



LAYING CONCRETE FOUNDATIONS FOR TOMORROW'S SUSTAINABLE DEVELOPMENT

*My Department is like
an African pot,
three legs, three core functions,
delivering with the shared warmth
created by a fire during the dark winter's night,
the food that will inspire hope
and create a legacy..*


Minister: Stella Sigcau

A D D R E S S D E T A I L S



Published by the National Department of Public Works
The Chief Directorate : Communications
Private Bag X65
Pretoria
2001
Tel: (012) 337 2057
Fax: (012) 323 2856
e-mail:lucky.mochalibane@dpw.gov.za
<http://www.publicworks.gov.za>

Printing & Binding : Business Print Centre
Design & Layout : 8 Seconds Branding and Design





The Honourable Minister of Public Works
Ms Stella Sigcau

I have the honour of presenting the Annual Report of the Department of Public Works for the period 01st April 2001 to 31st March 2002.

The Annual Report has been prepared as required by section 40 (1) (d) of the Public Finance Management Act, 1999 and Regulation III J of the Public Service Regulations, 1999 (as amended).

A handwritten signature in black ink, appearing to read 'Lydia Bici', is positioned above the name and title of the signatory.

Ms Lydia Bici
Acting Director-General
Department of Public Works



C O N T E N T S

MINISTER'S FOREWORD

x

DIRECTOR GENERAL'S OVERVIEW

ix

PART 1 GENERAL INFORMATION

1

- 1.1. Information on the Ministry
 - 1.1.1. Institutions falling under the Executive Authority
 - 1.1.2. Bills submitted by the Ministry
 - 1.1.3. Fact finding missions undertaken by the Minister
- 1.2. Legislative mandate
- 1.3. Vision and Mission Statement
- 1.4. Abbreviations

PART 2 HUMAN RESOURCES MANAGEMENT

5

- 2.1. Public Service Regulations
- 2.2. Summary of Personnel Costs and Related Information
- 2.3. Employment changes
- 2.4. Affirmative action
- 2.5. Performance Rewards
- 2.6. Foreign Workers
- 2.7. Leave
- 2.8. Labour Relations
- 2.9. Skills Development
- 2.10. Injury on duty

PART 3 STATE ACCOMMODATION & ASSET
MANAGEMENT

19

- 3.1. State Accommodation
 - 3.1.1. Capital Projects
 - 3.1.2. Planned Maintenance
 - 3.1.3. Leasing
 - 3.1.4. Consultants Roster and Tender Contract Administration
 - 3.1.5. Major Projects
 - 3.1.6. Ramp Achievements
- 3.2. Prestige Accommodation
 - 3.2.1. Strategic Initiatives
 - 3.2.2. Corporate Memory
 - 3.2.3. Business Relationship
 - 3.2.4. Projects and Programmes

C O N T E N T S

PART 3 STATE ACCOMMODATION & ASSET MANAGEMENT

24

- 3.3. Asset Procurement and Operating Partner System (APOPS)
 - 3.3.1. Correctional Facilities
 - 3.3.2. Office Accommodation
- 3.4. Asset Management
 - 3.4.1. Objectives
 - 3.4.2. Government-Wide Fixed Asset Management Framework
 - 3.4.3. Commercial property disposals
 - 3.4.4. Non-commercial property disposals
 - 3.4.5. Non-conventional disposal of state land
 - 3.4.6. Total disposals (commercial & non-commercial)

PART 4 COMMUNITY BASED PUBLIC WORKS

29

- 4.1. Community Based Public Works Programme (CBPWP)
 - 4.1.1. Background and Challenges
 - 4.1.2. Programme Outline
 - 4.1.3. Achievements
 - 4.1.4. Sustainability Planning
 - 4.1.5. Evaluation of Previous Programmes
 - 4.1.6. Institutional Strengthening
 - 4.1.7. Vision for the future
- 4.2. Construction Industry Development Programme
 - 4.2.1. The Construction Industry Development Board (CIDB)
 - 4.2.2. Council for the Built Environment (CBE)
 - 4.2.3. Built Environment Professions
 - 4.2.4. Delays in Payment
 - 4.2.5. HIV/Aids awareness strategy
 - 4.2.6. Emerging Contractor Development (ECDP)
 - 4.2.7. Registration of contractors
 - 4.2.8. Access to Finance
 - 4.2.9. Women in Construction
 - 4.2.10. Access to training

