

Strategic Plan 2005 - 2009

Department of Public Works
Republic of South Africa

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Foreword

At the beginning of our Second Decade of Democracy and Freedom and with Government confronted by the daunting challenge of bridging the chasm between the First and Second Economies in the country, the National Department of Public Works (DPW) realises that it has to help find creative and innovative solutions urgently to deal with poverty and unemployment. I am of the opinion that the huge untapped potential of National Government's property portfolio for the implementation of a combination of public-private, public-public and public-private-community partnerships for the tangible achievement of broad-based BEE, especially in the Property Industry, needs to be fully exploited going forward. To this end we will use the vast portfolio of 140 000 properties and the Expanded Public Works Programme (EPWP), which my Department is coordinating, for training, job creation and the provision and maintenance of infrastructure, and broad-based Black Economic Empowerment (BEE) in the Construction and Property Industries to contribute to reducing unemployment by 50% by 2014. The Department intends laying a sound foundation for its crucial role in facilitating delivery by other national government departments and institutions by drastically improving its service of providing and managing the necessary accommodation to them. The Department has developed a Service Delivery Improvement Programme based on the *Batho Pele* principles. A holistic plan to address the maintenance backlog (estimated to be approximately R12 billion alone) over the next ten to twenty years, has been compiled and submitted to National Treasury. But due to the socio-economic demands on the national revenue fund, we need to explore with Treasury how the maintenance backlog could best be financed. The Department has a budget of R5, 5 billion per year, and also manages expenditure of approximately R1, 7 billion per annum on behalf of client departments.

The Independent Development Trust (IDT) Construction Industry Development Board (CIDB), and Council for the Built Environment (CBE), together with the Construction Education and Training Authority (CETA) and strategic partnerships with tertiary institutions, are assisting the Department in a meaningful manner in the process of building the capacity of the Construction Industry for labour-intensive construction technology, and at the same time addressing the dire shortage of built environment professional and technical capacity and skills in the country. Mindful of our responsibility to the African Renaissance and NEPAD, our joint peacekeeping skills development project with the Department of Defence has delivered the first graduates, and they will be deployed to perform peacekeeping and post-conflict reconstruction duties in the Great Lakes region and elsewhere as well as inside the country.

We provide strategic leadership in the two industries we are responsible for. In the Construction Industry transformation will continue and in the Property Industry the process has been begun when I launched the charter process for both industries in the last quarter of 2004. This includes ensuring that the Department's role as custodian of national government immovable property is consolidated and the required government-wide policy framework and legislation for the management of such assets obtains Cabinet and Parliamentary approval and is implemented. My Department has set in motion a White Paper process that will lead to the enactment of the

Government-wide Immovable Asset Management legislation during 2005. This Act will provide for the life-cycle management of immovable State assets and optimal utilisation thereof.

Finally, I wish to reiterate my and my Department's commitment to substantially improve performance and service delivery to our clients, and to help Government find out of the box solutions and methods, in our sphere of work in particular and the Clusters and other spheres of government in general, in creating a *better life for all South Africans* and contributing to a *better Africa in a better world*.

A handwritten signature in black ink, appearing to read 'S. N. Sigcau'.

S N Sigcau, MP
MINISTER

Contents

FOREWORD	1
PART A: STRATEGIC OVERVIEW	6
1 OVERVIEW BY THE ACCOUNTING OFFICER	6
2 VISION	9
3 MISSION	9
4 VALUES	9
5 SECTORAL SITUATION ANALYSIS	10
5.1 SERVICE DELIVERY ENVIRONMENT	10
5.2 SUMMARY OF SERVICE DELIVERY ENVIRONMENT AND CHALLENGES	11
5.2.1 Provision of Land and Accommodation	11
5.2.2 National Public Works Programme	12
5.3 SUMMARY OF ORGANISATIONAL ENVIRONMENT AND CHALLENGES	12
6 LEGISLATIVE AND OTHER MANDATES	13
7 BROAD POLICIES, PRIORITIES AND STRATEGIC GOALS	13
8 INFORMATION SYSTEMS TO MONITOR PROGRESS	14
9 DESCRIPTION OF STRATEGIC PERFORMANCE PLANNING PROCESS	15
PART B: BUDGET PROGRAMME AND SUB-PROGRAMME PLANS	16
10 OVERALL PROGRAMME STRUCTURE	16
11 PROGRAMME 1: ADMINISTRATION	17
11.1 SITUATION ANALYSIS	17
11.2 POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES	18
11.3 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM	18
11.4 DESCRIPTION OF PLANNED QUALITY IMPROVEMENT MEASURES	18
11.5 RECONCILIATION OF BUDGET WITH PLAN	18
12 PROGRAMME 2: PROVISION OF LAND AND ACCOMMODATION	20
12.1 SITUATION ANALYSIS	20
12.2 POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES	24
12.3 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM	24
12.4 SPECIFICATION OF MEASURABLE OBJECTIVES AND PERFORMANCE INDICATORS	32
12.5 RECONCILIATION OF BUDGET WITH PLAN	34
13 PROGRAMME 3: NATIONAL PUBLIC WORKS PROGRAMME	39
13.1 SITUATION ANALYSIS	39
13.2 POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES	40
13.3 ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM	40
13.4 DESCRIPTION OF PLANNED QUALITY IMPROVEMENT MEASURES	40
13.5 SUB-PROGRAMME 3.1: CONSTRUCTION INDUSTRY DEVELOPMENT PROGRAMME	41
13.5.1 Introduction	41
13.5.2 Policies and priorities	41
13.5.3 Analysis of constraints and measures planned to overcome them	43
13.5.4 Description of planned quality improvement measures	43
13.5.5 Specification of measurable objectives and performance indicators	44
13.6 SUBPROGRAMME 3.2: PROPERTY INDUSTRY DEVELOPMENT PROGRAMME	46
13.6.1 Introduction	46

13.6.2	<i>Policies and priorities.....</i>	46
13.6.3	<i>Specification of measurable objectives and performance indicators</i>	48
13.7	SUBPROGRAMME 3.3: EXPANDED PUBLIC WORKS PROGRAMME	49
13.7.1	<i>Introduction</i>	49
13.7.2	<i>Policies and priorities.....</i>	49
13.7.3	<i>Analysis of constraints and measures planned to overcome them.....</i>	49
13.7.4	<i>Specification of measurable objectives and performance indicators</i>	50
13.8	RECONCILIATION OF BUDGET WITH PLAN	51
14	PROGRAMME 4: AUXILLIARY AND ASSOCIATED SERVICES	53
14.1	SITUATION ANALYSIS.....	53
14.2	POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES.....	53
14.3	ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM.....	54
14.4	DESCRIPTION OF PLANNED QUALITY IMPROVEMENT MEASURES.....	54
14.5	SPECIFICATION OF MEASURABLE OBJECTIVES AND PERFORMANCE INDICATORS.....	54
14.6	RECONCILIATION OF BUDGET WITH PLAN	55
15	EXPENDITURE BY PROGRAMME	56
16	MEDIUM-TERM REVENUES.....	58
16.1	DEPARTMENTAL REVENUE COLLECTION.....	58
16.2	CONDITIONAL GRANTS.....	58
16.3	DONOR FUNDING.....	59
17	CO-ORDINATION, CO-OPERATION AND OUTSOURCING PLANS	59
17.1	INTERDEPARTAMENTA AND LOCAL GOVERNMENT LINKAGES	59
17.2	PUBLIC ENTITIES	60
17.3	PUBLIC, PRIVATE PARTNERSHIPS.....	60
18	FINANCIAL MANAGEMENT:.....	61
18.1	STRATEGIES TO ADDRESS AUDIT QUERIES.....	61
PART C: BACKGROUND INFORMATION		63
19	APPENDIX ONE: ORGANISATIONAL INFORMATION AND THE INSTITUTIONAL ENVIRONMENT	623
19.1	ORGANISATIONAL DESIGN	63
19.2	DELEGATIONS	63
19.3	PERSONNEL.....	63
19.4	IT SYSTEMS.....	72
19.5	PERFORMANCE MANAGEMENT SYSTEM	74
19.6	AUDIT QUERIES	75
19.7	INTERNAL AUDIT.....	77
19.8	IMPLEMENTATION OF PFMA	77
20	APPENDIX TWO: LEGISLATION THE DEPARTMENT ADMINISTERS.....	78
21	APPENDIX THREE: HIGH LEVEL ORGANISATIONAL STRUCTURE	82

List of tables

Table 1: Summary of National Property Portfolio	11
Table 2: Summary of National Leased Portfolio	11
Table 3: Summary of the condition of National Government buildings	11
Table 4: Summary of post vacancies and supernumeries	12
Table 5: Key expenditure indicators	12
Table 6: Progress with promoting SMMEs and BEE	13
Table 7: Department Strategic Goals	13
Table 8: Programme Structure	16
Table 9: Strategic Objectives for Programme 1. Administration	18
Table 10: Nominal Expenditure on Programme 1:	19
Table 11: Real Expenditure ³ on Programme 1:	19
Table 12: The National Property Portfolio by Department	21
Table 13: The National Leased Portfolio by Department	21
Table 14: The condition of National Government buildings by department	22
Table 15: The demand of new space by department	22
Table 16: Strategic Objectives for Programme 2: Provision of Land and Accommodation	24
Table 17: The Maintenance Backlog	30
Table 18: Programme 2: Provision of Land and Accommodation: measurable objectives, performance indicators and targets	32
Table 19: Nominal Expenditure on Programme 2:	35
Table 20: Real Expenditure ³ on Programme 2:	37
Table 21: Strategic Objectives for Programme 3: National Public Works Programme	40
Table 22: Sub-Programme 3.1: Construction Industry Development Programme: measurable objectives, performance indicators and targets	44
Table 23: Sub-programme 3.2: PIDP: measurable objectives, performance indicators and targets	48
Table 24: EPWP objectives to be monitored and evaluated	50
Table 25: Nominal Expenditure on Programme 3:	51
Table 26: Real Expenditure on Programme 3	52
Table 27: Strategic Objectives for Programme 4: Auxiliary and associated services	53
Table 28: Programme 4: Auxiliary and associated services: measurable objectives, performance indicators and targets	55
Table 29: Nominal Expenditure by Programme	56
Table 30: Real Expenditure by Programme	57
Table 31: Departmental revenue collection:	58
Table 32: Donor funding	59
Table 33: Details of public entities	60



Part A

Strategic Overview

1. Overview by the Accounting Officer

The continued focus of the Department of Public Works is service excellence. A new organisational structure was implemented in October 2003 and vacant posts are currently being filled. The groundwork is complete for replacing the archaic and incompatible information systems, and a holistic maintenance plan has been submitted to National Treasury. A service delivery improvement programme will be implemented from April 2005. Good progress has been made with implementing of the Expanded Public Works Programme (EPWP), compiling a government-wide immovable asset management framework and legislation. The Minister already launched the charter process for the Construction and Property Industries during late 2004.

Four Core Business Focus Areas

The Department of Public Works has identified four core business focus areas for the MTEF period.

The first focus area is to improve accommodation service provision. This involves addressing the maintenance backlog over the next 10 to 20 years, improving government accommodation in Cape Town and Pretoria, and launching a service delivery improvement programme (SDIP).

The second is to improve the management of the State's immovable property portfolio. This involves reviewing and upgrading the immovable asset register and finalising the implementation of the government-wide immovable asset management framework. Improvement of the asset register depends largely on the Department of Land Affairs' vesting exercise which is to make sure that all properties registered in the right sphere of government are registered in the Deeds Offices in the name of either National or the Provincial Government concerned.

The third is to roll out the EPWP to provinces, municipalities, other national government departments and State-owned enterprises and to ensure that implementation is in compliance with the Division of Revenue Act.

The fourth is to lead the drafting of the construction and property industry transformation charters to make sure that equitable and diversified ownership of historically disadvantaged groups and individuals is achieved.

Three strategic drivers

Three strategic drivers have been identified in order to achieve the four key objectives.

The first is service, which comprises a programme to improve service delivery, including mechanisms such as service level agreements with client departments and managing client relationships. Two key evaluations for the Repair and Maintenance Programme and the Emerging Contractor development Programme have been undertaken with a view to improved planning of these programmes. Transformation is also a focus and includes developing a broad-based BEE strategy and policy, revising the Department's employment equity plan, and developing industry charters.

The second is capacity. This includes people development and incentive systems, finalising business processes and systems, and implementing business unit plans to operationalise and manage execution of the 2005 – 2009 Strategic Plan. There is also a focus on budgeting, such as aligning allocations to prioritised needs and improving budget submissions, and responding to issues raised by the Standing Committee on Public Accounts (SCOPA).

The third is asset management, including implementing an integrated asset management information system, asset life-cycle management, government-wide immovable asset management legislation and a property disposal strategy and policy. The government-wide framework for managing immovable assets emphasises: life-cycle asset management; the principle that service delivery requirements should be the primary factor in decision-making for immovable assets; and the need for analysing alternative asset solutions, including non-asset solutions. Finalising and gazetting this framework and its enabling legislation, in consultation with the various stakeholders, will be a priority over the MTEF period.

Expanded Public Works Programme (EPWP)

The EPWP is a flagship programme of government that aims to address unemployment and poverty. The programme aims to give many unemployed people an opportunity to work, as well as to bolster investor confidence in the labour market. Under the programme, small contractors are mentored so that they can compete viably in tenders for municipal and provincial government labour-intensive projects. This aspect of the programme is important for government's broad-based black economic empowerment objectives.

The Department of Public Works is charged with co-ordinating the EPWP across all spheres of government and ensuring that the EPWP's national objectives and targets are being met. The areas of coordination include: creating an enabling and supportive environment for the implementation of the programme; coordinating activities of public bodies involved in the programme; assisting with the identification of opportunities to implement the Programme, and preference will be given to the rural and urban nodes of the Integrated Sustainable Rural Development (ISRDP) and Urban Renewal Programmes (URP); facilitating learning among various stakeholders. The Department is also responsible for informing the wider public about the EPWP.

The EPWP was successfully launched in all nine provinces by September 2004 and an implementation framework for provinces and municipalities was developed. The Division of Revenue Act now provides for ring-fencing portions of provincial and municipal allocations for labour-intensive infrastructure projects. Training capacity has strengthened and the required training programmes for the supervisory and managerial staff of contracting and engineering firms is currently being provided. This training is critical to the success of the EPWP.

Now that the enabling framework for the EPWP is largely in place, the Department will be focusing on accelerating and expanding the programme over the MTEF period.

