

Annual Report 2004/2005 - DPW

Contents

CHAPTER ONE	3	CHAPTER FOUR	35
1 GENERAL INFORMATION	3	4 ANNUAL FINANCIAL STATEMENTS	35
1.1 Submission of the Annual Report to the Executive Authority	3	4.1 Report of the Auditor General	35
1.2 The Director-General's Overview	6	4.2 Management Report	37
1.3 Information on Ministry	8	4.3 Statements of Accounting Policies and Related Matters	40
1.4 Vision and Mission Statement	10	4.4 Appropriation Statement	44
1.5 Legislative Mandate	11	4.5 Notes to the Appropriation Statement	51
CHAPTER TWO	12	4.6 Statement of Financial Performance	52
2 PROGRAMME PERFORMANCE	12	4.7 Cash Flow Statement	54
2.1 Voted Funds	12	4.8 Notes to the Annual Financial Statement	55
2.2 Aim of the Vote	12	4.9 Annexures to the Annual Financial Statements	66
2.3 Programme Summary	13	CHAPTER FIVE	72
2.4 Overview of the Service Delivery Environment for 2004/5	14	5 HUMAN RESOURCES MANAGEMENT	72
2.5 Overview of the Organisational Environment for 2004/5	15	5.1 Expenditure	73
2.6 Strategic Overview and Key Policy Developments for 2004/5	16	5.2 Employment and Vacancies	75
2.7 Departmental Receipts	17	5.3 Job Evaluation	76
2.8 Departmental Payments	18	5.4 Employment Changes	77
2.9 Transfer Payments	18	5.5 Employment Equity	80
2.10 Programme Performance	19	5.6 Performance Rewards	84
CHAPTER THREE	34	5.7 Foreign Workers	85
3 AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 31 MARCH 2005	34	5.8 Leave Utilisation	86
3.1 Audit Committee Members and Attendance	34	5.9 Health Promotion and Wellness	88
3.2 Audit Committee Responsibilities	34	5.10 Labour Relations	91
3.3 Evaluation of the Effectiveness of Internal Controls	34	5.11 Skills Development	93
3.4 Evaluation of the quality of management and monthly reports	34	5.12 Injury on Duty	94
3.5 Evaluation of Financial Statements	34	APPENDICES	95
		1 APPENDIX 1: LEGISLATION THE DPW ADMINISTERS	95
		2 APPENDIX 2: MINISTERIAL PUBLIC APPEARANCE PROGRAMME (MPAP)	98

building together

I. General Information

I.1 SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

The Honourable
Ms SN Sigcau
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 2005.



James Maseko
Director-General
Department of Public Works

building together



I. General Information

Top Management Committee



Dr. Sean Phillips
Chief Operations Officer



Lydia Bici
Deputy Director General:
NPWP and Policy



James Maseko
Director General



Zingi Ntsaluba
Deputy Director General:
Finance and Supply Chain Management



Themba Camane
Deputy Director General: Operations



Bongani Gxilishe
Deputy Director General: EPWP



Nthabiseng Mosupye
Chief Director: Information Services



Lucky Mochalibane
Chief Director:
Marketing and Communication



Zanele Mxunyelwa
Chief Audit Executive



Mfezeko Gwazube
Director in the Office
of the Director General



Mandisa Fatyela
Chief Director: Strategic Management



Langa Dhlomo
Chief Director: Human Resource
Management and Legal Services

I. General Information

Top Management Committee continued.

I. General Information

I.2 THE DIRECTOR-GENERAL'S OVERVIEW

The focus areas of the Department of Public Works (DPW) over the last year have been varied in line with both client prompted requirements and the need to constantly review and improve our own internal workings. The Leadership Way was drafted to facilitate improving our internal working to ensure that our customers are our primary priority. This methodology is aimed at revolutionising our delivery approach to make the Department a competitive and viable service provider.

We have developed the Service Delivery Improvement Programme (SDIP) that focuses on service delivery, compliance and overall client satisfaction. In line with this programme, we have developed service level agreements and focused on customizing the value proposition that we offer to each client. This has resulted in a clear definition of capital works programmes being developed for clients.

As part of our ongoing goal of improving our overall performance in terms of compliance, service delivery and ensuring the implementation of value for money services to our clients, we commissioned an evaluation of two key programmes in the Department namely the Repairs and Maintenance Programme (RAMP) and the Emerging Contractor Development Programme (ECPD). The results of these evaluations have been considered and the recommendations will be integrated into the Department's strategic plan for the coming period. One of the key factors around maintenance that has been addressed over the past year has been the development of a medium to long term maintenance plan for all the clients that are serviced by the Department. This plan addresses the maintenance backlog issues, the ongoing maintenance and preventative maintenance requirements for our clients.

The implementation of the Expanded Public Works Programme (EPWP) commenced in this financial year under review. The results from this programme were exceptional. The targets related to generating gross job opportunities were exceeded facilitating the contribution of the Department to the National Government's goals of poverty alleviation and addressing unemployment.

Our co-ordination role with respect to the Expanded Public Works Programme has been clearly defined and implemented. In line with this role, we have developed and implemented a monitoring and evaluation framework that is compliant with the requirements outlined in the Division of Revenue Act (DoRA).

The access to skills in the built environment is an ongoing challenge for the sector in general and for the Department specifically. The Department implemented innovative development approaches to bridge this skills shortage. This was done through successfully facilitating internships and learnerships in partnership with the Construction Sector Education Training Authority (CETA).

Challenges that faced the Department at the commencement of the year included having to address internal controls and financial practices. A strategy to radically improve our financial performance and management has been implemented. This includes the development and implementation of a monitoring mechanism that is implemented at senior management levels at both a head office and regional level.

This year saw an intensive investment in training and development of staff in Supply Chain Management (SCM) policies and procedures to ensure compliance with the PFMA. This is aimed at implementing a responsive, transparent and regulated procurement discipline within the Department.

Also there were launches of both the Construction Industry Charter and the Property Sector Charter. These charters support the principles of transformation that is necessary in these two sectors. The Department has initiated a number of programmes that further the goals of transformation and Black Economic Empowerment (BEE). These include piloting the incubator programme to benefit emerging contractors. The process of classifying, registering and initiating development of contractors through the Construction Industry Development Board (CIDB) has been commenced.

I. General Information

Some of the challenges that we are focusing our energies on in the coming period will be to continue to improve our service delivery levels to our clients and continuing with the implementation of compliant, ethical business practices. A key focus area is to contribute and shape the development processes to ensure that the skills that are necessary to facilitate effective service delivery in the sector are available.

One of the strategic imperatives for the coming year is to accelerate the vesting programme for immovable assets of the State. This is being addressed in consultation with the Department of Land Affairs and the other spheres of Government.

There are various risks that are a reality in our business. Two key focus areas as we move forward are to implement an effective risk management strategy and to ensure that we capture and manage the knowledge that is inherent in the business in a real and accessible manner. These focus areas are key drivers in our strategic plan.

We are determined to make the difference that is necessary and staff and management alike are committed to transforming the Department into a compliant, customer centred organisation.

building
together



I. General Information

I.3 INFORMATION ON MINISTRY

The Minister of Public Works has executive authority over the Department of Public Works, Independent Development Trust, Construction Industry Development Board and the Council for the Built Environment.

The Minister conducted official visits to the United Kingdom and China during the period under review.

As part of the Ministerial Public Appearance Programme (MPAP), the Minister honoured 44 such events (see the MPAP under Appendix 2)

MINISTER'S FOREWORD

Government's offensive on poverty and unemployment took a major leap when the Expanded Public Works Programme (EPWP) was officially launched to the nation on 18 May 2004 by President Thabo Mbeki at Sekhukhune village outside Giyani in Limpopo.

Implemented through all spheres of government as well as state-owned enterprises, and co-ordinated by the National Department of Public Works, the EPWP is one of the South African Government's short-to-medium term programmes aimed at creating additional opportunities through the use of labour-intensive technologies and systematic development of skills. The importance and urgency of the Programme saw the EPWP launched in all the provinces by September 2004 in line with the publicly-based Programme of Action of Government.



In the first year of its existence, the programme had yielded more than 200 000 jobs as compared to its original target of 130 000 set for the end of its first year, and invested R3.2 billion in 3483 projects. In addition, by 31st March 2005, agreements for 1326 learnerships had been signed in close co-operation with the relevant CETA'S and the Department of Labour, further positioning EPWP as one of the critical outcomes of the 2003 Growth and Development Summit. In a demonstration of a Public Private Partnership spirit, the Business Trust of South Africa has committed R100 million to provide programme management support to all levels of government, to facilitate and expedite implementation.

With regard to its main function of providing for the accommodation needs of national government departments, the Department spent approximately R3 billion on various capital works projects during the period under review. By the end of 2004/05, the Department had fully spent the capital budgets for eleven out of twelve client departments, and fully spent its own capital and maintenance budgets, further demonstrating the incipient success of the Department's turn-around strategy, and willingness to adopt improved public service delivery initiatives. Maintenance backlogs and insufficient maintenance budgets continued to pose challenges in this financial year, prompting us to undertake a status quo analysis which revealed that, as a result of under-funding, a maintenance backlog of approximately R12.5 billion worth of repairs existed, and this will escalate every year.

Since the dawn of democracy, the Department has spearheaded procurement reforms to increase its contribution to socio-economic goals of government including Black Economic Empowerment and Emerging Business Development. In 2004/05, the Department reviewed both the Repair and Maintenance Programme (RAMP) and Emerging Contractor Development Programme (ECDP) - its flagships, to assess their contribution for government's expectations.

I. General Information

Lessons learnt, it is believed, will benefit our future initiatives including the proposed Contractor Incubator Programme. Our central role in the development, growth and transformation of both the construction and property industries saw us take a lead in initiating a process to launch the transformation charters for the respective industries. Technical teams are hard at work and targets have been set for both these charters to be finalized and launched in the next financial year.

The awarding of the 2010 World Cup Soccer tournament to South Africa in May 2004 will undoubtedly test the strength of our construction industry to conceptualize, design and deliver mega-infrastructure projects competitively, in preparation for the event. Current developments and their corresponding challenges, as succinctly captured in the Construction Industry Development Board (CIDB) Status Report published in April 2004, lead us to believe that a transformed industry, among others, should be able to cope with the demands. We remain hopeful and confident.

In recognition of the poor state of financial management within the department as was manifested in the form of negative audit reports, the department made the turnaround of financial management one of its strategic imperatives in the 2002 calendar year. Since then, an incremental improvement on the overall audit opinion of the Auditor General has been noted. It is my pleasure to report that for the first time the Auditor General has accorded the department an unqualified audit report in the financial year under review.

S. M. Sicgau

Ms. Stella Sicgau, MP
Minister of Public Works



Ms. Stella Sicgau, MP
Minister of Public Works



Mr. Ntopile Kganyago, MP
Deputy Minister of Public Works

I. General Information

1.4 VISION

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

“To be a world-class Public Works Department”

1.4.1 MISSION

The 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 Expanded Public Works Programme and by encouraging the transformation of the construction and property industries. In pursuance of this objective the Department will:

- 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 asset management;
- contribute to the national goals of job creation and poverty alleviation through the co-ordination of public works programmes nationally, of which the Expanded Public Works Programme (EPWP) forms an integral part; and
- provide strategic leadership and sector development support to the Construction and Property Industries.

I. General Information

1.4.2 VALUES

The following values bind and guide the Department in its continuous effort towards service delivery improvement and are provided for in the Leadership Way and the Service Delivery Improvement of the Department premised on Government Batho Pele Principles.

The values are as follows:

- Open Communication
- Urgency
- Commitment
- Integrity
- Decisiveness
- Client Focus
- Team Work

1.5 LEGISLATIVE MANDATE

In terms of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), the President has allocated a functional mandate to the Department of Public Works. The Department provides land and accommodation to national government departments and institutions, 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.

2. Programme Performance

2.1 VOTED FUNDS

The Department voted for R5.5 billion for the 2004/05 fiscal year. R970 million went to capital works projects.

Appropriation	Main Appropriation (R'000)	Adjusted Appropriation (R'000)	Actual Amount Spent (R'000)	Over/Under Expenditure (R'000)
Vote 6	R 5 513 909	R 5 513 909	R 5 304 916	R 208 993

Responsible Minister	Minister of Public Works
Administering Department	Department of Public Works
Accounting Officer	Director General of Public Works

2.2 AIM OF THE VOTE

Government has identified investment in new infrastructure and the maintenance and rehabilitation of existing social and economic infrastructure as a priority over the medium term. Investment in infrastructure can underpin economic growth and development. It can also reduce income inequality through the creation of jobs, thereby improving quality of life. The Department of Public Works is an important role player in the infrastructure investment fraternity. Its primary role is one of property manager and facility agent to Government, providing and managing accommodation. The Department also implements community based public works programmes in support of job creation and infrastructure development in both rural and urban areas, and Government has entrusted it with the responsibility to drive the Expanded Public Works Programme across all organs of State.

The Department has identified the following five objectives for the medium term:

- Provide accommodation, housing and land for national departments according to prescribed standards and directives, in line with the proposed immovable assets policy framework and legislation.
- Intensify the promotion of Black Economic Empowerment through implementation of preferential procurement principles in the appointment of service providers for professional services, construction and maintenance contracts.

- Meet the strategic intent of the second economy through advancing infrastructure delivery utilising labour intensive methods of the Expanded Public Works Programme.
- Promote human resources development within the Department through implementation of innovative development programmes
- Influence delivery and investment in the construction industry by implementing the provisions of the 1999 White Paper on Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry. The initial focus over the medium term is to oversee the finalisation and implementation of the Property Sector Charter and the Construction Industry Charter.

The aim of the Department was to provide and manage, in accordance with prescribed standards and directive, the accommodation, housing land and infrastructure needs of national departments, as well as to render associated and supporting services and to promote the National Public Works Programme.



2. Programme Performance

2.3 PROGRAMME SUMMARY

2.3.1 PROGRAMME 1:
Administration

Provides for the overall management of the Department and renders support services to its core business divisions. It includes:

- Office of the Minister
- Deputy Minister
- Management
- Strategic Management
- Marketing and Communication
- Internal Auditing and Investigation
- Human Resources Management
- Finance and Supply Chain Management
- Information Services

2.3.2 PROGRAMME 2:
Provision of Land and Accommodation

Ensures that national departments and institutions have a built environment that meets their financial, technical and social requirements.

- It includes:
- Project Management
 - Property Management
 - Professional Services
 - Key Account Management
 - Asset Procurement and Operating Partnership System
 - Portfolio Performance and Monitoring
 - Property Portfolio Analysis

2.3.3 PROGRAMME 3:
National Public Works Programme

Promotes transformation in the construction and property sectors and contributes to poverty alleviation, job creation and skills development through labour based projects. It includes:

- Construction Industry Development Programme
- Property Industry Development Programme
- Expanded Public Works Programme

2.3.4 PROGRAMME 4:
Auxiliary and Associated Services

Renders auxiliary services and services associated with the Department's aims.

- It includes:
- Compensation for Losses
 - Distress Relief
 - Loskop Settlement
 - Assistance to Organisations for Preservation of National Memorials
 - Grant-in-Aid
 - Decorations for Public Functions
 - Government Motor Transport
 - Sector Education and Training Authority.



2. Programme Performance

2.4 OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR 2004/5

2.4.1 Accommodating Government

- Additional accommodation was provided for newly appointed Deputy Ministers.
- The R109 million upgrading of the Port Elizabeth Magistrate Court Building was completed
- Two other police stations were handed over to SAPS at Tsomo and King William's Town in the Eastern Cape.
- In Gauteng a R40 million Tembisa Magistrate Offices, a R1.2million Soweto Local Criminal Record Centre and a R6.5 million upgraded Mabopane police station were delivered.
- Two Community Safety Centres (CSC) were completed; one at Tshidilamolomo in Northwest for R8.5 million and the other at Galeshewe in the Northern Cape for R35 million. This means that seven of the nine provinces have a Community Safety Centre. This is in line with the goal of the National Integrated Crime Control Strategy of government.
- In the Free State, a completed R15 million police station at Mangaung was handed over to SAPS in June 2004.
- In the Western Cape, the R103 million refurbishment project of 90 Plein Street for the use of Parliament was completed and delivered on schedule.
- The Department handed over the R30 million renovated Parliamentary Media Centres to the GCIS at 120 Plein Street.
- DPW completed the R4.3 million Inkosi Albert Luthuli Legacy Project in KwaZulu-Natal and handed it over to the Department of Arts and Culture.
- In the Northern Cape, more than R8 million worth of repairs and renovations projects were undertaken on behalf of the Department of Defence at Kimberley.
- A R9 million police station was constructed for the SAPS in the Northern Cape.
- Evaluations of the Repairs and Maintenance Programme and the Emerging Contractors Development Programme were completed. The findings of these evaluations will facilitate the strategic realignment of these programmes.
- The Government-wide Immovable Asset Management Bill has been initiated and will be passed in Parliament in the next financial year.

2.4.2 The Expanded Public Works Programme

- EPWP has exceeded its gross job creation target of 130 000 jobs. Over the year, more than 200 000 gross jobs were created.
- Various agreements were concluded including agreements with ABSA Bank to provide access to credit and bridging finance for the learner contractors, the CETA to provide the funding for the training, and the Independent Development Trust (IDT) to provide social facilitation services.
- A supplier register has been developed by the Construction Industry Development Board (CIDB). It will assist in promoting Black Economic Empowerment in the Construction sector.
- The Business Trust has committed one hundred million rand to provide programme management support to all levels of government, to ensure that lack of capacity is not an impediment to implementing the EPWP. This programme management support is currently being implemented on the ground.
- The IDT is supporting the implementation of the EPWP. It has set up over 344 new community structures. It also project-managed the construction of 141 schools in the Eastern Cape and another 124 infrastructure projects in Gauteng under the Zivuseni Poverty Alleviation Programme.
- The IDT has supported provinces to develop the provincial framework and business plans for the implementation of the EPWP.

2.4.3 Construction and Property Industries

The Department is responsible for the regulation and transformation of both construction and property industries.

- Launched the charters for both the Construction Sector and the Property Industry.
- The registration and classification of contractors in terms of the Construction Industry Development Board Act 30 of 2000 was commenced. The contractors are being classified in line with their capabilities. The aim of this registration process is to develop and increase the skill levels of contracts in the sector.
- The Contractor Incubator Programme was launched and a total of 81 contractors have been accepted on the programme of which 32% are women owned companies.

2. Programme Performance

2.4.4 Service Delivery Improvement Programme (SDIP)

The Department has developed a Service Delivery Improvement Programme (SDIP) to facilitate the implementation of a customer-centric service delivery approach. The regional operations of the Department have been strengthened through capacity building and delegation of powers to facilitate the shift towards making client satisfaction a central focus of the business. A Departmental task team has been established to oversee the initiation and implementation of this programme and a generic Service Level Agreement has been developed to formalise service relationships between the Department and its clients.



2.5 OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT FOR 2004/5

The Department of Public Works has, during the year under review, focused on improving its capacity to deliver effectively and efficiently by relying on its network of regional offices. Our Department's Regional Offices have also been building relations with their provincial and municipal counterparts with the aim of achieving a more integrated approach.

