from 2004 to 2014 for the built environment and construction industry to absorb the youth participating in the Youth Foundation.

The primary objectives of the 2014 Youth Foundation are:

- To create awareness of the construction sector to the youth;
- To promote a positive image of the sector to the youth;
- To profile the sector by emphasizing its positive aspects;
- To promote the sector as a career destination of choice for the youth; and
- Facilitate access to bursaries to those interested and facilitate placement after studies.

The 2014 Youth Foundation is responsible for identifying and selecting scholars around the country to participate in holiday schools. A comprehensive programme is developed for each holiday school, which comprises a built environment programme and a sports programme (golf and soccer).

Students are nurtured and become members of the Foundation through their

active participation during follow-up holiday schools and projects. The Foundation aims on targeting youth between the ages of 14-15 years old who take Maths and Science at school as these two subjects are prerequisites to continue with tertiary education in the built environment. Students excelling in the Foundation are offered scholarships, which will cover school fees, and scholarships to tertiary institutions.

The 2014 Youth Foundation presently has 72 members from Mpumalanga, Free State, Limpopo, Northern Cape, Eastern Cape and Western Cape Provinces. It will be rolled-out to Gauteng, North West and KwaZulu Natal towards the end of 2006.

> BEE Strategy

During the period under review, the BBBEE strategy for the Department was completed. The process started with the review of policies and strategies the department currently has which are aimed at advancing BEE. The review and the strategy itself had to look at issues including:

- Employment equity;
- Skills development;
- Enterprise development; and
- Procurement.

The strategy sets targets for empowerment in all goods and services procured by the Department.

> Contractor Development Programme

The Department has implemented an Emerging Contractor Development for a number of years with relative success. The evaluation exercise which was undertaken in 2004 identified a number of challenging facing



the development of emerging contractors such as access to finance, access to sustainable work opportunities, lack of business skills, complicated government procurement environment, etc.

All these challenges impact on the sustainability of the emerging contractors. The Contractor Incubator Programme (CIP) was introduced in 2005 to address some of these challenges. The aim of this programme is to create an enabling environment where selected contractors that have capacity to do construction projects between R1 million to R30 million are placed in an incubation programme for a period of three years, supporting them with work opportunities and other supply side support such as mentorship, access to finance, training on business skills. The programme has now moved from policy and programme design into implementation.

Currently there are 81 contractors in the database that have been selected through a transparent process. As described earlier, projects have been identified by the Operations Branch for implementation under the CIP in the new financial year.

> Verification of Suppliers:

The verification process was a precursor to the development of the BBBEE strategy for the Department. To get a synoptic picture, only contracts above R10 million in value and those awarded in 2003/4 – 2004/5 financial years were subjected to the verification process.

The main objectives of the verification exercise were to:

- Ascertain DPW's contribution to BEE in terms of contracts awarded to BEE enterprises;
- Identify those enterprises that have claimed BEE status when they are not; as such identifying them as "fronters";
- Inform the process of development of targets in the BBBEE strategy.

Through the exercise, 15 companies were found to be fronting. The report was tabled by the Minister to the National Prosecuting Authority (NPA). The NPA has drafted a MOU between the Department and the NPA which will facilitate the investigation into these fraud allegations.

To manage the risk of fronting in the future, the department is reviewing its supply chain management procedures and will introduce a requirement for tenderers to submit BEE verification certificates, in line with the DTI BEE codes of good practice.

Challenges

- Successfully roll-out the programme for the completion of the Charters including their review and gazetting, following their sign-off in the period under review;
- Contribute to the development of solutions to the skills shortages in these two sectors as part of JIPSA under ASGISA.
- Mobilise the construction industry (and the civil society at large) behind the role and importance of the industry in reconstruction and development as an effort to turn around the image of the industry and make it attractive to new investment, young professionals, youth, women, blacks and emerging entrepreneurs.



2.7.2 EXPANDED PUBLIC WORKS PROGRAMME

2.7.2.1 Introduction

The EPWP's goal is to create work opportunities (coupled with training) for a minimum of one million people (at least 40% women, 30% youth and 2% people with disabilities) in South Africa in the first five years of the programme (i.e. by 2009). This is done by identifying opportunities for creating additional work opportunities through public sector expenditure. Such labour-intensive work opportunities have been identified in the infrastructure, environment, economic and social sectors.

Data on EPWP projects are submitted by national departments, state-owned enterprises (SOEs) and provinces while figures on job creation resulting from infrastructure projects implemented by municipalities through the Municipal Infrastructure Grant (MIG) is the responsibility of the Department of Provincial and Local Government (dplg). The role of DPW is to lead the implementation of the EPWP across all three spheres of government and state owned enterprises. This involves both supply-side and demand-side initiatives. On the demand-side, DPW must drive the process of changing the way in which the public sector procures goods and services so that it results in more job creation coupled with training. On the supply-side, DPW must ensure that the relevant industries have the capacity to respond to the increased demand for labour intensive goods and services.

In the infrastructure and environment and culture sectors most people have been employed as manual workers. These manual workers are employed by contractors, who also employ supervisory staff. Depending on the nature of the project, some skilled artisans are also employed. Although the duration of EPWP employment in the social sector is between one and two years, there are usually opportunities

for beneficiaries to exit into other longer term work opportunities in the sector.

The average duration of employment on infrastructure projects is approximately four months, and for environment projects the average duration of employment is approximately six months. These employment duration periods are a function of the nature of the work being carried out. However, in some infrastructure programmes, such as the Zibambele routine road maintenance programme in KwaZulu-Natal, the employment is longer-term in nature (again due to the nature of the work being carried out) – contracts are renewed on an annual basis. In addition, contractors, supervisors and artisans are usually obtaining longer-term employment through EPWP projects, as they move from project to project.

2.7.2.2 Jobs created for the Period under review

For the period under review, data was received for 4 318 projects across the infrastructure, environment and culture, social and economic sectors. Based on the project level data received, at least 211 964 gross work opportunities (i.e. at least 208 898 net work opportunities) were created by the end of March 2006. The total wages paid amounted to at least R636 million. A break-down of the data of the period under review shows that the work opportunities created thus far consist of 49% women, 38% youth and 0.5% people with disabilities. The cumulative total work opportunities created under the programme since its commencement in April 2004 up until end of March 2006 is at least 348 900. The programme is therefore on target to exceed its target of 1 million work opportunities in its first five years.



Summary of jobs created in the period under review
Sectors No. of net jobs created

Sectors	No. of net jobs created
Infrastructure	107 571
Social	18 308
Environment & Cultural	81 186
Economic	1 833
Total	208 898

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

(a) **Infrastructure Sector**

The infrastructure made the largest contribution to the EPWP targets in the period under review with 107 571 work opportunities. Most of this contribution was made by the various provincial EPWP Programmes, generally situated in the Departments of Public Works, Roads and Transport and Housing. Provinces spent R 1.14 billion on EPWP infrastructure projects which is equivalent to 28% of the Provincial Infrastructure Grant (PIG) allocations received by them. The targets set in the infrastructure sector of the EPWP are based on the provinces spending at least one-third of the PIG on the EPWP by the third year of the programme. Provinces will be expected to further increase their EPWP programmes in the coming financial year in order for this target to be achieved.

In the period under review, DPW received reports from eighteen municipalities on 237 municipal EPWP infrastructure projects. At least 19 170 work opportunities were created through these projects, most of which were funded through the Municipal Infrastructure Grant (MIG). Unfortunately no comprehensive report on the MIG contribution to the EPWP is currently available as the MIG reports submitted through the temporary MIG monitoring

system contain insufficient detail for reporting on the EPWP. DPW has therefore agreed to ensure that increasingly the key municipalities report on the EPWP so that their contributions can be accounted for.

In order to ensure that provinces and municipalities contribute to the EPWP, the PIG and MIG have specific EPWP conditions attached to them. These conditions require that the implementing agents using these grants implement their projects in accordance with the EPWP Tender and Design Guidelines. Although the Department does not have numerical data on the extent to which public bodies have adopted the EPWP Tender and Design guidelines for their tender documentation, the general impression of the EPWP unit is that many government bodies have not yet adopted them, and have not yet changed their tender documentation to specify the use of labour-intensive methods. The DPW has therefore embarked on an initiative to work closely with 45 key municipalities in the 2006-07 financial year and provide them with technical support if required, so as to ensure that they implement their projects in accordance with the EPWP Guidelines and report as such on the outcomes of these projects.

- DPW EPWP building maintenance programme

After initial delays, the Department, assisted by the IDT, started to implement the EPWP through 12 of its projects. These are mainly projects involving the maintenance of public buildings and resulted in 384 work opportunities, coupled with training for unemployed people. At the end of the reporting period this programme was being reviewed to assess how its implementation can be accelerated.

- Participation of State Owned Enterprises (SOEs)

DPW continued engaging with Transnet and Eskom regarding their participation in the EPWP through their planned investments in infrastructure. Various



proposals were made to these SOE's, but no EPWP activities were undertaken yet in the period under review.

- Replicating best practices: Gundo Lashu and Zibambele

Facilitating and supporting the replication of best practice programmes is an important strategy of DPW in leading the implementation of the EPWP. The EPWP Contractor and Supervisor Learnership Programme, largely based on the Gundo Lashu Programme in Limpopo, is an example of this strategy. Now called Vuk'uphile, it is a supply-side intervention aimed at ensuring that there are sufficient properly trained, experienced and qualified contractors and supervisors to respond to the increased demand from provinces and municipalities for labour-intensive construction services. It is a partnership between DPW, the Construction SETA (CETA), ABSA Bank, the IDT, and participating provinces and municipalities. Emerging contractors and supervisory staff are recruited to go on two-year full-time learnerships involving a combination of practical training contracts and classroom training. Through the efforts of DPW, there are now Vuk'uphile programmes in 31 provincial departments and municipalities. By the end of the period under review, there were 869 Vuk'uphile learners in training of which 36% are female and 68% are below 35 years of age. All the learners are from previously disadvantaged groups. Approximately 1500 learners will be in the programme by the next financial year and based on requests from public bodies this programme is expected to grow further in subsequent years.

On the maintenance side, DPW has identified the Zibambele programme as a model for expansion and has taken the lead to assist other provinces with establishing similar programmes. Together with the KZN Department of Transport, a guideline document has been prepared to assist provinces who want to

establish such a programme. In the period under review Mpumalanga has started such a maintenance programme called Siyazibambela and the Free State has indicated that they will follow suit in the next financial year. The Eastern Cape has already established such a programme and is currently reviewing it.

(b) *Social Sector*

The EPWP social sector's initial focus is on the expansion of Home and Community Base Care (HCBC) and on Early Childhood Development (ECD) programmes. Both these programmes are highly labour-intensive and provide enormous opportunities for the creation of work opportunities, given the large needs for these services.

Work opportunities in these sectors consist of skills programmes and learnerships during which health workers, caregivers and ECD practitioners will undergo formal training while also doing practical work. Workers in the learnership programme will obtain a formal qualification in Home Community Based Care, Community Health Worker Programme or ECD and thus enabling them to enter into formal employment in these sectors which will need to grow to address large gaps in service delivery.

The social sector implementation plan for ECD and HCBC focuses on identifying the capacity constraints to expansion and on identifying the interventions that would be required to address these constraints over time. An additional amount of R4.2bn has been allocated to provinces as part of their equitable share to expand ECD and HCBC programmes.

A Grant Agreement between the Development Bank of Southern Africa (DBSA) and the Social Sector has been finalised. The aim of the agreement is to co-finance the undertaking of a detailed study on additional areas for expansion and the required capacities to manage the EPWP in the social sector.



This agreement will enable the sector to produce an evidence-based scenario of the potential of the sector to meet the EPWP goals as well as the management capacities required for effective implementation.

While there has been some significant progress with regards to coordination at both national and provincial departmental level, as well as expansion at local level, some challenges remain. Some provinces have not aligned the additional funding that has been secured from the equitable share allocation for expanding ECD and HCBC. As a result, the national targets for expanding these programmes may be under pressure.

Training forms the backbone of the sector. Currently there is insufficient capacity within provinces for both HCBC and ECD teams to provide and manage NQF level accredited training. There is an urgent need to provide additional resources to increase human resource capacity within provincial departments, boost the capacity of training providers and to support the SETAs with a drive to register accredited training providers.

(i) Early Childhood Development (ECD)

The Integrated ECD Plan is packaged into three components namely, an overall strategy for integrating ECD services, a five year strategic plan and a matrix clarifying the different roles of each department.

An additional 500 community ECD sites from previously disadvantaged communities were subsidised in the period under review as part of expanding the ECD services. An additional 150 000 children, aged 0-4 years, from poor households benefited from these subsidies.

(ii) Home Community Based Care

The Departments of Health and Social Development have expanded Home Community Based Care by increasing the number of care-givers receiving

stipends and training additional volunteers. In the period under review there were 62 445 care-givers providing HCBC services nationally. Of these, more than 15 000 care-givers received stipends and training in basic HCBC and other related skills courses. Over 500 000 beneficiaries were serviced by these care-givers. An additional 10 000 volunteers have been identified to receive accredited training and stipends in the next financial year.

The harmonisation of the Home Community Based Care Workers in the Department of Health and Social Development has been finalised. This new generalist worker is now called the Community Care Giver (CCG). The CCG will be an entry point towards a higher level qualification in the sector, e.g. Community Health Worker. The learning material for the CCG has been completed and will be published in the next financial year. All required Qualifications for ECD and HCBC have been registered with the South African Qualifications Authority (SAQA). The stipend framework for training has been endorsed by all provinces and this will constitute a temporary income for volunteers. The Health and Welfare Sector Education and Training Authority (HWSETA) has appointed dedicated EPWP personnel to provide additional support in order to accelerate the training initiatives.

A nation wide audit of the network of Home Community Based Care sites indicated that there is a huge opportunity to expand HCBC services in the Integrated Sustainable Rural Development Programme (ISRDP) and the Urban Renewal Programme (URP) nodal areas - especially in the rural areas - and create long-term work opportunities by providing volunteers with accredited training.

(iii) National Youth Service Community Care Worker Project

Umsobomvu Youth Fund (UYF) which is hosting the National Youth Service Unit (NYSU) in partnership



with the Departments of Public Works, Health and Social Development, the National Youth Commission and Provincial Youth Commissions, is implementing the Community Care Worker Youth Service Project as part of the EPWP Social Sector in Limpopo, Free State, KwaZulu Natal and the Western Cape.

The National Youth Service Community Care Worker Project is targeting 1 015 young people during the first phase. Currently about 800 young people have been identified for participating in the programme. These young people will also receive a stipend of R500, accredited training on youth development, life skills and entrepreneurship.

(c) *Environment and Culture Sector*

The Department of Environmental Affairs and Tourism (DEAT) is coordinating the sector. Other member departments are Water Affairs and Forestry (DWA), Arts and Culture (DAC) and Agriculture (NDA).