The construction and property industries

Since 1994, the department has provided the necessary leadership for transforming and regulating the construction industry. Over the MTSF period, this will extend to the property industry. Transformation charters are being drafted for both industries and preparation for adopting and implementing them will begin in 2005. The department is also currently addressing the dire shortage of built environment professional and technical skills.

Contribution to NEPAD

In line with the principles of NEPAD, a joint peacekeeping skills development project is being implemented with the Department of Defence. This involves looking at how providing much-needed infrastructure can contribute to conflict resolution. The intention is to bring a development perspective to bear on peacekeeping and post-conflict reconstruction in the Great Lakes region and elsewhere.

Managing fixed property

Progress has been made in compiling immovable asset management guidelines for national departments/institutions and provincial administrations, with a view to improving the management and utilisation of the state's fixed property portfolio. These policy guidelines will be translated into a White Paper and framework legislation to be submitted to Cabinet and Parliament in 2005, after an extensive consultation process with stakeholders. In order to properly exercise its custodial responsibilities, the department is developing a revised policy on space and cost norms for office accommodation. The department is engaging with National Treasury to set timeframes for devolving the payment of municipal rates for provincial properties to provincial administrations. The department is working with the Tshwane municipality to develop an integrated plan for providing better accommodation for the headquarters of national departments in the Pretoria central business district, and is developing plans to improve the Parliamentary Complex in Cape Town, and it is intended to extend this initiative to other centres in due course. As part of its responsibility to provide and maintain accommodation for national departments and institutions, the Department will also seek opportunities in consultation with its clients to initiate projects in the rural and urban nodes of the ISRDP and URP.

The Department is committed to continuous improvement and the delivery of services cost effectively, as the PFMA requires. Improved capacity, including business and systems will help to achieve this. In addition to that, I have introduced the "*DPW Leadership Way*" from January 2005 as a change management initiative in the Department and which I personally lead, to emphasise quality service as a better way of conducting our business and treating our clients as strategic partners



James Maseko
DIRECTOR-GENERAL

Vision, Mission and Value Statements

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

2. Vision

"To be a world-class Public Works Department"

3. Mission

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

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

4. Values

The following values are the principles that bind and guide the Department in its continuous effort towards service delivery improvement.

4.1 Open Communications

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

4.2 Urgency

All tasks are attended to timeously and diligently.

4.3 Commitment

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

4.4 Integrity

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

4.5 Decisiveness

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

4.6 Client Focus

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

4.7 Team Work

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

5. *Sectoral situation analysis*

5.1 Service Delivery Environment

5.1.1 *Provision of Land and Accommodation*

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

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

5.1.2 Government-wide Immovable Asset Management Policy

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

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

- Service delivery requirements should be the primary factor in decision-making regarding immovable assets.
- Government bodies are required to develop and review immovable asset management plans (IAMP), as part of their strategic planning and budgeting processes.
- Uniform guidelines and minimum standards for the asset management processes which includes strategic planning, acquisition, maintenance & management, and disposal. The guidelines will include the need to assess non-asset solutions to increasing accommodation demands.

5.1.3 Poverty Alleviation & EPWP

The levels of unemployment and poverty compelled Government to introduce the Expanded Public Works Programme as one of a range of programmes aimed at addressing this problem. The EPWP is mainly an infrastructure-driven programme, which will promote skills development and labour-intensive methods.

5.2 Summary of service delivery environment and challenges

5.2.1 Provision of Land and Accommodation

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

Table 1: Summary of National Property Portfolio

State-owned portfolio	Land				Buildings / structures	
	Number of Land parcels	Extent of Land parcels (hectares)	Number of unutilised land parcels	Extent (hectares)	Number of buildings / structures	Extent of buildings / structures (m ²)
National	36, 437	9, 080, 825	323	26, 360	100, 972	28, 403, 272

The above information was extracted from the NDPW's immovable asset register (see explanatory notes under Table 12).

Table 2: Summary of National Leased Portfolio

Leased Portfolio	No. of Leases	Size (m ²)	Cost per Annum	Cost per Annum
NATIONAL	4412	3,229 577	R1, 133, 474, 676.00	R1, 635. 81

Table 3: Summary of the condition of National Government buildings

	Condition of State Owned Buildings										Total	
	(Number and Percentage)											
	Very Good		Good		Fair		Poor		Very Poor			
National	3563	6%	16298	28%	21195	37%	10451	18%	6173	11%	57680	100%

5.2.2 National Public Works Programme

This programme comprises three sub-programmes, namely the Construction Industry Development Programme, Property Industry Development Programme, and the Expanded Public Works Programme. The latter consists of four sectors: the infrastructure, economic, social and environmental programmes.

5.3 Summary of organisational environment and challenges

The Department has finalised its restructuring, which entailed the configuration into four new Branches: Policy and the National Public Works Programme, Asset Management, Operations (Regions) and Expanded Public Works Programme. It succeeded in matching and placing all existing employees, where required through redeployment, and has embarked upon the filling of about a thousand vacancies. The Department is confronted with the following four challenges:

- A different interpretation of its historical mandate
- The maintenance backlog
- Capacity and skills shortage
- Inadequate service delivery

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

Table 4: Summary of post vacancies and supernumeries

Staff Categories	Number					Average Annual change
	2000	2001	2002	2003	2004	
Total staff complement	4021	4508	4543	4470	4636	153.75
Number of professional and managerial posts	463	578	578	1015	1512	262.25
Number of professional and managerial posts filled	358	396	401	463	836	119.5
Number of excess staff	0	0	0	0	0	0

Table 5: Key expenditure indicators

Category of expenditure	Percentages or Rands (000's)				Average Annual change
	2000/01	2001/02	2002/03	2003/04	
Personnel expenditure as % of total expenditure	7.61	8.31	8.33	8.35	0.25
Expenditure on maintenance of buildings and facilities as a % of total expenditure	15.09	15.50	15.08	13.91	-0.39

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

Category of Expenditure	Percentages or Rands (000's)			
	2001/02	2002/03	2003/04	2004/05
Encouragement of Black Economic Empowerment				
Total New Contracts*	448	235	439	582
*Number of contracts to BEE**	395	200	308	382
#Total value of new contracts awarded	R1, 342, 473, 286	R592, 341, 937	R1, 451, 236, 999	R2, 438, 872, 36
Total value of contracts to BEE	R765, 307, 190	R370, 138, 273	R855, 368, 498	R1, 512, 100, 724
% of Total contracts to BEE by value	57%	62%	59%	62%

*Contracts refer to tenders and professional services appointments

**BEE contracts = Contracts awarded via preferential procurement to historically disadvantaged enterprises/individuals

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

6. Legislative and other mandates

In terms of the relevant provisions of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996) and the Public Service Act, 1994 (Proclamation 104 of 1994) a functional mandate was allocated to the Department of Public Works. In addition, the Department's mandate is annually confirmed through the Appropriation Act. The provisions of the State Land Disposal Act, 1961 (Act No 48 of 1961) confirms the pre-eminent position of the Minister and the Department pertaining to all disposals of State land. During 2003 and 2004 the Department also obtained two legal opinions that unequivocally confirmed the mandate of the Department of Public Works. In addition, the Department is responsible for the administration of the 33 Acts listed in Appendix Two.

From the above legislation, the Department's mandate is to be the custodian and manager of all national government's fixed assets, for which other legislation does not make another department or institution responsible. This includes the determination of accommodation requirements, rendering expert built environment services to client departments, the acquisition, maintenance and disposal of such assets.

7. Broad policies, priorities and strategic goals

Table 7: Department Strategic Goals

<p>STRATEGIC GOAL 1: <i>Providing strategic leadership to the Construction and Property Industries to ensure economic growth and development</i></p> <p>It is required of every national department to ensure that each of the industries it is responsible for contributes to the national goals of economic growth, employment and investment</p>
<p>STRATEGIC GOAL 2: <i>Promotion of Black Economic Empowerment (BEE)</i></p> <p>Government has declared broad-based BEE as a national priority and adopted a national policy framework and legislation to give effect to it.</p>
<p>STRATEGIC GOAL 3: <i>Contributing to the National Goal of Poverty Alleviation and Job Creation</i></p> <p>Government and its social partners have prioritized poverty alleviation and job creation at the Growth & Development Summit in June 2003; unemployment has to be reduced by 50% by 2014.</p>

STRATEGIC GOAL 4: *Contributing to African Renaissance/NEPAD*

Government regards NEPAD as a key initiative to which the Department must contribute.

STRATEGIC GOAL 5: *Improving service delivery*

Cabinet decided during the July 2003 Lekgotla that *all national departments to improve service delivery should implement Batho Pele.*

STRATEGIC GOAL 6: *Good Corporate Governance*

Good corporate governance, of which the anti-corruption drive is key, is a PFMA requirement

STRATEGIC GOAL 7: *A comprehensive HR Plan supporting (Departmental) business and Government imperatives*

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

8. Information systems to monitor progress

Information Services Unit endeavours to provide and maintain robust interoperable and integrated systems; coordinate, implement and align IT programmes and projects with the NDPW strategic objectives; and to acquire and maintain a functional network infrastructure that supports Information Communication Technology (ICT) as well as information technology security.

Also the IS Unit is considering the following key imperatives as part of the IS Strategy in the new financial year:

- Alignment to the Business Strategy
- Alignment with the e-Government strategy
- Integration of Business systems
- Develop a Master System Plan

The following initiatives will be implemented to address the future needs of the Department to a large extent:

- Implementation of service level agreements between IS and Internal Business
- Robust Network infrastructure to support the new and integrated application systems in the decentralized environment;
- New and Integrated Asset Management System that will integrate with the National Treasury systems such as BAS and Persal but also provide for integration with the new impending IFMS system;
- A unified Suppliers Register which is integrated with the above mentioned asset management system and which is web enabled and allows contractors access at the same time as facilitating contractor selection through the individual regional offices;

A detailed Information Technology (IT) plan is provided in Appendix One.

9. Description of strategic planning process

The Departmental Strategic planning process commenced in June 2004 when a Management Committee Strategic Planning Workshop was convened to review overall strategic direction for the Department and to ensure that the 2005 MTEF budget was informed by the strategic goals for the next MTSF.

Another Management Committee Strategic Review and Planning workshop took place during November 2004 during which the seven strategic goals were discussed and confirmed. It was also decided to formulate a new change management initiative, the DPW Leadership Way.

The various Branches and Chief Directorates then reviewed, developed and submitted their inputs on the situational analyses, strategic objectives, constraints, measures to overcome them, and quality improvements measures.

Part B

Budget programme and sub-programme plans

10 Overall Programme Structure

Table 8: Programme Structure

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

11. Programme 1: Administration

Objective

The programme provides for the leadership and overall management of the department. Strategic management and administrative support are provided by giving political, managerial and administrative leadership and support to the work of the department. The corporate services function provides various support services to ensure the smooth running of the department to create a productive, efficient and creative working environment to enable the department to achieve its overall strategic objectives.

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

- Minister
- Deputy Minister
- Management
- Corporate Services

11.1 Situation analysis

Over the past three financial years the amount spent on this programme has, on average, been about 5% of the department's total expenditure. The allocation is following the same trend over the MTEF period. The steady increase of compensation of employees during the last four years with the full impact in the 2005/06 financial year is due to the improvement of management and administrative capacity in both Head Office and the Regional Offices. Over the strategic plan period, the focus of the Administration Programme will be on:

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

11.2 Policies, priorities and strategic objectives

Table 9: Strategic objectives for Programme 1. Administration

STRATEGIC GOAL 1: <i>Improving Service delivery</i> <ul style="list-style-type: none">❑ Review and re-engineering of processes❑ Development and implementation of various capacity building programmes
STRATEGIC GOAL 2: <i>Good (Corporate) Governance</i> <ul style="list-style-type: none">❑ Unqualified and clean Audit report❑ Improved efficiency in the use of financial resources
STRATEGIC GOAL 3: <i>Comprehensive HR plans supporting business and Government imperatives</i> <ul style="list-style-type: none">❑ Quicker process of filling key positions in the department❑ Special Development programme to assist and promote excellence in the department❑ Institutionalisation of modern recruitment and retention of high calibre staff.
STRATEGIC GOAL 4: <i>Promotion of Black Economic Empowerment</i> <ul style="list-style-type: none">❑ Intensifying implementation of preferential procurement policies in compliance with relevant Government procurement prescripts.

11.3 Analysis of constraints and measures planned to overcome them

The archaic management information systems have inhibited optimum planning and execution of previously determined strategic initiatives such as “user pays”. The focus is now to modernise, enhance and align information systems with the core functions. The Department is currently reengineering and documenting its business processes to assist in the development of integrated management information systems.

11.4 Description of planned quality improvement measures

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

11.5 Reconciliation of budget with plan

Restructuring and transformation in the last four years resulted in an increase in personnel and administration expenditure, where the full impact on compensation of employees will actualize in 2005/06 due to management and administrative capacity that needed to be addressed to improve service delivery, financial planning and expenditure control. Beefing up of capacity in regions at both management and operational levels was followed by decentralization of functions. It is now fundamental to modernize, enhance and align information systems. The budget requirements for the medium cycle regarding information and communication technology amounts to R42 million per annum.

Table 10: Nominal expenditure on Programme 1

Programme 1; Administration	Year -2 (Actual)	Year -1 (Actual)	Base Year (Estimate)	Nominal Average Annual Change (%) 1	Year 1 (Budget)	Year 2 (MTEF Projections)	Year 3 (MTEF Projections)	Nominal Average Annual Change (%) 2
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
1.1 Minister	691	746	791	7.00	843	897	942	5.72
1.2 Deputy Minister	536	579	585	4.54	623	663	696	5.70
1.3 Management	66,309	68,409	49,501	-12.24	54,376	59,814	65,795	10.00
1.4 Corporate Services	143,305	161,359	224,194	25.78	216,160	269,257	277,383	13.80
Total Programme 1	210,841	231,093	275,071	14.32	272,002	330,631	344,816	12.93

Table 11: Real Expenditure (3) on Programme 1

Programme 1: Administration	Year -2 (Actual)	Year -1 (Actual)	Base Year (Estimate)	Real Average Annual Change (%)1	Year 1 (Budget)	Year 2 (MTEF Projections)	Year 3 (MTEF Projections)	Real Average Annual Change (%)2
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
1.1 Minister	632	707	757	9.48	802	853	897	5.76
1.2 Deputy Minister	490	549	560	7.03	593	631	663	5.75
1.3 Management	60,667	64,843	47,369	-9.97	51,737	56,912	62,662	10.06
1.4 Corporate Services	131,112	152,947	214,540	28.47	205,671	256,191	264,174	13.85
Total Programme 1	192,901	219,046	263,226	16.87	258,803	314,587	328,396	12.98
Inflation rate based on CPI	9.3	5.5	4.5		5.1	5.1	5.0	
1 Average p.a change between Year -2 and base year								
2 Projected average p.a change between base year and Year 3								
3 Real expenditure = nominal expenditure deflated by the average p. a inflation rate as measured by CPI (STATS-SA)								

12. Programme 2: Provision of Land and Accommodation

Objective

The key objective of this programme is to provide immovable property which is functional, cost-effective and that supports and enhances the delivery of various government services and socio-economic objectives; to all national departments and institutions.