Summary of post vacancies

Staff Categories	Number			Average Annual change
	2002	2003	2004	
Total staff complement	4508	4470	4671	81.5
Number of professional and managerial posts	350	435	545	97.5
Number of professional and managerial posts filled	253	206	333	40
Number of excess staff	0	0	0	0

Key expenditure indicators

Category of Expenditure	Percentage or Rands (000's)			Average Annual change
	2002	2003	2004	
Personnel expenditure as % of total expenditure	8.66%	8.35%	8.5%	-0.08%
Expenditure on maintenance of buildings as a % of total expenditure	12.76%	13.91%	15.19%	1.22%

2. Programme Performance

Progress with promoting SMMEs and BEE through Targeted Procurement

The Department is revising all data pertinent to promotion of SMME and BEE due to incidents of fronting emanating from an investigation of companies awarded contracts in the year under review.

2.6 STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS FOR THE 2004/5

2.6.1 Provision of Land and Accommodation

The Department provides land and accommodation to national government departments and institutions; manages such land and accommodation; is the custodian of national government immovable assets; provides strategic leadership to the Construction and Property Industries; and co-ordinates the implementation of the Expanded Public Works Programme. The Department is responsible for a vast property portfolio. These buildings and structures are generally more than 25 years old and some are in a serious state of disrepair due to insufficient planned and preventative maintenance over decades. This poses occupational health and safety challenges, especially in light of insufficient budgets to carry out the required rehabilitation work, managing increasing volumes of day-to-day repairs, and meeting the requirements of the Occupational Health and Safety Act. Client departments are now increasingly favouring leased accommodation to provide suitable work environments.

2.6.2 Government-wide Immovable Asset Management Framework (GIAMF)

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

It requires government bodies to utilise immovable asset management (IAM) techniques. It sets out minimum management standards for the four asset management processes of strategic planning, acquisition, maintenance and management, and disposal.

- It stipulates minimum diligent analytical methods for these four processes, including assessment of the possibility of non-asset solutions.
- It covers all forms of immovable assets.
- It applies to all spheres of government and to public entities.
- It sets requirements for the contents of IAM plans, with the aim of establishing minimum norms and standards for IAM.

The GIAMF Bill will be taken to Parliament during 2005.

2.6.3 EPWP and Employment Creation

The EPWP is a nation-wide programme which draws significant numbers of the unemployed into productive work, so that workers gain skills while they work, and increase their capacity to earn an income. The objective of the EPWP is to utilise public sector budgets to reduce and alleviate unemployment. This objective will be achieved by creating productive employment opportunities and by enhancing the ability of workers to earn an income after they leave the programme, either in the labour market or through entrepreneurial or co-operative income-generating activities.

The work opportunities are created in the following ways:

- Increasing the labour intensity of government-funded infrastructure projects
- Creating work opportunities in public environmental programmes (e.g. Working for Water)
- Creating work opportunities in public social programmes (e.g. community health care workers)
- Utilising general government expenditure on goods and services to provide the work experience component of small enterprise learnership/incubation programmes.

building
together

2. Programme Performance

2.7 DEPARTMENTAL RECEIPTS

Departmental Revenue	Actual Collection 2003/04 (R'000)	Budgeted Collection 2004/05 (R'000)	Actual Collection 2004/05 (R'000)	% Deviation from Target
Current Revenue	-	-	-	-
Tax Revenue	-	-	-	-
Non-tax Revenue	-	-	-	-
Capital Revenue	-	-	-	-
Sales of Land and Buildings Capital Revenue	8 002	13 000	8 291	(36%)
Sale of Goods and Services	28 015	22 605	32 903	45.5%
Total Departmental Receipts	36 017	35 605	41 194	15.65%

The negative variance between the proceeds on sale of land and buildings is attributable to delays in finalising the disposals process. The department has in recognition of these problems developed a property disposal plan that will translate to a more streamlined and effective disposal programme, the spin offs of which amongst other things will result in improved cashflow projection of property disposal proceeds. The proceeds of the year under review however compare favourably to those of prior year where an amount of R8 million was reported.

The positive variance on the proceeds on "Sale of goods and services" is attributable in the main to the unexpected increase in sundry income whose main source is the fee paid by 'would be service providers' when tendering for a service request on offer. As this income is mainly determined by the response of potential service providers at any given time, it cannot be determined with any degree of accuracy for budgeting purposes.



2. Programme Performance

2.8 DEPARTMENTAL PAYMENTS

Programmes	Voted for 2004/5 (R'000)	Roll-overs and adjustments	Virement (R'000)	Total voted (R'000)	Actual Expenditure (R'000)	Variance (R'000)
Programme 1	275 071	-	16 732	291 803	291 803	-
Programme 2	5 152 749	-	(69 340)	5 083 409	480 2671	280 738
Programme 3	68 970	-	27 905	96 875	96 875	-
Programme 4	17 119	-	24 703	41 822	40 556	1 266
Programme 5	-	-	-	-	73 011	(73 011)
Total	5 513 909	-	-	5 513 909	5 304 916	208 993

As fully explained in chapter 4 of the Annual Report, the department received an amount of R598 million to settle arrear municipal rates and services claims during the passing of the Adjustment Estimates Appropriation Bill in November 2004. This allocation was made on the basis of claims submitted by municipalities to the department of Provincial and Local Government. An amount of R209 million remained unspent at year end due to delays on the part of the municipalities to providing credible documentation to support their claims.

2.9 TRANSFER PAYMENTS

Name of Institution	Amount Transferred	Estimate Expenditure
Construction Industry Development Board	R 25 036 000	R 25 036 000
Council for Built Environment (CBE)	R 3 000 000	R 3 000 000
Commonwealth War Graves (UN)	R 14 280 000	R 14 280 000

The businesses of the above institutions are fully described in the Management Report set on chapter 4 of this report.



2. Programme Performance

2.10 PROGRAMME PERFORMANCE

2.10.1 PROGRAMME I: Administration

2.10.1.1 Finance and Supply Chain Management

Objectives

- Ensure full compliance with the Supply Chain Management (SCM) Framework and Preferential Procurement Policy Framework (PPPFA)
- Improve service delivery in all the branch's activities
- Ensure sound corporate governance within the Department and full compliance with the PFMA
- Ensure adequate funding for the Department's activities
- Ensure that the Branch is adequately resourced at all times
- Participate in the strategic direction and positioning of the Department.

Achievements

The implementation of effective financial management within the Department was identified as a key strategic imperative during the year under review. This strategic objective has been met through a vast improvement in the financial practices and controls that have been implemented. This is demonstrated by the unqualified audit report that was achieved from the Auditor General.

The Department has also managed its expenditure within the approved allocation for the last financial year.

The DPW has commenced the implementation of SCM based on National Treasury's latest SCM Regulations and CIDB's standards for uniformity. Some of the key achievements include:

- A Procurement Policy based on devolved decision-making and single point of accountability implemented through the Department's delegations. This Procurement Policy is supported by an audit trail to ensure transparency and alignment of procedures with legislation.
- Implementation of a robust policy and procedures framework to implement the policy. The procurement policy and procedures framework is being implemented through an intense training program in head office and all regions.

- Alignment of internal processes such as the evaluation and adjudication of bids for construction works, professional services, fixed property acquisition and leases and general goods and services. The functions of evaluation and adjudication have been separated and the bid committee forms the key control point for the procurement process.
- Establishment of the SCM Unit in line with Treasury requirements which is accountable for the design, implementation, monitoring and evaluation of the procurement policy and its procedures framework.

In alignment to the Procurement Policy, the Department has developed a Code of Conduct, which supports the Code of Conduct of both NT and the CIDB, in compliance to the strategic aim of good governance. All officials will be required to sign the Department's Code of Conduct and adhere to the fundamentals of fairness, equity, transparency, cost effectiveness and competitiveness.

Key objectives of the Department such as black economic empowerment are fundamentally embedded in the procurement policy through the preferencing mechanisms and scoring models.

The Department is rapidly moving towards full compliance with the requirements of the SCM regulations.

Challenges

Following the abolition of the State Tender Board, the Department assumed full responsibility for its procurement. This was implemented from 05 December 2003 as per the Supply Chain Management Framework as published by the Minister of Finance. In response to this, the Department developed its own Procurement Policy as well policy directives and standard operating procedures. During the period under review a great deal of time was spent on training of all officials involved in the procurement processes to ensure that the Department's procurement is compliant with the PFMA, BBBEE Act and PPPFA prescripts. The Department is at an advanced stage of implementing the new procurement procedures.

2. Programme Performance

2.10.1.2 Internal Audit and 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

Risk Management

The Unit has played a major role in the facilitation of the development of the risk management strategy and plan and the fraud prevention plan in the Department.

Proficiency and Due Professional Care

- External audit firms were co-sourced to build capacity in the Regional Internal Audit Sections, computer audit and transfer skills to all the relevant staff.
- All staff members of the unit were affiliated to Professional Associations relevant to their functions.
- Contributions to co-operative governance through sharing information and documentation with other public sector internal audit activities have been made.

External Quality Assurance Assessment

Areas for improvement necessary to ensure full compliance with the quality assurance review were identified. The Audit Committee and Unit charters were revised in February 2005 to incorporate all the quality assurance programme requirements. The final development of the Internal Audit approach and procedure manual is in progress and is scheduled to be completed by June 2005.

Internal Audit Capacity

The Unit capacity was reviewed by the co-sourced consortium. The recommendations that were made were approved. The key recommendations were related to increasing the capacity of the Unit to meet its delivery requirements. A key factor that was highlighted in these recommendations was the capacity building of the Regional Internal Audit sessions and the utilisation of interns. This approach has been effectively implemented in the unit.

Resource Management

A saving of R1.2 million was realised from co-sourcing activities of internal auditing. This saving was achieved without any adverse impact of the service delivery standards that were achieved.

Fraud Awareness & Investigations

- The Department developed in-house fraud prevention capacity through resourcing a directorate within the unit that deals with fraud awareness and investigations.
- In 2004, a Public Sector audit was commissioned by the Public Sector Commission. The Department of Public Works was rated as third out of all the National Departments. They were awarded 86 points out of a possible 100 points. This audit rated the Department's ability to deal efficiently with fraud and corruption cases.
- The Department's capacity to deal with fraud prevention and detection has been used by the DPSA as a benchmark for other State Departments
- The co-sourcing of fraud investigation and fraud awareness services from the Deloitte Consortium (with a 40% Black Economic Empowerment component through sub-contracting of Nkonki) to build anti-fraud capacity within the Department
- The Directorate: Fraud Awareness and Investigations has aligned its activities with the National Government's Anti-corruption Campaign.
- A protocol for reporting cases was established with the Public Service Commission to deal effectively with cases reported via the National Anti-corruption Hotline.

2. Programme Performance

Challenges

- To ensure that the agreed risk management plans are implemented across Head Office and the Regions.
- The unit's capacity is currently augmented by external service providers for audit supervision in the Regional Internal Audit sections. This will be addressed through fully populating the newly approved organisational structure.
- To ensure that the appropriate, skilled resources are procured to ensure that the Unit is positioned to meet the required audit standards.
- The tight financial parameters within which the Unit operates makes it difficult to implement the full scope of audit functions required. This requires innovative and effective planning to ensure delivery is optimised.
- The challenges related to fraud awareness and investigation included:
 - The capacity of the Unit to effectively deal with the anticipated increase in the reported cases of fraud and corruption once the National Anti-corruption Hotline is completely implemented might be limited in future.
 - The awareness of the Code of Conduct must be reinforced to facilitate managing fraud awareness and investigation.
 - Greater levels of awareness need to be developed to optimise identification of fraudulent transactions.
 - Protracted criminal proceedings within the criminal justice system related to fraud.

2.10.1.3 Strategic Management

Objectives

- Facilitate and manage the process for developing the Departmental Strategic Plan
- Monitor and evaluate performance of other Units and recommend alternative actions
- Drive change management in the implementation of strategy
- Provide stakeholder and corporate governance services to entities linked to the Department
- Facilitate and manage business process re-engineering
- Implement comprehensive Knowledge and Risk Management systems.

Achievements

- Compilation of the Department's multi-year Strategic Plan complying with National Treasury Regulations
- Developing a manual on Promotion of Access to Information Act (PAIA) to comply with this Act
- Development of the business planning tools
- Re-engineering of departmental business processes in collaboration with Information Services
- Designed and implemented a monitoring discipline in the Department. This discipline facilitates ongoing performance reporting and management and meets the requirements of the PFMA.
- Promotion of Knowledge Management practices to instil a culture of knowledge sharing, document management and the creation of a learning organisation by:
 - Developing DPW's Content Management Policy
 - Developing and maintaining DPW's Intranet (Worxnet) in collaboration with IS, Marketing and Communications
 - Developing a Knowledge Management framework to lay out foundation for a knowledge management practice in the Department
- Development of a database and framework to ensure compliance with PFMA in monitoring activities of the Public Entities reporting to DPW.
- Evaluation of Emerging Contractor Development Programme (ECDP) and Repair and Maintenance Programme (RAMP).

Challenges

- Re-engineering of Business Processes has been challenging as a result of a limited understanding of the links between the different processes, Units and role players.
- The disciplines related to reporting against agreed objectives and targets as defined in the business plans are not optimally implemented as yet. This results in the reporting process being cumbersome. Compliance in these areas is required in terms of the PFMA.
- The Department still has some way to go in terms of ensuring that its budgeting processes are fully aligned with its strategic planning.
- There is a low level of awareness and understanding around knowledge management principles, policies and practices. This results in these approaches not being optimally implemented.

2. Programme Performance

2.10.1.4 Information Services (IS)

Objectives

- To improve system efficiency within the Department.
- Centralisation of procurement for IT services and products. This has been achieved because of a capacitated IS unit and improvement into the procurement processes.
- To provide and manage integrated information systems within the Department.
- To implement project management methodology.
- To ensure proper IT strategy, policies and governance are developed and implemented.
- To develop the career paths of our staff by providing appropriate training.

Achievements

- Centralization of procurement for IT services and products, this has been achieved because of a capacitated IS unit and improvement into the processes.
- Centralization of support for the non-core business systems
- Development of IS/IT policies.
- Improvement in information security on laptops.
- Improvement in response time to internal clients' calls due to clear processes being in place.
- IT project methodology has been implemented and is fully operational.
- Filling 85% of the vacant positions on the IS structure. This has been a significant achievement when the scarcity of the relevant skills is considered.
- Establishment of the IS steering committee.

Challenges

- Supporting the core business systems Property Management Information System and Works Control System that have exceeded their acceptable life span has been challenging, because of limited technical skills.
- Procurement of integrated business systems is awaiting approval from National Treasury. The implementation of these integrated business systems will vastly improve the ability of IS to effectively meet the needs of the Department.
- Lack of consolidation of all non-core business applications currently in use by different units within the Department.

2.10.1.5 Communications and Marketing

Objectives

- The Communications and Marketing Unit's core function is to manage the image of PublicWorks by co-ordinating all communication functions aimed at informing and educating the respective publics about the policies, programmes, and achievements of the Department. Following the finalization of the organizational structure in October 2003, the Unit set itself following objectives:
- To populate the new Marketing and Communications structure through sourcing appropriate skilled resources.
 - To introduce the concept of marketing as a fully fledged function within the Department.
 - To increase the pace of ministerial media relations and community liaison functions.

Achievements

- Ministerial Public Appearance Programme was successfully implemented.
- The Unit organised the national and provincial launches of the Expanded Public Works Programme.
- Major exhibitions were run. This included running an exhibition at the NCOP Imbizo and the Rand Easter Show.
- Successful roll-out of the Social Calendar. This included undertaking preparations for the Africa Public Service Day, the Recognition Awards that are made during the Head Office year end function, the TenYear Celebratory Games and the introduction of the Leadership Way within the Department.
- Resurrecting the DPW's Communicators Forum that includes all Communication Units of the National and Provincial Departments of Public Works to facilitate the linkages between the two tiers of government.

Challenges

- Internal Communications and Mobilisation need to be re-imbued with extra resources to address change management and organizational development challenges.
- A communication-supported client relationship management strategy to position DPW prominently among its client departments.
- Formulation of sustainable and key marketing campaigns to engender the DPW in the mind of its publics.

2. Programme Performance

2.10.1.6 Human Resources Management and Legal Services

Human Resources 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 finalise the matching and placement process resulting from the Transformation and Restructuring Process.
- Developing an integrated education, training, development, career development and organizational behaviour strategy to improve individual, group and organizational 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.
- To develop and implement an Employee Assistance Programme.

Achievements

- An integrated employee wellness strategy was developed and implemented. DPW is among those state departments where an HIV/AIDS strategy was incorporated into the organizational health approach. This employee wellness strategy was launched at a regional level.
- A key focus area during the 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. This plan includes the targeted development activities for the financial year.

- The required resources to facilitate organisational delivery were sourced. This was achieved through sourcing skills both from within the organisation and from the general labour market. Internships have also been used as a source of acquiring new skills and evaluating talent for potential appointment in permanent posts within the DPW.
- 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.
- An organisational climate survey was completed that identified key issues for improving the work environment.
- The Human Resources policy and procedure framework has been reviewed and standardised implementation of these policies has been initiated.
- The job evaluation process was commenced. This process has been supported by the development of a remuneration strategy for implementation in the Department.

Challenges

- The implementation of the Employee Wellness Programmes is a holistic and sustained intervention in ensuring the health and wellness of employees. limited. The Department needs to provide more resources to ensure success of the programme.
- 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.
- 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.

building
together

2. Programme Performance

Legal Services

Objectives

To ensure sound administration and management of the Department's legal affairs.

Achievements

- Finalisation of the Joint Buildings Contract Committee for Government construction use.
- Support was provided to facilitate the development of the Procurement policy in line with the Supply Chain Management framework as defined in the PFMA.
- The Government-wide Immovable Asset Management Bill was drafted.
- The Expropriation Bill was drafted.

Challenges

The key challenge is to source and retain appropriately skilled staff in this environment. The high demand for professional employment equity candidates with legal skills results in staff being head-hunted into the private sector. Innovative recruitment, remuneration and retention strategies need to be implemented to address this challenge.



2.10.2 PROGRAMME 2:

Provision of Land and Accommodation

2.10.2.1 Key Account Management (KAM)

Objective

To improve service delivery to clients through effective translation of their accommodation needs into suitable accommodation.

Achievements

- A healthy relationship has been developed with the clients enabling a high standard of co-operation.
- All priorities for 2004/5 have been registered and projects are under execution.
- KAM facilitated interventions agreed to by the clients and achieved 100% expenditure on allocations for 2004/5 except in one instance.
- Generic Service Level Agreements (SLAs) were drawn up and interaction with clients on signing of SLAs took place.
- Development of Client Value Propositions (CVPs).

Challenges

- DPW needs to obtain inputs from clients on the service levels that are being implemented to enable the Department to critically assess and address its performance standards.
- Leasing budget allocations are insufficient.
- Extensive maintenance backlogs impact adversely on the ability of clients to deliver services.

2.10.2.2 Portfolio Performance & Monitoring

Objectives

- Optimise utilization and performance of state-owned immovable assets.
- Prepare immovable asset management plans.
- Identify and review non-performing and under-performing immovable assets.
- Implement rental (user) charges.

2. Programme Performance

Achievements

- Compiled and managed disposal programme for 177 superfluous properties for disposal by end of 2005/6.
- Identified 2000 properties for disposal over the next 5 years, and started with detailed analyses of these properties.
- Identified 160 ha of superfluous land under Department of Correctional Services and initiated a process for disposal.
- Carried out a feasibility study for the implementation of rental charges in 2006/7 financial year.
- Developed high-level Asset Management Plans for clients in compliance with the PFMA and government-wide immovable asset management policy (GIAMA).