The sector has clustered its activities into a number of core programmes namely Sustainable Land Based Livelihoods, Working for the Coast, People and Parks, Working for Tourism and Working on Waste.

For the period under review, the Environment and Culture Sector programmes have implemented 1 178 projects with a total expenditure of R795.8m. The targeted beneficiaries consisted of 39% youth, 46% women and 1% people with disabilities. The total target of the Sector is to create 200 000 job opportunities over the first five years of implementation of the EPWP. To date more than 81 000 job opportunities have been created.

The Environmental and Cultural Sector programmes are established according to the required criteria of the EPWP. The continuous focus in the sector is on how these programmes can be expanded, coordinated, integrated and improved in order to ensure increased employment creation and improved environmental outcomes.

The Waste Collection Programme has been identified as an area where meaningful expansion can be made in this sector. The Domestic Waste Collection Initiative is implemented as a joint initiative between the DPW, Department of Provincial and Local Government (dplg) and DEAT, supported by the Expanded Public Works Support Programme Shisaka through the Business Trust.

A number of training programmes have been implemented in the sector in line with the EPWP requirements. Short Courses, learnerships and skills programmes in environmental matters, fire programmes, arts, culture, wetlands and those related to removing alien vegetation species have all been provided. The total number of training days was more than 341 000 for both accredited and non accredited courses with funds sourced from the Department of Labour (DoL) and the SETAs. In addition, the sector has been working at improving coordination of the various training activities.

DEAT has developed a lead training provider programme to improve delivery on accredited courses in tourism guiding, & hospitality, conservation & environmental education, agriculture & horticulture, project management & business skills, craft production, waste management & water reticulation and financial management. Seventeen (17) accredited providers have been appointed by DEAT already.

The sector strives to align the EPWP with the Integrated Sustainable Rural Development Programme (ISRDP) and the Urban Renewal Programme (URP). Provincial sector implementation plans have been developed in Gauteng, Mpumalanga, Limpopo, Free State, Northern Cape and KZN.

(d) *Economic Sector*

The EPWP Economic Sector aims to assist 3000 sustainable businesses to develop in various sectors over the period 2004/05 – 2008/09, through a



programme known as Venture Learnerships (based on the Sakhasonke Programme managed by the Limpopo Department of Public Works, but the model extends beyond infrastructure into other sectors of emerging enterprise development). This Venture Learnership Programme is a key component of the EPWP economic sector. This programme ensures that each participating small business receives accredited training through the National Qualifications Framework (NQF). Either the participating small business receives a full qualification New Venture Creation Qualification at NQF Level 2 or 4 or skills programmes based on the New Venture Qualification. More than 7 SETAs have committed to fund the training of 725 small businesses through the New Venture Creation Qualification, as part of their commitments to National Skills Development Strategy (2005 – 2010).

Since inception of the Venture Learnership Programme, a total of 170 learnerships have been implemented in Limpopo and the Eastern Cape and the sector is currently implementing the remainder of the 725 commitments in the Western Cape, Mpumalanga and Free State provinces.

Training results for the period under review

As stated in the objectives of the EPWP, training is critical for the successful implementation of the programme. According to the Code of Good Practice for Special Public Works Programmes, as gazetted by the Department of Labour (DOL), it is a requirement that beneficiaries should receive at least 2 days of training out of every 22 days worked. The Guidelines for the Implementation of Labour-Intensive Infrastructure Projects also require that managers of these projects be trained in order to build capacity to manage EPWP projects at the required scale.

During the period under review, 432 592 person-days of SETA-accredited training were provided to beneficiaries (including life skills training). In

addition, 343 502 person-days of non-accredited training were provided. This significant increase in training opportunities for beneficiaries is a result of the commitment of the Department of Labour to the EPWP. Funds to support the training needs of EPWP beneficiaries have been ring fenced under the National Skills Fund (Social Development Funding Window) for this purpose.

In the new financial year, a new training strategy will make provision for hard skills training to be given on EPWP projects.

2.7.2.3 EPWP Partners

(i) Involvement of Business Trust

The Business Trust has committed itself to supporting the EPWP up to 2010 through the establishment of an EPWP support programme to the value of R100 million. The support programme consists of direct technical support to a selected number of provinces and municipalities, as well as a strategic technical fund. In the period under review direct technical support on infrastructure sector activities was provided to six municipalities and two provinces. This has resulted in the creation of 11 106 work opportunities in these public bodies. The strategic technical fund financed seven projects that provided recommendations to the department on how to accelerate the implementation of the EPWP and increase its impact. In the next financial year, this programme will expand into nine additional municipalities in the infrastructure sector and also provide support on the implementation of the social and environmental sectors. The support programme is structured to support the department in leading the implementation of the EPWP.

The Independent Development Trust (IDT)
The Independent Development Trust (IDT) as a public entity reporting to Public Works was tasked with implementing the DPW's EPWP Maintenance of Public Buildings Programme. The aim of this programme is to create work and training opportunities for the



unemployed and address the artisan shortage in the building industry. The organisation also supports the Vuk'uphile programme through its Social Facilitation Support Unit. This involves assisting the learner contractors with recruitment of local labour and arranging for the training of project beneficiaries to take place.

(ii) Sector Education and Training Authorities (SETAs)

Many of the SETA's are contributing to the achievements of the EPWP through the funding of relevant learnerships in all the sectors, the development of appropriate skills programmes, training of officials and through co-funding training programmes with the National Skills Fund.

(iii) The Development Bank of Southern Africa (DBSA)

The DBSA has entered into a grant agreement with the DPW and the Department of Social Development. The aim of the Grant Agreement with DBSA is to identify areas of expansion for the social sector and to quantify the potential for additional job creation and capacity requirements.

2.7.2.4 Challenges and Conclusions

In less than 24 months of implementation, the EPWP is on course to meet its job creation targets. There is an on-going need for aggressive advocacy and communication to position EPWP as a programme of the whole of government and encourage the widespread use of more labour-intensive methods in the creation of infrastructure, through the use of the EPWP tender and design guidelines. The current EPWP communication initiatives of the DPW, undertaken in conjunction with GCIS are aimed at strengthening awareness of the programme among implementers and beneficiaries.

Several environment and culture sector programmes, and some labour-intensive infrastructure programmes in a number of provinces, such as the Zimbabwe programme in KZN and the Gundo Lashu programme in Limpopo, are running successfully, and could be expanded further if more funds could be made available. The scaling up of the EPWP initiative in the roads sector aims to direct additional funds to such programmes and is structured to also act as an incentive for provinces to increase their contribution to the EPWP by allocating additional funds to those who are performing well.

Reporting in the social sector has improved significantly, while the improvements in reporting from municipalities on the infrastructure and environment and cultural sectors albeit limited, is encouraging.



CHAPTER 3

Audit Committee report

As in the past financial year, continued focus of the Department has been on service excellence underpinned by prudent financial management practices in all that we do. As fully described in the Statement of Financial Performance, the department managed an allocated budget of R5,644 billion for its own account during the year under review.

AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 31 MARCH 2006

We are pleased to present our report for the financial year ended 31 March 2006.

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 Member	No. of Meetings Attended
1. Mr A Sangqu (Chairperson)	5
2. Mr E Z Maboera (End of contract term 31 July 2005)	3
3. Ms. V Zitumane	2
4. Prof H de Jager (Appointed on 1st August 2005)	1

In line with its oversight mandate, the Audit Committee consisted of external members with effect from 01 January 2006, following the resignation from the Committee of the department's Chief Financial Officer.

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.

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.

The effectiveness of Internal Control environment

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors, the Audit Report on the



Annual Financial Statements, the matters of emphasis and management letter of the Auditor General, it was noted that some control weaknesses exist. In certain instances, the 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 recognition of the issues contained under Emphasis of Matter, the Audit Committee has instructed the department's management to develop an action plan to resolve matters raised by the Auditor General. The

committee will in turn closely monitor the progress towards the resolution of these issues.

A Sangqu
Chairperson of the Audit Committee
28 July 2006



CHAPTER 4

Auditor-General report

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF PUBLIC WORKS VOTE 6 FOR THE YEAR ENDED 31 MARCH 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 54 to 103 for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). The fixed asset opening balances have not been audited because of the timing of guidance from National Treasury to departments relating to treatment, valuation and disclosure of fixed assets. These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette no. 28723 of 10 April 2006 and General Notice 808 of 2006, issued in Government Gazette no. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and

- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

3. BASIS OF ACCOUNTING

The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as described in paragraph 1.1 of the accounting policies to the financial statements.

4. AUDIT OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Public Works at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as described in note 1.1 to the financial statements, and in the manner required by Public Finance Management Act, 1999 (Act no. 1 of 1999 as amended) (PFMA).

5. EMPHASIS OF MATTER

Without qualifying the audit opinion, attention is drawn to the following matters:

5.1 Rental debtors

In paragraph 4.1 of the previous report, various weaknesses were highlighted regarding rental debtors. For the period under review the following weaknesses existed:

- Inadequate monitoring over rental debtors;
- According to the results obtained through the debtors circularisation and the extrapolation of the population, 10% of the debtors



included in the debtors balance represent liquidated or deceased debtors, debtors whose contracts have been terminated, and debtors who do not have rental contracts with the department; and

- Inadequate recovery of rental debtors resulting in long outstanding debts and material debt write offs.

5.2 Inter-Governmental balances

As disclosed in Annexure 6 to the financial statements on inter-governmental balances, at the date of this report, these balances were not confirmed.

5.3 Changes to the financial statements

The Financial statements were submitted on 31 May 2006 as required in terms of section 40 (1) (c) of the PFMA however, these financial statements required significant adjustments.

5.4 Audit of performance information

The draft report of the department on the performance against predetermined objectives was received on 19 June 2006, however the supporting evidence to the achievements recorded in this report was not received for audit. Consequently the review of this information could not be completed.

5.5 Information Systems Audit

A follow-up information systems audit of the application controls within the Property Management Information System (PMIS) was completed in July 2006 and the findings were reported to the accounting officer. At the time of compiling this report, the accounting officer's comments were not yet due. The follow-up audit

indicated that little progress had been made in addressing the weaknesses identified during the previous audit, which was completed in July 2004.

The most significant weaknesses identified were the following:

- Certain users on the PMIS had access to functions that were not defined in their systems roles. The user IDs of both the capturer and the authoriser in respect of the supplier maintenance and invoices were not recorded on the audit trails. The PMIS audit trails were also not regularly reviewed by management.
- It was still possible to duplicate supplier information on PMIS as certain validation tests had not yet been established to ensure that a supplier could only be created once. This risk was aggravated by the fact that PMIS supplier registration data was not always correctly captured on the system in accordance with the source document. Furthermore, there was no evidence of any reviews being undertaken to verify the accuracy of the PMIS supplier information captured.

6 APPRECIATION

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

Shauket Fakie

Auditor-General
Pretoria
31 July 2006





Management report

As in the past financial year, continued focus of the Department has been on service excellence underpinned by prudent financial management practices in all that we do. As fully described in the Statement of Financial Performance, the department managed an allocated budget of R5, 644 billion for its own account during the year under review.

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

I. General review of the state of affairs

As in the past financial year, the Department has continued to focus on service delivery improvement underpinned by prudent financial management practices. As fully described in the Statement of Financial Performance, the department managed an allocated budget of R5, 644 billion for its own account during the year under review.

In addition, the department, through its agency function managed an estimated R2 billion on behalf of its client departments during the year under review. With the exception of one client department, the department fully spent all the budget allocations of its client departments.

Reclassification of costs and impact on comparative figures

In line with the financial reporting reforms introduced by the National Treasury, some costs were reclassified during the year under review to comply with the Standard Chart of Accounts (SCoA)'s reporting framework – in this regard, reference is made to the “interest and rent on land” cost item which in the past was included under “Goods and Services”.

Analysis of Expenditure Trends

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

Expenditure Line Item	2005/06 R0'000	2004/05 R0'000
Compensation of Employees	542,763	450,947
Goods & Services	3,654,411	3,360,847
Buildings & other fixed structures	376,783	292,918
Financial transactions in assets & liabilities	8,499	73,011
Machinery & Equipment	29,525	42,505
Interest & rent on land	15,836	–

The reasons for the significant changes are:

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

- an increase in the average number of employees during the two financial years,
- 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.

Goods and Services: The R293 564 000.00 increase is as a result of an increased budget allocated to this expenditure item during the year under review.



Buildings and other fixed structures: The increase in the main is as a result of an amount of R110 million paid to the Graaf Trust to remove the restrictive conditions of the Trust deed associated with the Parliamentary Villages precinct.

Financial transactions in assets and liabilities: The decrease is as a result of a lesser amount of "Suspense Accounts" written off during the year under review.

Machinery and Equipment: The decrease is in line with the reduced number of new posts created, compared to the previous year. Consequently, less expenditure was incurred to provide for the newly created posts.

2. Services rendered by the department

The services of the department which remained unchanged during the year under review has been '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 and property industries'.

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.

With Treasury approval, the department provided project management agency services to its client departments free of charge. It is estimated that an amount of R434 million which represents 80% of the personnel budget would have been levied against departments had DPW charged for its services. In addition, the department paid on behalf of its client departments for the following:

	2005/06 R0'000	2004/05 R0'000
Municipal property rates	926,652	1,041,065
Municipal Services	1,103,702	1,038,919
Operating Leases	1,247,863	1,113,070

The above costs were appropriated to the department's vote during the year under review. As explained in the Minister's foreword, the department embarked on a programme of budget devolution during the year under review. Consequently, these amounts had with effect from the 2006 financial year been appropriated to the departments concerned with the exception of the property rates paid on behalf of Provincial properties, the devolution of which is expected to commence in the 2007 financial year.

3. Public Entities

The Minister is responsible for the following organisations 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)

Transfer Payments made to Public Entities

The Independent Development Trust

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

The Construction Industry Development Board

The total amount transferred to the CIDB during the year under review was R34,011,000.00

This transfer was made based on the financial requirements they requested from the department 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.

The Council for the Built Environment

The total amount transferred to the CBE was R3,000,000.00 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. Public private partnerships

The department did not enter into any public private partnership agreements during the year under review. However, in view of its accommodation-provisioning role, it played a supportive role in the PPP initiatives currently underway in the departments of Education, Environmental Affairs and Tourism and Foreign Affairs where head offices of these departments are being procured through PPP's.

5. Corporate Governance arrangements

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. The Supply Chain Management function is in the process of developing a system to manage the conflict of interests of employees on the procurement adjudication processes.

6. Proposed Activities

As a mechanism to account for the funds devolved to client departments, the department established an Interim Reporting Mechanism, a precursor to a fully functional Trading Entity to be established as from the 2007 financial year. As a result of the new arrangements, the department will maintain two independent sets of financial records in the 2006 financial year. In view of the stringent National Treasury requirements for establishing a Trading Entity, the interim reporting mechanism was established with Treasury approval for the 2006 financial year.