C O N T E N T S

PART 5 CORPORATE SERVICES & FINANCE

37

- 5.1. Support Services
- 5.2. Legal Services
- 5.3. Fraud Awareness and Special Investigations
- 5.4. Information Services (IT)
- 5.5. Communications
 - 5.5.1. Communication Policy
 - 5.5.2. Minister's Public Appearance Programme (MPAP)
 - 5.5.3. Promotions
 - 5.5.4. Transformation
- 5.6. Strategic Management
 - 5.6.1. Transformation
 - 5.6.2. Strategic Management Issues
 - 5.6.3. Strategic Information Unit
- 5.7. Black Economic Empowerment
 - 5.7.1. Background
 - 5.7.2. Initiatives within BEE Directorate
- 5.8. Internal Audit
 - 5.8.1. Internal Audit Function
 - 5.8.2. Audit approach
 - 5.8.3. Professional Membership
 - 5.8.4. Staff development
 - 5.8.5. Audit Committee

PART 6 REPORT OF THE AUDIT COMMITTEE

47

- 6.1. Report of the Audit Committee of the National Department of Public Works for the year ended 31 March 2002.
 - a. Effectiveness of Internal Control
 - b. Quality of management reports
 - c. Evaluation of the Annual Financial Statements

C O N T E N T S

PART 7 AUDITOR GENERAL'S REPORT

51

- 7.1. Audit Assignment
- 7.2. Nature and scope
- 7.3. Background
- 7.4. Qualification
 - 7.4.1. Unresolved matters from the prior year
 - 7.4.2. Professional and special services – property-related operating expenditure
 - 7.4.3. Professional and special services – construction and planned maintenance
 - 7.4.4. Control over supporting documents
 - 7.4.5. Leases
 - 7.4.6. Transactions with other departments
 - 7.4.7. Supplier's bank details
 - 7.4.8. Potential expenditure included in receivables
 - 7.4.9. Uncleared transactions included in payable/receivables
 - 7.4.10. Contingent liabilities
 - 7.4.11. Subsequent payments
- 7.5. Disclaimer of audit opinion
- 7.6. Emphasis of matter
 - 7.6.1. Matters affecting the financial statements
 - 7.6.2. Matters not affecting the financial statements
- 7.7. Appreciation
 - Statement of accounting policies and related matters for the year ended 31 March 2002
 - 1. Basis of preparation
 - 2. Revenue
 - 3. Expenditure
 - 4. Unauthorised, irregular and wasteful expenditure
 - 5. Debts written off
 - 6. Assets
 - 7. Receivables
 - 8. Payables
 - 9. Lease commitments
 - 10. Subsequent payments
 - 11. Employee benefits
 - 12. Recoverable revenue
 - 13. Provisions
 - 14. Comparative figures

C O N T E N T S

PART 8 ANNUAL FINANCIAL STATEMENTS

58

- 8.1. Management Report
 - 8.1.1. Introduction
 - 8.1.2. General review of financial state of affairs
 - 8.1.3. Policy decisions and Strategic issue
 - 8.1.4. Spending Trends
 - 8.1.5. Public entities under the control of the Department
 - 8.1.6. Other organisations to whom transfer payments have been made
 - 8.1.7. Corporate governance arrangements
 - 8.1.8. Progress with Financial Management Improvements

Statements

C O N T E N T S

PART 8 ANNUAL FINANCIAL STATEMENTS

58

- 8.1. Management Report
 - 8.1.1. Introduction
 - 8.1.2. General review of financial state of affairs
 - 8.1.3. Policy decisions and Strategic issue
 - 8.1.4. Spending Trends
 - 8.1.5. Public entities under the control of the Department
 - 8.1.6. Other organisations to whom transfer payments have been made
 - 8.1.7. Corporate governance arrangements
 - 8.1.8. Progress with Financial Management Improvements

Statements

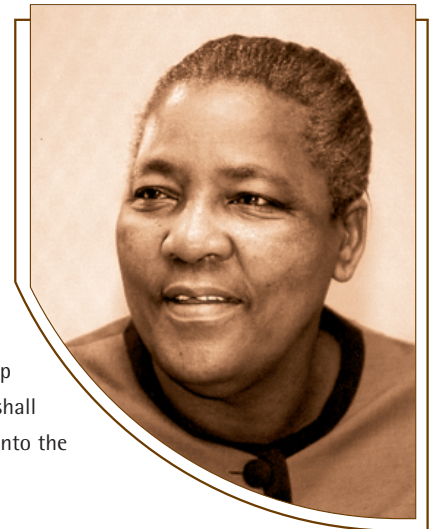
MINISTER'S FOREWORD

Poverty eradication and easy access to economic opportunities are indispensable for democratisation. The Department is engaging stakeholders in the Construction Industry to alleviate the impact of the HIV/AIDS pandemic in the industry. The challenge ahead is to consolidate our achievements

This would not be possible without harnessing the working and the expertise of the Construction Industry. Since after the first non-racial and democratic elections of 1994, my Department has worked tirelessly and ceaselessly, with the cooperation of this industry and sister government departments to build a sector which is indispensable to the programme of reconstruction and development, a truly national asset contributing to economic growth and social prosperity.