This programme comprises of two key focus areas: Asset Management and Operations.

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

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

12.1 Situation analysis

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

In September 2004, the DPW presented a detailed long-term maintenance plan to National Treasury. The plan outlined various funding options targeted at reducing the maintenance backlog and improving the functionality of upgraded facilities. Importantly, the plan highlighted the funding inadequacies that have a negative impact on the long-term integrity of the state assets.

NDPW recognises that this required funding may not be affordable to the state given other competing demands such as education, health housing and other basic services anticipated by the majority of the poor in the country. The DPW is embarking on a programme to dispose of un(under)utilised assets in its portfolio, which will reduce unnecessary expenditure on property rates & taxes, municipal services and security.

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

Table 12: The National Property Portfolio by Department

STATE-OWNED PORTFOLIO	LAND				BUILDINGS / STRUCTURES	
	NUMBER OF LAND PARCELS	EXTENT OF LAND PARCELS (HECTARES)	NUMBER OF UNUTILISED LAND PARCELS	EXTENT (HECTARES)	NUMBER OF BUILDINGS / STRUCTURES	EXTENT OF BUILDINGS / STRUCTURES (M ²)
Correctional Services	773	40, 042	0	0	14, 724	4 722 300
Defence	2, 896	2, 996, 693	4	75	33, 825	4 155 047
S A Police Service	4, 972	285, 416	29	8	32, 223	5 707 274
Justice	1, 688	97, 931	16	4	5, 203	1 660 019
Other Departments combined	25, 366	5, 573, 478	267	26, 265	12, 280	8 627 106
Un-allocated	742	87, 266	7	9	2, 717	11 139
TOTAL	36, 056	9, 080, 825	323	26, 360	100, 972	28, 403, 272

The above information was extracted from the Department's *Immovable Asset Register*.

In the compilation of the Asset Register in 1996/99, the DPW relied on certain Departments (Correctional Services, Defence and Water Affairs & Forestry) to provide information on the immovable assets allocated to them. This information was not verified by the contractors appointed by the DPW and was not always complete (e.g. improvements were not always linked to the underlying land parcels and the extent of improvements was not always available). Furthermore, the Department decided not to gather information on official housing, unless it formed part of functional accommodation, such as police stations or border control posts. The Department has recognised the need to address the shortcomings of its Immovable Asset Register and has embarked on a project to upgrade and enhance the register over a three year period (see paragraph 13.6.2).

Table 13: The National Leased Portfolio by Department

Client	No of Leases	Size (m ²)	Rental per Annum	Cost per Lease	Cost per m ² /Annum
SAPS	2, 691	1, 470, 563	R401, 124, 528	R149, 062	R272.77
CORRECTIONAL	501	249, 321	R 39, 025, 164	R77, 895	R153.53
DEFENCE	399	509, 475	R117, 195, 564	R293, 723	R230.03
JUSTICE	130	287, 552	R 81, 013, 584	R623, 181	R281.74
OTHERS	691	712, 666	R495, 115, 836	R716, 521	R694.74
TOTAL	4, 412	3, 229, 577	R1, 133, 474, 676	R256, 907	R1, 635.81

Table 14: The Condition of National Government buildings by Department

Department	Condition of State Owned Buildings (Number and Percentage)										Total	
	Very Good		Good		Fair		Poor		Very Poor			
Correctional Services	576	3%	1, 211	30%	1, 257	31%	438	22%	593	15%	4, 075	100%
Defence	474	4%	2, 678	24%	3, 206	29%	2, 588	23%	2, 279	20%	11, 226	100%
Police	250	2%	2, 583	30%	2, 784	32%	2, 011	24%	1, 005	12%	8, 633	100%
Justice	116	4%	575	30%	442	23%	524	29%	262	14%	1, 919	100%
Other clients combined	2, 145	5%	9, 455	30%	13, 478	43%	4, 829	18%	1, 538	4%	31, 234	100%
Unutilised	2	0%	7	1%	28	5%	61	10%	496	84%	593	100%
TOTAL	3, 563		16, 298		21, 195		10, 451		6, 173		57, 680	

Note: The increase in the condition of buildings is based on the base line reduction in the cost to bring building to good condition,

Table 17. It is, R12,748,077,400 reduced by R956,115,715 to R11,791,961,685 = 7,5%

Total expenditure on repair is R 956,115,715 = 7,5% improvement in total

Based on pro-rata expenditure it is as follow for clients.

Correctional Services = 34,5%, Defence = 2%,SAPS = 3%, Justice 2,66%, Others 57,84%

Table 15: The demand for new space by Department

Clients Departments	Area Required	Total Need (Funds Required)	2005/2006		2006/2007	
			Allocation	MTEF 1 (R) Funds Required	Allocation	MTEF 2 (R) Funds Required
Capital Requirements						
Arts and Culture	121845m ²	R376, 997, 068	R101, 282, 000	R104, 370, 510		R272, 626, 558
Defence	1396m ²	R69, 160, 549	R70, 200, 000	R13, 542, 701		R55, 617, 848
DCS	350 000m ²	R1, 731, 853, 000	R982, 950, 000	R600, 000, 000		R1, 388, 002, 000
SAPS	700 000m ²	R725, 000, 000	R255, 140, 846	R345, 000, 000	R280, 625, 094	R380, 000, 000
Labour	2 089m ²	R11, 593, 739		R2, 857, 023		R5, 587, 488
SAMDI	5 998m ²	R17, 301, 817		R4, 314, 668		R6, 184, 357
DPSA	13 350m ²	R19, 854, 926		R4, 866, 403		R7, 137, 392
Public Protector	2 011m ²	R5, 427, 133		R2, 258, 349		R2, 842, 784
Prestige	17185m ²	R84, 345, 177	R50, 070, 000	R50, 973, 363		R27, 628, 026

Table 15 Continued

Leasing Requirements			2005/2006		2006/2007	
Clients Departments	Area Required	Total Need (Funds Required)	Allocation	MTEF 1 (R) Funds Required	ALLOCATION	MTEF 2 (R) Funds Required
Land Affairs	6, 069m ²	R6, 825, 960	R16, 817, 790	R3, 244, 824	R411, 963	R3, 581, 136
Education	3, 350m ²	R3, 250, 170	R17, 439, 889	R1, 547, 700	R13, 699, 667	R1, 702, 470
Provincial and Local Government	10, 762m ²	R15, 234, 912	R1, 000, 000	R7, 254, 720	R8, 469, 422	R7, 980, 192
Sports and Recreation	2, 175m ²	R3, 916, 836	R2, 482, 138	R1, 865, 160	R965, 337	R2, 051, 676
Arts and Culture	7, 920m ²	R5, 113, 548	R10, 966, 906	R2, 073, 060	R16, 490, 789	R3, 040, 488
Science and Technology	11, 000m ²	R15, 289, 560	R1, 000, 000	R2, 831, 400	R1, 013, 095	R12, 458, 160
Correctional Services	68, 928m ²	R15, 025, 872	R42, 730, 932	R46, 262, 412	R25, 009, 894	R46, 868, 236
SAPS	518, 524m ²	R727, 569, 444	R487, 466, 586	R727, 569, 444	R336, 108, 797	R727, 569, 444
SAMDI	5, 998m ²	R17, 301, 817	R2, 863, 867	R4, 314, 668		R6, 184, 357
DPSA	12, 978m ²	R19, 854, 926	R6, 392, 542	R4, 866, 403	R997, 157	R7, 137, 392
Public Protector	2, 032	R5, 427, 133	R1, 069, 519	R2, 584, 349	R1, 921, 039	R2, 842, 784
Prestige	7, 540m ²	R9, 041, 160	R18, 295, 524	R4, 308, 400	R9, 926, 467	R4, 732, 760

12.2 Policies, priorities and strategic objectives

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

<p>STRATEGIC GOAL 1: <i>Promotion of Black Economic Empowerment</i></p> <p>STRATEGIC OBJECTIVES:</p> <ol style="list-style-type: none"> 1. Use expenditure on construction, maintenance, and facilities management to promote BEE 2. Use government participation in the property market to influence ownership patterns in the property industry
<p>STRATEGIC GOAL 2: <i>Contributing to the National Goals of Poverty Alleviation and Job Creation</i></p> <p>STRATEGIC OBJECTIVE:</p> <ol style="list-style-type: none"> 3. Achieve EPWP goals using the DPW capital and maintenance budget
<p>STRATEGIC GOAL 3: <i>Contributing to the African renaissance / NEPAD</i></p> <p>STRATEGIC OBJECTIVE:</p> <ol style="list-style-type: none"> 4. Contribute in developing government asset management in Africa and learn from the rest of Africa
<p>STRATEGIC GOAL 4: <i>Improving service delivery</i></p> <p>STRATEGIC OBJECTIVES:</p> <ol style="list-style-type: none"> 5. Implement a service delivery improvement programme
<p>STRATEGIC GOAL 5: <i>Good (Corporate) governance</i></p> <p>STRATEGIC OBJECTIVES:</p> <ol style="list-style-type: none"> 6. Comply with asset management principles 7. Comply with Occupational Health & Safety, Heritage and National Environmental Management Acts and other applicable legislation

12.3 Analysis of constraints and measures planned to overcome them

The Department has developed a government-wide framework for the management of immovable assets (GIAMF). The framework emphasises life-cycle asset management; the principle that service delivery requirements should be the primary factor in decision-making regarding immovable assets; and the need for analysis of alternative asset solutions, including non-asset solutions. The Department intends to introduce legislation based on this policy framework in 2005.

Pivotal to comprehensive asset management is an accurate and fully populated Immoveable Asset Register. Prior to 1994 there was no comprehensive electronic Immoveable Asset Register. The Department, as a first step, instituted an exercise that resulted in a comprehensive list of land parcels and buildings. The Department has embarked on a programme to upgrade and enhance its immovable asset register over a three year period.

The Constitution created a separation of ownership of State-owned immovable assets between the national and provincial governments. This separation necessitates the confirmation of ownership ("vesting") of all state properties in the names of the relevant government. The desired end-state is for the national government and each province to have comprehensive immovable asset registers, including details of the title deeds for all their properties. This is a challenging task, as prior to 1994, both national and provincial properties were commonly registered in the name of *Union of South Africa, Republic of South Africa*, etc. Many state properties in the former homelands were never registered in a Deeds Office. Vesting each property includes survey and subdivision (where required), concurrence of the Provincial State Land Disposal Committees, vesting certificates, and registration in the

Deeds Office. The Department is in partnership with the Department of Land Affairs and Provinces implementing a government-wide initiative to complete the vesting of state land, which is scheduled to be completed by 2008.

12.3.1 Asset Management

12.3.1.1 Asset Management Plans

Over the past three years, the Department has developed a government-wide framework for the management of immovable assets (GIAMF). The framework emphasis life-cycle asset management; the principle that service delivery requirements should be the primary factor in decision-making regarding immovable assets.

It is a requirement of the PFMA that asset management plans be compiled and submitted to National Treasury by April each year. To this end, the Department has compiled an asset management plan template, and assistance will be given to client departments in completing it in terms of their strategic plans. Such strategic plans will therefore be the key input for the finalisation of property asset management plans from 2005 onwards. It is envisaged that basic asset management plans for immovable property should be completed for all departments in 2005

12.3.1.2 Performance Standards

The Department's space and cost norms for buildings are currently being reviewed to improve service delivery, promote efficiency and eliminate possible operational barriers. Property performance standards will be compiled during 2005. The Department is in the process of compiling property performance benchmarks which will be used to evaluate the 36, 056 properties and identify the non-performing and under-performing assets and hence develop performance enhancement strategies.

12.3.1.3 Immovable Asset Register Information Plan

The Department has developed an asset register information plan to improve data integrity of the asset register, improve service delivery and facilitate its property management function. A more co-ordinated approach is being implemented to accelerate improvement of the asset register.

12.3.1.4 Risk Management Plan

The department plans to compile a risk management plan for its immovable assets .Risk prevention strategies are critical to preparedness and for the well being of the general public and all government's employees.

12.3.1.5 Transparency of true accommodation cost

According to the PFMA, each department's accounting officer should accurately reflect the total cost of accommodation (including operational costs) utilised for service delivery in their annual financial statements. The Department intends implementing mechanisms to account for the total cost of accommodation that will allow client departments to reflect such costs.

12.3.1.6 Portfolio Analysis

Although the Department has undertaken investment analysis exercises for some time, it is only now starting to implement comprehensive life-cycle asset management. To this end, the

DPW widely investigated international best practices to establish a business model for life-cycle immovable asset management, and has subsequently adopted a new organisational structure based on this business model. The new business model places asset management at the core of the department's activities. A Portfolio Analysis unit has been formed to provide a base for investment and disinvestment decisions through thorough analysis of options for acquisition, construction, renovation, leasing, space optimization, and disposals of immovable property to optimize scarce use of resource for both clients and government; provide relevant property research and data and to provide competent, comprehensive and cost effective valuation services.

12.3.1.6.1 Valuation Services

The key achievement in the area of providing competent, comprehensive and cost effective valuation services, has been the finalisation of valuation projects amounting to R184,9 million in all the nine provinces. These projects include all acquisitions, rentals and disposals that involve transactions between the DPW and various parties, mainly private sector property entities.

The other key activity within the Valuation Services unit has been the review of municipal valuations on state owned properties to enable savings on municipal rates levied. The Department is also researching affordable systems with regard to undertake property valuations that comply with accounting standards.

12.3.1.6.2 Investment Analysis

The initiatives and key projects that have been concluded by the Investment Analysis component include cost analysis of lease to spec for projects in various areas, establishment of a guideline for acquisition of foreign missions for the Department of Foreign Affairs as well as quantification of the costs for improvement of office accommodation for Pretoria CBD. This component is also currently busy with the development of a Financial Lease Model which will be tested and verified and aims to guide the acquisition of accommodation in future, by the whole of government.