7. Events after the reporting date

In line with the proposed activities mentioned in paragraph 6 above, the department devolved its maintenance, property rates, municipal services and leasing budgets to national user departments from 1 April 2006. The devolution of these budgets is in line with the 1997 White Paper on Public Works, which stated that:

“In line with best practice, the DPW will plan for and initiate measures aimed at increasing client financial responsibility for capital costs and management of accommodation. Mechanisms may include “hard charging” for rent and maintenance; fees for services; incentives for effective space utilisation; and/or eventual choice of service provider.



In future, client departments will have increased responsibilities for accommodation as they begin to pay their own capital costs, rent and maintenance fees. This will reduce the tendency for departments to make requests for unrealistically expensive accommodation, and will increase the utilisation of space. Despite the fact that client departments will pay for their accommodation, there will still exist a need for policy guidelines on space and cost norms for prudent space utilization. The DPW will actively encourage budgetary reform to ensure that, in future, the annual capital and expenditure budgets of all national departments include provisions for their individual accommodation requirements. When this happens, client departments will be required to pay a fee, comprised of a capital charge, a notional rent and management fee, for the accommodation and related services which the DPW will provide. This will entail the DPW developing mechanisms for service level agreements with clients, thus “contractorising” its most important set of external relationships. Management and the delivery of specific services such as property maintenance will be governed by both these service level agreements as well as the need to act as or on behalf of the landlord in terms of a “Total Asset Management Strategy” and the maintenance of property values.”

The effect of this devolution is the effective reduction of the department's vote allocation by an amount of R2,9 billion in the 2006/07 financial year.

8. 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 Annual report – a trend that has been maintained in the 2005/06 financial year as reported elsewhere in this annual report. 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 unauthorised expenditure incurred as at 31 March 2001. The department is however anxious to meet the Committee to deal with the unauthorised expenditure 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.

9. Comments on the audit report

The department has noted with appreciation the unqualified audit report on its 2005/06 annual financial statements. I note with disappointment that some of the significant issues raised by the Auditor General in the past year have not been fully resolved and commit myself to more robust monitoring of the resolution of these issues.

Approval

The annual financial statements set out on pages 58 to 103 have been approved by the Accounting Officer:

SEAN PHILLIPS
ACTING DIRECTOR GENERAL
DATE: 28 July 2006



ANNUAL FINANCIAL STATEMENTS

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 1 of 2005.

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 or when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

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.

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

2. Revenue

2.1 Appropriated funds

Appropriated funds are recognized 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 recognized 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 Revenue Fund, unless approval has been given by the National Treasury to rollover the funds to the subsequent financial year. These rollover funds form part of retained funds in the annual financial statements. Amounts owing to the National Revenue Fund at the end of the financial year are recognized in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is paid into the National Revenue Fund when received, unless otherwise



stated. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position.

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 recognized 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 recognized 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. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

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.

2.2.7 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the National 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 recognized in the financial records when notification of the donation is received from the National Treasury or when the department directly receives the cash from the donor(s). The total cash amounts received during the year is reflected in the statement of financial performance as revenue.



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. A receivable is recognised in the statement of financial position to the value of the amounts expensed prior to the receipt of the funds.

A payable is raised in the statement of financial position where amounts have been inappropriately expensed using local and foreign aid assistance, unutilised amounts are recognised 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 final authorisation for 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 entities' 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 final authorisation for payment is effected on the system.

3.1.1 Short term employee benefits

Short term employee benefits comprise of leave entitlements (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 final authorisation for 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 notes to the financial statements. These amounts are not recognized 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 when the final authorisation for 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 final authorisation for 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 final authorisation for 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 final authorisation for 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 on a capital project.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for 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.

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 under spending 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.

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 final authorisation for 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 final authorisation for 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.

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 the disclosure notes.

4.5 Loans

Loans are recognised in the statement of financial position at the nominal amount. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.6 Inventory

Inventories on hand at the reporting date are disclosed at cost in the disclosure notes.

4.7 Asset Registers

Assets are recorded in an asset register at cost, on acquisition of the item. Cost of an asset is defined as the total cost of acquisition. Assets procured in previous financial periods, may be stated at fair value, where determinable, or RI in instances where the original cost of acquisition or fair value cannot be established. No revaluation or impairment of assets is currently recognised in the asset register. Projects (of construction/development) running over more than one financial year relating to assets, are only brought into the asset register on completion of the project and at the total cost incurred over the duration of the project. Annexure 4 and 5 of the disclosure notes, reflect the total movement in the asset register of assets with a cost equal to and exceeding R5000 (therefore capital assets only) for the current financial year. The movement is reflected at the cost as recorded in the asset register and not the carrying value, as depreciation is not recognised in the financial statements under the modified cash basis of



accounting. The opening balances reflected on Annexure 4 and 5 will include items procured in prior accounting periods and the closing balance will represent the total cost of the register for capital assets on hand.

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 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 and recognised in a previous financial year becomes recoverable from a debtor:

- receives a benefit for performing the institutional function or from utilizing the state property, either by way of:
 - o consideration to be paid by the department which derives from a Revenue Fund;
 - o charges fees to be collected by the private party from users or customers of a service provided to them; or
 - o a combination of such consideration and such charges or fees.

7. Related party transactions

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

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.

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

Department of Public Works - Vote 6
Appropriation Statement for the year ended 31 March 2006

	Appropriation per Programme									
	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 %	Final Appropriation R'000	Actual Expenditure R'000	
1. Administration										
Current payment	272,620	-	105,286	377,906	350,023	27,883	92.6%	266,925	266,925	
Transfers and subsidies	489	-	-	489	1,514	(1,025)	309.6%	491	469	
Payment for capital assets	56,480	-	(42,586)	13,894	40,895	(27,001)	294.3%	24,387	24,409	
2. Provision of Land and Accommodation										
Current payment	3,253,095	-	505,515	3,758,610	3,755,588	3,022	99.9%	3,448,627	3,449,294	
Transfers and subsidies	925,853	-	-	925,853	928,529	(2,676)	100.3%	1,324,605	1,042,417	
Payment for capital assets	996,212	-	(587,050)	409,162	392,756	16,406	96.0%	310,177	310,960	
3. National Public Works Programme										
Current payment	86,579	-	18,835	105,414	104,969	445	99.6%	68,619	68,618	
Transfers and subsidies	34,382	-	-	34,382	37,078	(2,696)	107.8%	28,178	28,179	
Payment for capital assets	430	-	-	430	43	387	10.0%	78	78	
4. Auxiliary and Associated Services										
Current payment	1,514	-	140	1,654	2,430	(776)	146.9%	24,434	26,276	
Transfers and subsidies	15,893	-	-	15,893	11,997	3,896	75.5%	16,738	14,280	
Payment for capital assets	689	-	(140)	549	549	-	100.0%	650	-	
5. Special Functions (Theft and Losses)										
Current payment	-	-	-	-	8,499	(8,499)	0.0%	-	73,011	
Subtotal	5,644,236	-	-	5,644,236	5,634,870	9,366	99.8%	5,513,909	5,304,916	
Statutory Appropriation										
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				98,077				41,194		
Actual amounts per Statement of Financial Performance (Total Revenue)				5,742,313				5,555,103		
Add: Local and foreign aid assistance					-				338	
Actual amounts per Statement of Financial Performance Expenditure					5,634,870				5,305,254	

APPROPRIATION STATEMENT
for the year ended 31 March 2006

	Appropriation per Economic classification							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
Current payments									
Compensation of employees	539,555	–	–	539,555	542,763	(3,208)	100.6%	451,085	450,947
Goods and services	3,074,226	–	613,967	3,688,193	3,654,411	33,782	99.1%	3,357,520	3,360,166
Interest on rent on land	–	–	15,836	15,836	15,836	–	100.0%	–	–
Financial transactions in assets and liabilities	27	–	(27)	–	8,499	(8,499)	–	–	73,011
Transfers & subsidies									
Provinces & municipalities	925,931	–	–	925,931	926,652	(721)	100.1%	1,324,260	1,041,065
Departmental agencies & accounts	37,566	–	(390)	37,176	37,049	127	99.7%	29,870	28,036
Foreign governments & international organisations	12,651	–	–	12,651	11,607	1,044	91.7%	13,638	14,280
Public corporations & private enterprises	50	–	–	50	72	(22)	144.0%	290	46
Households	419	–	390	809	3,738	(2,929)	462.1%	1,954	1,918
Payment for capital assets									
Buildings & other fixed structures	981,081	–	(588,007)	393,074	376,783	16,291	95.9%	292,655	292,918
Machinery & equipment	92,653	–	(41,769)	30,884	29,525	1,359	95.6%	42,635	42,505
Software & other intangible assets	77	–	–	77	27,935	(27,858)	36279.2%	2	24
Total	5,664,236	–	–	5,664,236	5,634,870	9,366	99.8%	5,513,909	5,304,916

**Detail per programme I – Administration
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
I.1 Minister									
Current payment	1,141	–	–	1,141	1,183	(42)	103.7%	1,165	1,169
Transfers and subsidies	–	–	–	–	3	(3)	0.0%	–	3
I.2 Deputy Minister									
Current payment	873	–	–	873	858	15	98.3%	880	888
Transfers and subsidies	–	–	–	–	–	–	–	–	2
I.3 Management									
Current payment	53,423	–	4,600	58,023	57,537	486	99.2%	46,214	45,717
Transfers and subsidies	–	–	–	–	295	(295)	0.0%	–	115
Payment for capital assets	–	–	–	–	202	(202)	0.0%	–	99
I.4 Corporate Services									
Current payment	217,183	–	100,686	317,869	290,445	27,424	91.4%	218,666	219,151
Transfers and subsidies	489	–	–	489	1,216	(727)	248.7%	491	349
Payment for capital assets	56,480	–	(42,586)	13,894	40,693	(26,799)	292.9%	24,387	24,310
Total	329,589	–	62,700	392,289	329,432	(143)	100.0%	291,803	291,803

**Detail per programme 1 – Administration
for the year ended 31 March 2006**

Economic classification	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
Current payments									
Compensation of employees	156,291	–	(13,324)	142,967	142,960	7	100.0%	119,028	119,028
Goods and services	116,329	–	118,610	234,939	207,064	27,875	88.1%	147,897	147,897
Transfers and subsidies									
Provinces & municipalities	379	–	–	379	543	(164)	143.3%	312	348
Public corporations & private enterprises	50	–	–	50	66	(16)	132.0%	40	43
Households	60	–	–	60	905	(845)	1508.3%	139	78
Payments for capital assets									
Machinery & equipment	56,480	–	(42,586)	13,894	13,021	873	93.7%	24,387	24,387
Software & other intangible assets	–	–	–	–	27,873	(27,873)	0.0%	–	22
Total	329,589	–	62,700	392,289	392,432	(143)	100.0%	291,803	291,803

**Detail per programme 2 – Provision of Land and Accommodation
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
2.1 Capital Works									
Current payment	–	–	–	–	48	(48)	0.0%	–	–
Transfers and subsidies	–	–	–	–	12	(12)	0.0%	–	–
Payment for capital assets	372,180	–	4,700	376,880	376,852	28	100.0%	292,655	292,655
2.2 Property Management									
Current payment	2,901,589	–	663,340	3,564,929	3,569,540	(4,611)	100.1%	3,321,103	3,323,867
Transfers and subsidies	925,853	–	–	925,853	927,480	(1,627)	100.2%	1,324,605	1,041,621
Payment for capital assets	624,032	–	(591,750)	32,282	11,112	21,170	34.4%	17,522	17,253
2.3 Asset Management									
Current payment	344,304	–	(304,904)	39,400	37,420	1,980	95.0%	19,222	18,892
Transfers and subsidies	–	–	–	–	632	(632)	0.0%	–	57
Payment for capital assets	–	–	–	–	29	(29)	0.0%	–	285
2.4 Administration									
Current payment	7,202	–	147,079	154,281	148,580	5,701	96.3%	108,302	106,535
Transfers and subsidies	–	–	–	–	405	(405)	0.0%	–	709
Payment for capital assets	–	–	–	–	4,763	(4,763)	0.0%	–	767
Total	5,175,160	–	(81,535)	5,093,625	5,076,873	16,752	99.7%	5,083,409	4,802,671

**Detail per programme 2 – Provision of Land and Accommodation
for the year ended 31 March 2006**

Economic classification	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
Current									
Compensation of employees	363,625	–	13,324	376,949	380,621	(3,672)	101.0%	317,453	317,313
Goods and services	2,889,443	–	476,382	3,365,825	3,359,130	6,695	99.8%	3,131,174	3,131,981
Interest on rent on land	–	–	15,836	15,836	15,836	–	100.0%	–	–
Financial transactions in assets and liabilities	27	–	(27)	–	–	–	0.0%	–	–
Transfers & subsidies									
Provinces & municipalities	925,495	–	–	925,495	926,050	(555)	100.1%	1,323,903	1,3040,672
Dept agencies & accounts	–	–	–	–	39	(39)	0.0%	–	–
Public corporations and public enterprises	–	–	–	–	6	(6)	0.0%	250	3
Households	358	–	–	358	2,434	(2,076)	679.9%	452	1,742
Capital									
Buildings and other fixed structures	981,081	–	(588,007)	393,074	376,783	16,291	95.9%	292,655	292,918
Machinery and equipment	15,054	–	957	16,011	15,912	99	99.4%	17,520	18,040
Software & other intangible assets	77	–	–	77	62	15	80.5%	2	2
Total	5,175,160	–	(81,535)	5,093,625	5,076,873	16,752	99.7%	5,083,409	4,802,671

**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									
Development Programme									
Current payment	–	–	43,150	43,150	42,196	954	97.8%	44,172	44,176
Transfers and subsidies	34,295	–	–	34,295	37,053	(2,758)	108.0%	28,178	28,167
Payment for capital assests	–	–	–	–	–	–	0.0%	–	7
3.3 Expanded Public Works Programme									
Current payment	51,264	–	11,000	62,264	62,780	(516)	100.8%	24,447	24,442
Transfers and subsidies	87	–	–	87	25	62	28.7%	–	12
Payment for capital assests	430	–	–	430	43	387	10.0%	78	71
3.4 Owner Activities									
Current payment	6,500	–	(6,500)	–	–	–	0.0%	–	–
3.5 Property Industry									
Development Programme									
Current payment	3,700	–	(3,700)	–	–	–	0.0%	–	–
3.6 Administration									
Current payment	25,115	–	(25,115)	–	(7)	7	0.0%	–	–
Total	121,391	–	18,835	140,226	142,090	(1,864)	101.3%	96,875	96,875