Following the passing of legislation in December of 2000, the Construction Industry Development Board and the Council for the Built Environment were successfully established in the year under review to spearhead the revival of the industry and make it a comprehensive sector vital to nation-building. Our built environment owes its continued existence and splendour to a strong construction industry capable to accommodate and serve the nation.

As part of our continuous improvement drive, our government fixed accommodation and asset management branch has experienced an unprecedented growth. For the first time in memorable history, the Department has expended 100% of its capital works budget, thanks to our commitment and ingenious initiatives such as the Programme for Accelerated Capital Expenditure (PACE). PACE is a stringent programme to monitor very closely expenditure patterns regarding capital works. Together with other strategic interventions such as the Repair and Maintenance Programme (RAMP) and the Asset



Procurement and Operating Part-nership System (APOPS), we shall continue to innovate into the future.

So important is our regard for the fixed property portfolio of the government that the Department is engaged in a process to formulate a government-wide fixed asset framework to regulate uniformly at national, provincial and local spheres, the best practices relating to fixed asset management, including responsive ways to dispose of superfluous and redundant properties.

In the spirit of a transforming public service, my Department will continue to tackle daily operational challenges such as financial management and internal control measures to ensure an efficient, effective and transparent organisation capable of attaining its aims and objectives with regard to service delivery. This is the core of the transformation process in my Department and we believe it will culminate in improved stakeholder satisfaction, understanding and supportive clients.

We are looking forward to a successful new year strengthened by our experience of past successes and driven by the pledge we made to the nation in January 2000 to ensure appropriate accountable, satisfactory service to the country.

A handwritten signature in black ink that reads "S.M. Sigcau". The signature is written in a cursive, flowing style.

MS Stella Sigcau, MP
Minister of Public Works

MINISTRY



Ms Stella Sigcau, MP
Minister of Public Works



Rev. Musa Zondi, MP
Deputy Minister of
Public Works

DIRECTOR GENERAL'S OVERVIEW

Our pursuit for effectiveness, efficiency and excellence continued relentlessly during the year under review. Focused client service and a culture of optimum performance remained our single-minded goal. This commitment to delivery of value for our clients, the state and the taxpayer, received a major boost when management adopted a programme of action in May 2001.

Accordingly, management committed itself to improved service delivery and value-optimisation through strategies that will encourage and accelerate,

- Speed of delivery
- Customer service
- Quality of projects
- Cost effectiveness

The above are performance indicators we aspire to and have sworn never to deviate from. Collectively they define parameters for the transformation of the department and provide a blueprint by which we will be assessed and judged. Anything less is unthinkable.

Financial management, internal controls and their congruent systems remain a challenge. Yet there is already light at the end of the tunnel.

For the first time in long memorable history, the Department expended 100% of its budget for capital works and poverty relief, respectively. This is a result of shrewd project management, stern financial interventions and an unyielding positive attitude to our work, nicknamed Working Smart. And it is a path we shall continue to pursue into the future, mindful of the fact that time is of essence and urgency is paramount.

Lack of skills and rigid bureaucracy remain two of the most impending factors on our road to transformation. Human Resources Management has already been instructed to develop best personnel strategies aimed at recruiting, developing, and retaining the critical skills base. Simultaneously, efforts are underway to find the best structural arrangement to preserve and promote our earlier gains. In the spirit of continuous improvement, we shall ceaselessly generate new ideas and initiatives directed at improved public service delivery, akin to Programme for Accelerated Capital Expenditure (PACE), Repair and Maintenance Programme (RAMP) and Asset Procurement and Operating Partner-ship System (AOPS), to name a few.



Unprecedentedly the success of PACE is already garnering loyal fans for the Department, swayed by the prudent display of capital budget management. Both the property and construction industries have been vocal in their praise for PACE and its discernible impact.

The fact that ALL Prisons in South Africa are now maintained under RAMP reveals the popularity and success of the programme. Other departments such as Department of Environmental Affairs and Tourism (DEAT), Department of Labour and Department of Home Affairs have approached Public Works with a request to be catered for under RAMP. To us this is a vote of confidence and a confirmation that we are still on track.

Successful handover of the Mangaung and Kutama-Sinthumule Maximum Security Prisons in the year under review was an important milestone for AOPS. It signified the end of one stretch yet the beginning of another. Other major AOPS projects are at various stages of development for Department of Education, Department of Environmental Affairs and Tourism, and Department of Foreign Affairs.