Challenges

Additional data needs to be collected and added to the department's immovable asset register, to enable more comprehensive asset performance monitoring and asset management. A project is currently under way in this regard.

2.10.2.1 Asset Procurement & Operating Partnership System (APOPS)

Objectives

- Facilitate and ensure that the Department becomes an agency of choice in the delivery of Public Private Partnerships (PPP's) to provide serviced accommodation for National Government departments.
- Facilitate and ensure the provision of serviced accommodation by DPW through PPP's that are supportive of the DPW Asset Management program and responsive to User requirements
- Strategically manage and co-ordinate a co-operative working relationship between DPW and Tshwane.

Achievements

- The Unit has improved its skills base in project finance and this has facilitated it making a significant contribution in advancing the relevant accommodation PPP projects.
- The feasibility study for the Department of Education Head Office was approved by the National Treasury. This facilitated the commencement of the final procurement phase.

- The feasibility study for the new Head Office for the Department of Foreign Affairs (DFA) was concluded and submitted to the National Treasury for approval.
- The Department continues its role on the Supervisory Committees for the Mangaung (Bloemfontein) and Kuthama Sinthimule (Makhado) PPP Correctional Facilities currently in operation. These committees monitor and manage the appointed concessionaire. They also adjudicate on any disputes that arise as part of these contracts.
- The Department, in consultation with the Department of Correctional Services, is in the process of developing a plan to amend the existing concession agreements to increase their efficacy.
- The Department was also appointed as Project Officer for the 4 new PPP correctional facilities to be constructed in East London, Allandale, Port Shepstone and Polokwane. Feasibility studies were initiated during the year, with a view to submission to the National Treasury for approval in 2005/6. A range of sites within the chosen locations are being selected and tested for suitability in the feasibility stage.
- The increasing requirement to upgrade national government head office accommodation, in order to enhance service delivery, has led the department to establish solid links with the City of Tshwane Metropolitan Municipality (CTMM). This important linkage between the department and the local authority will ensure an integrated approach to providing the requisite accommodation within an appropriately serviced and maintained urban environment, supported by necessary urban infrastructure.

Challenges

The department has sought clarity and consensus on its role and responsibilities on accommodation PPP projects with a view to ensuring efficient and effective government participation on PPP projects.

There are severe capacity and skill shortages in the PPP market. In this regard, the department has identified prospective officials who are undergoing intensive, specialised training.

building together

2. Programme Performance

2.10.2.4 Portfolio Analysis

Objectives

To provide a base and effective valuation services for:

- Investments and disinvestment decisions through options analysis for acquisition,
- Construction, refurbishments, leasing and disposals of immovable property in order to enhance the use of accommodation for national departments and ensure that government gets value for money.

Achievements

- Terms of reference for consultants, appointed by the Department of Foreign Affairs to be used in the options analysis and feasibility studies in the procurement of all foreign missions were developed. These terms of reference are now being used for all Foreign Affairs procurement of foreign missions. The standardisation of these terms of reference has reduced the time taken to appoint consultants.
- Calculation of replacement costs for inner city buildings (owned by both government and private sector) that will provide input into the process of providing head office departments within the city of Pretoria. The proposed allocation of government head office departments within the city is aimed at enhancing the image of the Inner City of Pretoria thereby attracting businesses back into the city.
- Completion of 22 comprehensive investment analysis projects valued at R1.7 billion for the purposes of acquisitions, disposals and refurbishments.
- Development of fair value and cash flow models that are being used by the Department in the adjudication of "Lease Bids".
- Property valuation of 298 projects undertaken valued at R863 million which have been approved by the Land Affairs Board.
- Effective resolution of 16 property valuation disputes through the Land Affairs Board.
- The Department contested Cape Town municipal valuation rolls and realised savings of R210 million for Government

Challenges

- The valuations and investment analysis skills are very scarce and expensive in the market, locally and internationally.
- The lack of availability of an integrated state property information system nationally impacts negatively on the ability to undertake accurate benchmarked valuations.

2.10.2.4 Operations Branch

Objectives

- Use the branch expenditure on capital and maintenance projects to promote Black Economic Empowerment.
- Influence ownership patterns in the property and construction industries.
- Achieve EPWP objectives using capital and maintenance budget.
- Provide accommodation economically and effectively.
- Provide project and property management services.
- Comply with regulatory and statutory requirements.

Achievements

- Development of a SDIP to address inadequate service delivery in the Department.
- Implementing, through piloting at various Regional Offices, the Infrastructure Delivery Improvement Programme (IDIP). The IDIP is a joint initiative by NT, CIDB and DPW to assist government with a uniform system to deliver infrastructure projects.
- Development, in consultation with the Portfolio Performance & Monitoring, of a national disposal programme. The disposal of assets will assist the department in reducing unnecessary expenses incurred in the management of superfluous assets.
- Successful completion of various capital and maintenance projects executed at various Regional Offices on behalf of various client departments.
- Successful management of the design and procurement of the four New Generation Prisons.
- Successful implementation of the DFA Embassy construction projects in Lesotho, Ethiopia and Nigeria. Although they are at their initial phases of implementation, the projects are on track and major challenges have been dealt with.
- Successful completion of refurbishment projects within the Parliamentary Precinct in Cape Town which included the 90 Plein Street building and the state-of-the art Media Centre.
- Training of regional project managers on programme management skills related to the maintenance programme.
- Designing of forms and tools to ensure compliance with the PPPFA requirements for both the capital and property procurement environments.
- Ensure establishment of Audit Steering Committees at all Regional Offices to ensure compliance with the PFMA requirements working with Internal Audit and Investigation Services.

2. Programme Performance

- The appointment of safety officers at all Regional Offices as custodians of the Occupational Health and Safety Act.
- Documentation and adoption of uniform business processes to guide various activities at the regional offices to manage risks such as fraud and corruption and inadequate service delivery.
- Development, in consultation with HRM, the classification of project managers to ensure compliance with the requirements of the South African Council for the Project and Construction Management Professions (SACPCMP).

Financial Performance

As a major contributor to the overall expenditure of the department, the branch has ensured that expenditure on key responsibilities is achieved.

- **Capital** expenditure is confined to DPW expenditure on assets falling under the direct responsibility and management includes the Prestige Portfolio which primarily includes Parliament, Union Buildings, Parliamentary Villages in Cape Town and Ministerial Accommodation.
- **Leasing** includes a portfolio of assets which are leased from the private sector to accommodate various client departments across all Provinces. Approximately 45% of the value of the leases is for accommodation of various head offices of different Ministries. Approximately 20% of the value is within Cape Town and surrounding areas. The balance is managed across the remainder of the department's regional offices. Because of the dynamic nature of the clients needs during the course of any financial year, some additional needs may arise which put a strain on the leasing budget of the department. Constant liaison with the client departments becomes crucial in the management of the leasing budget and planning for future needs. Due to financial constraints, DPW is not able to meet all the leasing needs of its client departments.
- **Maintenance** includes expenditure on all facilities which the department assumes custodial role over. These vary from office accommodation, Prestige Portfolio and functional assets such as Magistrate Courts, Police Stations, Prisons etc. The biggest challenge with the management of the maintenance budget is the fact that more than 50% of the portfolio managed by the department is in a poor condition. In certain instances, the facilities

violate the minimum requirements of the Occupational Health & Safety Act (OHSA). Budgetary constraint result in the department adopting a reactive maintenance approach in some cases. Because of the insufficient allocation for maintenance, certain large departments (in terms of property portfolio) reprioritize some of their capital budget for maintenance to ensure a functional state of their assets for service delivery. At current maintenance funding levels, the average condition of the state property portfolio is continuing to deteriorate.

- **Municipal Services** expenditure is for payment of various services which include electricity, gas, water and refuse removal. The expenditure is incurred by client departments but budgeted for and paid by the department to the municipalities.
- **Rates & Taxes** are paid for by the department on all properties owned by the State including Provincial Properties. The arrear amounts have accumulated over a number of years caused partly by inadequate budgeting, as some of the property ownership information may not be known at the time of budgeting and partly by the general lack of capacity to generate bills on the side of the municipalities.



2. Programme Performance

Expenditure on Key Responsibilities

The table below summarises the expenditure status on the core responsibilities.

Item	Allocation	Expenditure	%
	(R'000)		
Capital	268 410	292 655	109
Leasing	1 150 847	1 181 339	103
Maintenance	815 464	807 962	99
Planned	541 981	533 137	97
Unplanned	266 483	274 825	103
Municipal Services	1 073 118	1 041 444	97
Original	1 040 690	998 856	96
Arrears	32 428	42 588	131
Rates & Taxes	1 366 039	1 040 404	76
Original	799 833	759 908	95
Arrears	566 206	280 496	50
Total	4 673 879	4 363 806	93

Despite the under-expenditure on arrear rates & taxes allocation (September 2004), the branch was able to achieve a 93% (R4.364 billion) of its total budget of R4.674 billion. The under-expenditure was unavoidable as a result of poor information received from various municipalities to justify payment by the regional offices.

Although expenditure on maintenance came within acceptable limits, this was achieved through strict management and in certain instances meant stopping expenditure at the expense of service delivery. As stated in this report, the branch will focus on proactive management of maintenance budget during the 2005/06 financial year.

Expenditure on Client Budgets

During the third quarter of the financial year, the branch was projecting an under-expenditure of 20% with a 100% commitment at the end of the financial year. Special interventions were put in place to ensure full expenditure on all client budgets.

The overall capital budget of R1.649 billion was over-spent by approximately 8% to R1.782 billion. With the exception of Department of Home Affairs (DHA), the client budgets were fully spent. Although only 70% was spent on DHA budget, the funds were fully committed at the end of the financial year and the contractor on the single project is already on site.

Challenges

- The lack of standards, processes and procedures have led to inadequate service delivery to clients. The SDIP and IDIP have been put in place to address these deficiencies.
- The shortage of critical skills in the core areas such as Property Management, Project Management and Professional Services Low remuneration levels in the Public Service have made it difficult for the Branch to recruit and retain scarce skills. A recommendation to implement.
- Scarce Skills Occupations Agreement of the Public Service Collective Bargaining Council (PSCBC) Resolution 2 of 2004 has been made to the Minister of Department of Public Service and Administration.
- High dependence on external consultants because of the shortage of skills and low skill levels within certain units of the Branch Inadequate funding to execute preventative maintenance leads to reactive and ad hoc service delivery which results to dissatisfaction of client departments.
- Increasing clients' needs against limited financial resources.
- Threat from client departments of taking the function and/or responsibility (mandate) of delivering accommodation solutions from the department.
- Difficulty in meeting BEE targets in the property industry because of a lack of black-owned entities in the sector and high barriers to entry (access to finance).
- Inadequate black economic empowerment policies within the Department to ensure optimum participation of BEE companies within the confines of the SCM Framework and the PPPFA. The Policy Branch is putting in place measures to address this in future.
- Fronting of companies that pose as Affirmable Business Entities in various areas of the capital and maintenance programme.
- Exposure to fraud and corruption as a result of high-volume and high-value projects within the Branch.
- Inadequate training on various core functions of the Branch and general management.

2. Programme Performance

2.10.3 PROGRAMME 3:

National Public Works Programmes

2.10.3.1 Expanded Public Works Programme (EPWP)

The EPWP commenced on the 1st April 2004 and was officially launched by President Mbeki on the 18th May 2004 in Limpopo. The EPWP was since launched in all provinces during the course of the 2004/05 financial year. The Department of Public Works (DPW) was mandated as the co-ordinating department for the implementation of the programme. The EPWP Unit is responsible for the overall co-ordination, monitoring and evaluation (M&E) of the programme.

Objectives

- To create one million temporary work opportunities, coupled with training, over the first five years of the programme, namely 2004 - 2009.
- To facilitate training of all EPWP participants.
- The provision of public goods and services that Government needs, at the quality level demanded by Government.
- Providing EPWP participants with the potential to earn future income by providing work experience, training and information related to work opportunities, further education and training and SMME development.

Achievements

The EPWP has exceeded its target for 2004/05. This target was that 100 000 work opportunities with associated training would be created within the EPWP. Data in the EPWP Fourth Quarterly Report shows that almost 176 000 net job opportunities have been created across the infrastructure, environment, and culture, economic and social sectors. The targets for women, youth and people with disabilities in the EPWP Logframe are 40%, 30% and 2%, respectively. At the end of the financial year 2004/05 a disaggregation of the job opportunities created for these target groups were 37%, 41% and 0,5% respectively.

A summary of the most important performance indicators from the first year of the programme are provided in the table opposite.

Indicator	Progress ¹ (1 Apr 2004 - 31 Mar 2005)
Number of EPWP projects being implemented or completed	3 483 projects
Expenditure to date on EPWP projects	R3.2 billion
Number of gross work opportunities created	223,410 gross work opportunities
Number of net work opportunities created to date	174,845 net work opportunities
Person-years of employment created ²	71,087 person-years
Average duration of work opportunity	4.4 months

¹ The number of net work opportunities created is estimated by subtracting the number of work opportunities that would have been created if projects had been executed in a machine-intensive manner from the total number of work opportunities reported. These figures also exclude contributions from the municipalities as no detailed report (i.e. including project-level details) on the Municipal Infrastructure Grant has been received yet. This is also the case from the social sector.

² A person's year of employment is equal to one person being employed for one year.



2. Programme Performance

Infrastructure Sector

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

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

The progress on key initiatives in the Infrastructure Sector is described below.

Allocating Budgets for Labour-Intensive Projects

EPWP conditions have been placed on the Provincial Infrastructure Grant (PIG) and the Municipal Infrastructure Grant (MIG) via the 2004 Division of Revenue Act (DoRA). This effectively earmarked approximately R3 billion for EPWP infrastructure projects.

Building Maintenance Programme

DPW put in place plans to use its own budgets for the maintenance of government buildings to create work opportunities and training for the unemployed. This was done with the aim of building on the experience of a number of existing provincial programmes, such as Gauteng's Zivuseni Programme and the Western Cape's Saamstaan Programme. The IDT is assisting DPW with the implementation of this programme.

Creating the Capacity to Manage Labour-Intensive Infrastructure Projects

The Construction (CETA) contracted service providers to put in place accredited unit standards at NQF levels 2, 4, 5 and 7 for supervisors, small contractors, large contractors, and engineers, to empower them to be able to design, manage and supervise highly labour-intensive construction work. All the required unit standards are in place and have been accredited by the CETA. Training providers were trained in 8 of the 9 provinces.

Tender and design guidelines for labour intensive construction

National Treasury (NT) and the South African Local Government Association (SALGA) approved Tender and Design Guidelines produced by DPW for labour-intensive infrastructure projects. The guidelines were distributed to all provinces and municipalities. In collaboration with the Department of Provincial and Local Government (dplg), DPW trained Project Management Units (PMUs) in municipalities on the EPWP guidelines. DPW also provided training on the Tender and Design Guidelines to staff from the Auditor General's Office, before the latter conducted compliance audits relating to the guidelines.

Training programme for labour-intensive small contractors

A labour-intensive contractor learnership programme was developed and a management plan and standard documentation were put in place. National Treasury approval for the allocation of training projects to learner contractors was obtained. CETA provided 750 learnerships (worth R50 million). By the end of March 2005 agreements for more than 1 326 learnerships had been signed with 25 provincial departments and municipalities. A Request for Proposals (RFP) process with high street banks led to an agreement with ABSA for supplying access to credit to the learner contractors.

Participation of other national infrastructure departments

Agreement was reached with the Department of Housing that EPWP guidelines should be used for the civil infrastructure component of RDP housing projects. A Framework for the Implementation of the EPWP in the Housing Sector has been developed by the Department of Housing.



2. Programme Performance

Social Sector

Three departments drive this sector, namely Social Development, Health and Education. Social Development is the lead department. Two focus areas have been identified for immediate work and training opportunities in this sector for 2004/05. These are the Home Community Based Care (HCBC) Programme and the Early Childhood Development (ECD). The Social Sector Plan aims to create a total of 188 540 work opportunities, with 122 240 in the HCBC Programme and 66 300 in the ECD.

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

Environment and Culture Sector

The Department of Environment and Tourism leads this sector. Other departments are Water Affairs and Forestry, Agriculture and Arts and Culture. The aim is to create at least 201 700 work opportunities through various environmental and tourism programmes over the MTEF cycle, i.e. 2004/5 to 2006/7. For the year under review, there was expenditure of R643 million on 1 280 projects, resulting in 58 790 job opportunities.

Economic Sector

The initial EPWP target set a target of 3 000 New Venture Creation (NVC) Learnerships within the 9 provinces over the next five years, under the economic sector of the EPWP. It was assumed that three additional people would be employed through every emerging entrepreneur.

This EPWP NVC learnership programme involves recruiting learners from the unemployed or informal sector to be registered on full-time SETA-funded learnerships, including training projects allocated by government bodies.

DPW worked with the Services SETA to put in place the NVL learnership at NQF Level 2. It is currently at SAQA for approval. Permission has been sought from National Treasury for public bodies to allocate projects to learners without going on open tender. A management plan is being drawn up for the roll-out of these learnerships.

In the year under review, 120 learner emerging enterprises were engaged in 62 projects with a total value of R31 million, under the economic sector pilot programme in Limpopo (Sakhasonke).

Training

In conjunction with the Department of Labour (DoL), the following was achieved:

- A standard 10-14 day training course for those workers in short term employment in the Infrastructure and Environment and Culture sectors was developed. This course provides workers with (amongst others) general life skills, awareness and understanding of HIV/AIDS, labour market information and information about EPWP exit opportunities, such as learnerships, internships, further education and training (FET), regular employment, recognition of prior learning opportunities and national youth service opportunities.
- All sectors were assisted with the development and implementation of relevant learnerships and skills programmes. This includes working with the relevant SETAs to ensure that all the necessary qualifications are put in place for EPWP programmes. The following SETAs are involved with the EPWP to develop unit standards and learnership programmes: Construction (CETA), Health & Welfare (HWSETA), Education & Training (ETDP SETA), Local Government and Water (LGW SETA), Tourism & Hospitality (THETA), Services SETA.
- Training providers were mobilised to ensure that sufficient training capacity exists to provide all the training required in the EPWP. The LGW SETA allocated substantial funding for the training of municipal officials for the EPWP.

2. Programme Performance

Monitoring and Evaluation

A monitoring and evaluation Framework for the EPWP was developed with the assistance of the Human Sciences Research Council (HSRC), in consultation with all relevant stakeholders. It is currently being implemented through the production of quarterly monitoring reports and through the commissioning of evaluation studies. In addition, agreement was reached with Stats SA that indicators on the EPWP will be included in both the Labour Force Survey (LFS) and the General Household Survey (GHS).

Communications

A comprehensive EPWP communication programme is being executed through GCIS. Activities include radio programmes and talk shows, press conferences and press releases, and interviews with the print media. A logo and slogan for the EPWP were designed and an EPWP website (<http://www.epwp.gov.za>) was put in place.

Learning Network

An agreement was reached with the Centre for Public Service Innovation (CPSI) on the creation of an EPWP learning network to promote best practice amongst provinces and municipalities.

Partnerships with Business and Donors

The Business Trust has established a fund to support the implementation of the EPWP in provinces and municipalities. The trust has committed R100 million over the period March 2005 - March 2010, through the Business Trust Expanded Public Works Support Programme. The British Department for International Development (DFID) is providing financial support for various capacity building initiatives of the EPWP.