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

Economic classification	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
Current									
Compensation of employees	19,639	–	–	19,639	19,182	457	97.7%	14,604	14,603
Goods and services	66,940	–	18,835	85,775	85,787	(12)	100.0%	54,015	54,015
Transfers & subsidies									
Provinces & municipalities	57	–	–	57	59	(2)	103.5%	45	45
Dept agencies & accounts	34,325	–	–	34,325	37,010	(2,685)	107.8%	28,036	28,036
Households	–	–	–	–	9	(9)	0.0%	97	98
Capital									
Machinery and equipment	430	–	–	430	43	387	10.0%	78	78
Total	121,391	–	18,835	140,226	142,090	(1,864)	101.3%	96,875	96,875

**Detail per programme 4 – Auxilliary and Associated Services
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
4.1 Compensation for Losses									
Current payment	1,423	-	(1,029)	394	3	391	0.8%	1,342	-
Transfers and subsidies	-	-	-	-	390	(390)	0.0%	-	-
4.2 Distress Relief									
Current payment	1	-	-	1	-	1	0.0%	1	1
4.3 Loskop Settlement									
Current payment	-	-	-	-	-	-	0.0%	1	-
Transfers and subsidies	1	-	-	1	-	1	0.0%	-	-
4.4 Assistance to Organisations for preservation of National Memorials									
Current payment	-	-	-	-	-	-	0.0%	-	2
Transfers and subsidies	12,651	-	-	12,651	11,607	1,044	91.7%	13,638	14,280
4.5 Grant-in aid									
Current payment	-	-	-	-	901	(901)	0.0%	-	1,828
Transfers and subsidies	1,516	-	-	1,516	-	1,516	0.0%	1,430	-
4.6 Decorations for Public Functions									
Current payment	90	-	1,169	1,259	1,526	(267)	121.2%	23,090	24,446
4.7 Government Motor Transport									
Payment for capital assets	689	-	(140)	549	549	-	100.0%	650	-
4.8 Sectoral Education and Training Authority									
Transfers and subsidies	1,725	-	-	1,725	-	1,725	0.0%	1,670	-
Total	18,096	-	-	18,096	14,976	3,120	82.8%	41,822	40,556

**Detail per programme 4 – Auxiliary and Associated Services
for the year ended 31 March 2006**

Economic classification	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
Current									
Compensation of employees	–	–	–	–	–	–	0.0%	–	3
Goods and services	1,514	–	140	1,654	2,430	(776)	146.9%	24,434	26,273
Transfers & subsidies									
Provinces & municipalities	–	–	–	–	–	–	0.0%	–	–
Dept agencies & accounts	3,241	–	(390)	2,851	–	2,851	0.0%	1,834	–
Foreign governments & international organisations	12,651	–	–	12,651	11,607	1,044	91.7%	13,638	14,280
Households	1	–	390	391	390	1	99.7%	1,266	–
Capital									
Machinery and equipment	689	–	(140)	549	549	–	100.0%	650	–
Total	18,096	–	–	18,096	14,976	3,120	82.8%	41,822	40,556

**Detail per programme 5 – Special Functions (Theft and Losses)
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	
5.1 Theft and Losses										
Current payment	–	–	–	–	8,499	(8,499)	0.0%	–	73,011	
Total	–	–	–	–	8,499	(8,499)	0.0%	–	73,011	

Economic classification	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	
Current										
Financial transactions in assets and liabilities	–	–	–	–	8,499	(8,499)	0.0%	–	73,011	
Total	–	–	–	–	8,499	(8,499)	0.0%	–	73,011	

Department of Public Works - Vote 6
Notes to the Appropriation Statement
for the year ended 31 March 2006

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 I (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 8 (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				
Administration	392,289	392,432	(143)	(0.04%)
Explanation of variance : No material variance on this programme				
Provision of Land and Buildings	5,093,625	5,076,873	16,752	0.33%
Explanation of variance : The variance resulted from inevitable delays in the implementation of certain maintenance projects.				
National Public Works Programme	140,226	142,090	(1,864)	(1.33%)
Explanation of variance : The variance is not material.				
Auxillary and Associated Services	18,096	14,976	3,120	17%
Explanation of variance : The variance resulted from exchange rate gains on transfer to the Commonwealth War Graves Commission, less claims by Parliament Villages management Board and no claims by SETA.				

4.2 Per economic classification:**R'000****Current expenditure**

Compensation of employees	(3,208)
Goods and services	33,782
Financial transactions in assets and liabilities	(8,499)

Transfers and subsidies

Provinces and municipalities	(721)
Departmental agencies and accounts	127
Public corporations and private enterprises	(22)
Foreign governments and international organisations	1,044
Households	(2,929)

Payments for capital assets

Buildings and other fixed structures	16,291
Machinery and equipment	1,359
Software and other intangible assets	(27,858)

**Statement of Financial Performance
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
REVENUE			
Annual appropriation	1.	5,644,236	5,513,909
Departmental revenue	2.	98,077	41,194
TOTAL REVENUE		<u>5,742,313</u>	<u>5,555,103</u>
EXPENDITURE			
Current expenditure			
Compensation of employees	4.	542,763	450,947
Goods and services	5.	3,654,411	3,360,166
Interest and rent on land	6.	15,836	–
Financial transactions in assets and liabilities	7.	8,499	73,011
Local and foreign aid assistance	3.	–	338
Total current expenditure		<u>4,221,509</u>	<u>3,884,462</u>
Transfers and subsidies	8.	979,118	1,085,345
Expenditure for capital assets			
Buildings and other fixed structures	9.	376,783	292,918
Machinery and Equipment	9.	29,525	42,505
Software and other intangible assets	9.	27,935	24
Total expenditure for capital assets		<u>434,243</u>	<u>335,447</u>
TOTAL EXPENDITURE		<u>5,634,870</u>	<u>5,305,254</u>
SURPLUS/(DEFICIT)		107,443	249,849
SURPLUS/(DEFICIT) FOR THE YEAR		<u>107,443</u>	<u>249,849</u>
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds	15.	9,366	208,993
Departmental revenue	16.	98,077	41,194
Local and foreign aid assistance	3.	–	(338)
SURPLUS/(DEFICIT) FOR THE YEAR		<u>107,443</u>	<u>249,849</u>

**Statement of Financial Position
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
ASSETS			
Current assets			
Unauthorised expenditure	10.	345,474	345,474
Fruitless and wasteful expenditure	11.	46,310	39,751
Cash and cash equivalents	12.	325	161
Prepayments and advances	13.	6,219	4,700
Receivables	14.	413,480	542,005
TOTAL ASSETS		811,808	932,091
LIABILITIES			
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	15.	9,366	208,993
Departmental revenue to be surrendered to the Revenue Fund	16.	16,660	6,660
Bank overdraft	17.	663,620	657,695
Payables	18.	119,400	55,981
Local and foreign aid assistance unutilised	3.	2,762	2,762
NET ASSETS		–	–

Cash Flow Statement
for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		5,690,426	5,546,812
Annual appropriated funds received	1.1	5,644,236	5,513,909
Departmental revenue received		46,190	32,903
Net (increase)/ decrease in working capital		177,307	(230,655)
Surrendered to Revenue Fund		(297,070)	(39,242)
Current payments		(4,214,950)	(3,885,662)
Transfers and subsidies paid		(979,118)	(1,085,345)
Net cash flow available from operating activities	19.	376,595	305,908
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(434,243)	(335,447)
Proceeds from sale of capital assets	2.3	51,887	8,291
Net cash flows from investing activities		(382,356)	(327,156)
Net increase/ (decrease) in cash and cash equivalents		(5,761)	(21,248)
Cash and cash equivalents at beginning of period		(657,534)	(636,286)
Cash and cash equivalents at end of period	20.	(663,295)	(657,534)

**Notes to the Annual Financial Statements
for the year ended 31 March 2006**

I. Annual Appropriation

I.1 Annual Appropriation

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

	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation Received 2004/05 R'000
Programmes				
Administration	392,289	392,289	–	291,803
Provision of Land and Accommodation	5,093,625	5,093,625	–	5,083,409
National Public Works Programme	140,226	140,226	–	96,875
Auxilliary and Associated Services	18,096	18,096	–	41,822
Special Functions (Theft and Losses)	–	–	–	–
Total	<u>5,644,236</u>	<u>5,644,236</u>	<u>–</u>	<u>5,513,909</u>

2. Departmental revenue to be surrendered to Revenue Fund	Note	2005/06 R'000	2004/05 R'000
Tax revenue		–	–
Sales of goods and services other than capital assets	2.1	22,275	23,198
Fines, penalties and forfeits		124	2,261
Interest, dividends and rent on land	2.2	2,848	1,762
Sales of capital assets	2.3	51,887	8,291
Financial transactions in assets and liabilities	2.4	20,943	5,682
Total revenue collected		<u>98,077</u>	<u>41,194</u>
Total		<u>98,077</u>	<u>41,194</u>
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department		22,257	22,916
Sales by market establishment		19,750	20,560
Administrative fees		487	2,003
Other sales		2,020	353
Sales of scrap, waste and other used current goods		18	282
Total		<u>22,275</u>	<u>23,198</u>
2.2 Interest and rent on land			
Interest		2,682	1,767
Rent on land		166	(5)
Total		<u>2,848</u>	<u>1,762</u>
2.3 Sales of capital assets			
Land and subsoil assets		49,259	8,291
Other capital assets		2,628	–
Total		<u>51,887</u>	<u>8,291</u>

**Notes to the Annual Financial Statements
for the year ended 31 March 2006**

2.4 Financial transactions in assets and liabilities	2005/06	2004/05
	R'000	R'000
Nature of loss recovered		
Loans	62	74
Receivables	688	721
Other receipts including recoverable revenue	20,193	4,887
Total	<u>20,943</u>	<u>5,682</u>
3. Local and foreign aid assistance		
3.1 Assistance received in cash from RDP		
Foreign		
Opening Balance	2,762	3,100
Expenditure	–	338
Current	–	338
Closing Balance	<u>2,762</u>	<u>2,762</u>
Total		
Opening Balance	2,762	3,100
Expenditure	–	338
Current	–	338
Closing Balance	<u>2,762</u>	<u>2,762</u>
Analysis of balance		
Local and foreign aid unutilised	<u>2,762</u>	<u>2,762</u>
Closing balance	<u>2,762</u>	<u>2,762</u>
4. Compensation of employees		
4.1 Salaries and wages		
Basic salary	379,693	313,625
Performance award	15,332	10,917
Service Based	137	2,583
Compensative/circumstantial	3,658	8,795
Periodic payments	3,378	4,221
Other non-pensionable allowances	69,354	44,091
Total	<u>471,552</u>	<u>384,232</u>
4.2 Social contributions		
4.2.1 Employer contributions		
Pension	47,889	45,768
Medical	23,180	20,808
UIF	–	1
Bargaining council	141	137
Official unions and associations	–	–
Insurance	1	1
Total	<u>71,211</u>	<u>66,715</u>
Total compensation of employees	<u>542,763</u>	<u>450,947</u>
Average number of employees	<u>4722</u>	<u>4671</u>

**Notes to the Annual Financial Statements
for the year ended 31 March 2006**

	2005/06	2004/05
	R'000	R'000
5. Goods and services		
Advertising	10,309	8,811
Attendance fees (including registration fees)	18	–
Bank charges and card fees	454	389
Bursaries (employees)	2,324	2,163
Communication	23,571	21,129
Computer services	22,852	659
Consultants, contractors and special services	114,158	115,485
Courier and delivery services	963	822
Tracing agents & debt collections	2	2
Drivers licences and permits	1	18
Entertainment	2,104	1,216
External audit fees	5. 15,798	17,785
Equipment less than R5 000	17,295	2,928
Freight service	2,488	139
Government motor transport	–	2
Helicopter services	–	60
Inventory	5.2 35,130	32,842
Learnerships	11,833	49
Legal fees	5,033	3,367
Maintenance, repair and running costs	884,374	879,057
Medical services	61	24
Operating leases	1,247,863	1,113,070
Personnel agency fees	4,020	2,386
Photographic services	81	336
Plant flowers and other decorations	1,080	792
Printing and publications	2,604	867
Professional bodies and membership fees	242	191
Resettlement costs	2,644	3,097
Subscriptions	232	71
Storage of furniture	4	–
Taking over of contractual obligations	19	–
Owned and leasehold property expenditure	46,590	37,633
Translations and transcriptions	14	2
Transport provided as part of the departmental activities	915	1,811
Travel and subsistence	5.3 70,516	60,115
Venues and facilities	3,787	1,206
Protective, special clothing & uniforms	572	434
Training & staff development	20,758	12,289
Municipal Services	1,103,702	1,038,919
Total	<u>3,654,411</u>	<u>3,360,166</u>

**Notes to the Annual Financial Statements
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
5.1 External audit fees			
Regulatory audits		12,594	17,128
Performance audits		168	657
Other audits		3,036	–
Total		<u>15,798</u>	<u>17,785</u>
5.2 Inventory			
Strategic stock		–	20
Domestic Consumables		21,932	16,535
Learning and teaching support material		38	25
Food and supplies		27	30
Fuel, oil and gas		2,471	3,302
Laboratory consumables		112	4
Other consumables		205	249
Parts and other maintenance material		1,903	3,471
Stationery and Printing		8,328	8,976
Restoration and fittings		106	189
Medical Supplies		8	2
Total		<u>35,130</u>	<u>32,842</u>
5.3 Travel and subsistence			
Local		69,19	59,077
Foreign		1,318	1,038
Total		<u>70,516</u>	<u>60,115</u>
6. Interest and rent on land			
Interest expense		5,811	–
Rent on land		10,025	–
Total		<u>15,836</u>	<u>–</u>
7. Financial transactions in assets and liabilities			
Material losses through criminal conduct	7.1	976	744
Other material losses written off	7.2	4,253	62,568
Debts written off	7.3	3,270	9,699
Total		<u>8,499</u>	<u>73,011</u>
7.1 Material losses through criminal conduct			
Nature of losses			
Incident	Disciplinary steps taken/criminal proceedings		
Criminal Acts	Cases of burglary	8	11
Criminal Acts	Damage to buildings	669	464
Criminal Acts	Fraud	299	269
Total		<u>976</u>	<u>744</u>

**Notes to the Annual Financial Statements
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
7.2 Other material losses			
Nature of losses			
Unavoidable Expenditure		51	40,759
Vis Major		3,416	13,393
Damages and Losses		–	7,245
Other		786	1,171
Total		<u>4,253</u>	<u>62,568</u>
7.3 Debts written off			
Nature of debts written off			
Transfer to debts written off (Group major categories, but list material items)			
Irrecoverable Debts		3,270	8,430
Irrecoverable Debts State Guarantees		–	1,266
Other		–	3
Total		<u>3,270</u>	<u>9,699</u>
8. Transfers and subsidies			
Provinces and municipalities	ANNEXURE IA	926,652	1,041,065
Departmental agencies and accounts	ANNEXURE IB	37,049	28,036
Foreign governments and international organisations	ANNEXURE ID	11,607	14,280
Public corporations and private enterprises	ANNEXURE I	72	46
Households	ANNEXURE IE	3,738	1,918
Total		<u>979,118</u>	<u>1,085,345</u>
9. Expenditure on capital assets			
Buildings and other fixed structures	ANNEXURE 3	376,783	292,918
Machinery and equipment	ANNEXURE 3	29,525	42,505
Software and other intangible assets	ANNEXURE 4	27,935	24
Total		<u>434,243</u>	<u>335,447</u>
10. Unauthorised expenditure			
10.1 Reconciliation of unauthorised expenditure			
Opening balance		345,474	345,476
Transfer to receivables for recovery (not approved)		–	(2)
Unauthorised expenditure awaiting authorisation		<u>345,474</u>	<u>345,474</u>