The above is symptomatic of our elaborate building programme, comprising of thousands of projects and successfully managed by the Department of Public Works.

As we usher the new year, we do that with the spirit of optimism imbued by the knowledge that as a team and working together, we have the potential to deliver value to all our stakeholders within reasonable expectations.

A handwritten signature in black ink, appearing to read 'Lydia Bici', located below the text of the Acting Director-General's statement.

Lydia Bici
Acting Director-General

ORGANOGRAM



Mr Tami Sokutu

Director General
of the Department
of Public Works



Zingi Ntsaluba

Deputy Director General
Financial Management



Ms Lydia Bici

Deputy Director General
National Public Works
Programme and
Corporate Services



Mr Dennis Mokotedi

Deputy Director General
Asset Management



Mr Richard Samuel

Acting Deputy Director General
Accommodation

1.1. INFORMATION ON THE MINISTRY

During this financial year, the Minister managed to have 7 pieces of legislations approved by the National Assembly – a record that was acknowledged in the house. These legislations dealt with establishment for the built Environment and the various Professional Councils.

1.1.1. Institutions falling under the Executive authority:

- I. Independent Development Trust
- II. Agreement Board
- III. Construction Industry Development Board
- IV. Council for the Built Environment
- V. Land Affairs Board

1.1.2. Bills submitted by the Ministry:

- 1) South African Council for the Architectural Profession Council Bill
- 2) Landscape Architectural Council Bill
- 3) Quantity Surveying Professional Council Bill
- 4) Property Values Council Bill
- 5) Project and Construction Management Council Bill
- 6) Council for the Build Environment Bill
- 7) Construction Industry Development Board Bill

1.1.3. Fact finding trips undertaken by the Minister:

- 1) 17 – 25 May 2001 - India – Community Based Public Works Programme related matters
- 2) 4 – 8 March 2002 – UK – attending a course on Effective Public Awareness and Communication to Support Economic Reform.

1.2. LEGISLATIVE MANDATE

The National Department of Public Works was mandated to:

- Meet accommodation requirements of client departments within resources available to the department effectively and efficiently.
- Obtain maximum value from government's property portfolio including meeting the socio-economic objectives of government.
- Create rural infrastructure through a poverty relief programmes, targeting job creation for women, youth and the disabled.
- Develop and transform the construction industry.

1.3. VISION AND MISSION STATEMENT

VISION

To be a leader in Africa and the developing world in the provision and management of State property and implementation of Public Works Programmes.

MISSION STATEMENT

To ensure that the National state departments of South Africa have a built environment that meets their financial, technical and social requirements through the:

- Provision, development and maintenance of accommodation Acquisition and disposal of state land
- Management and maintenance of the state property portfolio.

To implement the National Public Works Programme by:

- Creating assets through the Community Based Public Works Programme (CBPWP)
- Influencing and stabilising the construction and property industries and ensuring that infrastructure is provided in a way that creates jobs, empowers communities and develops human resources.



2.1. Public Service Regulations

A Human Resources audit of all the HR related policies and administrative procedures and processes was undertaken. In this process, a number of gaps in terms of policies have been identified. Even though a number of policies have been drafted to try and close the gap, a decision has been taken to work closely with DPSA in the coming financial year to workshop all the policies that are there and those still to be developed. The greatest achievement has been the review of labour relations processes in order to align them with National legislative framework and Public Service Co-coordinating Bargaining Council (PSCBC) resolutions.

2.2. Summary of Personnel Expenditure and Related Information

The following tables summarize final audited expenditure by programme.

Table 2.1. Personnel Costs by Programme

Programme	Total Expenditure	Personnel Expenditure	Admin Expenditure	Professional and Special Services	Personnel Costs as a percentage of Total Expenditure	Average Personnel Costs per Employee
Programme 1	178 681 997	84 218 993	37 132 144	35 660 329	47.13	
Programme 2	3 098 884 706	228 540 629	19 586 831	2 024 131 317	7.37	
Programme 3	403 283 443	7 820 163	2 306 250	386 204 571	1.94	
TOTAL	3 680 850 146	320 579 785	59 025 225	2 445 996 217	8.71	

2.2.1. Personnel Costs by Salary Level

It is not possible to report on personnel costs by salary levels because salary levels cannot be split in terms of administrative expenditure to indicate flight tickets or tollgate fees, for example. The DPSA has been alerted to this problem.

The following tables provide a summary and salary level of expenditure incurred as a result of overtime, allowance, and benefits. Benefits reflect the amount utilized for homeowner allowances, medical aid, and pension. In each case the table provides an indication of the personnel budget that was used for these items.