12.3.1.7 Various National Departments' Property Needs

In responding to the challenges posed by the large property portfolio and limited budgets, the Department had compiled a holistic Maintenance Plan for all State Assets, which was tabled at National Treasury during the 2004/2005 MTEC sittings.

As a result of inadequate funding individual national departments have had to seek funds on their budgets for detailed *status quo* reports, e.g. Department of Home Affairs.

The trend of departments moving to leased accommodation continues as Table 15 illustrates because of the reasons outlined above. Despite Cabinet decisions that Government must remain within the inner city of the CBDs there are increasing requests for accommodation in the east of Pretoria. This is a direct result of the less than optimum conditions within the CBD with regard to office space (especially in State-owned assets) and safety of the environment.

There is also an increasing trend of departments entering into PPPs for new head office accommodation, which while compliant with current PFMA regulations, results in an imbalance with regard to standard of accommodation across Government as well as cost to the State when comparing specific costs of individual Clients. It is anticipated that the legislation of GIAMF (Government Immovable Asset Management Framework) and the

finalisation of revised and modernised space and cost norms would assist in creating a more acceptable balance in office accommodation.

The DPW has embarked on an initiative for the accommodation of all government departments in Pretoria, which takes into account the principles of Government-wide Immovable Asset Management Framework (GIAMF), as well as the individual needs of clients for service delivery. Through this project the Department has partnered with the Tshwane Municipality to develop an integrated plan for providing improved accommodation for the headquarters of national departments in Tshwane municipal area. Cabinet has approved the project in principle and will be provided with more detail early in the 2005/2006 financial year. This project will entail refurbishment of existing assets, or leased accommodation, acquisition of existing buildings or new construction either as capital projects of PPPs, spread over a number of years.

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

12.3.1.12 Service Level Agreements

The Department has embarked on an exercise to develop individual Client Value Propositions (CVPs) for all clients, which would create a framework within which a Client and the Department would relate to each other. This will involve, *inter alia*, the profile of the Client, a comprehensive needs assessment (services as well as infrastructure required) and a declaration of commitment by DPW, to deliver a level of service to the Client, in compliance with GIAMF. It is envisaged that the following points will be covered; the Client profile, needs of the Client, delivery models, delivery implementation and monitoring of delivery.

In support of the CVPs, a generic Service Level Agreement has been drafted by the DPW and distributed for comments to client departments. These comments are being workshopped with the individual Departments in order to reach agreement and obtain signed SLAs between Public Works and its Clients.

Summary of Asset Management Sub-programmes

Subprogramme	Output	Measure / Indicator	Target	Programmes and Projects for AM units
Asset Management	Strategic management of immovable property owned and / or utilized for delivering various government services to ensure that they yield functional, economic and social benefits to the State.	<ul style="list-style-type: none"> • Extent of suitability / functionality of property owned and / or utilized for various government services • Degree of economic and financial benefits derived from property owned and / or utilized for various government services 	<ul style="list-style-type: none"> • 70% of property (owned and / or utilized for various government services), located, designed and maintained so as to enhance operational needs of national departments. • Establishment of a comprehensive, cohesive immovable asset management plans, aligned to their service delivery plans for the 5 biggest clients, by 31 March 2006. • First phase of the Pretoria Inner City Asset Management Plan for national department head offices completed. • Introduction of “user pays” on property owned and / or utilized for various government services, to promote accountability and transparency of accommodation costs throughout government. 	<p><u>Key Account Management</u></p> <ul style="list-style-type: none"> • Client value propositions and SLAs – based on User Strategic Direction • Development / implementation and monitoring of Accommodation Programme • Development / implementation and monitoring of performance standards according to which overall DPW performance can be assessed • Translation of Client’s Strategic and Service Delivery Plans into built form in conjunction with Professional Services. <p><u>Asset Management/Portfolio Performance Management</u></p> <ul style="list-style-type: none"> • Development / implementation and monitoring of Asset management plans • Development / implementation and monitoring of User charges • Development / implementation and monitoring of portfolio / property performance standards • Drive to improve Asset register and standards of information • Oversee TIGTT (Strategic committee) and PICP

			<ul style="list-style-type: none"> • Establishment of innovative cost saving and value enhancing programmes in acquisition, management, maintenance and disposal of property owned and / or utilized for various govt services. • 90% of investment and disinvestment decisions supportive and enhancing functional and economic aspects of property owned and / or utilized for various government services. • Establish a programme for the valuation of the total State property portfolio. • Establishment of a comprehensive approach to explore innovative / private financing opportunities for delivery of property owned and / or utilized for various government services, tested in pilot projects. 	<p><u>Property Advisory Services/Portfolio Analysis</u></p> <ul style="list-style-type: none"> • Assessment of risks, trends, and costs/ benefits for all property investment and disinvestments options. • Identification of innovative alternative property financing and value enhancing options, with respect to all aspects of the property portfolio. • Providing relevant property research and data inputs on various projects, internally and at a government-wide level. • Providing comprehensive and professional valuation services. • Formulation and implement of a programme to value the State's total property portfolio for the purposes of the balance sheet. <p><u>APOPS</u></p> <ul style="list-style-type: none"> • Integration of PPP project cycle into DPW Asset Management cycle • Delivery of PPP projects • Development / implementation and monitoring of a strategy to capacitate the market with PPP expertise for accommodation projects • Execute PICP Financial strategy
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12.3.2 Construction Services

12.3.2.1 Holistic Maintenance Plan

The DPW is responsible for maintaining all assets utilised by national departments and their agencies. In addition, the responsibility includes the prestige portfolio which consists of the Presidency, National Legislative Assembly, Cabinet and Members of Parliament. This portfolio of national assets has been deteriorating for decades due to a lack of coordinated approach to maintenance and due to under-funding to maintenance. Until recently, the approach to maintenance has therefore largely been *ad hoc* and reactive.

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

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

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

Table 17: The Maintenance Backlog (in 2005 rands)

Client	Number of Buildings in poor or very poor condition	Required Maintenance Expenditure per annum on all Buildings to prevent an increase in the maintenance backlog		Total Expenditure required to bring buildings to good condition (R'000)
		Cost (R'000)	Upgrade cost per facility (R'000)	
Correctional Services	1, 490	214, 168	719	1, 070, 839
Defence	4, 894	706, 243	721	3, 531, 217
Police	3, 056	441, 083	722	2, 205, 417
Justice	821	117, 282	714	586, 412
Other Clients	6, 865	1, 070, 839	780	5, 354, 193
Total	17, 126	2, 549, 615	693	11, 791, 962

Footnote:

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

12.3.2.2 Service Delivery Improvement Programme

The Department is in the process of implementing a service delivery improvement programme (SDIP) to improve the levels and standards of service provided by various operating units of the department. The programme focuses on the following key areas:

- Customer Relationship Management
- Project and Contract Management and
- Facilities Management

At its core, the programme will be underpinned by the need to change behaviours of all management and staff.

12.4 Specification of measurable objectives and performance indicators

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

Measurable Objective	Performance Measure or Indicator	Year - 1 (2003/2004)	Base year (2004/05) (estimate)	Year 1 (2005/06) (target)	Year 2 (2006/07) (target)	Year 3 (2007/08) (target)
		(actual)	(target)			
Input						
Expenditure on maintenance on behalf of Client	Rand ('000)					
Agriculture		393	1 725	2 145	2 220	2 299
Arts & Culture		20 252	17 025	20 712	20 906	21 109
Correctional Services		24 449	60 222	171 419	176 843	82 999
Defence		99 118	126 047	157 058	160 563	331 502
DP&SA			62	74	78	82
Education			51	65	68	71
Environmental Affairs		71 368	234	292	300	307
Health		951	471	1 464	1 537	1 614
Home Affairs		4 181	8 702	10 542	10 713	10 894
Justice & Constitutional Development		74 172	91 142	114 709	115 848	117 045
Labour		194	1 495	1 731	1 818	1 909
Land Affairs			2 028	2 503	2 544	2 586
Mineral & Energy			9	11	12	12
Parliament			1 020	11 578	12 157	12 765
President			4 522	5 653	5 935	6 232
Public Works		194 448	217 718	189 431	201 605	206 399
GCIS			10	59	62	65
SA Police Service		154 544	204 160	225 337	226 333	227 378
Transport			62	159	167	175
Treasury		5 768	7 486	9 801	9 890	9 984
Water Affairs		1 581	1 695	2 011	2 020	2 029
Total		651 419	745 886	926 754	951 619	1 037 456
Expenditure on Public Works Capital	Rand	271 069	268 411	372 180	363 450	513 450
Personnel expenditure as percentage of overall expenditure in Programme 2	Percentage	12%	11%	13%	13%	14%

Planned Maintenance expenditure as a percentage of overall Maintenance	Percentage	60%	50%	50%	60%	70%
Process						
Number of professional and managerial posts vacant	Actual number	552	676	608	548	492
Percentage of buildings in portfolio with maintenance plan	Percentage	20%	20%	20%	20%	20%
Output						
Number of projects completed	Actual number					
Quality						
Percentage of service level agreements in place for each Client	Percentage of total	10%	10%	20%	50%	100%
Efficiency						
Maintenance expenditure as % of the Client's capital budget**	Percentage					
Agriculture		5%	9%	12%	50%	50%
Arts & Culture		24%	13%	14%	50%	50%
DCS		5%	7%	17%	50%	50%
Defence		218%	176%	224%	50%	50%
Environmental Affairs		186%	0%	1%	50%	50%
Health			6%	53%	50%	50%
Home Affairs		48%	17%	32%	50%	50%
Justice		29%	37%	44%	50%	50%
Labour		1%	5%	14%	50%	50%
Land Affairs		0%	14%	28%	50%	50%
Public Works		82%	81%	51%	50%	50%
SA Police Service		69%	86%	88%	50%	50%
Outcome						
% of buildings in good or very good condition	Percentage					
% of buildings in poor or very poor condition	Percentage					

12.5 Reconciliation of budget with plan

Reconciliation of budget with plan

Allocation and Expenditure: Capital and Maintenance

Financial Year	Capital Works (R'000)			Maintenance (R'000)		
	Final Allocation	Actual Expenditure	% expenditure	Final Allocation	Actual Expenditure	% expenditure
2000-2001	R1, 229, 626	R698, 042	56.7	R384, 420	R332, 677	86.7
2001-2002	R1, 375, 128	R1, 369, 494	99.6	R925, 078	R916, 921	99.1
2002-2003	R1, 631, 679	R1, 623, 140	99.5	R1, 007, 960	R977, 629	97.0
2003-2004	R1, 472, 729	R1, 494, 789	101.6	R743, 992	R847, 872	113.9
2004-2005	R1 973, 313	R1, 919, 523	97.3	R749, 177	R882, 501	117.9

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

Programme 2: Maintenance only	Year - 2 (2002/03) (actual)	Year - 1 (2003/04) (actual)	Base year (2004/05) (estimate)	Nominal average annual change (%)	Year 1 (2005/06) (budget)	Year 2 (2006/07) (MTEF projection)	Year 3 (2007/08) (MTEF projection)	Nominal average annual change (%)
Agriculture	552	393	1, 725	155%	2, 145	2, 220	2, 299	4%
Arts & Culture	14, 630	20, 252	17, 025	11%	20, 712	20, 906	21, 109	1%
Correctional Services	144 347	24 449	60 222	32%	171 419	176 843	82 999	-25%
Defence	124 627	99 118	126 047	3%	157 058	160 563	331 502	54%
DPSA			62		74	78	82	5%
Education			51		65	68	71	5%
Environmental Affairs	423	71 368	234	8336%	292	300	307	3%
Health	574	951	471	8%	1 464	1 537	1 614	5%
Home Affairs	11 107	4 181	8 702	23%	10 542	10 713	10 894	2%
Justice & Constitutional Development	89 610	74 172	91 142	3%	114 709	115 848	117 045	1%
Labour	576	194	1 495	302%	1 731	1 818	1 909	5%
Land Affairs	283		2 028		2 503	2 544	2 586	2%
Mineral & Energy			9		11	12	12	5%
Parliament			1 020		11 578	12 157	12 765	5%
President			4 522		5 653	5 935	6 232	5%
Public Works	85 006	194 448	217 718	70%	189 431	201 605	206 399	4%
GCIS			10		59	62	65	5%

SA Police Service	152 729	154 544	204 160	17%	225 337	226 333	227 378	0%
Transport			62		159	167	175	5%
Treasury	7 193	5 768	7 486	5%	9 801	9 890	9 984	1%
Water Affairs	1 972	1 581	1 695	-6%	2 011	2 020	2 029	0%
Total	633 629	651 419	745 886	9%	926 754	951 619	1 037 456	6%

Table 20: Real Expenditure on Programme 2								
Programme 2: Maintenance only	Year - 2 (2002/03) (actual)	Year - 1 (2003/04) (actual)	Base year (2004/05) (estimate)	Nominal average annual change (%)	Year 1 (2005/06) (budget)	Year 2 (2006/07) (MTEF projection)	Year 3 (2007/08) (MTEF projection)	Nominal average annual change (%)
Agriculture	581	393	1 651	144%	1 953	1 924	1 896	-1%
Arts & Culture	15 400	20 252	16 293	6%	18 860	18 115	17 413	-4%
Correctional Services	151 944	24 449	57 632	26%	156 087	153 231	68 467	-29%
Defence	131 186	99 118	120 627	-1%	143 011	139 125	273 461	47%
DPSA			59		67	68	68	0%
Education			49		59	59	59	-1%
Environmental Affairs	445	71 368	224	7914%	266	260	253	-2%
Health	604	951	451	2%	1 333	1 332	1 331	0%
Home Affairs	11 692	4 181	8 328	17%	9 599	9 283	8 987	-3%
Justice & Constitutional Development	94 326	74 172	87 223	-2%	104 449	100 380	96 552	-4%
Labour	606	194	1 431	285%	1 576	1 575	1 575	0%
Land Affairs	298		1 941		2 279	2 204	2 133	-3%
Mineral & Energy			9		10	10	10	0%
Parliament			976		10 542	10 534	10 530	0%

President			4 328		5 147	5 143	5 141	0%
Public Works	89 480	194 448	208 356	62%	172 488	174 687	170 262	-1%
GCIS			10		54	54	54	0%
SA Police Service	160 767	154 544	195 381	11%	205 183	196 113	187 568	-4%
Transport			59		145	145	144	0%
Treasury	7 572	5 768	7 164	0%	8 924	8 569	8 236	-4%
Water Affairs	2 076	1 581	1 622	-11%	1 831	1 750	1 674	-4%
Total	666 978	651 419	713 812	4%	843 865	824 559	855 813	1%

13. Programme 3: National Public Works Programme

Objectives

The objectives of this programme are:

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

13.1 Situation analysis

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

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

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

Although the EPWP has been launched in all nine provinces and an implementation framework developed, feedback from Members of Parliament indicate that the programme is not implemented in all 284 municipalities due to capacity and other constraints. It appears that the Department will have to consider intensifying its direct involvement in those communities where implementation problems are being experienced. This might require from the Department to increase its own capacity to ensure compliance with the relevant provisions of the Division of Revenue Act.