**Notes to the Annual Financial Statements
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
11. Fruitless and wasteful expenditure			
11.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		39,751	40,951
Fruitless and wasteful expenditure – current year		6,559	(1,200)
Current		6,559	(1,200)
Fruitless and wasteful expenditure awaiting condonement		46,310	39,751
 Analysis of current fruitless and wasteful expenditure			
Incident	Disciplinary steps taken/criminal proceedings		
Client Departments who have vacated buildings before termination of lease and without notification	Amounts to be recovered from client departments.	1,098	
This expenditure occurred as a result of logistical arrangements made by the Department in the preparation of a Progressive Governance Summit that never took place.	Treasury approval for the condonement of this expenditure was obtained.	15,000	
Buildings which are leased from third parties were not occupied in full :- Parliament Towers Regis House		5,461	
Total		21,559	
 12. Cash and cash equivalents			
Cash with commercial banks		325	161
Total		325	161

**Notes to the Annual Financial Statements
for the year ended 31 March 2006**

		2005/06 R'000	2004/05 R'000			
13. Prepayments and advances						
Description						
	Staff advances	26	85			
	Travel and subsistence	560	466			
	Prepayments	4,120	3,238			
	Advances paid to other entities	1,513	911			
	SOCPEN advances	–	–			
	Total	<u>6,219</u>	<u>4,700</u>			
14. Receivables						
		Less than one year R'000	One to three years R'000	Older than three years R'000	Total R'000	Total R'000
	Staff debtors	14.1 (1,528)	1,587	1,739	1,798	7,015
	Other debtors	14.2 34,639	(3,906)	18,186	48,919	1,550
	Claims recoverable	Annex 5 366,370	(23,719)	20,112	362,763	533,440
	Total	<u>399,481</u>	<u>(26,038)</u>	<u>40,037</u>	<u>413,480</u>	<u>542,005</u>
14.1 Staff debtors						
	Personnel Debt			798	6,433	
	Salary Accounts			1,000	582	
	Total			<u>1,798</u>	<u>7,015</u>	
14.2 Other Debtors						
	Disallowances			39,578	1,538	
	Other			4,030	12	
	Inter Responsibility Clearing			5,311	–	
	Total			<u>48,919</u>	<u>1,550</u>	
15. Voted funds to be surrendered to the Revenue Fund						
	Opening balance			208,993	–	
	Transfer from Statement of Financial Performance			9,366	208,993	
	Paid during the year			(208,993)	–	
	Closing balance			<u>9,366</u>	<u>208,993</u>	

**Notes to the Annual Financial Statements
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
16. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		6,660	4,708
Transfer from Statement of Financial Performance		98,077	41,194
Paid during the year		(88,077)	(39,242)
Closing balance		<u>16,660</u>	<u>6,660</u>
17. Bank overdraft			
Consolidated Paymaster General Account		663,620	657,695
Total		<u>663,620</u>	<u>657,695</u>
18. Payables – current			
Description		2005/06 Total R'000	2004/05 Total R'000
		30 Days R'000	30+ Days R'000
Advances received	18.1	98,591	14,586
Clearing accounts	18.2	435	527
Other payables	18.3	5,261	–
Total		<u>104,287</u>	<u>15,113</u>
18.1 Advances received			
Tender Deposits		14,771	13,876
National Departments		92,494	40,089
Public Entities		5,912	–
Total		<u>113,177</u>	<u>53,965</u>
18.2 Clearing accounts			
Telephone Erroneous Interface		–	(165)
Salary Clearing Accounts		850	1,464
Other		112	–
Inter Responsibility Clearing		–	717
Total		<u>962</u>	<u>2,016</u>
18.3 Other payables			
Prepayments and advances		5,261	–
Total		<u>5,261</u>	<u>–</u>

**Notes to the Annual Financial Statements
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
19. Net cash flow available from operating activities			
Net surplus/(deficit) as per Statement of Financial Performance		107,443	249,849
(Increase)/decrease in receivables – current		128,525	(205,704)
(Increase)/decrease in prepayments and advances		(1,519)	(624)
(Increase)/decrease in other current assets		(6,559)	1,202
Increase/(decrease) in payables – current		63,419	(26,729)
Proceeds from sale of capital assets		(51,887)	(8,291)
Surrenders to revenue fund		(297,070)	(39,242)
Expenditure on capital assets		434,243	335,447
Net cash flow generated by operating activities		<u>376,595</u>	<u>305,908</u>
20. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General Account		(663,620)	(657,695)
Cash with commercial banks		325	161
Total		<u>(663,295)</u>	<u>(657,534)</u>

**Disclosure Notes to the Annual Financial Statements
for the year ended 31 March 2006**

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

	Note	2005/06 R'000	2004/05 R'000	
21. Contingent liabilities				
Liable to	Nature			
Housing loan guarantees	Employees	6,196	6,444	
Claims against the department		253,955	159,773	
Other departments (interdepartmental unconfirmed balances)		–	9,898	
Total		<u>260,151</u>	<u>176,115</u>	
22. Commitments				
Current expenditure				
Approved and contracted		523,373	235,819	
Approved but not yet contracted		2,332,701	2,228,810	
		<u>2,856,074</u>	<u>2,464,629</u>	
Capital expenditure				
Approved and contracted		340,352	81,090	
Approved but not yet contracted		1,250,091	818,857	
		<u>1,590,443</u>	<u>899,947</u>	
Total		<u>4,446,517</u>	<u>3,364,576</u>	
23. Accruals				
	30 Days	30+ Days	Total	Total
By economic classification	R'000	R'000	R'000	R'000
Compensation of employees	–	3	3	521
Goods and services	49,000	51,536	100,536	98,742
Interest and rent on land	–	–	–	252
Transfers and subsidies	1,189	11	1,200	73,069
Buildings and other fixed structures	37,996	14,879	52,875	20,734
Machinery and Equipment	101	32	133	142
Total			<u>154,747</u>	<u>193,460</u>
Listed by programme level				
Programme 1			15,767	9,6330
Programme 2			135,308	183,419
Programme 3			3,664	183,419
Programme 4			8	411
Total			<u>154,747</u>	<u>376,879</u>
24. Employee benefit provisions				
Leave entitlement			15,279	66,875
Thirteenth cheque			16,255	28,627
Performance awards			13,586	19,723
Capped leave commitments			54,940	20,826
Total			<u>100,060</u>	<u>136,051</u>

25. Lease Commitments				2005/06 R'000	2004/05 R'000
	Land R'000	Buildings & other fixed structures R'000	Machinery & equipment R'000	Total R'000	Total R'000
25.1 Operating leases					
Not later than 1 year	3,584	1,109,926	–	1,113,510	849,344
Later than 1 year and not later than 5 years	10,705	1,947,636	–	1,958,341	1,648,234
Later than five years	23,403	452,278	–	475,681	470,617
Total present value of lease liabilities	<u>37,692</u>	<u>3,509,840</u>	<u>–</u>	<u>3,547,532</u>	<u>2,968,195</u>
25.2 Finance leases					
Total value of finance leases	<u>–</u>	<u>–</u>	<u>13,708</u>	<u>–</u>	<u>–</u>

(Not allowed per the Treasury Regulations)

This liability consists of a transversal contract in respect of office equipment entered into by National Treasury on behalf of all National Departments.

	2005/06	2004/05	
	R'000	R0'000	
26. Receivables for departmental revenue			
Other (PMIS)	10,930	–	
Total	<u>10,930</u>	<u>–</u>	
27. Irregular expenditure			
27.1 Reconciliation of irregular expenditure			
Opening Balance	35,601	35,601	
Amounts condoned	200	–	
Current expenditure	3,407	–	
Irregular expenditure awaiting condonement	39,008	35,601	
	<u>39,008</u>	<u>35,601</u>	
Analysis			
Current	3,407	–	
Prior years	35,601	35,601	
Total	<u>39,008</u>	<u>35,601</u>	
27.2 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	
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		The overspending was legitimate consequently no disciplinary process was instituted against any employee as value for money accrued to the dept.	
Total	200	3,207	
	<u>3,407</u>	<u>–</u>	
28. Key Management Personnel	No of	Total	Total
	Individuals	R'000	R'000
Political Office Bearers (provide detail below)			
Officials	2	2,031	2,057
Level 15 to 16	8	5,576	3,322
Level 14	22	12,291	9,676
Family members of key management personnel		–	–
Total		<u>19,898</u>	<u>15,055</u>

**Annexures to the Annual Financial Statements
for the year ended 31 March 2006**

ANNEXURE IA

STATEMENT OF CONDITIONAL GRANTS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER		SPENT			2004/05 Division of Revenue Act R'000
	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 R'000	Amount spent by Municipality R'000	% of Available Funds spent by municipality R'000	
Municipalities	-	-	925,931	925,931	926,652	100.1%	-	0.0%	1,041,065
	-	-	925,931	925,931	926,652		-		1,041,065

ANNEXURE IB

STATEMENT OF TRANSFERS TO DEPARTMENTSL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION			TRANSFER		2004/05 Final Appropriation on Act R'000	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000		% of Available Funds Transferred R'000
Construction Industry Development Board	34,528	-	-	34,528	34,011	98.5%	25,036
Management Professions Environment	-	-	-	-	-	-	2,000
Council for Built Environment Public Investment Commissioners	3,000	-	-	3,000	3,000	100.0%	-
	38	-	-	38	38	100.0%	-
	37,566	-	-	37,566	37,049		28,036

**Annexures to the Annual Financial Statements
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ANNEXURE IC

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2004/05 Total Available R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred R'000	Capital R'000	Current R'000	
Public Corporations									
Parliament Village	–	–	–	–	–	0.0%	–	–	46
Private Enterprises									
MID & Glenrand	50	–	–	50	72	144.0%	–	–	–
	50	–	–	50	72	–	–	–	46

ANNEXURE ID

STATEMENT OF TRANSFERS/SUBSIDIES TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE			2004/05 Final Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred R'000		
Transfers								
Common Wealth war graves	12,651	–	–	12,651	11,607	91.7%	14,280	
Total	12,651	–	–	12,651	11,607		14,280	

**Annexures to the Annual Financial Statements
for the year ended 31 March 2006**

**ANNEXURE IE
STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2004/05 Final Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred R'000	
Subsidies	419	390	-	809	3,738	462.1%	1,918
Total	419	390	-	809	3,738		1,918

**Annexures to the Annual Financial Statements
for the year ended 31 March 2006**

**ANNEXURE 2A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 – LOCAL**

Guarantor Institution	Guarantee in respect of	Original Guaranteed capital amount R0'000	Opening Balance 01/04/2005 R0'000	Guarantees issued during the year R0'000	Guarantees released/paid/cancelled/reduced during the year R0'000	Guaranteed interest outstanding as at 31 March 2006 R0'000	Closing Balance 31/03/2006 R0'000	Realised losses not recoverable R0'000
Standard	Housing	742	704	221	59	-	866	-
Cape of Good Hope Bank	Housing	48	48	-	-	-	48	-
Nedbank Ltd	Housing	351	377	39	48	-	368	-
Firststrand Bank Ltd	Housing	558	761	80	78	-	763	-
Nebank Ltd Inc BOE	Housing	12	12	-	-	-	12	-
ABSA	Housing	1,522	2,260	98	345	-	2,013	-
Company Unique Financing	Housing	11	11	-	-	-	11	-
Old Mutual Finance Ltd	Housing	89	89	-	-	-	89	-
Peoples Bank FBC	Housing	204	234	-	-	-	234	-
Nedbank Ltd Inc NIB	Housing	193	266	-	51	-	215	-
Firststrand Bank Ltd (Saambou)	Housing	467	598	-	72	-	526	-
Old Mutual Bank Div of Ned	Housing	649	927	84	113	-	898	-
Ithala Limited	Housing	18	-	18	-	-	18	-
Free State Dev Corp	Housing	20	61	-	41	-	20	-
VBS Mutual Bank	Housing	86	86	-	-	-	86	-
ABSA Former Unibank	Housing	10	10	-	-	-	10	-
National Housing Finance cor	Housing	19	-	19	-	-	19	-
TOTAL		4,999	6,444	559	807	-	6,196	-

**Annexures to the Annual Financial Statements
for the year ended 31 March 2006**

**ANNEXURE 2B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2006**

Nature of Liability	Opening Balance 01/04/2005 R0'000	Liabilities incurred during the year R0'000	Liabilities released/paid/cancelled/ reduced during the year R0'000	Liabilities recoverable (Provide details hereunder) R0'000	Closing Balance 31/03/2006 R0'000
Claims against department Previous Years Claims	159,505	–	–	–	159,505
Adjustments in Opening Bal.					
Kwindia 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 arrears rentals	–	–	57	–	(57)
Vaardighedsakademie Claims for services rendered	–	–	917	–	(917)
Bluefin Holding (Pty) Ltd Application to set aside lease	–	–	–	434	–

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

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

ANNEXURE 3

CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	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	292,918	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	8531	9,081	–	17,612
Furniture and Office equipment	31862	12,336	–	44,198
Other machinery and equipment	2112	7,369	2,628	6,853
LAND AND SUBSOIL ASSETS	35	–	49,259	(49,224)
Land	35	–	49,259	(49,224)
TOTAL CAPITAL ASSETS	335,559	406,308	51,887	689,980

Included in DPW's closing 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 the National and Provincial governments comprise more than 188 000 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 the 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 contains a substantial portfolio of unsurveyed and unregistered state land (eg. state coastal reserves; conservation areas; etc) the electronic register of the Deeds Office (DeedsWeb) on it's own cannot be used as a direct comparison to verify DPW's immovable asset register.

(3c)

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.