Table 2.2. Overtime, Allowances and Benefits by Programme

Programme	OVERTIME Amount (R'000)	% of Personnel Costs	ALLOWANCES Amount (R'000)	% of Personnel Costs	BENEFITS Amount (R'000)	% of Personnel Costs
Programme 1	904	1.07	10 214	12.13	15 043	17.86
Programme 2	3 165	1.38	25 805	11.29	41 521	18.17
Programme 3	3	0.04	1 259	16.10	1 197	15.31
TOTAL	4 072	1.27	37 278	11.63	57 781	18.02

PART 2 HUMAN RESOURCES MANAGEMENT

Table 2.3. Overtime, Allowances, and Benefits by Salary Level

Salary Level	OVERTIME Amount (R'000)	% of Personnel Costs	ALLOWANCES Amount (R'000)	% of Personnel Costs	BENEFITS Amount (R'000)	% of Personnel Costs
Salary Level 1-2	904	1.60	10 735	10.00	19 226	18.03
Salary Level 3-5	570	1.78	3 409	10.66	6 325	19.78
Salary Level 6-8	1 611	1.65	9 882	10.13	19 433	19.92
Salary Level 9-12	157	0.27	6 234	10.7	9 592	16.71
SMS	28	0.13	7 024	29.75	3 186	13.14
TOTAL	4 074	1.27	37 278	11.63	57 762	18.02

2.2.2. Employment and Vacancies

The tables in this section summarize the position with regard to employment and vacancies. The approved establishment is the number of posts that an executing authority has approved to carry out the core and support functions of the department. The first table provides an estimate of the size of the establishment over the MTEF period.

Table 2.4. Approved Establishment by Programme

Programme	Approved Establishment		Medium Term Establishment Estimate	
	01-Apr-01	31-Mar-02	31-Mar-03	31-Mar-04
Programme 1	1 126	1 126	1 126	1 126
Programme 2	4 280	4 280	4 280	4 280
Programme 3	74	74	74	74
TOTAL	5 480	5 480	5 480	5 480

The following tables summarize the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are staff that are additional to the establishment. This information is presented in terms of four key variables per programmes and by salary band.

Table 2.5. Employment and Vacancies by Programme

Programme	Establishment	Number of Employees	Vacancies	Additional
Programme 1	1 126	925	21.94	0
Programme 2	4 280	3 507	17.03	0
Programme 3	74	48	16.22	0
TOTAL	5 480	4 480	18.03	0

Table 2.6. Employment and Vacancies by Salary Band

Salary Band	Establishment	Number of Employees	Vacancies	Additional
Salary Level 1-2	3 018	2 653	365	0
Salary Level 3-5	789	566	223	0
Salary Level 6-8	1 095	865	230	0
Salary Level 9-12	504	334	170	0
SMS	74	62	12	0
TOTAL	5 480	4 480	1 000	0

EMPLOYMENT AND VACANCIES BY CRITICAL OCCUPATION : None

2.2.3. Job Evaluation

The following tables summarize the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded

Table 2.7. Job Evaluation

Salary Band	Establishment	Number of Jobs Evaluated	Posts Upgraded		Posts Downgraded
			Number	% of Total	Number
Salary Level 1-2	3 018	0	365	0	0
Salary Level 3-5	789	0	223	0	0
Salary Level 6-8	1 095	6	1	16.7	0
Salary Level 9-12	504	28	1	3.6	0
SMS	74	5	0	0	0
TOTAL	5 480	39	2	20.3	0

Table 2.8. Profile of Employees Absorbed in an Upgraded Post

	Total Number of Employees Absorbed in an Upgraded Post			
	African	Asian	Coloured	White
Female	1			
Male				1
Employees with a disability				

REMUNERATION LEVELS THAT EXCEEDED THE GRADE DETERMINED BY JOB EVALUATION : None

PROFILE OF EMPLOYEES WHOSE REMUNERATION LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION : None

All posts that were evaluated in terms of the EQUATE system were either upgraded to the levels indicated by the relevant job weights or they remained the same. No posts were graded above the levels indicated by the job evaluation system.