13.2 Policies, priorities and strategic objectives

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

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

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

Table 21: Strategic Objectives for Programme 3: National Public Works Programme

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

13.3 Analysis of constraints and measures planned to overcome them

The key constraints facing this branch are:

- a) Lack of coordination of infrastructure departments
- b) Uncoordinated BEE programmes
- c) Obstacles such as access to credit for the emerging sector
- d) Lack of skills in the industries
- e) Fragmentation of asset management within government.

13.4 Description of planned quality improvement measures

These measures are described below in sections 13.5.4 for sub-programme 3.1 and 13.7.3 for sub-programme 3.3.

13.5 Sub-programme 3.1: Construction Industry Development Programme

13.5.1 Introduction

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

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

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

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

13.5.2 Policies and priorities

The following areas have been identified as priority strategic objectives.

A. Construction industry policy

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

- Promote and monitor the implementation of construction policy as it pertains to the public sector, including:
 - Better public buildings
 - Public sector capacity
 - Delivery management practices
 - Human resource development
 - Procurement
- Monitoring the implementation of policy as it pertains to the performance of the construction industry and facilitate competitiveness and improvement programmes, including:
 - Promotion of the profile and image of the construction industry

- Built environment professionals
- Innovation, research and technology development
- Labour practices and workplace programmes (Health and safety, HIV/AIDS)
- Environmental issues
- Monitor economic and performance trends in construction and formulate strategies to promote:
 - Investment in construction-related Gross Fixed Capital Formation.
 - Investment in the sector.
 - Black economic empowerment.
 - International cooperation.
 - The clustering of the sector for increased investment and contribution to GDP, BBBEE and enterprise development.
 - The materials supply chain management and logistics.
 - Access to plant and equipment.
 - World trade agreements
- Promotion of the integration of the developmental peacekeeping and post-conflict reconstruction initiatives (within NEPAD and AU).

B. Emerging sector

- Facilitate and continuously improving the:
 - incubator (*sustainable* emerging contractor *business* (specific focus on women in construction))
 - emerging sector support strategies
 - help-desk advisory service
 - mentorship as a regulated profession for the emerging sector
 - supply-side measures for emerging enterprises including access to finance, information and training.
 - clustering of contractors to access large projects
- Monitoring both individual contractor enterprises participating on the programme and the programme itself.
 - Measure the effectiveness of external support provision

- Contractor participation and performance
 - Technical performance
 - Business Performance
 - Training performance
- Measure DPW support to emerging contractors

C. Black Economic Empowerment

- Development of a comprehensive implementable BEE strategy
 - Development of the strategy and targets
 - Compliance of strategy with BBBEE Act
 - Alignment with Construction and Property Charters
 - Compliance with the Code of Good Conduct
- Monitoring
 - Of implementation and degree of compliance
 - Construction and property charter monitoring bodies
 - Performance against set targets
- Report to Treasury, DTI and Presidential BEE Monitoring Council

13.5.3 Analysis of constraints and measures to overcome them

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

Constraints	Measures to overcome
Coordination with infrastructure departments	Establishment of a policy committee of infrastructure departments

13.5.4 Description of planned quality improvement measures

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

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

c. Improve policy monitoring capacity.

13.5.5. Specification of measurable objectives and performance indicators

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

Table 22: Sub-programme 3.1: CIDP: measurable objectives, performance indicators and targets

Strategic objective	Output	Indicator	Targets
Construction Industry Development Policy and Monitoring			
(Aligned to DPW Strategy 5) Promote and monitor the implementation of construction policy as it pertains to the public sector	Better Public Building (BPB) Framework	Better Public Building Framework Consulted and Published	June 2005
		Better Public Buildings Framework implemented	Dec 2006
(Aligned to DPW Strategy 1) Monitoring the implementation of policy as it pertains to the performance of the construction industry and facilitate competitiveness and improvement programmes	Agreement with industry and labour at NEDLAC	Construction summit convened	June 2005
	Performance indicators for the Construction Industry (Note: Review indicators from 2000 report and develop /measure indicators, link to BPB)	Performance indicators Targets for improvement	December 2005 March 2006
		Ministerial challenge for demonstration projects	(First challenge April 2006) Annually
		Excellence awards	Annually (First March 2007)
	Innovation in the construction Industry	Framework & Resource plan for the Network of Excellence in Research	September 2005
		Implementation Plan	December 2005
	Improved image of the construction Industry: <ul style="list-style-type: none"> • Construction Week • 2014 Youth Foundation 	Construction week held	August 2005
Increased student intake in the built environment disciplines in tertiary institutions		March 2007	
Labour practices and HIV/AIDS	Implement and monitor HIV/AIDS policy	Ongoing	
	Status Quo on labour practices	March 2006	
(Aligned to DPW Strategy 4) Finalise and pilot concept for developmental peace-keeping	Deploy professionals on peacekeeping missions	Approved implementation plan	To be determined
	Youth skills development	Ongoing support of the MSD	Ongoing/Annually
	Doctrine on the role of public works in developmental peacekeeping	Country assessment for Burundi Support of NEPAD secretariat & submit to AU for discussion	March 2006
(Aligned to DPW Strategy 4&5)	Regional cooperation with other departments of public	Signed Terms of Cooperation by at least 3 countries	July 2005

Strategic objective	Output	Indicator	Targets
Construction Industry Development Policy and Monitoring			
Monitor economic and performance trends in construction and formulate strategies to promote growth in the construction industry.	works for skills and industry development	Regional Conference	Bi-annually
	Economic Performance Report and Policy Review	Publication of economic performance report Effective construction industry policies and strategies	Bi-annually
Emerging Contractor Development Programme			
Strategic Objectives	Outcomes	Indicators	Targets
(Aligned to DPW Strategy 2&5) Facilitating and continuously improving emerging sector	Formalised mentorship programme as a regulated profession	A register of accredited mentors established and operational	August 2005
	Incubator contractor programme	10 contractors emerging annually from 2008	Measure annually
	A common understanding of issues relating to development of the emerging sector	Conference on enterprise development Best Practices Published	May 2006
	ECDP realigned	Learnership programme implemented 450 learnership over three years	Jun 2007
Black Economic Empowerment (Person responsible still need to be appointed)			
Strategic Objectives	Outcomes	Indicators	Target
(Aligned to DPW Strategy 1&2) Development of a comprehensive implementable BEE strategy	Construction charter	Signed construction charter	To be determined
(Aligned to DPW Strategy 5) Monitoring of BEE Strategy	Targets and performance measurement	Targets and performance measurement system	To be determined
(Aligned to NDPW Strategy 2) Report to Treasury, DTI and Presidential BEE monitoring Council	Quarterly report	Quarterly report produced on time	To be determined

13.6 Sub-programme 3.2: Property Industry Development Programme

13.6.1 Introduction

The Department will furthermore provide leadership on the growth and development of the property industry. As a collective, Government is the single biggest client of the property industry and can thus play a critical role in leading transformation in this sector. The Department has embarked on structured interaction with all stakeholders to transform and enhance economic growth in the property sector. The Minister of Public Works has launched the property sector transformation process that will culminate in the adoption of the Property Sector Charter.

13.6.2 Policies and Priorities

The Property Industry Policy Development Unit's activities are informed by the following policies and priorities:

- **Property sector policy**

The following strategy has been adopted to achieve the stated objectives:

- The Department leads a consultative forum of all stakeholders in government that will establish and present Government's position to the property sector.
- The Department has commissioned a situational analysis and report on macro economic influences on, and state of ownership of the property sector. The report will inform Government's position on the property sector.
- The Property Sector Charter is envisaged to be adopted in the second half of 2005.
- The Department will lead the development of strategies to enhance growth in the property sector through the management of Government's property portfolio.
- **Women in property:** The Department is focusing on the empowerment of women in the property sector. Following a conference on "*Creating Black Women Leaders in the Property Industry*" hosted by the Minister of Public Works in November 2004, a task team was formed that would consider mechanisms to foster the interests of women who have thus far been excluded from this sector. A key objective is for women currently active in this sector to share information on opportunities with other women. The Department is furthermore considering ways to create opportunities for women in the full spectrum of activities in its property portfolio.

- **Custodial responsibilities**

Registers of State-owned immovable assets

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

Government's programme to complete the confirmation of ownership ("vesting") of State land (led by the Department of Land Affairs) will complement the upgrading and

enhancement of immovable asset registers. The Department will actively participate in this programme, through its involvement in the National and Provincial State Land Disposal Committees.

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

Policy on the disposal of immovable assets

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

Policy on the management of property rights

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

Land Reform

The Department remains committed to support Government's land reform initiatives, through the timeous release of state land under its control for land restitution and redistribution purposes. The Department actively assists the Department of Land Affairs (in particular, the Regional Land Claims Commissioners) to facilitate the resolution of land claims.

Land Affairs Board

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

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

13.6.3 Specification of measurable objectives and performance indicators

Table 23: Sub-programme 3.2: Property Industry Development Programme: measurable objectives, performance indicators and targets

Property Sector Policy			
Strategic Objective	Output	Indicators	Target
(Aligned to DPW Strategy 1) Provide leadership for transformation, growth and development of Property Sector	A. Assessment report of Property Sector	A. Comprehensive report	April 2005
	B. Property Sector Charter	B. Adopted Charter	July 2005
	C. Growth and development strategy for Property Sector	C. Approved strategy	March 2006
Immovable Asset Management Policy			
(Aligned to DPW Strategy 5&6) Introduce policy framework that establishes best practice for the management of immovable assets in government	Government-wide Immovable Asset Management Act	A. White Paper	April 2005
		B. Draft Government-wide Immovable Asset Management Bill	Sept 2005
		C. Government-wide Immovable Asset Management Act	2005 / 2006
	Government-wide immovable asset management regulations	A. Regulations (including strategic planning; acquisition, maintenance/ management, disposal and monitoring and assessment)	2006
		B. Norms and standards (encompassing acquisition; maintenance/ management, disposal and monitoring and assessment)	2006
Custodial Responsibilities			
Strategic Objective	Output	Indicator	Target
(Aligned to DPW Strategy 5 & 6) Upgrade and enhance the register of immovable assets under the control of the Department	Upgraded and enhanced register of immovable assets	A. All assets under control of Department captured in register duly reflecting key information.	March 2008
		B. Alignment of activities with DLA project to complete vesting of all state land	Ongoing until March 2008
Broaden awareness and usage of Land Affairs Board expertise	Strategy to promote awareness and use of Board's expertise	A. Increased awareness and use of Board's expertise by organs of State	Awareness campaign: April 2005 to March 2007
		B. Legislation amended to increase capacity of Land Affairs Board	June 2006

13.7 Sub-programme 3.3: Expanded Public Works Programme

13.7.1 Introduction

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

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

13.7.2 Polices and priorities

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

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

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

13.7.3 Analysis of constraints and measures planned to overcome them

One of the most important constraints for the EPWP is the national human resource capacity to manage the execution of the large amount of labour-intensive work properly. Therefore, as mentioned above, the training of engineers and contractors has been made mandatory in the programme. In addition training interventions are also being put in place to provide training to municipal officials, councillors and other people involved in the programme. These training programmes are extensive and include the training of thousands of individuals across the country.

One major support programme that has been put in place in partnership with the CETA is the EPWP contractor learnership programme. This programme builds capacity among emerging contractors and previously disadvantaged individuals to participate in the EPWP as

contractors or site supervisors. This programme has been growing rapidly and is now being implemented in every province in the country. It is projected that by July 2005 agreements will have been entered into to place 1500 individuals in learnerships with partnering provinces, municipalities and other public bodies. This programme will make a significant contribution to the EPWP through building contracting capacity nationwide for executing labour intensive projects. During the learnerships these learners will execute projects to the approximate value of R1.5 billion and in the process create and estimated 100 000 employment opportunities.

The Department's main commitment to this programme is to provide the programme management capacity to the programme and to provide mentors to the learner contractors in the programme. The cost of the mentors is estimated to be R40 million annually for the coming three years.

An on-going challenge to the EPWP will be to mobilise support, especially among municipal and provincial officials for implementation of the programme. This is happening already and these efforts will be sustained. The EPWP needs to be implemented through the normal line budgets of departments, provinces and municipalities, and therefore represents a new approach to these types of programmes. Municipalities and provinces have developed an increased understanding that they will not be receiving special funding for their EPWP infrastructure programmes, as was done in the past.

13.7.4 Specification of measurable objectives and performance indicators

The EPWP has a target of creating at least one million work opportunities over the next five years. Of these the infrastructure sector is expected to contribute 750 000. Apart from monitoring the employment creation in the programme, another important element is the training provided and that will be another Key Performance Indicator for the programme. A overview of the objectives to be monitored is presented below. For the period 1 April 2004 - 30 September 2004 more than 75 600 net job opportunities were created in the EPWP.

Table 24: EPWP Objectives to be Monitored and Evaluated

Objective	Measure
Over the first five years to create temporary work opportunities and income for at least 1 million unemployed South Africans	<ul style="list-style-type: none"> • Number of total job opportunities, as well as those for women, youth and people with disabilities • Person days and person years of work • Average income of epwp participants per sector • Total income paid out to previously unemployed • Average duration of employment
To provide needed public goods and services, labour-intensively, at acceptable standards, through the use of mainly public sector budgets and public and private sector implementation capacity.	<ul style="list-style-type: none"> • Cost of goods and services provided to standard in the infrastructure, environment and culture and social sectors • Cost of each job created • Overall project expenditure

Objective	Measure
	<ul style="list-style-type: none"> Total number of epwp projects Geographic location of projects
*To increase the potential for at least 14% of public works participants to earn future income by providing work experience, training and information related to local work opportunities, further education and training and SMME development.	<ul style="list-style-type: none"> % Of participants at point of exit to secure Employment Education or training (as well as average duration of training) Access to SMME opportunities

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

13.8 Reconciliation of budget with plan

The allocation to this programme over the past three years included the Community Based Public Works Programme that was devolved to the municipalities in the 2004/05 financial year. This caused the substantial decrease in allocation from the 2003/04 to the 2004/05 financial year.