ANNEXURE 3.1

ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cash R'000	In-Kind R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	376,783	–	376,783
Dwellings	120,156	–	120,156
Non-residential buildings	256,627	–	256,627
MACHINERY AND EQUIPMENT	29,525	–	29,525
Transport assets	739	–	739
Computer equipment	9,081	–	9,081
Furniture and Office equipment	12,336	–	12,336
Other machinery and equipment	7,369	–	7,369
TOTAL CAPITAL ASSETS	406,308	–	406,308

ANNEXURE 3.2

DISPOSALS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cost/Carrying Amount R'000	Cash R'000	Profit/(loss) on Disposal R'000
MACHINERY AND EQUIPMENT	2,628	2,628	–
Other machinery and equipment	2,628	2,628	–
LAND AND SUBSOIL ASSETS	49,259	49,259	–
Land	49,259	49,259	–
TOTAL CAPITAL ASSETS	51,887	51,887	–

ANNEXURE 3.3

CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005

	Additions R'000	Total Disposals R'000	Movement R'000
BUILDING AND OTHER FIXED STRUCTURES	292,918	–	292,918
Non-residential buildings	292,918	–	292,918
MACHINERY AND EQUIPMENT	42,505	–	42,505
Other machinery and equipment	42,505	–	42,505
TOTAL CAPITAL ASSETS	335,423	–	335,423

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

ANNEXURE 4

CAPITAL INTANGIBLE ASSET COST MOVEMENT SCHEDULE FOR THE YEAR ENDING 31 MARCH 2006

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer Software	24	27,935	–	27,959
TOTAL	24	27,935	–	27,959

ANNEXURE 4.1

ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	R'000	Cash R'000	In-Kind R'000	Total
Computer Software		27,935	–	27,935
TOTAL		27,935	–	27,935

ANNEXURE 4.2

CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005

	Additions R'000	Disposals R'000	Total Movement R'000
BUILDING AND OTHER FIXED STRUCTURES			
Computer Software	24	–	24
TOTAL	24	–	24

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

ANNEXURE 5

INTER-GOVERNMENTAL RECEIVABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/06	31/03/05	31/03/06	31/03/05	31/03/06	31/03/05
Department	R0'000	R0'000	R0'000	R0'000	R0'000	R0'000
Agriculture			17,137	2,924	17,137	2,924
Arts		21,295	5,977		-5,977	21,295
BCIP			9,313	528	-9,313	528
Coorectional Services		238,864	202,835	42,646	202,835	281,510
Defence		26,465	5,637	9,719	5,637	36,184
Education			1,276	215	1,276	215
Env Affairs		19,507	63,076	38,648	63,076	58,155
Foreign Affairs			45	1,030	-45	1,030
Health		2,208	2,124	3,004	2,124	5,212
Home Affairs		12,415	217	6,696	217	19,111
Independent Complaints Directorate			159	15	-159	15
Justice		32,776	41,112	6,509	41,112	39,285
Labour		1,046	27,180	2,997	27,180	4,043
Land Affairs		5,436	6,982	603	-6,982	6,093
Mineral and Energy			11	29	11	29
SARS		48,087	14,827	9,586	14,827	57,673
SA Police Services		29,534	37,552		37,552	29,534
Water Affairs			44	98	44	98
Communication			8		-8	
Housing			1,254		-1,254	
Human Rights Commission			27		-27	
National Prosecuting Authority			382		382	
Parliament			251		-251	
Provincial and Local Government			756		-756	
Public Protector			2,096		-2,096	
Public Service and Administration			12		12	
Public Works			1,101		-1,101	
SA Management Development Institute			2		-2	
Social Development			958		-958	
Statistics South Africa			360		360	
The Presidency			273		-273	
Trade & Industry			51		51	
Transport			397		-397	
Other Claims: National Departments			21,471	29,440	-21,471	-29,440
TOTAL		437,633	362,763	95,807	362,763	533,440

COMMENTS

The Department undertook a reconciliation of inter-governmental balances subsequent to the financial year end.

Consequently, the amounts listed above reflect the results of that reconciliation process, the effects of which resulted in the revision of the amounts per department determined at year end.

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

ANNEXURE 5

INTER-DEPARTMENTAL PAYABLES – CURRENT

GOVERNMENT ENTITY Department	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/06	31/03/05	31/03/06	31/03/05	31/03/06	31/03/05
	R0'000	R0'000	R0'000	R0'000	R0'000	R0'000

NB: Amounts not included in Statement of
financial position

Current

Department of Justice

Total

–	–	–	9,898	9,898	–
–	–	–	9,898	9,898	–



CHAPTER 5

Human Resource management report

The Department is still largely a blue-collar organisation, and has not yet become a predominantly highly-skilled organisation focusing on asset management, as envisaged in the Public Works White Paper. The department has however established dedicated programmes like the internship, learnership, recruitment of young graduates, etc. to improve the skills level shortages within the Department

In terms of Public Service Regulations, the following information on the Department's Human Resources Management is provided in tabular format.

Table 5.1.1 indicates that personnel expenditure is a relatively small percentage (9.4%) of the total expenditure of the Department, which indicates that the government is correctly prioritising expenditure on the delivery of services, such as maintenance, capital projects, and leases. The average personnel cost per employee in Table 5.1.1 varies by programme, because some programmes have more low-level employees than others.

As indicated by Table 5.1.2, more than half of the Department's employees are lower skilled employees in levels 1 and 2. The Department evaluated cleaner job positions and according to the results these posts should be on salary level 2. The Department is still largely a blue-collar organisation, and has not yet become a predominantly highly-skilled organisation focusing on asset management, as envisaged in the Public Works White Paper. The department has however established dedicated programmes like the internship, learnership, recruitment of young graduates, etc. to improve the skills level shortages within the Department

Table 5.1.3 indicates that overtime is being managed within reasonable levels within the Department (total overtime as a percentage of personnel cost is 1%). Tables 5.2.1, 5.2.2 and 5.2.3 indicate that the

department still has high vacancy levels in certain programmes, particularly in critical occupations such as the built environment professions, project managers and highly skilled supervisors. This is in part due to the inability of the Department to attract such skills, which is also related to the general scarcity of such skills in the country. As indicated by Table 5.3.1, the Department has been making progress in terms of addressing this vacancy problem, with 479 appointments being made during the year under review. In an attempt to further also address scarce skills, the Department has adopted a strategy to appoint retired professionals in positions as Mentors and also the appointment of young graduates to ultimately assist in obtaining professional registration.

The employment equity tables (Tables 5.6.1 to 5.6.6) indicate that the Department still has employment equity challenges in terms of racial equity in certain employment categories (particularly senior managers, professionals and craft and related trades workers) and in terms of gender equity in most employment categories. As indicated by Tables 5.6.4 and 5.6.5, the racial and gender profiles of the recruitment and promotions by the Department over the period under review reflect the Department's affirmative efforts to address these employment equity challenges. In order to address employment equity challenges the Department approved an employment equity plan, which will be implemented fully 2006/2007 financial year:



The total number of sick leave days taken was 23560 (Table 5.9.1). This is a decrease of 24 839 to 23 560 days from the previous year. The Department will

fully implement the PILIR (New policy and procedure on ill health an incapacity leave) with effect from 1 June 2006.

Expenditure

Table 5.1.1 Expenditure per programme

Programme	Total Voted Expenditure (R'000)	Compensation of Employees as percent of Total Expenditure	Training Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Average Compensation of Employees Cost per Employee (R'000)	Employment
Prog 1: administration	329,589	142,960	11,282	2.5	156	914
Prog 2: provis of land & accom	5,175,160	380,621	2,740	6.7	101	3776
Prog 3: nation public works pro	121,391	19,182	6,736	0.34	256	75
Prog 4 auxiliary & ass service	18,096	0	0	0	0	0
Z=Total as on Financial Systems	5,644,236	542,763	20,758	9.6	114	4765

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Table 5.1.2 Personnel costs by salary band

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees
Lower skilled (Levels 1-2)	130,392	23.7	56,692	0	2300
Skilled (Levels 3-5)	27,312	5	68,623	0	398
Highly skilled production (Levels 6-8)	134,255	24.4	129,216	0	1039
Highly skilled supervision (Levels 9-12)	173,518	31.5	230,742	0	752
Senior management (Levels 13-16)	53,358	9.7	494,056	0	108
Contract (Levels 1-2)	2,953	0.5	196,867	0	15
Contract (Levels 3-5)	5,483	1	45,692	0	120
Contract (Levels 6-8)	3,236	0.6	179,778	0	18
Contract (Levels 9-12)	775	0.1	155,000	0	5
Contract (Levels 13-16)	4,981	0.9	498,100	0	10
Periodical Remuneration	1,819	0.3	7,394	0	246
Abnormal Appointment	99	0	99,000	0	1
TOTAL	538,181	97.7	107,378	550,865*	5,012

*Goods and transfers can only be calculated as a total not per salary level.



Table 5.1.1 employment indicates 4765 employees were as table 5.1.2. indicates a total employment of 5012 employees. The figure of 5012 includes employees appointed with a periodical and

abnormal nature of appointment. This table displays personnel expenditure for the financial year as on persal.

Table 5.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme

Pro-gramme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per programme (R'000)
Adminis-tration	272	64.9	17	4.1	7	1.7	37	8.8	419
Provision of building and structure and equip	7030	65.2	99	0.9	365	3.4	392	3.6	10789
Pro-gramme 1 adminis-tration	104016	68.9	1788	1.2	1976	1.3	5543	3.7	151072
Pro-gramme 2 provi-sioning land & accom-modation	258998	68.9	3610	1	5831	1.6	16583	4.4	375830
Pro-gramme 3 national public works pro-gramme	8670	68	10	0.1	114	0.9	456	3.6	12756
TOTAL	378986	68.8	5524	1	8293	1.5	23011	4.2	550866

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Table 5.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band

Salary Bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per programme (R'000)
Lower skilled (Levels 1-2)	92882	70.1	1485	1.1	3097	2.3	6783	5.1	132413
Skilled (Levels 3-5)	19157	68.6	467	1.7	671	2.4	1660	5.9	27921
Highly skilled production (Levels 6-8)	96707	70.7	2336	1.7	1744	1.3	7074	5.2	136762
Highly skilled supervision (Levels 9-12)	126029	70.1	1183	0.7	1929	1.1	5936	3.3	179689
Senior management (Levels 13-16)	31294	57.5	0	0	714	1.3	1372	2.5	54471
Other	18	56.3	0	0	0	0	9	28.1	32
Contract (Levels 1-2)	2498	84.6	11	0.4	1	0	65	2.2	2953
Contract (Levels 3-5)	4313	77.6	31	0.6	0	0	3	0.1	5555
Contract (Levels 6-8)	2612	79.6	11	0.3	2	0.1	17	0.5	3281
Contract (Levels 9-12)	571	71.6	0	0	3	0.4	11	1.4	798
Contract (Levels 13-16)	2905	57.4	0	0	132	2.6	81	1.6	5064
Periodical Remuneration	0	0	0	0	0	0	0	0	1826
Abnormal Appointment	0	0	0	0	0	0	0	0	101
TOTAL	378986	68.8	5524	1	8293	1.5	23011	4.2	550866



Salary band in table 5.1.3 is indicated per programme and in table 5.1.4 the salary band is grouped according to salary levels.

Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

Table 5.2.1 Employment and vacancy rate at the end of the period 1 April 2005 to 31 March 2006

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate %	Number of Posts Filled Additional to Establishment
Programme 1 administration, Permanent	1 142	914	20	2
Programme 2 provisioning - land & accommodation, Permanent	4631	3775	18.5	35
Programme 2 provisioning - land & accommodation, Temporary	1	1	0	0
Programme 3 national public works programme, Permanent	132	75	43.2	0
TOTAL	5906	4765	19.3	37





Table 5.2.2 Employment and vacancies by Salary Band

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate %	Number of Posts Filled Additional to Establishment
Lower skilled (Levels 1-2), Permanent	2521	2396	5	0
Skilled (Levels 3-5), Permanent	490	329	32.9	0
Skilled (Levels 3-5), Temporary	1	1	0	0
Highly skilled production (Levels 6-8), Permanent	1451	1033	28.8	0
Highly skilled supervision (Levels 9-12), Permanent	1137	730	35.8	0
Senior management (Levels 13-16), Permanent	138	108	21.7	0
Contract (Levels 1-2), Permanent	15	15	0	0
Contract (Levels 3-5), Permanent	107	107	0	37
Contract (Levels 6-8), Permanent	31	31	0	0
Contract (Levels 9-12), Permanent	5	5	0	0
Contract (Levels 13-16), Permanent	10	10	0	0
TOTAL	5906	4765	19.3	37



Table 5.2.3 Employment and vacancies by Critical Occupation

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate %	Number of Posts Filled Additional to Establishment
Architects town and traffic planners, Permanent	19	11	42.1	0
Engineers and related professionals, Permanent	106	49	53.8	0
Head of department/chief executive officer, Permanent	1	0	100	0
Quantity surveyors & rela prof not class elsewhere, Permanent	83	67	19.3	0
Senior managers, Permanent	148	118	20.3	0
TOTAL	357	245	31.4	0





Job Evaluation

Table 5.3.1 Job Evaluation Results for 1 April 2005 to 31 March 2006

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Down-graded	% of Down-graded Posts Evaluated
Lower skilled (Levels 1-2)	2510	8	3.4	122	4.9	0	0
Contract (Levels 1-2)	14	0	0	0	0	0	0
Contract (Levels 3-5)	123	2	0.84	0	0	0	0
Contract (Levels 6-8)	35	0	0	0	0	0	0
Contract (Levels 9-12)	12	0	0	0	0	0	0
Contract (Band A)	5	0	0	0	0	0	0
Contract (Band B)	3	0	0	0	0	0	0
Contract (Band C)	1	0	0	1	0	0	0
Skilled (Levels 3-5)	533	23	9.7	406	76.2	0	0
Highly skilled production (Levels 6-8)	1462	82	34.6	438	29.9	3	0.2
Highly skilled supervision (Levels 9-12)	1137	61	25.7	206	18.1	0	0
Senior Management Service Band A	104	53	22.4	1	0	0	0
Senior Management Service Band B	26	6	2.53	0	0	0	0
Senior Management Service Band C	7	2	0.84	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
TOTAL	5973	237	100	1173	129.1	3	0.2



Employment Changes

Table 5.4.1 Annual turnover rates by Salary Band

Salary Band	Employment at Beginning of Period (April 2005)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	2516	22	120	4.8
Lower skilled (Levels 1-2), Temporary	1	0	0	0
Skilled (Levels 3-5), Permanent	365	24	18	4.9
Highly skilled production (Levels 6-8), Permanent	889	128	39	4.4
Highly skilled supervision (Levels 9-12), Permanent	591	65	42	7.1
Senior Management Service Band A, Permanent	69	3	5	7.2
Senior Management Service Band B, Permanent	27	3	1	3.7
Senior Management Service Band C, Permanent	7	1	0	0
Senior Management Service Band D, Permanent	1	0	0	0
Other, Permanent	0	0	9	0
Contract (Levels 1-2), Permanent	77	52	57	74
Contract (Levels 3-5), Permanent	42	159	69	164.3
Contract (Levels 6-8), Permanent	41	11	24	58.5
Contract (Levels 9-12), Permanent	1	8	4	400
Contract (Band A), Permanent	2	2	0	0
Contract (Band B), Permanent	3	0	0	0
Contract (Band C), Permanent	1	1	0	0
Contract (Band D), Permanent	1	0	1	100
TOTAL	4634	479	389	8.4

The turnover rate is calculated as follows: Terminations divide by employment at the beginning of the period.