PART 2 HUMAN RESOURCES MANAGEMENT

2.3. Employment Changes

Table 2.9. Appointments, Promotions and Terminations

		Appointments and Transfers	Promotions	Terminations and Transfers
African	Male	203	76	150
	Female	242	41	134
Asian	Male	5	8	8
	Female	4	3	1
Coloured	Male	24	9	40
	Female	22	1	18
White	Male	6	25	30
	Female	5	26	21
Employees with a disability				
TOTAL		511	189	402

Table 2.10. Annual Turnover Rates by Salary Band

Salary Band	Appointments and Transfers	Terminations and Transfers	Turnover Rate
Salary Levels 1-2	291	266	1.1
Salary Levels 3-5	79	33	2.4
Salary Levels 6-8	88	57	1.5
Salary Levels 9-12	48	35	1.4
SMS	5	11	0.5
TOTAL	511	402	1.3

ANNUAL RUNOVER RATES BY CRITICAL OCCUPATION : None

Table 2.11. Reasons Why Staff are Leaving the Department

Termination Type	Number	Per 100 000 Employees
Death	40	0.00040
Resignation	146	0.00146
Expiry of Contract	83	0.00083
D-O Changes		0
Dismissal - Misconduct	4	0.00004
Dismissal - Inefficiency		0.00000
Discharged Ill-health	23	0.00023
Retirement	90	0.00090
Other	16	0.00016
TOTAL	402	0.00402

2.4. Affirmative Action

Table 2.12. Progress Made with Respect to Affirmative Action (Employees at Levels Below SMS)

		Actual Number at 31 March 2002
African	Male	1 540
	Female	1 250
Asian	Male	59
	Female	25
Coloured	Male	538
	Female	234
White	Male	330
	Female	448
Disability		33
TOTAL		4 424

Table 2.13. Progress Made with Respect to Affirmative Action for Senior Management Service

		Actual Number at 31 March 2002
African	Male	27
	Female	10
Asian	Male	1
	Female	2
Coloured	Male	3
	Female	
White	Male	13
	Female	3
Disability		
TOTAL		59

PROGRESS MADE WITH RESPECT TO AFFIRMATIVE ACTION : There are no targets that were set for the financial year. The affirmative action representation in the whole department is above 80% and for the SMS specifically: the department is above 70%.

2.5. Performance Rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender and disability and salary levels. As previously mentioned, there are no critical occupations identified by the Department as yet. The performance rewards as reported here is only for the completed appraisals for 2001/2002. Due to the infancy of the system not all appraisals were completed at the time of reporting. The report also excludes performance bonuses for Senior Managers which will only be processed once all the appraisals at lower levels have been completed.

Table 2.14. Performance Rewards by Race, Gender and Disability

		Beneficiary Profile			Cost	
		Number of Beneficiaries	Number of Employees	% of Total within Group	Cost (R'000)	Per Capital Cost
African	Male	346	1 260	27.04	761	2 199.00
	Female	648	1 567	41.30	1 752	2 703.00
Asian	Male	29	60	48.30	347	11 965.00
	Female	20	27	74.00	100	5000.00
Coloured	Male	274	551	49.70	917	3 346.00
	Female	103	237	43.03	356	3456.00
White	Male	279	330	84.50	2 133	7 645.00
	Female	191	448	42.60	1 104	5 780.00
Disability		7	33	21.20	49	
TOTAL		1 897	4 480	42.34	7 519	

Table 2.15. Performance Rewards by Salary Level

		Beneficiary Profile			Cost	
		Number of Beneficiaries	Number of Employees	% of Total within Group	Cost (R'000)	Per Capital Cost
Salary Levels 1-2		931	2 653	35.0	1 211	1 300.00
Salary Levels 3-5		298	566	52.6	882	2 957.00
Salary Levels 6-8		524	865	60.5	3 244	6 190.00
Salary Levels 9-12		125	334	37.40	2 053	16 426.00
Professionals (13-16)			1			
Senior Management Service			60			
TOTAL		1 878	4 479		7 390	

PART 2 HUMAN RESOURCES MANAGEMENT

2.6. Foreign Workers

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

Table 2.16. Foreign Workers

By Grade (Salary Band)	1 April 2001 Number % of Total	31 March 2002 Number % of Total	Change Number % Change
Salary Levels 1-2	0.02	0.02	0
Salary Levels 3-5			
Salary Levels 6-8			
Salary Levels 9-12	0.02	0.02	0
Senior Management Service by Major Occupation			
TOTAL	0.04	0.04	

Table 2.17. Sick Leave

Grade (Salary Band)	Total Days (R'000)	% Certification	Number of Employees using Sick Leave	% of Total Employees Using Sick Leave	Average per Employee	Estimate of Cost
Salary Levels 1-2	11 337	71.56	1 387	52.28	8.17	
Salary Levels 3-5	2 963	79.45	395	69.79	7.50	
Salary Levels 6-8	5 710	90.04	699	80.81	8.17	
Salary Levels 9-12	1 350	81.93	216	64.67	6.25	
SMS	160	84.38	33	53.23	4.85	
TOTAL	21 520	78.29	2 730	60.94	34.94	

2.7. Leave

Table 2.18. Disability Leave (Temporary and Permanent)