Challenges

- Widespread negative perceptions and misconceptions about the quality of infrastructure that can be created in a labour-intensive (LI) manner as against those done with machine-based technologies.
- Audits indicate that not all provinces and municipalities are complying with the Division of Revenue Act (DoRA) conditions, which require that projects be tendered as labour-intensive projects according to the EPWP Guidelines. Implementation of the EPWP tender and design guidelines by provinces and municipalities should be intensified - this would result in a huge increase in employment.
- There is a tendency for the EPWP to be viewed as a DPW programme rather than as a whole of government programme.

2.10.3.2 NPWP and Policy Development

Objectives

- The promotion of transformation, growth and development of the Construction and Property Industries.
- The promotion of good governance in the management of public immovable assets.
- The creation of a conducive procurement environment for promotion of BEE.
- The contribution to Government's peace keeping efforts and promotion of Regional cooperation with Public Works.
- Leading Government in the Development Chamber of NEDLAC.

Achievements

- The Construction Charter was launched. This included developing a charter framework document and running provincial roadshows.
- The strategy for the upgrading and enhancement of DPW's Immoveable Asset Register was launched.
- The Contractor Incubator Programme was launched and a total of 81 contractors have been accepted on the programme of which 32% are women owned companies. In total 76 nominated sub contracts to the total value of R692 072 568 have been earmarked for piloting the Contractor Incubator Programme in the New Generation Prison projects.

2. Programme Performance

- The ECDP is a DPW initiative launched in 1998. The objective of the ECDP is the development of the business and management skills of technically competent emerging contractors in a real project environment so as to facilitate their growth and development and help them overcome business impediments which they face arising from the legacy of apartheid.
- Following the evaluations of the ECDP, a realigned ECDP Strategy was developed and is currently being implemented. This strategy is aimed at addressing the identified shortcomings of the programme that include a strategy framework and a focused developmental role.
- As part of the DPW's contribution to NEPAD, a partnership with the Ministry of Defence and the Council for Scientific and Industrial Research (CSIR) has been forged. The Partners embarked on skills development initiative through the Military Skills Development Programme (MSD). This resulted in 57 Students graduating from the MSD; these have been deployed in the Public and private sector. It is envisaged that some of the graduate will in future be deployed for developmental peace keeping in Africa as and when required as part of South Africa's contribution NEPAD and in the SADC region.
- Regional cooperation with DPW's in the African Continent resulted in a draft strategy document being developed.
- The Youth Foundation was established in September 2004 to attract the youth into construction sector.
- The Minister of Public Works launched the Property Industry Transformation Charter Process on the 19th of November 2004 in Gauteng. The National Department of Public Works is responsible for reviewing the final draft of the Charter and submitting it to the Department of Trade and Industry for acceptance and gazetting.
- Provincial Road Shows and Property Transformation Indaba have been held. This resulted in an agreement between sector role players on the Transformation Scorecard.
- The State's immovable assets are owned and controlled by a number of government agencies. In order to bring efficiency and consistency in the life-cycle management of all public immovable assets, the Department of Public Works is mandated to develop legislation to govern the management of these assets in all spheres of government. The Government-wide Asset Management Bill is currently being developed to facilitate this management process.

Challenges

- Piloting and roll-out of developmental peace keeping in Africa has been adversely affected by political conflicts. The envisaged establishment of an early warning capacity in accordance with the African Union Protocol will help the DPW, planning of its developmental peace keeping interventions.
- The ECDP has not deliver according to expectations. An evaluation of the programme was commissioned at the beginning of the Financial Year. Ensuring that recommendations on improving the effectiveness of the ECDP are translated into an implementable strategy.
- Managing multi-stakeholders processes for both the construction and property industries charters e.g the diverse agendas of stake holders participating in the charter processes are delaying both the property and constructions charters to be passed as codes for their respective industries.
- Promulgation of the Government-wide Asset Management Bill before the end of the year.



3. Audit Committee Report for the year ended 31 March 2005

We are pleased to present our report for the financial year ended 31 March 2005.

3.1 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 four meetings were held.

Name of Member	Number of Meetings Attended
Mr. A Sangqu (Chairperson)	4
Prof. DB van der Schyf (resigned 28 February 2005)	3
Mr. EZ Maboea	4
Ms.V Zitumane (appointed 1 February 2005)	2
Mr. Z Ntsaluba	4

3.2 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.

3.3 Evaluation of the effectiveness of internal controls

In meeting its responsibilities and in the execution of its duties, the Audit committee carried out an evaluation of the effectiveness of internal controls to assess their appropriateness and effectiveness. To this end, the Audit committee:

- Reviewed the activities of the internal audit function to determine the effectiveness thereof and to ensure that no unjustified restrictions or limitations were made.
- Reviewed the internal audit reports, including the response of management to issues raised therein.
- Reviewed the operational effectiveness of the department's policies systems and procedures.
- Reviewed the effectiveness of the system for monitoring compliance with relevant laws and regulations.
- Reviewed the quality of financial information.

Significant areas of concern have been reported by the Auditor General under emphasis of matter and in the management letter. In certain instances, the weakness reported previously has not been fully and satisfactory resolved. The effect of these instances has been included in the report of the Accounting Officer.

3.4 Evaluation of the quality of management and monthly reports

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

3.5 Evaluation of Financial statements

The Audit committee has:

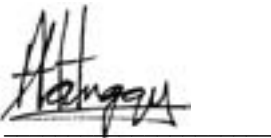
- Reviewed the external audit scope to ensure that the critical areas of the business are being addressed.
- Reviews and discussed the audited annual financial statements to be included in the annual report with the Auditor General and the Accounting Officer.
- Reviewed the Auditor General's management letter and management's response thereto.

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.

The following matters have an impact on the Audit report under emphasis of matter:

- Rental debtors
- Asset management
- Special investigation
- General controls
- Internal controls
- Property Management Information System (PMIS)
- Intergovernmental receivables

The Audit committee has discussed these matters with Senior Management in the department and has evaluated the plans management has instituted to minimize the recurrence of similar matters in the future. The audit committee accepts the corrective measures being introduced by Senior Management in this regard.



A. Sangqu
Chairperson of the Audit Committee
Date: 10 August 2005

4. Annual Financial Statements

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF PUBLIC WORKS FOR THE YEAR ENDED 31 MARCH 2005

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 40 to 71, for the year ended 31 March 2005, have been audited in terms of the provisions 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). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require the audit to be planned and performed 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 included in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No.1 of 2005.

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

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the department of Public Works at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA).

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matter:

4.1 RENTAL DEBTORS

In paragraph 5.1.1 of the previous audit report, various weaknesses were highlighted regarding rental debtors. For the period under review the following weaknesses still existed:

- Inadequate control over rental debtors.
- Interests were not levied for the full period under review.
- At year end rental debtors to the value of R13 933 944 were outstanding for 90 days and longer.

4.2 ASSET MANAGEMENT

In paragraph 5.2.1 of the previous audit report it was mentioned that the asset register for moveable assets was not complete. DPW conducted a stock take which was finalised in February 2005. Although extensive measures were taken to update the assets register, audits conducted at the regional offices indicated that it was not always possible to verify the assets from the register to the physical location. This was mainly due to the incompleteness of the asset registers and a lack of proper identification of the assets.

4. Annual Financial Statements

4.3 FOLLOW-UP REVIEW OF THE INFORMATION
SYSTEMS AUDIT OF THE GENERAL AND
APPLICATION CONTROLS

A review of a follow-up audit by internal audit of the actions taken by management to address the previously reported audit findings was completed in July 2005. Some progress had been made in addressing previously identified control weaknesses. However control weaknesses that could compromise data integrity, still existed.

4.3.1 General Controls

- The disaster recovery plan was still in the process of development at the time of the audit.
- Change control procedures had been drafted but had however not been approved and implemented.
- Relationships between data elements within the database had been defined, but data dictionary and maintenance procedures had not been developed.
- User account management procedures had been revised but still did not address critical processes such as resetting of passwords, logging and periodic review of user activity as well regular review of the appropriateness of user access.
- Service level agreements between information systems and business units had not been finalised.

4.3.2 Property Management Information System
(PMIS)

Formal registration and termination procedures had been drafted and implemented. However, these procedures did not adequately address the evaluation of the appropriateness of access rights to the applications granted to users at the time of registration of new users or when users were transferred to functional areas.

- Although the activities of application administrators were being logged and reviewed, critical activities such as changes to application security parameters, were not being monitored.

Management has committed in resolving these control weaknesses with specific action plans and target dates.

4.4 SPECIAL INVESTIGATION

The investigation into allegations of irregularities in the procurement division as referred to in my previous audit report, was finalised and submitted to DPW on 8 March 2005. On 14 July 2005, DPW indicated that a disciplinary hearing is in the process of being arranged.

At the date of writing this report the outcome was not yet communicated to this Office.

4.5 INTER-GOVERNMENTAL RECEIVABLES

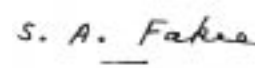
As reflected in Annexure 5 of the annual financial statements, of the inter-governmental receivables amounting to R 533 440 000 an amount of R95 807 000 was not confirmed at year end. As no confirmations letters were sent out to client departments, the confirmed balance of R437 633 000 has been based on actual receipts after year end. As indicated in the Annexure 5 an amount of R29 440 000 has not been allocated to client departments.

Note 13 to the annual financial statements, reflects an amount of R437 633 000 and R95 807 000 outstanding for less than one and three years respectively.

DPW indicated that the non-confirmation of the inter-governmental receivables is due to the conversion from BAS to ScoA and the resultant follow up processes that emanated from the conversion. Challenges are experienced with the recovery of expenditure incurred on ad-hoc projects on behalf of client departments.

5. APPRECIATION

The assistance rendered by the management and staff of the DPW during the audit is appreciated.



S.A. Fakie
Auditor-General
Pretoria
Date: 31 July 2005

4. Annual Financial Statements

MANAGEMENT REPORT FOR THE YEAR
ENDED 31 MARCH 2005.Report by the Accounting Officer to the Executive
Authority and Parliament of the Republic of South
Africa.

General review of the state of affairs

The continued focus of the Department during the year under review 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 R5,5 billion for its own account during the year under review. Included in the R5.5 billion was a special allocation of R598 million advanced during the year to pay off arrear municipal rates and services. This allocation was made on the basis of claims submitted to the Department of Local Government. An amount of R209 million originally earmarked for payment of such arrear municipal rates and services remained unspent at year-end due to delays on the part of the municipalities to provide credible information to support their claims. An application has been made to National Treasury to roll over R100 million of the said funds to the 2005/06 financial year as we anticipate that a number of municipalities may still be able to demonstrate bona fide claims due to them - particularly small municipalities who may have not been successful in proving their claims by 31 March 2005 due to capacity constraints.

As per the undertaking I made to SCOPA on 20 October 2004, I am pleased to report that my department has been able to keep expenditure levels to the budget allocation.

In addition, my department, through its agency function managed an estimated R2 billion on behalf of its client departments during the year under review. It is my pleasure to report that with the exception of one client, my department has been able to fully spend all the budget allocations of its clients.

Good progress has been made with implementing one of Government's flagship programmes, the EPWP and compiling a government-wide immovable asset management framework during the year under review.

Reclassification of costs and impact on comparative
figures

In line with the financial reporting reforms currently underway, some costs had been reclassified during the year under review to comply with the Standard Chart of Accounts (SCoA) reporting framework. The effect of such costs reclassification brought about significant changes on a year-on-year comparison of "Goods and Services" as well as the "Building and other fixed structures" expenditure items as reported in the "Statement of Financial Performance".

Analysis of Expenditure Trends

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

Expenditure Line Item	2004/05 (R'000)	2003/04 (R'000)
Compensation of Employees	450 947	391 224
Goods and Services	3 360 166	2 503 895
Buildings and other fixed structures	292 918	691 441
Financial transactions in assets and liabilities	73 011	9 391
Machinery and Equipment	42 505	30 283

The reasons for the significant changes are:

Compensation of Employees:

This increase is as a result of an increase in the average number of employees during the two financial years from 4470 to 4671 as well as the general increase in salaries and wages of 6.5% during the year under review

Goods and Services:

The R856, 952 increase is as a result of reclassification of the "Maintenance expenditure" which in the previous year was classified under "Buildings and other fixed structures". The classification change was done to comply with National Treasury reporting format. An increased budget was further allocated to this expenditure item during the year under review.

4. Annual Financial Statements

Buildings and other fixed structures:

The change is as a result of the reclassification referred to above.

Financial transactions in assets and liabilities:

The increase is as a result of "Suspense Accounts" written off during the year under review.

Machinery and Equipment:

The increase is as a result of office furniture and equipment acquired during the year to replace obsolete equipment and for the increased staff at senior level appointed during the year.

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 optimize 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 provides agency services to its client departments free of charge.

Capacity Constraints

The Department is implementing a large-scale Service Delivery Improvement Programme as part of its strategic drive to improve customer service and value for money to its clients. This programme includes setting service delivery standards, introducing more business-like management methods, and entering into service level agreements with client departments. Problems of capacity are also receiving attention through the recruitment of learners and interns onto mentorship programmes within the department.

Public Entities

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

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

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 R25, 185 000.00. 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 million. 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. Annual Financial Statements

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 and Foreign Affairs where, head offices of these departments are being procured through PPP's. The Department also played a supportive role in the acquisition of four "New Generation Prisons" by the department of Correctional services.

Corporate Governance Arrangements

The audit committee and internal audit function have been fully functional in the Department during the year under review. To demonstrate its zero tolerance approach to fraud and corruption, the Department adopted a revised Fraud Prevention Plan. To fast track the implementation of the plan, the Department co-sourced the services of Deloitte's consortium. The additional capacity acquired will:

- Enhance the ability to detect and investigate instances of alleged fraud and corruption.
- Develop and implement a comprehensive Fraud Awareness Programme which will create a culture of good business ethics within the Department.
- Build the internal capacity through a structured skills transfer programme to the Department's Fraud Investigation personnel.

Events After the Reporting Date

As at the end of the financial year, a significant amount specifically allocated to settle for municipal arrear Rates and services remained unused due in part to failure on the part of some municipalities to provide adequate documentation to support their claims. A roll over request of R100 million has been requested from National Treasury to alleviate the need for additional funds for the payment of these claims in the 2005/06 financial year.

Amounts incurred for and on behalf of client departments prior to the balance sheet date but received subsequent to financial year-end amounted to R473 633 000.00.

Comments on the Audit Report

I have noted with appreciation the unqualified audit report accorded to the department by the Auditor General which testifies to the department's unwavering commitment to fair reporting on its financial affairs. My management will develop an action plan to address the issues raised as emphasis of matter points in the audit report. May I also take this opportunity to thank the Audit Committee for their support, particularly the Chairperson for the keen interest he continues to display in assisting me in steering the department to sound corporate governance practices. Finally, my special word of appreciation goes to all the staff of the department whose efforts bear testimony to the improved audit report.

Approval

The annual financial statements set out on pages 40 to 71 have been approved by the Accounting Officer.



James Maseko
Director General
Date: 31 July 2005



4. Annual Financial Statements

DEPARTMENT OF PUBLIC WORKS VOTE 6

4.3 Statement of Accounting Policies and Related Matters for the year ended 31 March 2005.

The Annual 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 Annual 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully complied with in the Annual Financial Statements: GRAP 1, 2 AND 3.

1. Basis of preparation

The Annual 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 recognized when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Appropriated Funds

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National/Provincial Expenditure. Unexpected voted funds are surrendered to the National/Provincial Revenue Fund, unless otherwise stated.

Departmental Revenue

Tax revenue

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

Sale of good and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised as revenue in the statement of financial performance on receipts of the funds.

Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipts of the funds.

Interest, dividends and rent on land

Interest and dividends received are recognised upon receipt of the funds, and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the Statement of Financial Performance of the department and then transferred to the National/Provincial Funds. Revenue received from the rent of land is recognised in the statement of financial performance on receipt of the funds.

Sale of capital assets

The proceeds from the sale of capital assets are recognised as revenue in the statement of financial performance on receipt of the funds.

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

Local and Foreign Aid Assistance

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the situation where the department is allowed to retain surplus funds, these funds are shown as a reserve.

4. Annual Financial Statements

Statement of Accounting Policies and Related Matters for the year ended 31 March 2005.

3. Expenditure

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. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employees. Social contributions are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

Long-term employee benefits and other post employment benefits

Termination benefits

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the Annual Financial Statements of the Department.

Post employment retirement benefits

The department provides retirement 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. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the National/Provincial Revenue Fund and not in the Annual Financial Statements of the employer department.

Other employee benefits

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

Goods and Services

Payments made for goods and/or services are recognised as expenses in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services were used on a capital project.

Interest and Rent on Land

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. This item excludes rental on the use of buildings or other fixed structures.

Financial Transactions in Assets and Liabilities

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

4. Annual Financial Statements

Statement of Accounting Policies and Related Matters for the year ended 31 March 2005.

Unauthorised Expenditure

Unauthorised expenditure, is defined as:

- The overspending of a vote or a main division within a vote, or
- Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

Irregular Expenditure

Irregular expenditure is defined as:

Expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement of any applicable legislation, including:

- the Public Finance Management Act
- the State Tender Board Act, or any regulations made in terms of this act, or
- any provincial legislation providing for procedures in that provincial government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is defined as: expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore:

- it must be recovered from a responsible official (a debtor account should be raised), or
- the vote. (If responsibility cannot be determined.)

Such expenditure is treated as a current in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

4. Transfers and Subsidies

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

5. Expenditure for Capital Assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. 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.

6. Investments

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and other investments. Investments are shown at cost. On disposal of an investment, the surplus/ (deficit) are recognised as revenue in the Statement of Financial Performance.

7. Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset of as income in the Statement of Financial Performance, as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

8. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. Annual Financial Statements

Statement of Accounting Policies and Related Matters for the year ended 31 March 2005.

9. Payable

Payable are not normally recognised under the modified cash basis of accounting. However, payable includes in the Statement of Financial Position arise from advances received that are due to the Provincial/ National Revenue Fund or another party.

10. Lease Commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting. Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

11. Accruals

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but final authorisation for payment has not been effected on the system. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

12. Contingent Liability

This 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 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 not recognised in the Statement of Financial position, but the information is disclosed as part of the disclosure notes.

13. Commitments

This amount represents good/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of financial position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

14. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

15. Recoverable revenue

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

16. Comparative figures

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the department may reasonably have available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the Cash Flow Statements as this would involve reclassification of amounts dating back to the 2002/03 year-end.