Table 5.4.2 Annual turnover rates by Critical Occupation

Occupation	Employment at Beginning of Period (April 2005)	Appointments	Terminations	Turnover Rate
Architects town and traffic planners, Permanent	12	0	2	16.7
Engineers and related professionals, Permanent	36	8	6	16.7
Head of department/chief executive officer, Permanent	1	0	1	100
Quantity surveyors & rela prof not class elsewhere, Permanent	64	0	4	6.3
Senior managers, Permanent	93	11	8	8.6
TOTAL	206	19	21	10.1

Table 5.4.3 Reasons why staff is leaving the Department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment
Death, Permanent	51	13.1	1.1
Resignation, Permanent	80	20.6	1.7
Expiry of contract, Permanent	142	36.5	3.1
Discharged due to ill health, Permanent	22	5.7	0.5
Dismissal-misconduct, Permanent	10	2.3	0.2
Retirement, Permanent	81	20.8	1.7
Other, Permanent	4	1	0.1
TOTAL	390	100	8.4

Resignations as % of Employment

8.4



Table 5.4.4 Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2005)	Promotions to another Salary Level*	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level#	Notch progressions as a % of Employment
Architects town and traffic planners	12	5	41.7	7	58.3
Engineers and related professionals	36	6	16.7	8	22.2
Head of department/ chief executive officer	2	0	0	0	0
Quantity surveyors & rela prof not class elsewhere	64	1	1.6	49	76.6
Senior managers	111	6	5.4	5	4.5
TOTAL	225	18	8	69	30.7

*Promotion from one level to another level

#Progression to another notch but in the same level



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Table 5.4.5 Promotions by Salary Band

Salary Band	Employment at Beginning of Period (April 2005)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	2516	4	0.2	1762	70
Lower skilled (Levels 1-2), Temporary	1	0	0	1	100
Skilled (Levels 3-5), Permanent	365	13	3.6	196	53.7
Highly skilled production (Levels 6-8), Permanent	889	114	12.8	404	45.4
Highly skilled supervision (Levels 9-12), Permanent	591	137	23.2	145	24.5
Senior management (Levels 13-16), Permanent	104	8	7.7	7	6.7
Contract (Levels 1-2), Permanent	77	34	44.2	1	1.3
Contract (Levels 3-5), Permanent	42	0	0	0	0
Contract (Levels 6-8), Permanent	41	10	24.4	1	2.4
Contract (Levels 9-12), Permanent	1	2	200	0	0
Contract (Levels 13-16), Permanent	7	0	0	0	0
TOTAL	4634	322	6.9	2517	54.3



Employment Equity

Table 5.5.1 Total numbers of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)

Occupational Categories	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Legislators, senior officials and managers, Permanent	42	7	2	51	18	26	2	2	30	8	107
Professionals, Permanent	445	42	27	514	173	362	29	14	405	114	1206
Clerks, Permanent	136	27	1	164	37	215	31	13	259	172	632
Service and sales workers, Permanent	41	10	0	51	16	5	1	0	6	0	73
Craft and related trades workers, Permanent	55	32	10	97	109	11	0	0	11	0	217
Plant and machine operators and assemblers, Permanent	20	28	1	49	5	1	1	0	2	0	56
Elementary occupations, Permanent	957	339	19	1315	44	927	171	4	1102	10	2471
Elementary occupations, Temporary	0	0	0	0	0	1	0	0	1	0	1
Other; Permanent	0	0	1	1	0	0	0	0	0	1	2
TOTAL	1696	485	61	2242	402	1548	235	33	1816	305	4765

Table 5.5.2 Employees with disability

	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Employees with disabilities	6	4	0	10	9	1	2	0	3	7	29

There are people who have been identified with disabilities, who have not yet declared. The Department is in the process of formalising the declarations.



Table 5.5.3 Total numbers of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Top Management, Permanent	4	1	0	5	2	2	0	0	2	1	10
Senior Management, Permanent	37	6	3	46	16	24	2	4	30	6	98
Professionally qualified and experienced specialists and mid management, Permanent	267	42	34	343	196	140	10	9	159	45	743
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	259	52	3	314	130	316	37	12	365	238	1047
Semi-skilled and discretionary decision making, Permanent	173	69	6	248	34	70	17	4	91	8	381
Unskilled and defined decision making, Permanent	882	314	14	1210	21	909	167	4	1080	4	2315
Unskilled and defined decision making, Temporary	0	0	0	0	0	1	0	0	1	0	1
Not Available, Permanent	1	1	0	2	0	1	0	0	1	1	4



Table 5.5.3 Total numbers of Employees (incl. Employees with disabilities) per Occupational Bands (cont.)

Occupational Bands	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Contract (Top Management), Permanent	2	0	0	2	0	0	0	0	0	0	2
Contract (Senior Management), Permanent	4	0	1	5	2	0	0	0	0	1	8
Contract (Professionally qualified), Permanent	2	0	0	2	0	2	0	0	2	1	5
Contract (Skilled technical), Permanent	14	0	0	14	0	4	0	0	4	0	18
Contract (Semi-skilled), Permanent	48	0	0	48	1	69	2	0	71	0	120
Contract (Unskilled), Permanent	3	0	0	3	0	10	0	0	10	0	13
TOTAL	1696	485	61	2242	402	1548	235	33	1816	305	4765



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Table 5.5.4 Recruitment

Occupational Bands	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Top Management, Permanent	1	0	0	1	0	0	0	0	0	0	1
Senior Management, Permanent	4	0	0	4	0	2	0	0	2	0	6
Professionally qualified and experienced specialists and mid-management, Permanent	28	2	4	34	6	19	2	0	21	4	65
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	46	3	0	49	1	68	7	1	76	2	128
Semi-skilled and discretionary decision making, Permanent	8	0	1	9	0	11	1	2	14	1	24
Unskilled and defined decision making, Permanent	1	6	0	7	0	8	7	0	15	0	22





Table 5.5.4 Recruitment (cont.)

Occupational Bands	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Contract (Top Management), Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	1	0	0	1	0	0	0	0	0	1	2
Contract (Professionally qualified), Permanent	2	0	0	2	1	2	0	0	2	3	8
Contract (Skilled technical), Permanent	7	0	0	7	0	4	0	0	4	0	11
Contract (Semi-skilled), Permanent	66	1	0	67	2	87	3	0	90	0	159
Contract (Unskilled), Permanent	23	3	0	26	0	25	0	0	25	1	52
TOTAL	188	15	5	208	10	226	20	3	249	12	479





Table 5.5.5 Promotions

Occupational Bands	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Top Management, Permanent	0	0	0	0	0	0	0	0	0	0	0
Senior Management, Permanent	1	2	1	4	1	3	0	1	4	0	9
Professionally qualified and experienced specialists and mid-management, Permanent	70	4	4	78	13	34	5	0	39	6	136
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	46	3	0	49	3	53	2	0	55	15	122
Semi-skilled and discretionary decision making, Permanent	5	4	0	9	0	6	0	0	6	0	15
Unskilled and defined decision making, Permanent	15	0	0	15	0	25	0	0	25	0	40
TOTAL	137	13	5	155	17	121	7	1	129	21	322

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Table 5.5.6 Terminations

Occupational Bands	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Senior Management, Permanent	2	1	0	3	1	1	0	1	2	0	6
Professionally qualified and experienced specialists and mid-management, Permanent	16	3	0	19	14	7	0	0	7	2	42
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	6	2	0	8	8	5	2	0	7	16	39
Semi-skilled and discretionary decision making, Permanent	8	3	0	11	3	2	0	0	2	2	18
Unskilled and defined decision making, Permanent	52	11	4	67	0	51	2	0	53	0	120
Not Available, Permanent	4	0	1	5	0	4	0	0	4	0	9
Contract (Top Management), Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Professionally qualified) Permanent	1	0	0	1	1	1	0	0	1	1	4
Contract (Skilled technical), Permanent	13	1	0	14	0	8	0	1	9	1	24
Contract (Semi-skilled), Permanent	32	1	0	33	1	34	1	0	35	0	69
Contract (Unskilled), Permanent	23	4	0	27	0	29	0	0	29	1	57
TOTAL	158	26	5	189	28	142	5	2	149	23	389

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Table 5.5.7 Skills Development Plan

Occupational Categories	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Legislators, Senior Officials and Managers	42	8	2	52	19	24	1	4	29	7	107
Professionals	58	7	5	70	61	58	7	1	127	17	275
Technicians & Associated professionals	115	10	6	131	38	38	11	5	54	22	245
Clerks	119	32	1	152	43	121	8	2	131	112	438
Service and Sales Workers	43	10	0	53	16	6	1	0	7	0	76
Craft and related Trades Workers	34	30	9	72	122	4	0	0	4	0	198
Plant and Machine Operators and Assemblers	23	26	1	50	8	1	0	0	1	0	59
Elementary Occupations	1056	365	23	1427	45	1018	181	5	1204	10	2686
Employees with disabilities	5	4	0	9	9	0	2	0	2	7	27
TOTAL	1495	492	47	2016	361	1270	211	17	1559	175	4111

This table identifies those beneficiaries that were planned to participate in learning intervention programmes from the 1st April 2005- 31st March 2006. Out of 4765 employees who constitute the NDPW staff establishment a total number of 4111 employees reflects those employees anticipated to attend training programmes. It is imperative to take note that although the structure of the Department is 4765, not all employees attended training.



Performance Rewards

Table 5.6.1 Performance rewards per Race, Gender and Disability

Race, Gender and Disability	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	974	1547	63	3,390	3,480
African, Male	1096	1690	64.9	4,611	4,207
Asian, Female	16	33	48.5	154	9,648
Asian, Male	40	61	65.6	324	8,112
Coloured, Female	151	233	64.8	383	2,535
Coloured, Male	403	481	83.8	1,254	3,111
Total Blacks, Female	1142	1813	63	3,934	3,445
Total Blacks, Male	1546	2232	69.3	6,213	4,019
White, Female	239	298	80.2	2,101	8,790
White, Male	330	393	84	3,161	9,579
Employees with a disability	20	29	69	114	5,676
TOTAL	3277	4765	68.8	15,522	4,737

Performance award for 2004/2005 was paid in 2005/2006.



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Table 5.6.2 Performance rewards for officials below SMS Service

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	2012	2300	87.5	5,008	2,489
Skilled (Levels 3-5)	313	398	78.6	1,187	3,792
Highly skilled production (Levels 6-8)	552	1039	53.1	3,817	6,915
Highly skilled supervision (Levels 9-12)	334	752	44.4	4,422	13,240
Other	1	0	0	2	2,000
Contract (Levels 1-2)	1	15	6.7	4	4,000
Contract (Levels 3-5)	0	120	0	0	0
Contract (Levels 6-8)	1	18	5.6	16	16,000
Contract (Levels 9-12)	0	5	0	0	0
Periodical Remuneration	0	246	0	0	0
Abnormal Appointment	0	1	0	0	0
TOTAL	3214	4894	65.7	14456	4498





Table 5.6.3 Performance rewards by Critical Occupation

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Architects town and traffic planners	9	10	90	81	9,000
Engineers and related professionals	19	46	41.3	232	12,211
Quantity surveyors & rela prof not class elsewhere	54	59	91.5	341	6,315
Senior managers	55	118	46.6	1035	18,818
TOTAL	137	233	58.8	1689	12328

Table 5.6.4 Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	36	76	69.1	619	1,719	1.06	37,531
Band B	12	28	25.45	239	1,993	0.04	14,835
Band C	2	4	3.64	65	3,239	0.05	5,470
Band D	1	2	1.82	39	3,930	0.11	1,698
TOTAL	51	110	100	962	1887	1.65	59534

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Foreign Workers

The tables below summarises the employment of foreign nationals in the department in terms of salary bands and by major occupation. The table also summarises changes in the total number of foreign workers in each salary band and by each major occupation.

Table 5.7.1 Foreign Workers by Salary Band

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change of Employment	Percentage of Total	Total Employment at Beginning Period	Total Employment at End of Period	Total Change in Employment
Lower skilled (Levels 1-2)	2	25	2	18.2	0	0	2	2	0
Highly skilled production (Levels 6-8)	1	12.5	2	18.2	1	33.3	1	2	1
Highly skilled supervision (Levels 9-12)	3	37.5	4	36.4	1	33.3	3	4	1
Senior management (Levels 13-16)	1	12.5	1	9.1	0	0	1	1	0
Contract (Levels 13-16)	1	12.5	2	18.2	1	33.3	1	2	1
TOTAL	8	100	11	100	3	100	8	11	3





Table 5.7.1 Foreign Workers by Major Occupational Class

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change of Employment	Percentage of Total	Total Employment at Beginning Period	Total Employment at End of Period	Total Change in Employment
Administrative office workers	1	12.5	1	9.1	0	0	1	1	0
Elementary occupations	2	25	2	18.2	0	0	2	2	0
Professionals and managers	5	62.5	8	72.7	3	100	5	8	3
TOTAL	8	100	11	100	3	100	8	11	3





Leave Utilisation

Table 5.8.1 Sick Leave

Salary Band	Total Days	% of Days with Medical Certificate	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	11954	80.5	1442	46.3	8	1,722	3113	9628
Skilled (Levels 3-5)	1913	75.2	260	8.4	7	347	3113	1438
Highly skilled production (Levels 6-8)	5838	76	771	24.8	8	1,964	3113	4434
Highly skilled supervision (Levels 9-12)	3227	76.6	521	16.7	6	2,243	3113	2472
Senior management (Levels 13-16)	410	83.9	65	2.1	6	753	3113	344
Contract (Levels 1-2)	82	81.2	18	0.6	5	11	3113	67
Contract (Levels 3-5)	77	75.3	25	0.8	3	15	3113	58
Contract (Levels 6-8)	53	84.9	9	0.3	6	17	3113	45
Contract (Levels 9-12)	3	100	1	0	3	2	3113	3
Contract (Levels 13-16)	2	100	1	0	2	4	3113	2
TOTAL	23560	78.5	3113	100	8	7078	3113	18491

The sick leave cycle is a 3- year cycle. The current cycle commenced 1 January 2004 and will end on 31 December 2006. Employees are entitled to 36 days paid sick leave per sick leave cycle.



Table 5.8.2 Disability Leave (Temporary and Permanent)

Salary Band	Total Days	% of Days with Medical Certificate	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Lower skilled (Levels 1-2)	735	100	25	32.9	29	108	735	76
Skilled (Levels 3-5)	84	100	7	9.2	12	16	84	76
Highly skilled production (Levels 6-8)	902	99.9	40	52.6	23	321	901	76
Highly skilled supervision (Levels 9-12)	73	100	3	3.9	24	49	73	76
Senior management (Levels 13-16)	12	100	1	1.3	12	21	12	76
TOTAL	1806	99.9	76	100	24	515	1805	76

The sick leave cycle is a 3- year cycle. The current cycle commenced 1 January 2004 and will end on 31 December 2006. Employees are entitled to 36 days paid sick leave per sick leave cycle. If an employee exceeds the 36 days during the cycle a request is made for temporary incapacity leave.