Grade (Salary Band)	Total Days (R'000)	% Certification	Number of Employees using Sick Leave	% of Total Employees Using Sick Leave	Average per Employee	Estimate of Cost
Salary Levels 1-2	460	220.10	19	0.72	24.21	1 546.00
Salary Levels 3-5	82	146.43	5	0.88	16.40	66.00
Salary Levels 6-8	443	372.27	14	1.62	31.64	2 356.00
Salary Levels 9-12	70	71.43	1	0.30	70.00	94.00
SMS	0	0.00	0	0.00	0.00	0.00
TOTAL	1 055	810.22	39	3.52	142.25	4 062.00

Table 2.19. Annual Leave

Grade (Salary Band)	Total Days Taken (R'000)	Number of Employees in Grade	Average Per Employee
Salary Levels 1-2	71 083	2 653	26.79
Salary Levels 3-5	13 235	566	23.38
Salary Levels 6-8	24 700	865	28.55
Salary Levels 9-12	6 439	334	19.28
Senior Management Service	1 483	62	23.92
TOTAL	116 940	4 480	26.10

Table 2.20. Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Per Employee
Non-utilization of leave for current cycle	0	0	0.00
Leave accrued before 30 June 2001	1 126	139	8 100.72
TOTAL	1 126	139	8 100.72

2.8. Labour Relations

Table 2.21. Collective Agreements

Subject Matter	Date 2001
TOTAL NUMBER OF COLLECTIVE AGREEMENTS : One	

Table 2.22. Misconduct and Discipline

Outcomes of Disciplinary Hearings	Number	% of Total
Verbal warning	66	42.04
Written warning	40	25.48
Final written warning	36	22.93
Not guilty	3	1.91
Case withdrawn	1	0.64
Dismissal	11	7.00
TOTAL	157	100%

PART 2 HUMAN RESOURCES MANAGEMENT

Financial Misconduct for Financial Year 01 April 2001 to March 2002

Offence	Hearing Status	Outcome	Amount	Personal Gain	Recovered
Fraud	Concluded	Dismissal	R4 500	R4 500	None
Fraud	Concluded	Dismissal	R120 000	R120 000	N/A
Corruption and Fraud	Concluded	Warning	?	?	Case Pending*
Corruption and Fraud	Concluded	Warning	Potential loss	R10 000	N/A*
Corruption and Fraud:	Concluded	Dismissal	Undisclosed	R50 000+	N/A*
Corruption: Contractors	Concluded	Suspension	Potential loss	0	N/A
Alleged Theft of Property	Awaiting			?	Recovered
Alleged Theft of Property	Awaiting			?	Recovered

* In all these cases attempts are being made to recover departmental losses through legal means from employees or contractors, as endeavoured by the Directorate: Fraud Awareness and Special Investigations

? In these cases the total benefit to the employee through his misconduct have not been assessed as yet.

2.9. Skills Development

This section highlights the efforts of the department with regard to skills development. Table 10.1 Summarizes the development skills by salary band including costs incurred in skills development while table 10.2 provides the same information in terms of race, gender and disability.

Table 2.23. Skills Development by Salary Band

Grade (Salary Band)	Internal Training		External Training		Expenditure	
	Training Days Equivalent	Average Days Per Employee	Training Day Equivalent	Average Days Per Employee	Total Expenditure (R'000)	Average Per Employee
Salary Levels 1-2	484	2				
Salary Levels 3-5	285	2	219	3	340 700	1 555.00
Salary Levels 6-8	882	2	910	5	607 500	750.00
Salary Levels 9-12	310	2	967	10	409 300	423.26
SMS	41	2	492	7	714 500	1482.00
TOTAL	2 302	10	2 488	60.94	207 2000	

Table 2.24. Skills Development by Race, Gender and Disability

Grade (Salary Band)	Internal Training		External Training		Expenditure		
	Training Days Equivalents	Average Days Per Employee	Training Day Equivalents	Average Days Per Employee	Total Expenditure (R'000)	Average Per Employee	
African	Male	237	2	417	5	500 000	1 199
	Female	200	2	372	4	480 000	1 290
Asian	Male	18	2	24	3	99 000	4 125
	Female	9	2	12	3	60 000	5 000
Coloured	Male	215	2	161	4	275 000	1 708
	Female	105	2	71	4	180 000	2 535
White	Male	212	2	142	5	273 000	1 922
	Female	155	2	103	3	180 000	1 747
Disability							
TOTAL		1 151	16	1 302	31	2 047 000	19 526