4. Annual Financial Statements

DEPARTMENT OF PUBLIC WORKS VOTE 6

4.4 Appropriation Statement for the year ended 31 March 2005.

APPROPRIATION PER PROGRAMME									
	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	238,071	-	29,345	267,416	266,926	490	99.8%	221,111	212,167
Transfers and subsidies	-	-	-	-	468	-468		-	-
Expenditure for capital assets	37,000	-	-12,613	24,387	24,409	-22	100.1%	56,203	18,926
2. Provision of Land and Accommodation									
Current payment	2,996,244	-	-77,544	2,918,700	2,913,454	5,246	99.8%	2,591,302	2,653,355
Transfers and subsidies	1,432,326	-	-109,253	1,323,073	1,042,417	280,656	78.8%	727,893	765,648
Expenditure for capital assets	724,179	-	117,457	841,636	846,800	-5,164	100.6%	710,560	698,865
3. National Public Works Programme									
Current payment	40,934	-	27,905	68,839	68,618	221	99.7%	42,874	31,685
Transfers and subsidies	28,036	-	-	28,036	28,179	-143	100.5%	284,474	278,730
Expenditure for capital assets	-	-	-	-	78	-78		449	230
4. Auxiliary and Associated Services									
Current payment	1,433	-	23,000	24,433	24,446	-13	100.1%	1,144	1,783
Transfers and subsidies	15,036	-	1,703	16,739	16,110	629	96.2%	15,275	11,734
Expenditure for capital assets	650	-	-	650	-	650	-	700	923
5. Special Functions - Theft and Losses									
Current payment	-	-	-	-	73,011	-73,011		-	8,300
Subtotal	5,513,909	-	-	5,513,909	5,304,916	208,993	96.2%	4,651,985	4,682,346
Statutory Appropriation									
Total	5,513,909	-	-	5,513,909	5,304,916	208,993	96.2%	4,651,985	4,682,346
Departmental receipts				41,194				36,017	
Actual amounts per Statement of Financial Performance (Total Revenue)				5,555,103				4,688,002	
Local and foreign aid assistance					338				1,022
Actual amounts per Statement of Financial Performance Expenditure					5,305,254				4,683,368

4. Annual Financial Statements

Appropriation Statement for the year ended 31 March 2005.

APPROPRIATION PER PROGRAMME									
	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation to employees	464,844	-	-13,759	451,085	450,947	138	100.0%	453,259	391,224
Goods and services	2,800,467	-	557,053	3,357,520	3,360,166	-2,646	100.1%	2,394,850	2,503,895
Interest and rent on land	4,802	-	-4,802	-	-	-	-	4,531	-
Financial transactions in assets and liabilities	-	-	-	-	73,011	-73,011		2,287	9,391
Transfers & subsidies									
Provinces & municipalities	1,433,505	-	-109,245	1,324,260	1,041,065	283,195	78.6%	990,569	1,022,285
Departmental agencies & accounts	31,136	-	-1,266	29,870	28,036	1,834	93.9%	25,307	24,548
Foreign governments & international organisations	11,935	-	1,703	13,638	14,280	-642	104.7%	12,054	9,279
Public corporations & private enterprises	-	-	290	290	46	244	15.9%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	351	-	1,603	1,954	1,918	36	98.2%	1,216	-
Payment on capital assets									
Buildings & other fixed structures	724,179	-	-431,524	292,655	292,918	-263	100.1%	689,642	691,441
Machinery & equipment	42,665	-	-30	42,635	42,505	130	99.7%	78,243	30,283
Software & other intangible assets	-	-	2	2	24	-22	1200.0%	-	-
Land & subsoil assets	25	-	-25	-	-	-	-	27	-
Total	5,513,909	-	-	5,513,909	5,304,916	208,993	96.2%	4,651,985	4,682,346

4. Annual Financial Statements

Detail Per Programme 1 - Administration for the year ended 31 March 2005.

Programme Per Subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Minister									
Current payment	791	-	374	1,165	1,169	-4	100.3%	713	2,291
1.2 Deputy Minister									
Current payment	585	-	295	880	888	-8	100.9%	552	1,526
1.3 Management									
Current payment	49,501	-	-3,287	46,214	45,718	496	98.9%	33,370	53,642
Expenditure for capital assets	-	-	-	-	99	-99		37,305	12,275
1.4 Corporate Services									
Current payment	187,194	-	31,963	219,157	219,151	6	100.0%	186,476	154,708
Expenditure for capital assets	37,000	-	-12,613	24,387	24,310	77	99.7%	18,898	6,651
Total	275,071	-	16,732	291,803	291,803	-	100.0%	277,314	231,093

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation to employees	125,335	-	-6,307	119,028	119,028	-	100.0%	127,251	96,921
Goods and services	112,080	-	35,817	147,897	147,897	-	100.0%	92,271	115,246
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	85	-
Transfers & subsidies									
Provinces & municipalities	306	-	6	312	348	-36	111.5%	289	-
Public corporations & private enterprises	-	-	40	40	43	-3	107.5%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	350	-	-211	139	78	61	56.1%	1,215	-
Payments for capital assets									
Machinery & equipment	37,000	-	-12,613	24,387	24,387	-	100.0%	56,203	18,926
Total	275,071	-	16,732	291,803	291,803	-	100.0%	277,314	231,093

4. Annual Financial Statements

Detail per Programme 2 - Provision of Land and Accommodation for the year ended 31 March 2005.

Programme Per Subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Capital Works									
Expenditure for capital assets	284,426	-	8,229	292,655	292,655	-	100.0%	238,266	271,069
2.2 Property Management									
Current payment	2,670,472	-	120,704	2,791,176	2,788,027	3,149	99.9%	2,344,557	2,326,818
Transfers and subsidies	1,432,326	-	-109,253	1,323,073	1,041,621	281,452	78.7%	727,893	765,648
Expenditure for capital assets	439,753	-	109,228	548,981	553,093	-4,112	100.7%	443,952	413,662
2.3 Asset Management									
Current payment	318,672	-	-299,450	19,222	18,892	330	98.3%	-	3,451
Expenditure for capital assets	-	-	-	-	285	-285		6,500	777
2.4 Administration									
Current payment	7,100	-	101,202	108,302	106,535	1,767	98.4%	246,745	323,086
Expenditure for capital assets	-	-	-	-	767	-767		21,842	13,357
Total	5,152,749	-	-69,340	5,083,409	4,802,671	280,738	94.5%	4,029,755	4,117,868

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	322,738	-	-5,285	317,453	317,313	140	100.0%	314,994	285,573
Goods and services	2,667,822	-	463,352	3,131,174	3,131,981	-807	100.0%	2,269,599	2,363,911
Interest and rent on land	4,802	-	-4,802	-	-	-	-	4,531	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	2,178	1,091
Transfers & subsidies									
Provinces & municipalities	1,433,168	-	-109,265	1,323,903	1,040,672	283,231	78.6%	727,893	765,648
Public corporations & private enterprises	-	-	250	250	3	247	1.2%	-	-
Households	-	-	452	452	1,742	-1,290	385.4%	-	-
Capital									
Buildings & other fixed structures	724,179	-	-431,524	292,655	292,918	-263	100.1%	689,642	691,441
Machinery & equipment	15	-	17,505	17,520	18,040	-520	103.0%	20,891	10,204
Software & other intangible assets	-	-	2	2	2	-	100.0%	-	-
Land & subsoil assets	25	-	-25	-	-	-	-	27	-
Total	5,152,749	-	-69,340	5,083,409	4,802,671	280,738	94.5%	4,029,755	4,117,868

4. Annual Financial Statements

Detail Per Programme 3 - National Public Works Programme for the year ended 31 March 2005.

Programme Per Subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Construction Industry Development Programme									
Current payment	25,934		18,380	44,314	44,176	138	99.7%	16,915	10,765
Transfers and subsidies	28,036			28,036	28,167	-131	100.5%	22,087	22,093
Expenditure for capital assets				-	7	-7		449	84
3.2 Community Based Public Works Programme									
Current payment				-		-	-	25,959	20,920
Transfers and subsidies				-		-	-	262,387	256,637
Expenditure for capital assets				-		-	-		146
3.3 Expanded Public Works Programme									
Current payment	15,000		9,525	24,525	24,442	83	99.7%		
Total	68,970	-	27,905	96,875	96,875	-	100.0%	327,797	310,645

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	16,771		-2,167	14,604	14,603	1	100.0%	11,014	8,730
Goods and services	19,132		34,883	54,015	54,015	-	100.0%	31,836	22,955
Financial transactions in assets and liabilities				-		-	-	24	
Transfers & subsidies									
Provinces & municipalities	31		14	45	45	-	100.0%	262,387	256,637
Dept agencies & accounts	28,036			28,036	28,036	-	100.0%	22,087	22,093
Households			97	97	98	-1	101.0%		
Capital									
Machinery & equipment	5,000		-4,922	78	78	-	100.0%	449	230
Total	68,970	-	27,905	96,875	96,875	-	100.0%	327,797	310,645

4. Annual Financial Statements

Detail per Programme 4 - Auxillary and Associated Services for the year ended 31 March 2005.

Programme Per Subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Compensation for Losses									
Current payment	1,342			1,342		1,342	-	1,053	1,435
4.2 Distress Relief									
Transfers and subsidies	1			1		1	-	1	
4.3 Loskop Settlement									
Current payment	1			1		1	-	1	
4.4 Assistance to Organisations for Preservation of National Memorials									
Transfers and subsidies	11,935		1,703	13,638	14,282	-644	104.7%	12,054	9,279
4.5 Grant-in-aid									
Transfers and subsidies	1,430			1,430	1,828	-398	127.8%	1,550	1,734
4.6 Decorations for Public Functions									
Current payment	90		23,000	23,090	24,446	-1,356	105.9%	90	348
4.7 Government Motor Transport									
Expenditure for capital assets	650			650		650	-	700	923
4.8 Sectoral Education and Training Authority									
Transfers and subsidies	1,670			1,670		1,670	-	1,670	721
Total	17,119	-	24,703	41,822	40,556	1,266	97.0%	17,119	14,440

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Goods and services	1,433		23,001	24,434	26,273	-1,839	107.5%	1,144	1,783
Transfers & subsidies									
Dept agencies & accounts	3,100		-1,266	1,834		1,834	-	3,220	2,455
Foreign governments & international organisations	11,935		1,703	13,638	14,280	-642	104.7%	12,054	9,279
Households	1		1,265	1,266		1,266	-	1	
Capital									
Machinery & equipment	650			650	-	650	-	700	923
Total	17,119	-	24,703	41,822	40,556	1,266	#DIV/0!	17,119	14,440

4. Annual Financial Statements

Detail Per Programme 5 - Special Functions - Theft and Losses
for the year ended 31 March 2005.

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Theft & Losses									
Current payment					73,011	-73,011			8,300
Total	-	-	-	-	73,011	-73,011		-	8,300

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of Final Appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Financial transactions in assets and liabilities				-	73,011	-73,011			8,300
Total	-	-	-	-	73,011	-73,011		-	8,300

4. Annual Financial Statements

4.5 Notes to the Appropriation Statement
for the year ended 31 March 2005.1. Detail of transfers and subsidies as per
Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 11 (Transfers and subsidies) and Annexure 1A 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:

	Voted Funds after Virement	Actual Expenditure	R'000	%
Administration	No Material variance on this programme 100% spending.			
	291,803	291,803	-	100
Provision of Land and Accomodation	The total savings of R280,7million realised on this programme is mainly from rates and taxes.			
	5,083,409	4,802,671	280,738	95
National Public Works Programme	No Material variance on this programme 100% spending.			
	96,875	96,875	-	100
Auxilliary and Associated Services	No Material variance on this programme 100% spending			
	41,822	40,556	1,200	97
Special Functions (Theft and Losses)	The total amount of R71.7 is mainly made by criminal acts or ommision of R 0,7 million, Irrecoverable debts of R8.4million, Vis major of R13.4million, Unavoidable expenditure of R48. million and Fruitless rent of R1.2million.			

4.2 Per economic classification:

R'000

Current expenditure

Compensation of employees
Goods and services
Interest and rent on land
Financial transactions in assets and liabilities
Unauthorised expenditure approved

Transfers and subsidies

Provinces and municipalities
Departmental agencies and accounts
Universities and technikons
Public corporations and private enterprises
Foreign governments and international organisations
Non-profit institutions
Households

280,738

Payments for capital assets

Buildings and other fixed structures
Machinery and equipment
Heritage assets
Biological assets
Software and other intangible assets
Land and sub soil assets

4. Annual Financial Statements

4.6

Statement of Financial Performance for the year ended 31 March 2005.

	Note	2004/05 R'000	2003/04 R'000
REVENUE			
Annual appropriation	1.	5,513,909	4,651,985
Departmental revenue	2.	41,194	36,017
TOTAL REVENUE		<u>5,555,103</u>	<u>4,688,002</u>
EXPENDITURE			
Current expenditure			
Compensation of employees	4.	450,947	391,224
Goods and services	5.	3,360,166	2,503,895
Financial transactions in assets and liabilities	6.	73,011	9,391
Local and foreign aid assistance	3.	338	1,022
Total current expenditure		<u>3,884,462</u>	<u>2,905,532</u>
Transfers and subsidies	9.	1,085,345	1,056,112
Expenditure for capital assets			
Buildings and other fixed structures	10.	292,918	691,441
Machinery and Equipment	10.	42,505	30,283
Software and other intangible assets	10.	24	-
Total expenditure for capital assets		<u>335,447</u>	<u>721,724</u>
TOTAL EXPENDITURE		<u>5,305,254</u>	<u>4,683,368</u>
NET SURPLUS/(DEFICIT)		249,849	4,634
Add back unauthorised expenditure	7.	-	30,361
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>249,849</u>	<u>34,995</u>
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds to be surrendered to the Revenue Fund	14.	208,993	-
Departmental revenue to be surrendered to revenue fund	15.	41,194	36,017
Local and foreign aid assistance	3.	-338	-1,022
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>249,849</u>	<u>34,995</u>

4. Annual Financial Statements

Statement of Financial Position as at 31 March 2005.

	Note	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets			
Unauthorised expenditure	7.	345,474	345,476
Fruitless and wasteful expenditure	8.	39,751	40,951
Cash and cash equivalents	11.	161	1,609
Prepayments and advances	12.	4,700	4,076
Receivables	13.	542,005	336,301
TOTAL ASSETS		<u>932,091</u>	<u>728,413</u>
LIABILITIES			
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	14.	208,993	-
Departmental revenue to be surrendered to the Revenue Fund	15.	6,660	4,708
Bank overdraft	16.	657,695	637,895
Payables	17.	55,981	82,710
Local and foreign aid assistance unutilised	3.	2,762	3,100
TOTAL LIABILITIES		<u>932,091</u>	<u>728,413</u>

4. Annual Financial Statements

4.7

Cash Flow Statement for the year ended 31 March 2005.

	Note	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		5,340,484
Annual appropriated funds received		5,513,909
Departmental revenue received		32,903
Net (increase)/decrease in working capital		-206,328
Surrendered to Revenue Fund		-39,242
Current payments		-3,909,989
Transfers and subsidies paid		-1,085,345
Net cash flow available from operating activities	18.	305,908
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets		-335,447
Proceeds from sale of capital assets	2.	8,291
Net cash flows from investing activities		-327,156
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in loans received		-
Net increase/(decrease) in cash and cash equivalents		-21,248
Cash and cash equivalents at beginning of period		-636,286
Cash and cash equivalents at end of period		-657,534

4. Annual Financial Statements

4.8

Notes to the Annual Financial Statements for the year ended 31 March 2005.

1. Annual Appropriation

1.1 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	Variance over/(under) R'000	Total Appropriation 2003/04 R'000
Administration	291,803	291,490	313	277,314
Provision of Land and Accommodation	5,083,409	5,010,731	72,678	4,029,755
National Public Works Programme	96,875	96,855	20	327,797
Auxiliary and Associated Services	41,822	41,822	-	17,119
Special Functions - Theft and Losses	-	73,011	-73,011	-
Total	5,513,909	5,513,909	-	4,651,985

2. Departmental revenue to be surrendered to revenue fund

Description

	Note	2004/5 R'000	2003/4 R'000
Sales of goods and services other than capital assets		23,198	2,041
Fines, penalties and forfeits		2,261	2,710
Interest, dividends and rent on land		1,762	9,556
Sales of capital assets		8,291	8,002
Recoverable revenue received		-71	411
Financial transactions in assets and liabilities	2.1	5,753	13,297
Total revenue collected		41,194	36,017
Departmental revenue collected		41,194	36,017

2.1 Financial transactions in assets and liabilities

Nature of loss recovered

Cheques written back	1,602	4,181
Material losses recovered	2,699	3
Other	1,452	9,113
	5,753	13,297

4. Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2005.

3. Local and foreign aid assistance

3.1 Assistance received in cash

Name of donor and purpose

Local

Foreign

European Union

Opening Balance	Revenue	Expenditure	Closing balance
3,100		338	2,762
3,100	-	338	2,762

Analysis of balance

Local and foreign aid unutilised

Closing balance

2,762	3,100
2,762	3,100

Foreign

4. Compensation of employees

4.1 Salaries and wages

Basic salary

Performance award

Service Based

Compensative/circumstantial

Periodic payments

Other non-pensionable allowances

2004/05 R'000	2003/04 R'000
313,625	264,818
10,917	19,140
2,583	27
8,795	8,447
4,221	2,958
44,091	39,765
384,232	335,155

4.2 Social contributions

4.2.1 Short term employee benefits

Pension

Medical

UIF

Bargain council

Insurance

45,768	36,688
20,808	19,267
1	17
137	97
1	
66,715	56,069

Total compensation of employees

Average number of employees

450,947	391,224
4,671	4,470

4. Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2005.

5. Goods and services

Advertising

Attendance fees (including registration fees)

Bank charges and card fees

Bursaries (employees)

Communication

Computer services

Consultants, contractors and special services

Courier and delivery services

Drivers licences and permits

Entertainment

External audit fees

Equipment less than R5 000

Freight service

Government motor transport

Helicopter services

Inventory

Learnerships

Legal fees

Maintenance, repair and running costs

Medical services

Operating leases

Personnel agency fees

Photographic services

Plant flowers and other decorations

Printing and publications

Professional bodies and membership fees

Resettlement costs

Subscriptions

Owned and leasehold property expenditure

Transport provided as part of the departmental activities

Travel and subsistence

Venues and facilities

Protective, special clothing & uniforms

Training & staff development

Municipal Services

Previous years unallocated items

Note	2004/05 R'000	2003/04 R'000
	8,811	40,357
	-	157
	389	199
	2,163	2,341
	21,129	17,059
	659	
	115,485	41,793
	822	
	18	
	1,216	692
5.1	17,785	17,469
	2,928	
	139	
	2	6,275
	60	
5.2	32,842	35,826
	49	
	3,367	693
	879,057	352,054
	24	
	1,113,070	954,782
	2,386	
	336	
	792	
	867	
	191	
	3,097	119
	71	
	37,633	13,795
	1,811	
5.3	60,115	46,677
	1,206	
	434	
	12,289	4,704
	1,038,919	963,966
	4	4,937
	3,360,166	2,503,895

4. Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2005.

	2004/05 R'000	2003/04 R'000
5.1 External audit fees		
Regulatory audits	17,128	17,469
Performance audits	657	
Total external audit fees	17,785	17,469
5.2 Inventory		
Other inventory	-	13,733
Strategic stock	20	
Domestic Consumables	16,535	12,180
Learning and teaching support material	25	554
Food and Food supplies	30	3
Fuel, oil and gas	3,302	2,454
Laboratory consumables	43	79
Other consumables	249	
Parts and other maint mat	3,471	1,421
Stationery and Printing	8,976	5,401
Restoration and fittings	189	
Medical Supplies	2	1
Total Inventory	32,842	35,826
5.3 Travel and subsistence		
Local	59,077	46,402
Foreign	1,038	275
Total travel and subsistence	60,115	46,677
6. Financial transactions in assets and liabilities		
Material losses through criminal conduct	6.1 744	904
Other material losses written off	6.2 62,568	6,996
Debts written off	6.3 9,699	1,491
	73,011	9,391
6.1 Material losses through criminal conduct		
Nature of losses		
Criminal acts (burglary)	11	904
Criminal acts (buildings)	464	
Criminal acts (fraud)	269	
	744	904
6.2 Other material losses written off in Statement of Financial Performance		
Nature of losses		
Unavoidable Expenditure	40,759	-
Vis major	13,393	3,731
Damages and Losses	7,245	2,729
other	1,171	536
	62,568	6,996

4. Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2005.