Table 5.8.3 Annual Leave

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	50844.92	23	2256
Skilled (Levels 3-5)	8145.08	21	379
Highly skilled production (Levels 6-8)	20160.08	19	1035
Highly skilled supervision (Levels 9-12)	15697.92	20	777
Senior management (Levels 13-16)	2181	19	112
Contract (Levels 1-2)	282.92	8	37
Contract (Levels 3-5)	325	5	71
Contract (Levels 6-8)	175	9	19
Contract (Levels 9-12)	9	3	3
Contract (Levels 13-16)	125.76	14	9
TOTAL	97946.68	21	4698





Table 5.8.4 Capped Leave

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 Dec 2005	Number of employees who took Capped leave	Total number of capped leave as at 31 Dec 2005	Number of Employees as at 31 Dec 2005
Lower skilled (Levels 1-2)	1661	7	70	246	121432	1744
Skilled (Levels 3-5)	225	6	72	38	21581	299
Highly skilled production (Levels 6-8)	316	4	48	84	28691	592
Highly skilled supervision (Levels 9-12)	424	6	56	68	23937	431
Senior management (Levels 13-16)	30	4	61	8	3812	63
TOTAL	2656	6	64	444	199453	3129

Table 5.8.5 Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2005/06 due to non-utilisation of leave for the previous cycle	35	8	4375
Capped leave payouts on termination of service for 2005/06	752	215	3498
Current leave payout on termination of service for 2005/06	261	49	5327
TOTAL	1048	272	3853

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Health Promotion and Wellness

Table 5.9.1 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 I of the Public Service Regulations, 2001? If so, provide her/his name and position.
YES
Ms Gretchen Sebati – HRM Director: Recruitment and Planning
2. Does the Department have a dedicated unit or have you 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
YES, Sub-Directorate: HIV/AIDS & Gender
One staff, R1,8 million: three new positions to be filled ASAP
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.
YES, Stress management, Financial management, retirement, CISD, Bereavement counselling
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter I 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.
<p>YES</p> <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 • Gretchen Sebati: Ex-Officio: Human Resources Planning • 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 • Hendrik Matsetela from PSA • Sam Sibanda from SASAWU • Mike Motise from NUPSAW



<p>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.</p>
<p>YES, HIV policy discussed during compliance workshops, Budgetary allocations for the HIV programmes included in the review, Testing is voluntary.</p>
<p>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.</p>
<p>YES, HIV policy approved, employees workshopped on policy, Advocay training, Destigmatisation campaigns, Awareness campaigns, WAD days, Disclosure campaigns</p>
<p>Employees living with HIV have the rights to privacy Awareness education & Training on the rights of all persons</p>
<p>7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.</p>
<p>YES: VCT Drive has been conducted, 85% of regions have participated. The results will be issued in June 2006</p>
<p>8. Has the Department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.</p>
<p>The DPW has conducted Survey with DPSA, to check compliance</p>





Labour Relation

Table 5.9.1 Collective agreements/Policies

Subject Matter	Date
Policies: Bursary Policy Employment Equity Policy Gender Policy Job Evaluation Policy Performance Management and Development Policy Sessional Allowance Policy Standby Allowance Policy Working Hours and Overtime Policy Conflict of Interest Policy Funeral Policy HIV/AIDS Policy Oath of Confidentiality Resettlement Policy Special leave Policy Termination of Service Policy	2005/06 financial year
Total number of collective agreements	n/a



Table 5.9.2 Misconduct and Disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	Percentage of Total
Corrective counselling	31	20%
Verbal warning	48	31%
Written warning	31	20%
Final written warning	30	19%
Suspension without pay	4	3%
Demotions	0	0%
Not guilty	0	0%
Case withdrawn	0	0%
Dismissal	10	7%
TOTAL	154	100%





Table 5.9.3 Types of Misconduct Addressed and Disciplinary Hearings

Type of misconduct	Number	Percentage of Total
Misrepresentation	3	2%
Theft, bribery and fraud	18	11%
Abuse of alcohol, drugs & other stupefying substance	10	6%
Insolence and insubordination	5	3%
Improper, disgraceful & unacceptable conducts	14	8%
Commit acts of sexual harassment	1	1%
Poor work performance	11	6%
Fails to carry out lawful instructions	9	5%
Abuse/misuse of state property	22	13%
Assault/fight	8	4%
Intimidation	0	0%
Failure to declare	0	0%
Admin irregularities	1	1%
Abscondment/unauthorized absenteeism	69	40%
TOTAL	171	100%





Table 5.9.4 Grievances Lodged

Number of grievances addressed	Number	Percentage of Total
Number of grievances resolved	30	76.9%
* settled in favour of applicant (15)		
* settled against applicant (15)		
Number of grievances unresolved	9	23.1%
Number of grievances withdrawn	0	0%
TOTAL	39	100%

Table 5.9.5 Disputes Lodged

Number of disputes lodged	Number	Percentage of Total
Unfair labour practice in terms of :-		
* Recruitment, appointments and promotions	9	43%
* Conditions of service i.e. leave, performance bonus	1	5%
* Unequal treatment & victimization	0	0%
* Request for disclosure of information	1	5%
* Acting allowance	0	0%
Alleged unfair dismissal	3	14%
Alleged constructive dismissal	1	5%
Interpretation/application of collective agreement	1	5%
Payment of Estate Agency Board exam	5	23%
TOTAL	21	100%

Number of disputes held in favour of employees	3	14.3%
Number of disputes held in favour of Department	5	23.8%
Number of disputes settled	2	9.5%
Number of disputes unresolved	11	52%
TOTAL	21	100%

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Table 5.9.6 Strike Actions

Strike Actions	
Total number of employees working days lost	2
Total cost(R'000) of working days lost	R368.67
Amount recovered as a result of no work no pay	R368.67
Total days lost as a result of strike	2

Strike action has never had a negative impact on the Department. Employees of the Department were found to have attended work rather than strikes.

Table 5.9.7 Precautionary Suspension

Precautionary Suspensions	
Number of employees suspended	10
Number of employees whose suspension exceeded 30 days	10
Average number of days suspended	102
Cost (R'000) of suspensions	R948 489.48





Skills development

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

Table 5.10.1 Training needs identified | April 2005 to 31 March 2006

Occupational Categories	Gender	Employment	Learnerships	Skills Pro-grammes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	37	0	30	0	30
	Male	74	0	40	0	40
Professionals	Female	109	0	60	0	60
	Male	305	0	150	0	150
Technicians and associate professionals	Female	382	0	200	0	200
	Male	368	0	160	0	160
Clerks	Female	432	0	350	0	350
	Male	201	0	100	0	100
Service and sales workers	Female	6	0	7	0	7
	Male	67	0	69	0	69
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	11	0	4	0	4
	Male	202	0	190	0	190
Plant and machine operators and assemblers	Female	2	0	1	0	1
	Male	55	0	58	0	58
Elementary occupations	Female	1130	0	1214	0	1214
	Male	1384	0	1489	0	1489
Gender sub totals	Female	2109	160	1866	0	1866
	Male	2656	98	2256	0	2256
TOTAL		4765	258	4122		4122

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The table above indicates the training needs identified by the HRD: Directorate. This Directorate was targeting mainly the potential managers, subsequently the training programmes that address such needs were designed.

The training programmes are as follows:

1. Presidential Strategic Programme Leadership Development (PSLDP) which targets mainly levels 13-16,
2. Advanced Management Development Programme (AMDP) which targets levels 9-12
3. Emerging Management Development Programme (EMDP) which targets levels 6-8.

As part of training interventions, there are short courses that employees can attend that address functional training.

Table 5.10.2 Training provided | April 2005 to 31 March 2006

Occupational Categories	Gender	Employment	Learnerships	Skills Pro-grammes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	37	0	23	0	23
	Male	74	0	55	0	55
Professionals	Female	109	0	50	0	50
	Male	305	0	83	0	83
Technicians and associate professionals	Female	382	0	55	0	55
	Male	368	0	124	0	124
Clerks	Female	432	0	400	0	400
	Male	201	0	190	0	190
Service and sales workers	Female	6	0	4	0	4
	Male	67	0	60	0	60
Skilled agriculture and fishery workers	Female	0	0		0	0
	Male	0	0		0	0
Craft and related trades workers	Female	11	0	4	0	4
	Male	202	0	50	0	50
Plant and machine operators and assemblers	Female	2	0	1	0	1
	Male	55	0	45	0	45
Elementary occupations	Female	1130	0	12	0	12
	Male	1384	0	99	0	99
Gender sub totals	Female	2109	0	549	0	549
	Male	2656	0	706	0	706
TOTAL		4765	0	1255	0	1255



The table above illustrates the beneficiaries that have participated in our learning interventions during this period. The figures on the Departmental Workplace Skills Plan (WSP) may differ from the structure of the organisation as the structure keeps on changing as the vacancies are filled. During this period, not every employee received training and as a result the outstanding training is carried over to the current financial year. With reference to the number of staff establishment of the Department which is 4765, only 1255 participated in our learning interventions i.e. skills programmes and other short courses that cover both technical skills and soft skills.

Injury on duty

The following tables provide basic information on injury on duty.

Table 5.11.1 Injury on duty, 1 April 2005 to 31 March 2006

Nature of injury on duty	Number	Percentage of Total
Required basic medical attention only	47	97.91
Temporary Total Disablement	1	2.08
Permanent Disablement	0	0
Fatal	0	0
TOTAL	48	100



Glossary

- ACC – Audit Committee Charter
- AMDP – Advanced Management Development Programme
- AUA – African Union Assembly
- AWIP – Association of Women in Property
- BBBEE – Broad Based Black Economic Empowerment
- BCIP – Building and Construction Industry Programme
- BCOCC – Border Control Operational Co-ordination Committee
- BEE – Black Economic Empowerment
- CAE – Chief Audit Executive
- CAMPs – Custodian Immovable Asset Management Plans
- CBD – Central Business District
- CBE – Council for Built Environment
- CCG – Community Care Giver
- CETA – Construction Education and Training Authority
- CIDB – Construction Industry Development Board
- CIP – Contractor Incubator Programme
- CSID – Corporate Strategy and Industrial Development research programme
- CSIR – Council for Scientific Institute Research
- CTMM – City of Tshwane Metropolitan Municipality
- CVP – Client Value Proposition
- DAC – Department of Arts and Culture
- DBC – Departmental Bargaining Council
- DBSA – Development Bank of Southern Africa
- DEAT – Department of Environmental Affairs and Tourism
- DG – Director General
- DOL – Department of Labour
- DPLG – Department of Provincial and Local Government
- DPSA – Department of Public Service and Administration
- DPE – Department of Public Enterprises
- DPW – Department of Public Works
- DTI – Department of Trade and Industry
- EAP – Employee Assistance Programme
- ECD- Early Childhood Development
- ECDP- Emerging Contractor Development Programme
- ECT – Electronics Communication and Transactions
- EEP – Employment Equity Plan



EMDP – Emerging Management Development Programme
 EPWP – Expanded Public Works Programme
 EWP – Employee Wellness Programme
 FAP – Fraud Awareness and Prevention
 FI – Fraud Investigation
 GCC – Government Construction Company
 GCIS – Government Communication and Information Systems
 GIAMA – Government Wide Immovable Assets Management Act
 GIS – Geographical Information System
 GFPP – Governance and Fraud Prevention Processes
 GRAP – Government Recognized Accounting Practice
 HCBC – Home Community Based Care
 HDI – Historically Disadvantaged Individuals
 HIV/AIDS – Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
 HOD – Head of Department
 HRA – Human Resources Administration
 HSRC – Human Science Research Council
 HRD – Human Resources Development
 HRM – Human Resources Management
 HWESA – Health and Welfare Sector Education and Training
 IAC – Internal Audit Charter
 IAS – Internal Audit Service
 ICT – Information Communication Technology
 ID – Identity Document
 IDT – Independent Development Trust
 IDIP – Infrastructure Development Improvement Programme
 IIA – Institute of Internal Auditors
 ISRDP – Integrated Sustainable Rural Development Programme
 IT – Information Technology
 JBCC – Joint Building Contractors Committee 69.
 JIPSA – Joint Initiative for Priority Skills Acquisition
 KAM – Key Account Management
 LRAD – Land Redistribution for Agricultural Development
 MinMec – Ministers and Members of Executive Committee
 MIG – Municipal Infrastructure Grant
 MK – Umkhonto we Sizwe



MOU – Memorandum of Understanding
MTEF – Medium Term Expenditure Framework
NCW – National Construction Week
NDA – National Department of Agriculture
NDPW – National Department of Public Works
NEHAWU – National Education Health Allied Workers Union
NEPAD – New Partnership for Africa's Development
NIDS – National Industry Development Strategy
NPA – National Prosecuting Authority
NSDS – National Sustainable Development Strategy
NT – National Treasury
NUPSAW – National Union of Public Servants and Allied Workers Union
NWDC – North West Development Council
OHS – Occupational Health and Safety
PA – Portfolio Analysis
PAP – Pan African Parliament
PCSTC – Property & Construction Sector Transformation Charters
PFMA – Public Finance Management Act
PIG – Provincial Infrastructure Grant
PILIR – Policy Incapacity and Ill health Retirement
PMIS – Property Management Information System
PPM – Portfolio Performance Monitoring
PPP – Public Private Partnership
PPPFA – Point to Point Protocol Framework Act.
PSA – Public Service Association
PSLDP – Presidential Strategic Leadership Development Programme
PWCF – Public Works Communicators Forum
RAMP – Repair and Maintenance Programme
RKTP- Re Kgabisa Tshwane Programme
SADC – Southern African Development Community
SAN's – Storage Area Network system
SAPS – South African Police Service
SAQA – South African Qualifications Authority
SARS – South African Revenue Service
SASCO – South African Student Congress
SASAWU – South African State and Allied Workers Union



- SCM – Supply Chain Management
- SCOPA – Standing Committee on Public Accounts
- SCoA – Standard Chart of Accounts
- SDA – Service Delivery Agreement
- SDF – Spatial Development Framework
- SDI – Service Delivery Improvement
- SETA – Sector Education Training Authority
- SITA- State Information Technology Agency
- SLA – Service Level Agreement
- SMME – Small Medium and Micro Enterprise
- SMS – Senior Management Service
- SMU – Strategic Management Unit
- SOCPEN – Social Pension system
- SOE – State Owned Enterprises
- SSA – Scarce Skills Allowance
- UAMP's – User Immovable Asset Management Plans
- UBP – Unit Business Plan
- UIF – Unemployment Insurance Fund
- VCT – Voluntary Counseling and Testing
- WAD – World Aids Day
- WAN – Wide Area Network