The Expanded Public Works Programme (EPWP) was implemented during the 2004/05 financial year and the department is the national co-ordinator of this programme. The EPWP is a national cross cutting programme and will be funded through line-function budgets, and not through the DPW budget. The EPWP budget under discussion pertains to the operations of the EPWP Unit that will enable the Department to deliver on its mandate.

Three new sub-programmes were added to identify all aspects of the NPWP. The provision for the National Public Works Programme (NPWP) increases over the MTEF period with more or less 5% per annum.

Table 25: Nominal Expenditure on Programme 3

Programme 3: National Public Works Programme	Year -2 (Actual)	Year -1 (Actual)	Base Year (Estimate)	Nominal Average Annual Change (%) ¹	Year 1 (Budget)	Year 2 (MTEF projections)	Year 3 (MTEF projections)	Nominal Average Annual Change (%) ²
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
3.1 CIDP	31, 448	32, 942	53, 970	34.30	34, 295	30, 252	31, 747	-6.83
3.2 CBPWP	275, 001	277, 702						
3.3 EPWP			15, 000		13, 000	15, 000	15, 750	10.20
3.4 Owner activities					6, 500	6, 500	6, 500	
3.5 PIDP					3, 700	3, 700	3, 700	
3.6 Administration					25, 115	30, 177	32, 163	13.38
Total Programme 3	306, 449	310, 644	68, 970		82, 610	85, 629	89, 860	4.31

Table 26: Real Expenditure on Programme 3

Programme 3: National Public Works Programme	Year -2 (Actual)	Year -1 (Actual)	Base Year (Estimate)	Real Average Annual Change (%) ¹	Year 1 (Budget)	Year 2 (MTEF projections)	Year 3 (MTEF projections)	Real Average Annual Change (%) ²
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
3.1 CIDP	28, 772	31, 225	51, 646	36.97	32, 631	28, 784	30, 235	-3.38
3.2 CBPWP	251, 602	263, 225						
3.3 EPWP			14, 354		12, 369	14, 272	15, 000	10.25
3.4 Owner activities					6, 185	6, 185	6, 190	0.04
3.5 PIDP					3, 520	3, 520	3, 524	0.06
3.6 Administration					23, 896	28, 713	30, 631	13.42
Total Programme 3	280, 374	294, 450	66, 000		78, 601	81, 474	85, 580	4.35
Inflation rate based on CPI	9.3	5.5	4.5		5.1	5.1	5.0	
1 Average p.a change between Year -2 and base year								
2 Projected average p.a change between base year and Year 3								
3 Real expenditure = nominal expenditure deflated by the average p.a inflation rate as measured by CPI (STATS - SA)								

14. Programme 4: Auxiliary and Associated Services

Objective

The programme makes provision for various services, including compensation for losses incurred in the government-assisted housing scheme when public servants fail to fulfill their obligations; assistance to organizations for the preservation of national memorials; grants-in-aid; and meeting the Department's protocol responsibilities regarding the procurement of logistical facilities for State functions.

14.1 Situation Analysis

The actual expenditure on the programme increased by 28% from 2001/02 to 2002/03 financial year with a slight decrease from 2002/03 to 2003/04. This high rate of increase was as a result of the foreign exchange fluctuations that had a negative impact on the Rand and the decrease in the ensuing year can be attributed to the low payment towards Sector Education and Training Authorities. The abnormal high expenditure in 2004/05 is due to the logistical obligations of the department regarding the 2004 Presidential Inauguration and Ten-year Democracy Celebration. The average annual increase dropped to more or less 5 % over the MTEF period. This is due to the current stability on the Rand value. The programme takes about 0,3% of the Department's total budget allocation per annum.

14.2 Policies, priorities and strategic objectives

Table 27: Strategic objectives of Programme 4: Auxiliary and Associated Services

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

14.3 Analysis of constraints and measures planned to overcome them

The major constraint in this programme is the unpredictable nature of some of the sub-programmes.

The Department is responsible for the procurement of logistical facilities for State functions such as funerals, inaugurations and celebrations that is not always possible to predict in advance.

Sub-programme: Decorations for Public functions:

- Area highly under funded because can not predict number and size of functions
- Attempts to request additional funding from National Treasury through the Adjustment Estimates not successful
- Department will consider submitting a special request for additional funding with the next MTEC submission.

The effect of foreign exchange rate, fluctuations on transfer payments to the International bodies cannot always correctly be predicted over the MTEF period. The more the Rand loses value, the more the programme is obliged to pay for the maintenance of War graves and national memorials beyond the South Africa borders. Adequate provision has to be made on the budget to ensure that negative foreign exchange fluctuations have the least impact on the budget allocation.

14.4 Description of planned quality improvement measures

The Department will consider submitting a special request for additional funding with the next MTEC submission to increase the allocation for the sub-programme Decorations for Public Functions.

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

14.5 Specification of Measurable objectives

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

Table 28: Measurable Objectives/Outputs, Measures and Targets for Programme 4: Auxiliary and Associated Services

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

14.6 Reconciliation of budget with plan

Expenditure trends

The increase from the 2004/05 original allocation to 2005/06 is 5,7% due to the anticipated increase in funding. The allocation increases by 10% in the ensuing financial year and stabilises with a 5% increase in 2006/07.

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

15. Expenditure by Programme

Table 29: Nominal Expenditure by Programme

Programme	Year -2 (actual)	Year -1 (actual)	Base Year (estimate)	Nominal Average Annual Change (%) ¹	Year 1 (budget)	Year 2 (MTEF projections)	Year 3 (MTEF projections)	Nominal Average Annual Change (%) ²
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
1. Administration	210, 841	231, 093	275, 071	14.32	272, 002	330, 631	344, 816	12,93
2. Provision of Land and Accommodation	3, 669, 687	4, 117, 868	5, 152, 749	18,68	5, 181, 343	5, 523, 625	6, 122, 040	8.73
3. National Public Works Programme	306, 449	310, 644	68, 970		82, 610	85, 629	89, 860	4,31
4. Auxiliary and Associated Services	15, 210	14, 440	17, 119	6.75	18, 096	19, 895	20, 890	7,48
5. Special Functions		8,300						
Total	4, 202, 187	4, 682, 345	5, 513, 909	14.60	5, 554, 051	5, 959, 780	6, 577, 606	8,84

Table 30: Real Expenditure (3) by Programme

Programme	Year -2 (Actual)	Year -1 (Actual)	Base Year (Estimate)	Real Average Annual Change (%)¹	Year 1 (Budget)	Year 2 (MTEF projections)	Year 3 (MTEF projections)	Real Average Annual Change (%)²
1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000		R'000	R'000	R'000	
1. Administration	192, 901	219, 046	263, 226	16.87	258, 803	314, 587	328, 396	12.98
2. Provision of Land and Accommodation	3, 357, 445	3, 903, 192	4, 930, 860	21.30	4, 929, 917	5, 255, 590	5, 830, 514	8.78
3. National Public Works Programme	280, 374	294, 449	66, 000		78,601	81, 474	85, 581	4.35
4. Auxiliary and Associated Services	13, 916	13, 687	16, 382	9.03	17, 218	18, 930	19, 895	7.53
5. Special Functions		7, 867						
Total	3, 844, 636	4, 438, 241	5, 276, 468	17.17	5, 284, 539	5, 670, 581	6, 264, 386	8.90
Inflation rate based on CPI	9.3	5.5	4.5		5.1	5.1	5.0	

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

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

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

16. Medium Term Revenues

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

16.1 Departmental Revenue Collection

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

Table 31: Departmental revenue collection: DPW

Description	2000/01	2001/02	2002/03	2003/04	2004/05	2005/05	2006/07
	Actual	Actual	Actual	Estimate	MTEF	MTEF	MTEF
1	2	3	4	5	6	7	8
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current Revenue	13, 750	17, 536	14, 457	16, 842	15, 542	15, 339	15, 307
Tax Revenue							
Non - tax revenue	13, 750	17, 536	14, 457	16, 842	15, 542	15, 339	15, 307
Capital revenue	23, 402	19, 382	21, 304	24, 528	20, 063	19, 755	20, 284
Sale of capital assets	7, 416	8, 556	11, 793	16, 886	20, 000	20, 000	20, 000
Financial transactions	15, 986	10, 826	9, 511	7, 642	7, 063	6, 755	7, 284
Total Departmental Revenue	37, 152	36, 918	35, 761	41, 370	42, 605	42, 094	42, 591

16.2 Conditional Grants

Over the past three financial years the Department had set aside an average of R330 million per annum as conditional grants to municipalities. These funds have been transferred to municipalities through annual Division of Revenue Act to be spent specifically on the Community-Based Public Works Programme (CBPWP). The programme was intended to create jobs and alleviate poverty particularly in rural areas. As scheduled on the annual Division of Revenue Act, the programme has been phased out from the Department and as from 2004/05 financial year funds

intended for this programme were allocated directly to Municipalities through the Municipal Infrastructure Grant (MIG) managed by DPLG.

16.3 Donor Funding

Table 32: Donor Funding

Project name	External Donors	Monetary contributions by donors (R'000)					Project Outcome	Departmental Reporting Responsibility
		2002/03	2003/04	2004/05	2005/06	2006/07		
1	2	3	4	5	6	7	8	9
		R'000	R'000	R'000	R'000	R'000		
Capacity Building (CBPWP)	European Union	1 423	1 021	375 #				

Expenditure at 31 January 2005 (Amount of R2,726 million still available from the original amount of R5,545 million)

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

17.1 Interdepartmental and Local government linkages

As part of the EPWP, the Department has entered into memoranda of understanding (MOAs) with the CETA and Provinces and Municipalities for the implementation of a Labour Intensive Contractor Learnership Programme. The contractor learnership programme is a joint initiative of the Department and the CETA and the EPWP Unit and the CETA are managing this programme together. In this partnership, the CETA is funding training for the contractors, the provinces and municipalities are providing projects for the learner contractors to execute and the Department is providing mentorship. The Department is appointing regional mentors to assist the contractors. A total of 1, 500 individuals enter into these learnerships and all contractors in the programme are expected to collectively execute about R500 million of work per year, creating about 20 000 job opportunities in the process. Through this learnership programme the Department together with partnering provinces and municipalities will contribute to the overall job creation targets of the EPWP.

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

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

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

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

17.2 Public entities

Table 33: Details of public entities

Name of public entity	Main purpose of public entity	Transfers from the departmental budget		
		2003 MTEF	2004 MTEF	2005 MTEF
CBE #	Regulate built environment profession	2 000	3 000	
IDT	Provide development management service to government	0	0	0
CIDB	Develop Construction Industry	20 087	25 036	34 295
Agrément Board	Provide assurance via technical approvals of fitness for purpose of non-standardised construction products	5 830	6 000	

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

Public-Private-Partnerships will feature increasingly in future years as an important service delivery option for the Department in meeting the needs of National Government departments for serviced accommodation.

During the period, the Department will concretise its role as Project Officer both in the development of a number of key infrastructure PPP projects and in the management of their Concession Agreements. This will be effected in support of its custodial function, as well as its function of providing accommodation to National Government departments.

PPP Projects currently in hand extending into the period and beyond, comprise: the renegotiation of the Concession Agreements for Mangaung (Bloemfontein) and Kuthama Sinthimule Correctional Facilities (Mahkado). As the appointed Project Officer, the Department will proceed to manage these projects with the cooperation of the Concessionaires of both PPP correctional facilities. It will seek to amend agreements in order to lead to reduced costs per inmate per day and increased value for money by the end of the 2005/2006 financial year. On the existing concessions, the department will continue to form part of the Supervisory Committee.

Feasibility Studies for 4 New Correctional Facilities at East London- Eastern Cape, Allandale- Western Cape, Port Shepstone- Kwa-Zulu Natal and Polokwane- Limpopo

Feasibility Studies for 4 new correctional facilities (East London- Eastern Cape, Allandale- Western Cape, Port Shepstone- Kwa-Zulu Natal and Polokwane- Limpopo) are currently in process. Pending acceptance of the feasibilities as scheduled in the 2005/2006 financial year, where the benefit of the PPP procurement option needs to be proven, it is envisaged that Concession Agreements for the 4 facilities housing 3000 inmates will be signed and implemented by 2006.

The Department is championing the Pretoria Inner City Project pertaining to improving the working environment for National Government offices and urban renewal. It is anticipated that some of the accommodation solutions will entail PPP projects. In order to ensure consistency and not to defeat the economies of scale, the Department, through the APOPS unit, will play a pivotal role on these PPP projects.

New Head Office for the Department of Foreign Affairs: Pretoria

The APOPS unit in the Department is currently involved as a Team Member in the Project Management team, contributing to the procurement process in a participative way. The TA-1 approval obtained in 2004 will permit the project team to enter into the next phase of pre-qualification (RFQ) in 2005. It is anticipated that the final tender will be awarded and signed by the end of 2005. Construction will commence in early 2006 with a scheduled completion in mid June 2007.

New Head Office for the Department of Education: Pretoria

The Department has acted as agent and joint Project Officer on the DoE project since its inception. National Treasury granted TA1 approval in January 2005. It is anticipated that the Concession Agreement will be signed in November 2005 with site handover immediately thereafter. A construction period of 18 months is envisaged with the provisional occupation date being set for October 2007. The Concession Agreement will run for 25 years and is estimated to have a value of R500m

New Head Office for the Department of Land Affairs: Pretoria

The Department will render assistance in the development of this key project and facilitate its conformity in the Pretoria Inner City Project.

The project team is currently being assembled with a view to final definition of roles, and the transaction advisor will be appointed in March 2005. Currently, it is anticipated that the Concession Agreement will be signed in November 2006. The construction period will also run for 18 months with a provisional date of occupation in mid-2008.

New Head Office for the Department of Correctional Services: Pretoria

The Department will render assistance in the development of this key project and facilitate its conformity to the Pretoria Inner City Project. The project team is currently being assembled with a view to final definition of roles, and the transaction advisor commencing work March 2005. A site has been identified for the new head office, and the Department is driving the procurement process.

Currently, it is anticipated that the Concession Agreement will be signed in December 2006. The construction period will run for approximately 24 months with a provisional date of occupation in end-2008.