	2004/05 R'000	2003/04 R'000
6.3 Bad debts written off		
Nature of debts written off		
Irrecoverable Debts	8,430	400
Irrecoverable Debts State guarantees	1,266	1,091
other	3	
	9,699	1,491
6.4 Details of theft and losses		
Special Functions:Theft and Losses	71,745	8,300
	71,745	8,300
7. Unauthorised expenditure		
7.1 Reconciliation of unauthorised expenditure		
Opening balance	345,476	315,025
Unauthorised expenditure - current year	-	30,361
Transfer to receivables for recovery	-2	90
Unauthorised expenditure awaiting authorisation	345,474	345,476
7.2 Unauthorised expenditure		
Incident	Disciplinary steps taken/criminal proceedings	Total
1998 - 2000	Non compliance with Treasury Regulations	35,601
2000 - 2001	Overspending on programme 1 and losses	10,568
2001 - 2004	Overspending on programme 2 and losses	299,307
		345,476

Awaiting SCOPA resolution

8. Fruitless and wasteful expenditure

8.1 Reconciliation of fruitless and wasteful expenditure		
Opening balance	40,951	41,040
Transfer of Statement of Financial Performance - authorised losses	-1,200	-89
Fruitless and wasteful expenditure awaiting condonement	39,751	40,951
Fruitless and wasteful expenditure		
Incident	Disciplinary steps taken/criminal proceedings	
	Authorised losses	40,941
		-1,190
		39,751

4. Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2005.

	Note	2004/05 R'000	2003/04 R'000
9. Transfers and subsidies			
Provinces and municipalities	ANNEXURE 1A	1,041,065	1,022,285
Departmental agencies and accounts	ANNEXURE 1B	28,036	24,548
Foreign governments and international organisations	ANNEXURE 1D	14,280	9,279
Public corporations and private enterprises	ANNEXURE 1C	46	
Households	ANNEXURE 1E	1,918	
		1,085,345	1,056,112
10. Expenditure for capital assets			
Buildings and other fixed structures	ANNEXURE 3	292,918	691,441
Machinery and equipment	ANNEXURE 3	42,505	30,283
Software and other intangible assets	ANNEXURE 4	24	-
Total		335,447	721,724
11. Cash and cash equivalents			
Cash on hand		161	1,609
		161	1,609
12. Prepayments and advances			
Description			
Staff advances		85	25
Travel and subsistence		466	289
Prepayments		3,238	-
Advances paid to other entities		-	3,123
Claims recoverable		911	639
		4,700	4,076

4. Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2005.

				2004/05 R'000	2003/04 R'000
13. Receivables					
		Less than one year	One to three years	Older than three years	Total
Amounts owing by other entities	ANNEXURE 5	437,633	95,807	-	533,440
Staff debtors	13.1	-4,255	727	10,543	7,015
Clearing accounts	13.2	-	-	-	2,705
Other debtors	13.3	-12,952	13,714	788	1,550
		420,426	110,248	11,331	542,005
13.1 Staff debtors					
Personnel Debt				6,433	9,266
Salary accounts				582	768
				7,015	10,034
13.2 Clearing accounts					
Inter Responsibility Clearing				-	2,705
				-	2,705
13.3 Other debtors					
Disallowances				1,538	32,655
Other				12	-405
				1,550	32,250
14. Voted Funds to be surrendered to the Revenue Fund					
Transfer from Statement of Financial Performance				208,993	-
Closing balance				208,993	-
15. Departmental revenue to be surrendered to revenue fund					
Opening balance				4,708	4,964
Transfer from Statement of Financial Performance				41,194	36,017
Paid during the year				-39,242	-36,273
Closing balance				6,660	4,708

4. Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2005.

				2004/05 R'000	2003/04 R'000
16. Bank overdraft					
Paymaster General Account				657,695	637,895
				657,695	637,895
17. Payables – current					
Description		30 Days	30+ Days	2004/05 Total	2003/04 Total
Amounts owing to other departments	ANNEXURE 6	18,977	21,112	40,089	60,263
Advances received	17.1	-	13,876	13,876	14,083
Clearing accounts	17.2	2,016	-	2,016	725
Other payables	17.3	-	-	-	7,639
		20,993	34,988	55,981	82,710
17.1 Advances received					
(Identify major categories, but list material items)					
Tender deposits				13,876	13,409
Acacia Park				-	674
				13,876	14,083
17.2 Clearing accounts					
Description					
(Identify major categories, but list material amounts)					
Telephone Erroneous Interface				-165	-967
Salary Clearing Accounts				1,464	1,692
Inter Responsible clearing				717	-
				2,016	725
17.3 Other payables					
Description					
(Identify major categories, but list material amounts)					
Unallocated Rental Debt				-	2,123
Housing Debtor System				-	2,599
Other Payables				-	2,917
				-	7,639

4. Annual Financial Statements

	Note	2004/05 R'000
18. Reconciliation of net cash flow from operating activities to surplus/(deficit)		
Net surplus/(deficit) as per Statement of Financial Performance		249,849
(Increase)/decrease in receivables - current		-205,704
(Increase)/decrease in prepayments and advances		-624
(Increase)/decrease in other current assets		1,202
Increase/(decrease) in payables - current		-26,729
Proceeds from sale of equipment		-8,291
Surrenders		-39,242
Capital expenditure		335,447
Net cash flow generated by operating activities		305,908

4. Annual Financial Statements

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2005.

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

	Note	2004/05 R'000	2003/04 R'000
19. Contingent liabilities			
Liable to	Nature		
Housing loan guarantees	Employees	ANNEXURE 2	6,543
Claims			159,505
Other departments (unconfirmed balances)	ANNEXURE 6	9,898	-
Capped Leave Commitments		20,826	23,096
		<u>196,772</u>	<u>59,834</u>

20. Commitments

Current expenditure

Approved and contracted	235,819	1,454,369
Approved but not yet contracted	<u>2,228,810</u>	<u>6,916,361</u>
	<u>2,464,629</u>	<u>8,370,730</u>

Capital expenditure

Approved and contracted	81,090	278,053
Approved but not yet contracted	<u>818,857</u>	<u>264,280</u>
	<u>899,947</u>	<u>542,333</u>

Total Commitments	<u>3,364,576</u>	<u>8,913,063</u>
--------------------------	------------------	------------------

21. Accruals

By economic classification	30 Days	30+ Days	Total	Total
Compensation of employees	521		521	157
Goods and services	69,861	28,881	98,742	92,913
Interest and rent on land	252		252	
Transfers and subsidies	14,481	58,588	73,069	127
Buildings and other fixed structures	9,461	11,273	20,734	52,313
Machinery and Equipment	142		142	1,938
			<u>193,460</u>	<u>147,448</u>

Listed by programme level

Programme 1	9,630	6,793
Programme 2	183,419	140,636
Programme 3	411	19
	<u>193,460</u>	<u>147,448</u>

Confirmed balances with other departments	ANNEXURE 6	11,961	-
		<u>11,961</u>	<u>-</u>

4. Annual Financial Statements

22. Employee benefits

	2004/05 R'000	2003/04 R'000
Leave entitlement	66,875	55,872
Thirteenth cheque	28,627	21,941
Performance awards	19,723	18,594
	<u>115,225</u>	<u>96,407</u>

23. Leases

23.1 Operating leases	Buildings & other fixed structures	Machinery & equipment	Total	Total
Not later than 1 year	849,344		849,344	826,557
Later than 1 year and not later than 3 years	1,456,701		1,456,701	1,454,322
Later than three years	662,150		662,150	1,097,832
Total present value of lease liabilities	<u>2,968,195</u>	-	<u>2,968,195</u>	<u>3,378,711</u>

24. Receivables for service delivered

Nature of service

(Group major categories, but list material items)		
Witwatersrand Agricultural Society - Sale of Land	5,800	5,600
Soccer City - Sale of Land	14,403	14,403
St Nuworld - Sale of Land	10,621	10,621
Honey Sucker Services	1,577	1,577
Ubuntu Home Builders	3,465	3,465
other	<u>1,892</u>	<u>2,284</u>
	<u>37,758</u>	<u>37,950</u>

Amounts of R 21 337 included above may not be recoverable.

25. Irregular expenditure

25.1 Reconciliation of irregular expenditure

Opening Balance	35,601	35,601
Irregular expenditure - current year		392
Transferred to Statement of Financial Performance - authorised losses (Condoned)		-392
Irregular expenditure awaiting condonement	<u>35,601</u>	<u>35,601</u>

Analysis

Prior years	35,601	35,601
	<u>35,601</u>	<u>35,601</u>

26. Senior management personnel

- The Minister, Deputy Ministers, Director-General	2,160	2,071
- Deputy Director Generals	<u>2,395</u>	<u>2,259</u>
	<u>4,555</u>	<u>4,330</u>

4. Annual Financial Statements

4.9

**Annexures to the Annual Financial Statements
for the year ended 31 March 2005.**

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2003/04
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Alfred Nzo				-		-			-	8,592
Amajuba				-		-			-	3,267
Amatole				-		-			-	16,773
Bojanala Platinum				-		-			-	10,374
Botlhabelo				-		-			-	8,800
Cacadu				-		-			-	2,479
Capricorn				-		-			-	18,286
Chris Han				-		-			-	9,516
Eastvaal				-		-			-	6,749
Ehlanzeni				-		-			-	11,845
Greater Sekhukhune				-		-			-	11,311
IDT CPU's				-		-			-	12,200
Llembe/King Shaka				-		-			-	5,551
Mopani				-		-			-	13,960
Nelson Mandela				-		-			-	400
Nkangala				-		-			-	14,171
O.R. Thambo				-		-			-	24,358
Sisonke				-		-			-	1,934
Thabo Mafutsanyana				-		-			-	8,207
Ugu				-		-			-	5,128
Ukhahlamba				-		-			-	4,522
Umgungundlovu				-		-			-	9,852
Umkhanyakude				-		-			-	5,535
Umzinyathi				-		-			-	5,435
Uthukela				-		-			-	4,737
Uthungulu				-		-			-	8,133
Vhembe				-		-			-	14,079
Waterberg				-		-			-	2,486
Zululand				-		-			-	7,957
Municipal Rates and Taxes				-		-			-	7,957
Municipalities	1,367,230			1,367,230	1,041,065	76.1%			-	765,649
	1,367,230	-	-	1,367,230	1,041,065			-	-	1,030,243

4. Annual Financial Statements

**Annexures to the Annual Financial Statements
for the year ended 31 March 2005.**

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2003/04
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Construction Industry Development Board	25,036			25,036	25,036	100.0%	
Management Professions	2,000			2,000	2,000	100.0%	1,000
Environment	1,000			1,000	1,000	100.0%	1,000
Parliament Village Management Board	290			290		-	
& Training Authority	-			-		-	1,732
Other	-			-		-	721
	-			-		-	7
	28,326	-	-	28,326	28,036		24,547

ANNEXURE 1C

STATEMENT OF TRANSFERSTO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2003/04
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Capital	Current	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Parliament Village	290			290	46	15.9%			-
Subtotal	290	-	-	290	46		-	-	-
Total	290	-	-	290	46		-	-	

ANNEXURE ID

STATEMENT OF TRANSFERS/SUBSIDIES TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2003/04
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Commonwealth war grave Com & UN	11,935		2,345	14,280	14,280	100.0%	9,279
	11,935	-	2,345	14,280	14,280		9,279
Total	11,935	-	2,345	14,280	14,280		9,279

4. Annual Financial Statements

Annexures to the Annual Financial Statements for the year ended 31 March 2005.

ANNEXURE 1E STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS

NON-PROFIT ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2003/04
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Subsidies							
				-	1,918		
	-	-	-	-	1,918		-
Total	-	-	-	-	1,918		-

ANNEXURE 2 STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 - LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original Guaranteed capital amount	Opening Balance 01/04/2004	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31 March 2005	Closing Balance 31/03/2005	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard	Housing	3,445	751	48	133		666	
Nedbank	Housing	2,169	411	-	-		411	
First Rand Bank	Housing	4,143	649	238	111		776	
ABSA	Housing	11,619	2,347	449	574		2,222	
Old Mutual Bank	Housing	901	82	93	-		175	
FBC Fidelity Bank	Housing	1,284	271	9	32		248	
BOE Bank NBS Div	Housing	1,447	299	58	63		294	
Saambou	Housing	2,823	687	26	116		597	
Perm	Housing	4,904	739	246	60		925	
VBS Mutual Bank	Housing	432	50	37	-		87	
Unibank	Housing	51	10	-	-		10	
The African Bank	Housing	75	11	-	-		11	
Cape of Good Hope Bank	Housing	485	48	-	-		48	
BOE Bank Boland Div	Housing	58	12	-	-		12	
Free State Sev Corp	Housing	313	40	21	-		61	
		34,149	6,407	1,225	1,089	-	6,543	-
		-	-	-	-	-	-	-
	Total	34,149	6,407	1,225	1,089	-	6,543	-

4. Annual Financial Statements

Annexures to the Annual Financial Statements for the year ended 31 March 2005.

ANNEXURE 3 PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Additions	Disposals	Transfers in	Transfers Out
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	292,918	-	-	-
Dwellings				
Non-residential buildings	292,918			
Capital work in progress				
MACHINERY AND EQUIPMENT	42,505	-	-	-
Computer equipment	8,531			
Furniture and office equipment	31,862			
Other machinery and equipment	2,112			
Transport assets				
LAND AND SUBSOIL ASSETS	-	-	-	-
Land	335,423			

ANNEXURE 3 PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2004

	Additions	Disposals	Transfers in	Transfers Out
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	691,441	-	-	-
Dwellings	154			
Non-residential buildings	420,488			
Capital work in progress	270,799			
MACHINERY AND EQUIPMENT	30,283	1,720	-	-
Computer equipment	13,848	1,471		
Furniture and office equipment	13,273	185		
Other machinery and equipment	2,238	64		
Transport assets	924			
LAND AND SUBSOIL ASSETS	-	-	-	-
Land	721,724	1,720		

4. Annual Financial Statements

Annexures to the Annual Financial Statements for the year ended 31 March 2005.

ANNEXURE 4 SOFTWARE AND OTHER INTANGIBLE ASSET MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Opening Balance	Additions	Disposals	Transfers in	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	-	24				24
	-	24	-	-	-	24

ANNEXURE 5 INTER-GOVERNMENTAL RECEIVABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Department				
Agriculture			2,924	4,921
Arts	21,295			20,533
BCIP			528	-17,570
Correctional Services	238,864		42,646	130,057
Defence	26,465	-9,600	9,719	-8,834
Education			215	222
Env Affairs	19,507	14,336	38,648	
Foreign Affairs			1,030	1,158
Health	2,208		3,004	1,156
Home Affairs	12,415		6,696	169
Independent Complaint Directorate	-		15	
Justice	32,776	20,588	6,509	
Labour	1,046	4,961	2,997	
Land Affairs	5,436		603	420
Mineral And Energy			29	19
SARS	48,087		9,586	
SA Police Services	29,534	35,487		12,558
Water Affairs	-		98	98
Other Claims: Nat Departments		47,764	-29,440	27,839
Claims Constitutional Institution	-			5,030
	437,633	113,536	95,807	177,776
TOTAL	437,633	113,536	95,807	177,776

4. Annual Financial Statements

Annexures to the Annual Financial Statements for the year ended 31 March 2005.

ANNEXURE 6 INTER-GOVERNMENTAL RECEIVABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	R'000	R'000	R'000	R'000
Department				
Amounts not included in Statement of financial position				
Current				
Department of Justice	11,961		9,898	
Subtotal	11,961	-	9,898	-
Total	11,961	-	9,898	-
Amounts included in Statement of financial position				
Current				
Various Departments (Schedule Attached)	40,089	60,263		
Subtotal	40,089	60,263		
TOTAL	40,089	60,263		

5. Human Resources Management

In terms of Public Service Regulations, the following information on the Department's Human Resources Management is provided in tabular format. Useful management information can be drawn from the tables below. Table 1.1 indicates that personnel expenditure is a relatively small percentage (8.5%) of the total expenditure of the Department, which indicates that the government is correctly prioritizing expenditure on the delivery of services, such as maintenance, capital projects, and leases. The average personnel cost per employee in Table 1.1 varies by programme, because some programmes have more low-level employees than others.

As indicated by Table 1.2, more than half of the Department's employees are lower skilled employees in levels 1 and 2. This indicates that the Department is still largely a blue-collar organization, and has not yet become a predominantly highly-skilled organization focusing on asset management, as envisaged in the 1997 Public Works White Paper.



Table 1.4 indicates that overtime is being managed within reasonable levels within the Department (total overtime as a percentage of personnel cost is 1.2%).

Tables 2.1, 2.2 and 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 4.1, the Department has been making progress in terms of addressing this vacancy problem, with 368 appointments being made during the year under review. However, as indicated by Tables 4.4 and 4.5, many of these appointments were as a result of internal promotions, resulting from internal staff competing successfully for posts advertised openly in the media.

The employment equity tables (Tables 5.1 to 5.7) 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 5.4 and 5.5, 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.

The total number of sick leave days taken was 24,839 (Table 8.1). This is an increase of 50% over the previous year's total number of sick leave days taken (16,594 – from the 2003/4 annual report). This is a cause for concern and could possibly indicate the impact of HIV/AIDS on the Department.

Table 8.3 indicates that highly skilled supervisors took the lowest average leave per employee (14 days) of all the categories of employees in the Department. This may be related to the fact that the vacancy rate is also highest for highly skilled supervisors (see Table 2.2). In other words, the high vacancy rate for highly skilled supervisors may be making it difficult for them to take leave.

5. Human Resources Management

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

5.1 - Expenditure

Table 1.1 Expenditure Per Programme

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as percent of Total Expenditure %	Average Personnel Cost per Employee (R'000)	Employment as on March 2005
Programme 1	291,612	119,028	3,587	43,655	40.8	150	791
Programme 2	4,802,672	317,313	1,693	7,913	6.6	83	3812
Programme 3	96,700	14,606	7,007	40,908	15	213	68
Programme 4	40,556	0	0	23,008	0	0	0
Theft & losses	73,011	0	0		0	0	0
Total	5,304,917	450,947	12,288	115,485	8.5	7	4671

- Personnel Expenditure on this table will differ from the tables below for personnel expenditure on this table includes BAS payments. Tables below only include payment done through PERSAL.