In order to achieve competitive levels in the delivery of all its PPP projects, the Department's APOPS unit will be subjected continuously to appropriate training and relevant exposure on all facets of Public-Private-Partnerships. This will achieve greater efficiency and effectiveness, and develop greater expertise in the fields of project management and project finance.

The staff compliment in the unit will also be increased in 2005, in order for the APOPS to be fully capacitated to deliver on these highly specialised projects.

18. Financial Management:

18.1 Strategies to address audit queries

See section 19.6 below

APPENDICES

PART C

Appendix One: Organisational information and the institutional environment

19.1 *Organisational design*

The organograms in Appendix Three provides a representation of the Department's high-level organisational design. The Minister approved the structure on 24 June 2003 as well as amendments during 2004. The Department is structured across the Chief Operations Office, four Deputy Directors-General, 16 Chief Directorates, and eleven Regional Offices.

19.2 *Delegations*

The following management responsibilities will be delegated to regions and other Head Office management units:

- Budget Management: Every manager has to take full responsibility for the proper management of all funds allocated to his/her management unit.
- Programme Management for all projects implemented in regions is the full responsibility of every respective Regional Manager. Head Office only provides support through National Programme Management.
- Procurement functions have been delegated to ensure efficient service delivery to client.
- Management of human capital: Every manager and supervisor has to take responsibility for the management (Including the management of absenteeism, performance management and personal development) of human capital in his or her section/directorate. A training programme will be put in place to ensure that all employees are trained on the Human Resources Delegations.

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

19.3 *Human Capital*

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

19.3.1 *Current Staff Complement*

The total number of posts on the approved establishment is 5754. Currently 4649 posts are filled, which means 1105 are vacant. The age distribution as at 31 December 2004 is as follows:

Salary Level	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	Total
1	31	76	96	101	81	64	39	11	6	0	0	505
2	3	14	105	272	403	391	412	353	208	12	0	2173
3	2	18	36	20	23	12	20	17	9	1	0	158
4	9	21	27	23	23	30	20	10	14	0	0	177
5	0	6	21	16	21	6	4	2	0	0	0	76
6	8	28	84	57	48	38	14	25	16	0	0	318
7	7	42	41	47	36	30	15	23	7	1	0	249
8	10	72	78	48	35	23	22	20	9	0	0	317
9	5	25	32	44	45	14	22	9	2	0	0	198
10	2	31	45	29	21	9	11	8	3	0	0	159
11	1	8	16	6	11	2	6	1	2	0	0	53
12	0	11	36	33	26	19	16	14	4	0	1	160
13	0	5	14	21	11	10	8	2	2	0	0	73
14	0	0	4	1	10	7	4	1	0	0	0	26
15	0	0	0	0	3	1	0	0	0	1	0	5
16	0	0	0	0	1	0	0	0	0	0	0	2
Total	78	357	635	718	798	656	613	496	282	15	1	4649

19.3.2 Human Resources Challenges

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

- Attraction, retention and development of employees, with a focus on skills development and talent management
- Performance management and sound service delivery
- Employee morale and commitment
- Compliance with legislation relating to labour relations and human resources
- Transformation – planning for and managing the transformation of the Department, in such a way as to drive improved service delivery; helping employees manage change
- Affirmative Action and Black Economic Empowerment
- Dealing with the effect of HIV/AIDS
- Remuneration, and market-related, equitable pay
- HR operational processes, procedures and systems
- Communication
- Employee stress and trauma, as a result of working within an unattractive/unsafe/violent environment
- The lack of support for the HR Strategy

19.3.3 Human Resources Strategic Initiatives identified

The above challenges serve as the foundation for the identification of strategic initiatives for the Department, within the human resources arena. Critical strategic initiatives identified include:

19.3.4 Transformation

A departmental HR Plan is being developed, in alignment with departmental Strategic Plan, with consideration of: HR challenges (internal and external); departmental strategic objectives and challenges. Current transformational issues including outstanding issues from PSCBC Resolution 7 of 2002; Employment Equity objectives; dealing with HIV/AIDS is being prioritized. The Department is establishing a change management approach: communicate need for change and process; identify areas of resistance and mechanisms for stakeholder engagement; ensure championing of transformation by leadership; celebrate change success with employees. Organisational Development intervention has been proposed.

Employment Equity is also factored into the wider transformation plan. An employment equity plan has been developed and Human Resources will ensure ongoing communication with all directorates and have mechanisms for monitoring and evaluation.

The new organisational structure of this Department was implemented 1 October 2003. There has been a lengthy process of employee profiling which was to access the skills treasure of this department and to correctly place employees. This runs concurrently with job evaluation, which aimed at the correctly placing the skills and benchmarking with other Department whilst aligning our structure.

19.3.5 Skills attraction, development and retention

Create a departmental people development vision, strategy and related policies and processes

Our people development vision is to communicate with and gain commitment from all role players in the Department on people development, and to promote dialogue on involvement of all in making training and development a reality. People development strategy for the Department and Directorates includes the development of a SWOT analysis by the training function and Directorates; defining training goals and measures; considering a focus on scarce skills; assessing overall needs for service delivery; assessing key training partners. Key policies and processes: including links between performance management and skills planning, the use of individual learning plans, induction, mentoring and coaching, assessment, learnerships and skills programmes, succession planning, career paths, funding for training.

The Human Resources Development Unit has developed an integrated Workplace Skills Plan (WSP) which includes Individual Development Plan (IDP), transversal and functional skills priorities. The WSP will be submitted to Construction Education and Training Authority (CETA) in and Public Service Education and Training Authority (PSETA) 1 April 2005.

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

The Department is also embarking on a talent search programme where graduates will be recruited as management trainees and accelerated development plans will be put in place to absorb these young graduates into critical skills posts. On annual basis these graduates will be recruited as follows: Finance (5), Asset Management (5), Human Resources (5), Project Management (5) and Professional Services (30). An ongoing Internship Programme also exists where graduates and University of Technology students who need to fulfil their qualification requirements, are also exposed to work experience. Some of these graduates are also absorbed into existing posts.

Define roles of HR, training and development of role players, and the Directorates in:

Managing departmental training based on good practices, such as: skills planning to identify current and future skills gaps and needs; management of training to ensure relevance and quality; training evaluation in terms of the impact on organisational performance, progression and retention; maintaining commitment to people development. The Department will implement both section 18(1) learnerships (internal) as well as section 18 (2) learnerships (external). The Department will have in total 250 learnerships and will be focusing primarily on 18(2) learnerships.

The Department is developing training and development systems including systems for Training management information, assessment and evaluation. These training systems must be linked to other human resources systems such as employment equity, performance management, remuneration, career planning, succession planning, assessment and benchmarking.

In enhance skill attraction and retention Human Resources is reviewing recruitment and selection policies and practices, remuneration and reward policies and practices and will annually conduct climate survey to develop targeted retention strategy.

19.3.6 Improving productivity and service delivery

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

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

Departmental communication is important the following will be focused on:

- Communicate principles of Batho Pele.
- Communicate departmental values, and principles of pro-integrity, to drive an anti-corruption ethos.
- Develop mechanisms for two-way departmental communication, in order to:
 - Address mechanisms regarding service delivery improvement;
 - Facilitate the communication of problem solving suggestions in terms of productivity and promoting customer service; and
 - Encourage engagement of all stakeholders and employees in service delivery excellence.

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

19.3.7 Employee well-being

The Department has assessed factors impacting positively and negatively on employee well-being, with a focus on both external and internal issues. Solutions have been developed and there are programmes in place for: HIV/AIDS; stress; workplace safety and wider environmental safety; and self-management. Develop monitoring and evaluation mechanisms to assess impact of interventions, and monitor ongoing departmental "health". All these can be implemented with the assistance of the Service Provider that has already been appointed.

In terms of **Labour Relations** the Department commits to:

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

19.3.8 Operational human resources policies, procedures and systems

Review and amend current human resources policies, processes and systems

This is aimed at ensuring that human resources processes and systems are aligned with the Human Resources Plan, enable appropriate involvement of line management, and minimise levels of bureaucracy.

- We are reviewing human resources policies, processes and systems and consulting with line managers to identify problem areas and blockages;
- Checking collective agreements to determine if proposed changes require consultation with labour;
- Consult/negotiate with labour;
- Implement amendments, such as new processes (e.g. for communication) or new systems (e.g. an HRIS system that is aligned with the information requirements of all in the Department)
- Communicate amended policies and processes to both employees and line managers; empower line managers to use the toolkit; and
- Review success of implementation of revised processes.

19.3.9 Skills Profile of Departmental employees based on the CORE

SALARY CLASSIFICATION	OCCUPATIONAL CLASSIFICATION	Male				Female			
		White	Asian	Coloured	African	White	Asian	Coloured	African
Lower Skilled	ELEMENTARY OCCUPAT	21	21	338	1018	4	5	176	1014
	ADMIN OFFICE WORKERS	.	.	2	24	.	.	.	13
	PROFESS & MANAGERS	1	.	.	.	.	.	.	2
	SERVICE WORKERS	.	.	.	8	.	.	.	1
	CRAFT RELATED WORKER	1	.	.	.	.	.	.	.
	DRIVER OPERAT SHIPS	.	.	1	2	.	.	.	1
	OTHER OCCUPATIONS	.	.	14	9	.	.	3	1
	TOTAL	23	21	355	1061	4	5	179	1032
Skilled	ELEMENTARY OCCUPAT	22	2	13	38	5	.	2	8

Skilled	ADMIN OFFICE WORKERS	6	.	17	52	23	5	14	93
	PROFESS & MANAGERS	.	.	.	8	.	.	2	8
	SERVICE WORKERS	2	.	2	3	.	.	.	1
	CRAFT RELATED WORKER	1	1	5	2	.	.	.	1
	DRIVER OPERAT SHIPS	8	1	25	21	.	.	.	.
	OTHER OCCUPATIONS	1	.	2	11	.	.	1	.
	TECHNIC+ASS PROFESS	.	.	1	1	.	.	.	.
	SOC NAT TECH MED SCI	.	.	.	.	.	.	.	1
	TOTAL	40	4	65	136	28	5	19	112
Highly Skilled Production	ELEMENTARY OCCUPAT	.	.	.	1	.	.	.	.
	ADMIN OFFICE WORKERS	45	2	14	72	212	2	16	105
	PROFESS & MANAGERS	65	11	22	130	35	3	10	107
	SERVICE WORKERS	8	.	5	.	.	.	.	.
	CRAFT RELATED WORKER	116	8	24	31	.	.	.	3
	OTHER OCCUPATIONS	4	.	.	7	1	.	.	.
	TECHNIC+ASS PROFESS	7	.	1	5	4	1	.	.
	I T PERSONNEL	1	.	.	1	2	.	.	1
	TOTAL	246	21	66	247	254	6	26	216
Highly Skilled Supervision	ADMIN OFFICE WORKERS	2	.	1	3	.	.	2	4
	PROFESS & MANAGERS	82	9	12	132	26	5	1	67
	SERVICE WORKERS	.	.	.	1	.	.	.	.
	CRAFT RELATED WORKER	4	.	1	1	.	.	.	.
	OTHER OCCUPATIONS	2	.	1	3	.	.	.	1
	TECHNIC+ASS PROFESS	5	.	.	1	.	.	.	.
	I T PERSONNEL	1	.1	1	3	.	.	.	1
	TOTAL	96	9	16	144	26	5	3	73
Senior Management	PROFESS & MANAGERS	19	3	9	33	6	5	1	19
	I T PERSONNEL	.	.	.	3	.	.	.	2
	TOTAL	19	3	9	36	6	5	1	20
Top Management	PROFESS & MANAGERS	1	.	.	3	.	.	.	1
	TOTAL	1	0	0	3	0	0	0	1

19.3.10 Skills/Competencies needed in the Department

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

Project managers are critical at this stage. A Council for Project Management & Construction Management has new regulations in terms of who can practise as a Project Manager. The DPW has taken a stance that those who do not meet requirements in terms of both candidate and professional status should be transferred to Property Management as Works Managers.

The Department has matched and placed people in secretarial posts in an attempt to have no job loss whilst implementing Resolution 7 and 8. Most of the people matched as Secretaries do not have the required skills. As these are frontline support staff, the image of the DPW can only be maintained if these people are developed. Career paths for both Secretaries and Project Managers are being developed, and development programmes are being put in place.

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

19.3.11 Departmental Employment Equity Plan and Targets

The Department's Employment Equity (EE) plan is in place, but needs to be reviewed by July 2005. Approved equity targets are as follows (*African = 65%, Coloureds = 10%, Whites = 15%, Asians = 10%, Male = 55%, Female = 45% and Disabled = 2%*).

Every year the Department reports to the Department of Labour on Employment Equity. The critical area is the employment of women and people from the designated groups in the Senior Management posts. Out of 141 SMS positions available on the organisational structure, the Department has appointed 34 women and 72 men as Senior Managers.

At middle management there are 155 women against 415 men. The DPW is still lagging behind to reach its 2% target with 25 (0, 04%) people with disabilities employed across all levels and 2 have resigned in 2004. A concerted effort is being made to recruit disabled people within the Department. Attempts will be made to recruit from agencies that have people with disabilities. In total there are 739 (15.9%) Coloureds employed by the department, only 84 (1,8%) Asian, a total of 743 (16%) whites across all levels and 3083 (66.3%), Africans against a total of 1105 (19,2%) vacancies. There is a marked improvement in terms of appointments of women in middle management.