Table 1.2 Personnel Costs by Salary Band

Salary Bands	Personnel Expenditure (R'000)	Percentage of Total Personnel Cost	Average Personnel Cost per Employee (R)	Total Personnel Expenditure	Number of Employees as on 31 March 2005
Lower skilled (Levels 1-2)	112,620	26.8	42,595	419,900	2644
Skilled (Levels 3-5)	32,608	7.8	79,726	419,900	409
Highly skilled production (Levels 6-8)	111,817	26.6	120,104	419,900	931
Highly skilled supervision (Levels 9-12)	114,395	27.2	198,602	419,900	576
Senior management (Levels 13-16)	48,460	11.5	436,577	419,900	111
Total	419,900	100	89,895	419,900	4671

5. Human Resources Management

Table 1.3 Salaries, Overtime, Home Owners
Allowance and Medical Aid by Programme

Programme	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 (R'000)
Programme 1 Administration	78,026	70.6	1,119	1.0	1,079	1.0	4,829	4.4	110,584
Programme 2 Provisioning - Land & Accommodation	225,632	76.6	3,869	1.3	4,024	1.4	15,436	5.2	294,496
Programme 3 National Public Works Programme	9,697	65.4	5	0.0	58	0.4	451	3.0	14,820
Total	313,355	74.6	4,993	1.2	5,161	1.2	20,716	4.9	419,900

Table 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 (R'000)
Lower skilled (Levels 1-2)	97,862	86.9	1,654	1.5	1,923	1.7	6,973	6.2	112,620
Skilled (Levels 3-5)	23,588	72.3	580	1.8	601	1.8	2,431	7.5	32,608
Highly skilled production (Levels 6-8)	80,107	71.6	1,989	1.8	1,551	1.4	6,165	5.5	111,817
Highly skilled supervision (Levels 9-12)	83,296	72.8	770	0.7	1,088	1	3,895	3.4	114,395
Senior management (Levels 13-16)	28,503	58.8	0	0	0	0	1,252	2.6	48,460
Total	313,355	74.6	4993	1.2	5,161	1.2	20,716	4.9	419,900

5. Human Resources Management

5.2 - Employment and Vacancies

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

Table 2.1 Employment and vacancy rate at the end of
the period 1 April 2004 to 31 March 2005

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	*Number of Posts Filled Additional to the Establishment
Programme 1 Administration - Permanent	1066	791	25.8	0
Programme 1 Administration - Temporary	0	0	0	0
Programme 2 Provisioning - Land & Accommodation - Permanent	4533	3811	15.9	11
Programme 2 Provisioning - Land & Accommodation - Temporary	1	1	0.0	0
Programme 3 National Public Works Programme - Permanent	115	68	40.9	1
Programme 3 National Public Works Programme - Temporary	0	0	0	0
Total	5715	4671	18.3	12

Table 2.2 Employment and vacancies by Salary Band

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	*Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2) - Permanent	*2716	2642	2.7	11
Lower skilled (Levels 1-2) - Temporary	0	0	0	0
Skilled (Levels 3-5) - Permanent	531	392	26.2	0
Skilled (Levels 3-5) - Temporary	1	1	0	0
Highly skilled production (Levels 6-8) - Permanent	1335	944	29.3	0
Highly skilled production (Levels 6-8) - Temporary	0	0	0	0
Highly skilled supervision (Levels 9-12) - Permanent	995	583	41.4	0
Highly skilled supervision (Levels 9-12) - Temporary	0	0	0	0
Senior management (Levels 13-16) - Permanent	137	109	20.4	1
Senior management (Levels 13-16) - Temporary	0	0	0	0
Total	5715	4671	18.3	12

* Posts additionally filled to the establishment as a temporary arrangement and have since been rectified.

5. Human Resources Management

Table 2.3 Employment and vacancies by Critical Occupation

Critical Occupation	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Senior Managers - Permanent	137	109	20.4	1
Civil Engineer Technicians - Permanent	10	5	50	0
Engineering Sciences Related - Permanent	194	95	51	0
Engineering & Related Professionals - Permanent	104	44	57.7	0
Quantity Surveyors & Related Professionals - Permanent	81	72	11.1	0
Total	551	341	38.1	1

- SMS additional post to the establishment has since been rectified.

5.3 - Job Evaluation

Table 3.1 Job Evaluation Results for 1 April 2004 to 31 March 2005

Salary Bands	Number of Posts	Number of Jobs Evaluated	% of Posts	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	2716	2716	100	498	18.33	0	0
Skilled (Levels 3-5)	532	532	100	28	5.26	1	33.33
Highly skilled production (Levels 6-8)	1335	1200	89.88	110	9.16	7	15.21
Highly skilled supervision (Levels 9-12)	995	677	67.88	83	12.25	3	8.10
Senior management (Levels 13-16)	137	137	100	0	0	0	0
Total	5715	4062	71.01	719	17.70	11	9.73

5. Human Resources Management

5.4 - Employment Changes

Table 4.1 Annual turnover rates by Salary Band

Salary Bands	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate	% (Decrease) / Increase
Lower skilled (Levels 1-2)	2707	73	194	7.16	(4.46)
Skilled (Levels 3-5)	515	55	30	5.8	4.8
Highly skilled production (Levels 6-8)	777	144	34	4.3	14.15
Highly skilled supervision (Levels 9-12)	397	74	21	5.28	23.92
Senior management Service Band A	48	16	2	4.16	29.16
Senior management Service Band B	20	4	5	25	(5)
Senior management Service Band C	4	1		0	25
Senior management Service Band D	2	0	0	0	0
Total	4470	368	286	6.3	1.83

- The turnover rate is calculated as follows: Terminations divide by employment at the beginning of the period.
- Percentage increase or decrease in Employment is equal to Appointments minus Terminations divided by the Employment at beginning of period.
- Appointments and Terminations are divided by the Employment at beginning of period.

Programme	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Senior Managers - Permanent	74	21	7	9.4
Civil Engineer Technicians - Permanent	9	3	1	11.1
Engineering Sciences Related - Permanent	66	17	3	4.5
Engineering & Related Professionals - Permanent	27	2	1	3.7
Quantity Surveyors & Related Professionals - Permanent	66	1	3	4.5
Total	242	44	15	6.19

5. Human Resources Management

Table 4.3 Reasons why staff are leaving the Department

Termination Type	Number	Percentage of Total Terminations of service	Percentage of Total Employment	Total	Total Employment at beginning of period
Death - Permanent	51	17.8	1.14	286	4470
Resignation - Permanent	107	37.4	2.39	286	4470
Expiry of contract - Permanent	30	10.4	0.67	286	4470
Dismissal (discharge) - Permanent	6	2.0	0.13	286	4470
Discharged due to ill health - Permanent	18	6.2	0.40	286	4470
Dismissal-misconduct - Permanent	1	0.3	0.02	286	4470
Retirement - Permanent	69	24.1	1.54	286	4470
Total	286	100	6.39	286	4470

Resignations as % of Employment	2.39
---------------------------------	------

Table 4.4 Promotions by Critical Occupation

3.1.1 Occupation	Employment at Beginning of Period	*Promotions to another Salary Level	Salary Level Promotions as a% of Employmnet	#Progressions to another Notch within Salary Level	Notch Progressions as a% of Employmnet
Senior Managers - Permanent	74	16	21.62	7	11.7
Civil Engineer Technicians - Permanent	9	1	11.1	8	88.9
Engineering Sciences Related - Permanent	66	30	45.5	49	74.2
Engineering & Related Professionals - Permanent	27	16	59.3	18	66.7
Quantity Surveyors & Related Professionals - Permanent	66	3	4.5	53	80.3
Total	242	75	32.9	135	59.2

* Promotion from one level to another level.

Progression to another notch but in the same level.

5. Human Resources Management

Table 4.5 Promotions by Salary Band

Salary Bands	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a% of Employmnet	Progressions to another Notch within Salary Level	Notch Progressions as a% of Employmnet
Lower skilled (Levels 1-2) - Permanent	2707	1	0.03	2436	90.1
Skilled (Levels 3-5) - Permanent	515	12	2.33	445	86.4
Highly skilled production (Levels 6-8) - Permanent	777	172	22.1	547	70.4
Highly skilled supervision (Levels 9-12) - Permanent	397	190	47.8	142	35.8
Senior management (Levels 9-12) - Permanent	74	16	21.6	3	4.1
Total	4470	391	8.74	3575	80



5. Human Resources Management

5.5 - Employment Equity

Table 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	8	2	52	19	24	1	4	29	7	107
Legislators, senior officials and managers - Temporary	0	0	0	0	0	0	0	0	0	0	0
Professionals - Permanent	358	40	21	419	171	240	20	14	274	98	962
Professionals - Temporary	0	0	0	0	0	0	0	0	0	0	0
Clerks - Permanent	116	30	1	147	42	179	26	8	213	199	601
Clerks - Temporary	0	0	0	0	0	0	0	0	0	0	0
Service and sales workers - Permanent	43	10	0	53	16	6	1	0	7	0	76
Craft and related trades workers - Permanent	33	30	9	72	118	4	0	0	4	0	194
Craft and related trades workers - Temporary	0	0	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers - Permanent	23	26	1	50	8	1	0	0	1	0	59
Elementary occupations - Permanent	1042	361	22	1425	45	1003	178	4	1185	10	2665
Elementary occupations - Temporary	0	0	0	0	0	1	0	0	1	0	1
Other - Permanent	0	1	1	2	1	2	1	0	3	0	6
Other - Temporary	0	0	0	0	0	0	0	0	0	0	0
Total	1657	506	57	2220	420	1460	227	30	1717	314	4671

Table 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	5	4	0	9	9	0	2	0	2	7	27

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

5. Human Resources Management

Table 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
Top Management - Temporary	0	0	0	0	0	0	0	0	0	0	0
Senior Management - Permanent	38	8	3	49	18	21	1	6	28	6	101
Senior Management - Temporary	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management - Permanent	207	35	20	262	168	101	5	8	114	42	586
Professionally qualified and experienced specialists and mid-management - Temporary	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen - Permanent	220	47	10	277	169	204	27	7	238	234	918
Skilled technical and academically qualified workers, junior management, supervisors, foremen - Temporary	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making - Permanent	148	77	6	231	41	122	24	5	151	27	450
Semi-skilled and discretionary decision making - Temporary	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making - Permanent	1040	338	18	1396	21	1008	170	4	1182	4	2603
Unskilled and defined decision making - Temporary	0	0	0	0	0	1	0	0	1	0	1
Not Available - Permanent	0	0	0	0	1	1	0	0	1	0	2
Total	1657	506	57	2220	420	1460	227	30	1717	314	4671

5. Human Resources Management

Table 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	2
Senior Management	10	0	1	11	2	7	1	0	8	0	40
Professionally qualified and experienced specialists and mid-management - Permanent	35	5	4	44	4	14	0	0	14	2	122
Skilled technical and academically qualified workers, junior management, supervisors, foremen - Permanent	73	2	1	76	7	55	2	7	64	7	294
Semi-skilled and discretionary decision making - Permanent	20	1	0	21	1	31	1	0	32	1	108
Unskilled and defined decision making - Permanent	31	1	0	32	0	38	3	0	41	0	146
Total	170	9	6	185	14	145	7	7	159	10	368

Table 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	5	1	1	7	2	4	1	1	6	1	16
Professionally qualified and experienced specialists and mid-management - Permanent	79	8	4	91	36	52	3	2	57	6	190
Skilled technical and academically qualified workers, junior management, supervisors, foremen - Permanent	53	4	1	58	2	90	13	1	104	8	172
Semi-skilled and discretionary decision making - Permanent	6	1	0	7	0	4	0	0	4	1	12
Unskilled and defined decision making - Permanent	0	0	0	0	0	1	0	0	1	0	1
Total	143	14	6	163	40	15	17	4	172	16	391

5. Human Resources Management

Table 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
Top Management - Permanent	1	0	0	1	0	0	0	0	0	0	1
Senior Management	4	0	1	5	0	1	0	0	1	0	6
Professionally qualified and experienced specialists and mid-management - Permanent	12	0	1	13	5	3	0	0	3	0	21
Skilled technical and academically qualified workers, junior management, supervisors, foremen - Permanent	7	1	0	8	13	6	0	0	6	7	34
Semi-skilled and discretionary decision making - Permanent	7	3	0	10	5	13	0	0	13	2	30
Unskilled and defined decision making - Permanent	76	23	3	102	2	74	15	1	90	0	194
Total	107	27	5	139	25	97	15	1	113	9	286

Table 5.7 Skills Development Plan

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
Legislators, Senior Officials and Managers	42	8	2	52	19	24	1	4	29	7	107
Professionals	358	40	21	419	171	240	20	14	274	98	962
Clerks	116	30	1	147	42	179	26	8	213	199	601
Service and Sales Workers	43	10	0	53	16	6	1	0	7	0	76
Craft and related Trade Workers	33	30	9	72	118	4	0	0	4	0	194
Plant and Machine Operators and Assemblers	23	26	1	50	8	1	0	0	1	0	59
Elementary Occupations	1042	362	23	1427	46	1006	179	4	1188	10	2672
Employees with disabilities	5	4	0	9	9	0	2	0	2	7	27
Total	1657	506	57	2220	420	1460	227	30	1717	314	4671

5. Human Resources Management

5.6 Performance Rewards

Table 6.1 Performance Rewards per Race, Gender and Disability

	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	1067	1460	73.1	2,175	2,038
African, Male	1197	1652	72.5	3,060	2,556
Asian, Female	19	30	63.3	102	5,389
Asian, Male	48	57	84.2	210	4,374
Coloured, Female	185	225	82.2	367	1,984
Coloured, Male	461	502	91.8	929	2,016
Total Blacks, Female	1273	1715	74.2	2,649	2,081
Total Blacks, Male	1714	2211	77.5	4,216	2,460
White, Female	277	307	90.2	1,341	4,843
White, Male	380	411	92.5	2,189	5,761
Employees with a disability	26	27	96.3	86	3,294
Total	3670	4671	78.6	10,482	2,856

- Performance Awards for 2003/2004 was paid in 2004/2005.

Table 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)	2235	2644	84.5	3,641	1,629
Skilled (Levels 3-5)	364	409	89	941	2,585
Highly skilled production (Levels 6-8)	684	931	73.5	2,955	4,320
Highly skilled supervision (Levels 9-12)	346	576	60.1	2,492	7,202
Total	3629	4560	79.6	10,029	2,764

5. Human Resources Management

Table 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)
Senior managers	31	109	27.9	431	1,390.30
Civil engineering technicians	5	9	55.6	27	5,400
Engineering sciences related	64	98	65.3	604	9,438
Engineers and related professionals	26	38	68.4	199	7,654
Quantity surveyors & related professionals not class elsewhere	60	64	93.8	286	4,767
Total	186	318	3.98	1547	8,317

Table 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	23	77	32.4	295	1,283	1	29,875
Band B	7	26	23.3	115	1,643	0.9	13,226
Band C	1	4	12.5	21	2,100	0.6	3,695
Band D	0	2	0	0	0	0	0
Total	31	109	27.9	431	1,390.30	0.9	46,796

5.7 - 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 7.1 Foreign Workers by Salary Band

Salary Band	Employment at Beginning of Period	% of Total	Employment at End of Period	% of Total	Change in Employment
Lower skilled (Levels 1-2)	2	33.3	2	25	0
Highly skilled production (Levels 6-8)	1	16.7	1	12.5	0
Highly skilled supervision (Levels 9-12)	3	50	3	37.5	0
Senior Management (Levels 13-16)	0	0	2	25	2
Total	6	100	8	100	2

5. Human Resources Management

Table 7.2 Foreign Workers by Major Occupational Class

Major Occupation	Employment at Beginning of Period	% of Total	Employment at End of Period	% of Total	Change in Employment
Administrative office workers	1	16.7	1	12.5	0
Elementary occupations	2	33.3	2	25	0
Professionals and managers	3	50	5	62.5	2
Total	6	100	8	100	2

5.8 - Leave utilisation

Table 8.1 Sick Leave for 1 April 2004 to 31 March 2005

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	15428	77.5	1677	54.2	9	2,070	3092	11962
Skilled (3-5)	3751	74.8	461	14.9	8	835	3092	2806
Highly skilled production (Levels 6-8)	4246	74.6	669	21.6	6	1,596	3092	3166
Highly skilled supervision (Levels 9-12)	1187	74.2	240	7.8	5	838	3092	881
Senior Management (Levels 13-16)	226	70.4	45	1.5	5	398	3092	159
Total	24839	76.4	3092	100	8	5,737	3092	18974

Table 8.2 Disability Leave (Temporary and Permanent) for 1 April 2004 to 31 March 2005

Salary Band	Total Days	% Days with Medical Certification	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)	498	100	19	40.6	38	67	498	32
Skilled (3-5)	327	100	9	28.1	36	70	327	32
Highly skilled production (Levels 6-8)	248	100	7	21.9	35	99	248	32
Highly skilled supervision (Levels 9-12)	115	100	3	9.4	38	82	115	32
Senior Management (Levels 13-16)	0	0	0	0	0	0	0	0
Total	1188	100	32	100	37	318	1188	32

This has improved as compared to the previous years as there is a strategy in place to manage sick leave. Counselling is provided at early detection.

5. Human Resources Management

Table 8.3 Annual Leave for 1 April 2004 to 31 March 2005

Salary Band	Total Days Taken	Average per Employee
Lower skilled (Levels 1-2)	60920	22
Skilled (3-5)	11002.	16
Highly skilled production (Levels 6-8)	17344	16
Highly skilled supervision (Levels 9-12)	7107	14
Senior Management (Levels 13-16)	1614	16
Total	97987	19

Table 8.4 Capped Leave for 1 April 2004 to 31 March 2005

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2003	Number of Employees	Total number of capped leave available at 31 December 2004	Number of Employees as at 31 December 2004
Lower skilled (Levels 1-2)	2006	7	70	296	140374	2007
Skilled (3-5)	300	5	58	56	20262	298
Highly skilled production (Levels 6-8)	417	6	54	74	31773	593
Highly skilled supervision (Levels 9-12)	235	5	59	46	21294	363
Senior Management (Levels 13-16)	31	3	62	9	4160	67
Total	2989	6	65	481	217863	3328

Table 8.5 Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2004/05 due to non-utilisation of leave for the previous cycle	26	5	5200
Capped leave payouts on termination of service for 2004/05	558	215	2595
Current leave payout on termination of service for 2004/05	102	16	6375
Total	686	236	2907

5. Human Resources Management

5.9 Health Promotion and Wellness

Table 9 Details of Health Promotion and HIV/AIDS Programmes

QUESTION	
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	<ul style="list-style-type: none"> Management consultation to assist supervisors with employees having job performance, conduct and work attendance problems On-site Critical incident stress debriefing following traumatic incidents Health promotion through National Health Observance Calendar Lifestyle management interventions, e.g. Personal financial management and debt management, substance abuse management, retirement preparation Conducts and or co-ordinates the facilitation of workshops on organizational/life issues Organizational consultation for sexual harassment, workplace violence, drug-free workplace, critical incidents and organizational change Ongoing evaluation, monitoring, follow-up and feedback on all wellness interventions Establish a customized affiliate employee well-being service provider network
Yes, Gretchen Sebati	
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 the Department promotes health and wellbeing of employees through the Employee Assistance Programme [EAP] and the HIV/AIDS workplace Programme. There are two employees: Deputy Directors: EAP and HIV/AIDS Budget: R300 000.	
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.	4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.
Yes, the Department has introduced the Employee Assistance Programme in January 2004	Yes (refer to Wellness Committee Members below))
Key Elements of the Programme <ul style="list-style-type: none"> Professional counseling and advisory services to employees and immediate family members Referral services for appropriate treatment and assistance The formation of linkages between the worksite EAP, community resources and individual practitioners who provide such services Confidential, appropriate, relevant and timely problem assessment services Provide HIV/AIDS counseling and support in certain dimensions 	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>Yes: Additions on Policy principles: Pre- and other employment examination & Testing: "employees are required to cooperate with the Department in the management of HIV/AIDS (6.3 of the HIV/AIDS policy)</p> <p>An addendum for employees who want to give informed and written consent to being tested for HIV/AIDS is affixed as annexure on the policy. (page 12 of the DPW HIV/AIDS policy)</p>