CURRENT EMPLOYMENT EQUITY PROFILE: DECEMBER 2004

Salary levels	Africans			Whites			Coloureds			Indians			Total	%
	Male	Female		Male	Female		Male	Female		Male	Female			
1	171	269	440	1	1	2	23	31	54	5	4	9	505	
2	889	762	1651	22	3	25	332	148	480	16	1	17	2173	
3	64	51	115	12	2	14	18	7	25	2	2	4	158	
4	58	44	102	22	10	32	33	7	40	2	1	3	177	
	1182	1126		57	16		406	193		25	8		3013	64.8%
		2308			73			599			33			
		76.6%			2.4%			19.9%			1.1%			
% should be for the next 5 years	-11.6%			12.6%			-9.9%			8.9%				
% should be per annum	-2.3%			2.5%			-2.0%			1.8%				
Actual figure per annum	-70			76			-60			54				
5	15	18	33	6	16	22	14	5	19	0	2	2	76	
6	36	57	93	43	147	190	19	14	33	1	1	2	318	
7	58	50	108	71	43	114	21	5	26	0	1	1	249	
8	96	79	175	67	50	117	9	5	14	9	2	11	317	
	205	204		187	256		63	29		10	6		960	20.6%
		409			443			92			16			
		42.6%			46.1%			9.6%			1.7%			
% should be for the next 5 years	22.4%			-31.1%			0.4%			8.3%				
% should be per annum	4.5%			-6.2%			0.1%			1.7%				
Actual figure per annum	43			-60			1			16				
9	57	30	87	65	14	79	17	2	19	11	2	13	198	
10	71	33	104	35	9	44	6	3	9	2	0	2	159	
11	13	18	31	9	8	17	2	0	2	1	2	3	53	
12	60	22	82	52	9	61	8	0	8	6	3	9	160	
	201	103		161	40		33	5		20	7		570	12.3%
		304			201			38			27			
		53.3%			35.3%			6.7%			4.7%			
% should be for the next 5 years	11.7%			-20.3%			3.3%			5.3%				
% should be per annum	2.3%			-4.1%			0.7%			1.1%				
Actual figure per annum	13			-23			4			6				
13	30	15	45	13	5	18	5	1	6	1	3	4	73	
14	7	6	13	6	1	7	4	0	4	2	2	4	28	
15	2	1	3	1	0	1	0	0	0	0	0	0	4	
16	1	0	1	0	0	0	0	0	0	0	0	0	1	
	40	22		20	6		9	1		3	5		106	2.3%

		62			26			10			8			
		58.5%			24.5%			9.4%			7.5%			
% should be	6.5%			-9.5%				0.6%			2.5%			
for the next														
5 years														
% should be	1.3%			-1.9%				0.1%			0.5%			
per annum														
Actual figure	1			-2				0			1			
per annum														
	1628	1455		425	318			511	228		58	26		
Population		3083			743			739			84			4649
		66.3%			16.0%			15.9%			1.8%			
Male	2622	56.4%												
Female	2027	43.6%												

19.4 IT systems

19.4.1 Background & Understanding

The strategy ensures alignment of the IS Unit's initiatives to ensure business value realisation within a framework of solid IT governance, with principles in place, in order to optimally execute the information strategy. The governance will provide a framework to ensure the optimisation of information investments and the sustainability of such investments.

19.4.2 Core Values

The Information Services unit believes and adheres to the following principles:

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

A number of levels of 'maturity', for each of several aspects of the area under study, were defined in the ROAD MAP of the strategic plan 2004-2007 attached in Appendix one. The projects to support the maturity improvement of the unit were undertaken and completed to achieve the defined maturity level. Therefore the maturity level 1 of IT processes maturity improvement has been achieved. A maturity level 2 and related projects has been defined below, this are the new projects to improve the IT services where security of IT will always be prioritised because of ever changing technology.

ROAD MAP:

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

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

On the top is the DPW with defined strategic objectives and business plan. The core strategic objectives are listed below in the timeline banner. All activities are ongoing throughout the three years in continuity.

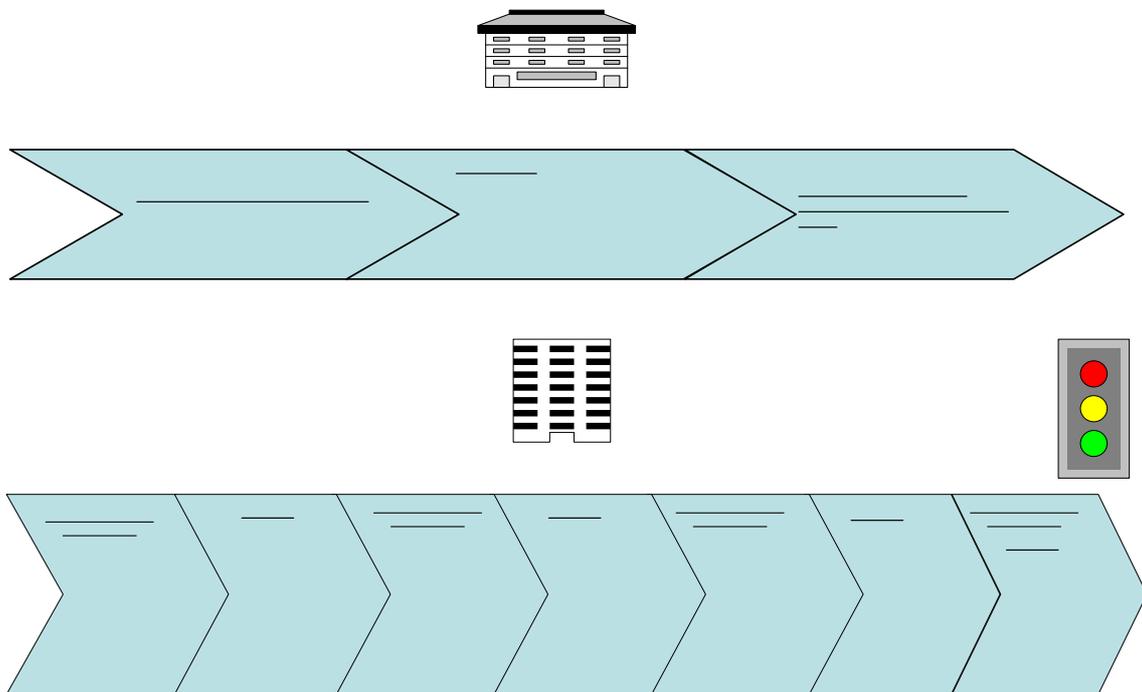
Some activities may start in the 2005-2006 timeframe and some may spill over to the next year. Similarly some activities are carried forward to the next year.

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

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

We have begun with maturity level 2 as process improvement has been achieved in the previous year.

Road Map



19.5 Performance management system

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

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

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

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

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

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

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

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

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

After completion of the Progress Reviews the relevant Performance Management Committees (for each Chief Directorate at Head Office and each Regional Office) must meet

to discuss and verify the assessment results and to address the identified performance problems in a structured manner.

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

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

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

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

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

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

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

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

19.6 Audit queries and Auditor General's Audit Findings

The Auditor General reported the following significant audit findings during the audit of the Department for the financial year 2003/2004 which resulted in another qualified audit report.

19.6.1 Audit Findings

Financial Year 2003/2004

- **Significant Findings by Auditor General during 2003/2004 giving rise to the qualification**

Unresolved account balances originated prior 2002 due to lack of supporting documentation.

The following emphasis of matter points were raised by the Auditor General. It needs to be pointed out that the emphasis of matter points were not the reason for the qualification but significant enough to warrant reporting upon. These were:

- Inefficiencies in the management of Rental Debtors and under-utilisation of systems
- Rental charges that are below market rates for official quarters
- Incomplete Fixed Asset Register for movable assets
- Inaccurate State Property Asset Register
- Inadequate General and Application Controls on IT systems utilised by the Department.
- Unauthorised Expenditure
- Delays in submission of Annual Financial Statements.

- **Auditor General follow-up on significant findings for 2002/2003**

The subsequent follow-up conducted by Auditor General on the significant findings of 2002/2003 revealed that the following areas were addressed to their satisfaction:

Lease Commitment Register for the Department

Control over supporting documentation previously reported as missing

Disposal Policy regarding major state properties

Proper disclosure of disciplinary procedures

Proper framework for management of consultants in the Department.

19.6.2 Department's Strategies to the Audit Findings

The department has developed an action plan to address all the issues that were raised by the Auditor General as well as issues raised by SCOPA in a hearing held on 20 October 2004. The progress on the action plan is reviewed by the Top Management Committee on a regular basis.

Follow-up

The Internal Audit Unit is conducting follow-ups on the Auditor General findings to ensure that adequate actions have been taken by management. The Internal Audit capacity has been enhanced by the co-sourcing arrangement with the PricewaterhouseCoopers consortium. The Department's endeavour to turn around its financial and operational controls has put it in a position of an improved audit opinion on a sustainable basis.

19.6.3 Financial and Operational Management

The Department conducted a comprehensive risk assessment in 2004 in order to identify all the critical risks of the Department that have an impact on its:

- Financial management ,
- Controls, both Financial and Operational,
- Governance processes, and

to ensure that each manager is effectively managing such risks. In addition to the Risk Management Strategy, the Fraud Prevention Strategy was also developed and adopted by management.

Management Committees

The department has a fully functional and effective Audit Committee.

Regional and Head Office Audit Steering Committees were established to improve communication between the Department and the Auditor General's audit teams.

Financial Management and operational reviews are conducted on a bi-monthly basis.

19.7 Internal Audit Function

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

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

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

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

The Unit develops annually a rolling Three-Year strategic plan which is done through a Strategic workshop conducted by the Chief Audit Executive, and the plan is presented for review and approval to the Audit Committee at the beginning of each financial year.

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

19.8 Implementation of PFMA

In compliance with the PFMA, the department established a Supply Chain Management function which saw the merging of two procurement functions that operated independent of each other before. During the 2004 calendar year, the department developed supply chain management policies, policy directives in compliance with the Supply Chain Management Framework issued by National Treasury on 05 December 2003. The challenge facing the department in this important task is to finalise the standard operating procedures commenced in 2004 and roll out the supply chain management implementation throughout the department in 2005 and years beyond. In line with the Supply Chain Management Framework, the department will be merging the various supplier databases into one database with different categories during the 2005/06 financial year. In compliance with the Construction Industry Development Board Act, the department will adopt the Construction Industry Development Board's contractor database once it has been finalised as part of its supplier database for the contractor category.

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

The Department is furthermore administering the following legislation:

<u>Short Title of the Act</u>	<u>Purpose of the Act</u>
A. <u>Before Union (Prior to 1910)</u>	
Outspans Act, 1902 (Act 41 of 1902) – Section 3(1)	Resumption of unused outspans, cancellation and delimitation of outspan servitudes
Pretoria and Military Supply Ordinance, 1905 (Act 34 of 1905)	To transfer certain Crown land to the Municipality of Pretoria upon certain conditions
B. <u>During Union (1910 – 1961)</u>	
Rhodes Will (Groote Schuur Devolution) Act, 1910 (Act 9 of 1910)	To provide for the surrender of the Groote Schuur Estates to the Government of the Union of South Africa in accordance with the Will of the late Cecil John Rhodes and for the release of the Trustees
Bethelsdorp Settlement Act, 1921 (Act 34 of 1921)	To provide for the settlement of certain matters in dispute at Bethelsdorp between the London Missionary Society and its successors, the Congregational Union Church Aid and Missionary Society of South Africa and the Bethelsdorp Board of Supervisors
Mooi River Township Lands Act, 1926(Act 5 of 1926)	To provide for the grant of certain land to the Local Board of the township of Mooi River and matters incidental thereto.
Carnarvon Outer Commonage Sub-division Act, 1926 issued Act 17 of 1926)	To provide for the cancellation of the title under section 14 of Act No 19 of 1913 to the (Committee of Management of the Carnarvon Outer Commonage; the sale of certain sowing lands on the said Commonage; the subdivision and allocation of the remaining extent of the said Commonage among the owners of “opstallen” and persons having grazing and sowing rights thereon and the issue of individual titled to such owners and persons; the disposal of certain other lands owned by the said Committee, and matter incidental thereto.
Payment of quitrent (Cape) Act, 1927(Act 14 of 1927)	To regulate the payment of quitrent by part owners of land subject to payment of land subject to payment of quitrent and situated in the province of the Cape of Good Hope.

Marburg Immigration Settlement
(Social Board of Management) Act, 1927
Act 43 of 1927)

To provide for the constitution of a local Board of Management for the Marburg Immigration Settlement, county of Alfred, in the Province of Natal and certain incidental matters

Cape Outspans Act, 1937(Act 17 of 1937)

To provide for the issue of deeds of grant to divisional and municipal councils in respect of outspans consisting of crown land situated in the Cape of Good Hope.

Municipal Lands (Muizenberg) Act, 1941

To make better provision for attaining the (Act 9 of 1941) object of certain enactment by virtue of which certain lands adjoining False Bay are vested in the Council of the City of Cape Town.

Cape Town Foreshore Act, 1950
(Act 26 of 1950)

To provide for the management, control and development of the Cape Town foreshore and to that end to establish a board in respect of the said foreshore and to define its functions, and to provide for other incidental matters.

C. Republic (1961 – 1994)

Kimberley Leasehold Conversion to Freehold Act, 1961
(Act 40 of 1961)

To provide for the transfer of the ownership of certain erven at Kimberley to the lessees or licencees thereof, for the exemption from the payment of certain duties and fees payable in connection with such transfer and the performance of certain acts in pursuance thereof, and for matters incidental thereto, and to amend the General Law Amendment Act, 1957.

State Land Disposal Act, 1961
(Act 48 of 1961)

To provide for the disposal of certain State Land and for matters incidental thereto, and to prohibit the acquisition of State Land by prescription

Removal of Restrictions Act, 1967
(Act 84 of 1967)

To empower the Administrator of a province to alter, suspend or re-move certain restrictions and obligations in respect of land in the province; to repeal the Removal of Restrictions in Townships Act, 1946; to validate certain proclamations of Administrators; and to provide for incidental matters.

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

To provide for the subdivision of commonages

(Act 50 of 1971)	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.
Church Square Development Act, 1972 (Act 53 of 1972)	To provide for the management and upkeep of the Church Square
Section 34 of the General Law Amendment Act, 1972 (Act 102 of 1972)	Certain conditions of title applying in respect of immovable property owned by the State to lapse in certain circumstances.
Sections 11(1)(b), 16 and 17 of the Lake Areas Development Act, 1975 (Act 39 of 1975)	To provide for the establishment of lake areas under the control of a Lake Areas Development Board, and for matters incidental thereto.
Expropriation Act, 1975 (Act 63 of 1975)	To provide for the expropriation of land and other property for public and certain other purposes and for matters incidental thereto.
Section 3 of the National Parks (Act 57 of 1976)	To consolidate the laws relating to national parks
Rating of State Property Act, 1984 (Act 79 of 1984)	To repeal certain Acts granting exemption in respect of certain State property from rates levied on immovable property by local authorities; provided that such rates may, notwithstanding certain other exemptions, be levied on other State property; make provision for rebates in respect of such rates levied on State property; and 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 Abbatoir Corporation Act, 1992	Certain sections that provide for the

(Act 12 of 1992)

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

D. Democratic South Africa (1994 to date)

Periods of Office of Members of Councils for Architects, Engineers, Quantity Surveyors and Valuers Adjustment Act, 1995 (Act 14 of 1995)

To provide for the Minister to extend the periods of office of members of the professional councils 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 Council (Act 43 of 2000)

To provide for the establishment of the 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

Appendix Three: High Level Organisational Structure