5. Human Resources Management

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.
Yes, see measures hereunder:
Appointment of a professional counseling service provider. Providing professional & confidential pre-and post-test counseling
Awareness regarding the provisions HIV/AIDS policy: Page 4 Item 6 (a,b,c) of the departmental policy on HIV/AIDS Introducing a comprehensive(holistic) approach on wellness issues
The Department follows the government policy framework and procedures and the law.
7. Does the department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.
Yes, employees are individually encouraged to go for VCT
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.
Yes.
List of measures/indicators <ul style="list-style-type: none"> Number of employee well-being service programs/ interventions Improved employee morale and well-being Reduction of grievances and disciplinary actions Reduced garnishee orders from employees Reduced absenteeism Employees participation in health promotion programmes Feedback and inputs from employees on health promotion improvement Reduced HIV/AIDS occupational exposure Condom distribution



5. Human Resources Management

Wellness Committee

MEMBERS OF THE WELLNESS COMMITTEE				
Surname and Initials	Branch/Unit	Telephone Number	Fax Number	Email Address
Thavhanyedza T.A.	EAP	012 337 2568	012 326 8701	alfred.thavhanyedza@dpw.gov.za
Jonas M. N	HIV/AIDS Gender	012 337 2531	012 326 1414	minah.jonas@dpw.gov.za
Pillay P	Asset and property management, DG' Office	012 337 2182	012 328 4217	pari.pillay@dpw.gov.za
Cheetam T	Policy, EPWP and NPWP	012 337 2232	012 323 7017	tracy.cheetam@dpw.gov.za
Beaurain C	Risk management	012 337 2150	012 325 8093	charles.beaurain@dpw.gov.za
Visagie R	Lease holds Volunteer	012 337 2053	012 321 1742	ronel.visagie@dpw.gov.za
Mostert R	HR administration	012 337 2591	012 326 1414	ronel.mostert@dpw.gov.za
Sibanda S	NUPSAW	012 329 3965	012 329 3965	N/A
Motise T	SASAWU	012 310 5911	012 310 5044	thomas.motise@dpw.gov.za
Thoane J	PSA	012 337 2226	012 325 2212	N/A
Moetlhoa I	PAWUSA	011 713 6169	011 403 1266	N/A
Dlamini T	NEHAWU	012 310 5911	012 326 0026	themba.dlamini@dpw.gov.za
Lenken I	Finance/Procurement	012 337 2139	012 321 0860	itumeleng.lenken@dpw.gov.za
Mathebula E	HR	012 337 2707	012 325 1414	elizabeth.mathebula@dpw.gov.za
Zuma T	Human Resources Development	012 337 3381	012 326 8701	thabile.zuma@dpw.gov.za
Maake M	Labour Relations	012 337 3376	012 326 8701	mumsy.maake@dpw.gov.za
Sebati G	HR planning and Recruitment	012 337 2689	012 325 1414	gretchen.sebati@dpw.gov.za
Kubheka S	Marketing and Public Relations	012 337 2469	012 323 2856	seipati.kubheka@dpw.gov.za

5. Human Resources Management

5.10 - Labour Relations

Table 10.1 Collective Agreements

Subject Matter	Date
None	N/A
Total number of collective agreements	N/A

Table 10.2 Misconduct and Disciplinary Hearings Finalised

Outcome of disciplinary hearings	Number	Percentage of Total
Corrective counselling	7	8.23%
Verbal Warning	4	4.7%
Written warning	29	34.1%
Final written warning	25	29.41%
Suspension without pay	7	8.23%
Demotions	0	0%
Not Guilty	5	5.9%
Case withdrawn	0	0%
Dismissal	8	9.41%
Total	85	100%

Table 10.3 Types of Misconduct Addressed and Disciplinary Hearings

Types of misconduct	Number	% of total
Misrepresentations	1	1.07%
Theft, bribery and fraud	7	7.5%
Abuse of alcohol, drugs and other stupefying substances	10	10.7%
Abscondments and un-authorized absenteeism	39	42%
Insolence and insubordination	7	7.5%
Improper, disgraceful and unacceptable conducts at work	8	8.6%
Commit act of sexual harassment	1	1.07%
Poor performance	3	3.2%
Fails to carry out lawful instructions	11	11.8%
Abuse /misuse of state property	5	5.4%
Assault	0	0%
Intimidation	0	0%
Failure to declare	0	0%
Admin irregularities	1	1.07%
Total	93	100%



5. Human Resources Management

Table 10.4 Grievances Lodged

Number of grievances lodged for the period	Number	% of total
Number of grievances resolved	64	44.1%
* settled in favour of applicant	51	35.1%
* against the applicant	13	9%
Number of grievances unresolved	16	11%
Number grievances withdrawn	1	0.7%
Total	145	100%

Table 10.5 Disputes Lodged

Number of disputes lodged	Number	% of total
Unfair labour practices in terms of:-		
* Recruitment, appointments and promotions	21	43.75%
* Conditions of service such as leave, performance bonuses etc.	1	2.08%
* Unequal treatment and victimization	0	0%
* Request for disclosure of information	5	10.4%
* Acting allowance	1	2.08%
Dismissal	3	6.25%
Constructive dismissal	1	2.08%
Interpretation/application of collective agreement	11	22.9%
Payment of Estate Agency Board exam	5	10.4%
Total	48	100%

	Total
Number of disputes upheld/in favour of employees	1
Number of disputes dismissed	13
Number of disputes settled	13
Total	27

Table 10.6 Strike Actions

Strike Action	Total
Number of employees who participated in the strike action	610
Total cost in Rands per strike action	R49905
Amount (R'000) recovered as a result of no work no pay	R24776
Total days lost as a result of strike actions	610

Table 10.7 Precautionary Suspension

Precautionary Suspensions	Total
Number of employees suspended	13
Number of employees whose suspension exceeded 30 days	11
Number of employees whose suspensions were 30 days	1
Number of employees whose suspensions were less than 30 days	1
Cost (R'000) of suspensions	R227 115



5. Human Resources Management

5.1.1 - Skills Development

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

Table 11.1 Training needs identified 1 April 2004 to 31 March 2005

Occupational Categories	Gender	Employment	Learnerships Commence 2005/06	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	36	0	24	9	33
	Male	71	0	53	18	71
Professionals	Female	372	0	60	32	92
	Male	590	0	131	32	163
Clerks	Female	421	0	222	133	355
	Male	189	0	385	132	517
Service and sales workers	Female	7	0	258	194	452
	Male	69	0	153	162	315
Craft and related trades workers	Female	4	0	4	0	4
	Male	190	0	194	4	198
Plant and machine operators and assemblers	Female	1	0	58	89	147
	Male	58	0	313	35	348
Elementary occupations	Female	1198	0	98	212	310
	Male	1473	0	1115	75	1190
Gender sub totals	Female	2031	0	795	97	892
	Male	2640	0	2600	484	3084
Total		4671	0	3395	871	4266

5. Human Resources Management

Table 11.2 Training Provided | April 2004 to 31 March 2005

Occupational Categories	Gender	Employment	Learnerships Commence 2005/06	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	38	0	9	10	19
	Male	71	0	13	12	25
Professionals	Female	372	0	40	6	46
	Male	590	0	42	31	73
Clerks	Female	412	0	43	3	46
	Male	189	0	33	7	40
Service and sales workers	Female	7	0	55	4	59
	Male	69	0	39	2	41
Craft and related trades workers	Female	4	0	0	0	0
	Male	190	0	0	0	0
Plant and machine operators and assemblers	Female	1	0	0	0	0
	Male	58	0	0	0	0
Elementary occupations	Female	1195	0	0	2	2
	Male	1470	0	0	0	0
Gender sub totals	Female	2031	0	197	27	224
	Male	2640	0	182	62	244
Total		4671	0	379	89	468

5.12. Injury on duty

The following tables provide basic information on injury on duty.

Table 12.1 Injury on duty, | April 2004 to 31 March 2005

Nature of injury on duty	Number	% of total
Required basic medical attention only	47	97.9
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	1	2.1
Total	48	100



I. Appendix I

LEGISLATION THE NATIONAL DEPARTMENT OF PUBLIC WORKS ADMINISTERS

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

Short Title of the Act	Purpose of the Act
Outspans Act, 1902 (Act 41 of 1902) Section 3(1)	Resumption of unused outspans. Cancellation and delimitation of outspan servitudes.
Pretoria and Military Supply Ordinance, 1905	To transfer certain Crown land to the Municipality of Pretoria upon certain conditions.
Rhodes Will (Groote Schuur Devolution) Act 1910	To provide for the surrender of the Groote Schuur Estates to the Government of the Union of South Africa in accordance with the Will of the late Cecil John Rhodes and for the release of the Trustees.
Bethelsdorp Settlement Act, 1921 (Act 34 of 1921)	To provide for the settlement of certain matters in dispute at Bethelsdorp between the London Missionary Society and its successors, the Congregational Union Church Aid and Missionary Society of South Africa and the Bethelsdorp Board of Supervisors.
Mooi River Township Lands Act, 1926 (Act 5 of 1926)	To provide for the grant of certain land to the Local Board of the township of Mooi River and matters incidental thereto.
Carnarvon Outer Commonage Sub-division Act, 1926	To provide for the cancellation of the title issued Act 17 of 1926 under section 14 of Act No 19 of 1913 to the (Committee of Management of the Carnarvon Outer Commonage; the sale of certain sowing lands on the said Commonage; the subdivision and allocation of the remaining extent of the said Commonage among the owners of "opstallen" and persons having grazing and sowing rights thereon and the issue of individual title to such owners and persons; the disposal of certain other lands owned by the said Committee, and matter incidental thereto.
Payment of quitrent (Cape) Act, 1927 (Act 14 of 1927)	To regulate the payment of quitrent by part owners of land subject to payment of land subject to payment of quitrent and situated in the province of the Cape of Good Hope.
Marburg Immigration Settlement (Social Board of Management) Act, 1927	To provide for the constitution of a local Board of Management for the Marburg Act 43 of 1927 Immigration Settlement, county of Alfred, in the Province of Natal and certain incidental matters.
Cape Outspans Act, 1937 (Act 17 of 1937)	To provide for the issue of deeds of grant to divisional and municipal councils in respect of outspans consisting of crown land situated in the Cape of Good Hope.

I. Appendix I

Short Title of the Act	Purpose of the Act
Municipal Lands (Muizenberg) Act, 1941	To make better provision for attaining the (Act 9 of 1941) object of certain enactment by virtue of which certain lands adjoining False Bay are vested in the Council of the City of Cape Town.
Cape Town Foreshore Act, 1950 (Act 26 of 1950)	To provide for the management, control and development of the Cape Town foreshore and to that end to establish a board in respect of the said foreshore and to define its functions, and to provide for other incidental matters.
Kimberley Leasehold Conversion to Freehold Act, 1961 (Act 40 of 1961)	To provide for the transfer of the ownership of certain erven at Kimberley to the lessees or licences thereof, for the exemption from the payment of certain duties and fees payable in connection with such transfer and the performance of certain acts in pursuance thereof, and for matters incidental thereto, and to amend the General Law Amendment Act, 1957.
State Land Disposal Act, 1961 (Act 48 of 1961)	To provide for the disposal of certain State Land and for matters incidental thereto, and to prohibit the acquisition of State Land by prescription.
Removal of Restrictions Act, 1967 (Act 84 of 1967)	To empower the Administrator of province to alter, suspend or re-move certain restrictions and obligations in respect of land in the province; to repeal the Removal of Restrictions in Townships Act, 1946; to validate certain proclamations of Administrators; and to provide for incidental matters.
Section 37 of the University of Fort Hare Act, 1969 (Act 40 of 1969)	Expropriation of land required for or in connection with the University.
Section 37 of the University of Zululand Act, 1969 (Act 43 of 1969)	Expropriation of land required for or in connection with the University.
Section 37 of the University of the North Act, 1969 (Act 47 of 1969)	Expropriation of land required for or in connection with the University.
Paarl Mountain Act, 1970 (Act 83 of 1970)	To provide for the transfer of the ownership in certain land to the Paarl Municipality for certain purposes and the expropriation of certain rights in such land; to empower the said Municipality to donate a portion or portions of the said land to the State for the purpose of a language monument, and to provide for other incidental matters.
Marburg Immigration Settlement Regulation Act, 1971 (Act 50 of 1971)	To provide for the subdivision of commonages within the Marburg Immigration Settlement situate in the County of Alfred, Province of Natal and the allocation of the relevant portions to, and the dividing of the other assets of the Marburg Immigration Settlement Board, among registered owners of lots within the said Settlement, for the disestablishment of the said Board, and for matters incidental thereto.
Section 34 of the General Law Amendment	Certain conditions of title applying in respect of Act, 1972 (Act 102 of 1972) immovable property owned by the State to lapse in certain circumstances.
Sections 11(1) (b), 16 and 17 of the Lake Areas	To provide for the establishment of lake areas under the control of a Lake Areas Development Board, and for matters incidental thereto.
Development Act, 1975 (Act 39 of 1975)	

I. Appendix I

Short Title of the Act	Purpose of the Act
Expropriation Act, 1975 (Act 63 of 1975)	To provide for the expropriation of land and other property for public and certain other purposes and for matters incidental thereto.
Section 3 of the National Parks (Act 57 of 1976)	To consolidate the laws relating to national parks.
Rating of State Property Act, 1984 (Act 79 of 1984)	To repeal certain Acts granting exemption in respect of certain State property from rates levied on immovable property by local authorities; provided that such rates may, notwithstanding certain other exemptions, be levied on other State property; make provision for rebates in respect of such rates levied on State property; and pro-vide for matters incidental thereto.
Section 1 of the Transfer of Powers and Duties of the State President Act, 1986 (Act 97 of 1986)	To amend certain laws so as to vest certain functions presently assigned to the State President, in the respective Ministers of State who are charged with the administration of those laws; and to provide for incidental matters.
Land Affairs Act, 1987 (Act 101 of 1987)	To provide for the determination of amounts of compensation, purchase prices or rents in respect of immovable property expropriated, purchased or leased by the Departments of Public Works and Land Affairs for public purposes and the giving of advise with regard to the value of land, rights on or in respect of land and purchase prices or rents in respect of certain immovable property; for that purpose to make provision for the establishment of a Land Affairs Board; and to provide for incidental matters.
South African Abattoir Corporation Act, 1992 (Act 12 of 1992)	Certain sections that provide for the expropriation of land for the erection of an abattoir, land for the enlargement of an abattoir, if necessary, in favour of the South African Abattoir Corporation.
Periods of Office of Members of Councils for the Act, 1995 (Act 14 of 1995)	To provide for the Minister to extent the Act, 1995 (Act 14 of 1995) periods Architects, Engineers, Quantity Surveyors and of office of members of the professional councils Valuers Adjustment for further periods.
Parliamentary Villages Management Board, 1998 (Act 96 of 1998)	To provide for the establishment of a Parliamentary Villages Management Board and matters incidental thereto.
Construction Industry Development Board Act, 2000 (Act 38 of 2000)	To provide for the establishment of the Construction Industry Development Board, and matters incidental thereto.
Council for the Built Environment Act, 2000	To provide for the establishment of the Council (Act 43 of 2000) for the Built Environment and matters incidental thereto.
Architectural Profession Act, 2000 (Act 44 of 2000)	To provide for the establishment of the Council for the Architectural Profession and matters incidental thereto.
Landscape Architectural Professional Act, 2000 (Act 45 of 2000)	To provide for the establishment of the Council for the Landscape Architectural Profession and matters incidental thereto.
Engineering Profession of South Africa Act, 2000 (Act 46 of 2000)	To provide for the establishment of the Council for the Engineering Profession and matters incidental thereto.
Property Valuers Profession Act, 2000 (Act 47 of 2000)	To provide for the establishment of the Council for the Property Valuers Profession and matters incidental thereto.
Project and Construction Management Profession Act, 2000 (Act 48 of 2000)	To provide for the establishment of the Council for the Project and Construction Management Profession and matters incidental thereto.
Quantity Surveying Profession Act, 2000 (Act 49 of 2000)	To provide for the establishment of the Council for the Quantity Surveying Profession and matters incidental thereto.

2. Appendix 2

MINISTERIAL PUBLIC APPEARANCE PROGRAMME (MPAP)

Event	Date	Province
Official Publication of CIDB Status Report	06 April 2004	Gauteng
Presidential Launch of EPWP	18 May 2004	Limpopo Sikhunyani
Minister's Visit to UK and China	26 – 29 May 2004	India
Official Opening of Mangaung Police Station R15, 8 million	07 June 2004	Free State
Minister's budget Vote Speech National Parliament	10 June 2004	Parliament
Minister's budget Vote Speech NCOP	11 June 2004	Parliament
Official Hand over of Tsolo Police Station	18 June 2004	Eastern Cape, Umtata
Official Hand over and opening of Mabopane Police Station R6,5 million	25 June 2004	Gauteng
ABSA Signing Agreement	01 June 2004	Gauteng
Official Opening of Steve Vukile Tswete Police Station	09 July 2004	Eastern Cape
Address of NABCAT	30 July 2004	Gauteng
Official Opening of R61 and T158 Road	02 August 2004	Eastern Cape
MIG Launch	12 August 2004	Gauteng
Provincial Launch of EPWP	27 August 2004	Northern Cape
Provincial Launch of EPWP by Deputy President	28 August 2004	KwaZulu Natal
Official handover and opening of Tshidilamolomo Community Safety Centre, Mafikeng R8, 57 million	28 August 2004	North West
Provincial Launch of EPWP	30 August 2004	Mpumalanga
Provincial Launch of EPWP by Deputy President	31 August 2004	Gauteng
Provincial Launch of EPWP by the President	02 September 2004	Western Cape
Provincial Launch of EPWP	03 September 2004	Eastern Cape
Provincial Launch of EPWP	16 September 2004	North West

2. Appendix 2

Event	Date	Province
Provincial Launch of EPWP	28 September 2004	Free State
Sod Turning Ceremony of Motherwell for SAPS Station and Magistrate Court.	29 September 2004	Eastern Cape
Launch of the 2014 Youth Foundation	30 September 2004	Cape Town
Launch of the Construction Transformation Charter Process	04 October 2004	Gauteng
Official Opening of the PE Magistrate Court	05 October 2004	Eastern Cape
Handover of Thembisa Magistrate Court	15 October 2004	Gauteng
CSIR Intelligent Management Social Corporate Responsibility Conference	18 October 2004	Gauteng
Launch of the Property Transformation Charter Process	01 November 2004	Gauteng
Workshop for Built Environment	05 November 2004	Gauteng
BBQ Awards	12 November 2004	Gauteng
Address to NAFCOC Annual Meeting	22 November 2004	Gauteng
Role of Private Business on EPWP	26 November 2004	Gauteng
Women Property Conference	29 November 2004	Gauteng
Internal World Aids Day	01 December 2004	Gauteng
Saldanha Bay Graduation Celebration of 57 Learners	02 December 2004	Western Cape
Wreath Laying at Union Building	16 January 2005	Gauteng
Hand Over of the GCIS Media Centre	10 February 2005	Western Cape
Parliamentary Media Briefing	17 February 2005	Western Cape
Sod Turning Ceremony	11 March 2005	Limpopo Province
Black Property Charter Transformation Event	31 March 2005	Gauteng