Table 2.25. Skills Development by Type of Training

Type of Training	Training				Expenditure	
	Number of Beneficiaries	Training Day Equivalents	Average Days per Person	% of Total	Total Expenditure (R'000)	Average per Beneficiary
Internal Training	1 151	2 302	2	0.80%	200 760	174.40
Formal Training	851	2 563	9	0.30%	621 600	73 043.00
Computer Training	95	380	5	1.31%	130 000	1 368.42
Management Development	108	2 160	20	1.00%	693 040	6 417.42
Office-based Training	169	169	1	0.50%		
Policy-specific Training	72	360	10	2.70%	393 680	5 467.77
ABET						
Other	7	35	30	8.50%	17 000	2 428.57
TOTAL	2 453	7 959	77	1%	2 072 000	

PART 2 HUMAN RESOURCES MANAGEMENT

Table 2.26. Total Expenditure of Skills Development by Programme 2001/2

Programme	Expenditure 2001/02			Medium-Term Expenditure Estimates	
	Original Estimate	Actual Expenditure	Variance	2001/02	2003/04
1 + 2 + 3	4 217.16	2 072 000.00	2 170.16	6 131 699.00	10 594 230.00
TOTAL	4 271.16	2 072.000.00	2 170.16	6 131 699.00	10 594 230.00

Table 2.27. Bursaries Granted by Salary Level

Grade (Salary Band)	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees in Salary Band	% of Total in Salary Band	Cost (R'000)	Per Capita Cost
Salary Levels 1-2	21	2 653	0.79%	55 956.50	
Salary Levels 3-5	111	566	19.60%	414 940.37	
Salary Levels 6-8	80	865	9.24%	441 704.26	
Salary Levels 9-12	65	334	19.00%	408 947.26	
Professionals (13-14)	1	4	25.00%	22 800 .00	
Senior Management Service	5	58	9.00%	72 947.26	
TOTAL	282	4 480	82.63%	1 417 295.65	Attached

Table 2.28. Bursaries Granted by Race, Gender and Disability

Grade (Salary Band)	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees in Salary Band	% of Total in Salary Band	Cost (R'000)	Per Capita Cost
African	Male	108	1 567	6.80%	529 688.50
	Female	108	1 260	8.57%	509 515.97
Asian	Male	5	60	8.30%	8 990.00
	Female	8	27	29.60%	11 060.00
Coloured	Male	12	551	2.17%	142 149.50
	Female	10	237	4.20%	25 459.45
White	Male	21	330	6.30%	164 335.95
	Female	9	448	2.00%	34 592.81
Disability					
TOTAL		4 480		1 425 792.18	Attached

2.10. Injury on Duty

Table 2.29. Injury on Duty

Nature of Injury on Duty	Number	% of Total
Required basic medical attention only	45	76.27
Temporary disablement	12	20.34
Permanent disablement	1	1.69
Fatal	1	1.69
TOTAL	59	

3.1. STATE ACCOMMODATION

The strategic goal for the financial year 2001/2002 was improved service delivery and transformation to establish an efficient and client orientated Department.

The Department set a target of 100% expenditure of Capital and Maintenance budgets as one of the measures of achieving the aforementioned objectives. In 2001/2002 an amount of R1.369 billion out of a Capital budget of R1.375 billion was utilised in the execution of projects. These figures are all the more impressive when compared with the previous financial year when only R698 million out of an allocation of R1.229 billion was spent.

The corresponding figures with regard to Maintenance is R563.9 million spent with R544.8 million allocated. In the previous year R531.8 million was spent out of a budget of R606.1 million.

3.1.1. Capital Projects:

- The concept of Repair and Maintenance Programme (RAMP) was introduced to several client departments, of which the achievements are discussed later in more detail. RAMP initiative is aimed at reducing the existing backlog to the repair and maintenance of government facilities, and to guide the Department in the implementation of a planned and cost-effective repair and maintenance strategy, free of corruption. RAMP is a structured method of determining the status quo of existing facilities in terms of present condition, requirements for normalisation of situation and multi-year budget figures.

- There was a concerted effort to "clean up" data integrity on the Department's Works Control System (WCS), system being the priority management tool of execution of all major projects.

This enabled the Department to more effectively align projects with allocations, linked to a significantly improved

client liaison approach. In order to give effect to this initiative, signed off Building Programmes by client departments were implemented based on their accommodation needs.

- Due to the fact that capital funds were placed on the votes of client departments, the Department had to enter into service agreements with client departments. Due to several factors the system did not deliver the desired results. Subsequently, a simplified payment system was devised with the endorsement of Treasury, whereby NDPW will take full responsibility for all expenditure and client departments will forward money on the basis of a regular expenditure report. According to this arrangement, the Auditor-General will only audit NDPW for detailed invoices.

- Greater emphasis was placed on client interaction. Where departments did not provide building programmes, NDPW suggested programmes on their behalf as part of the service ethos. In cases where client departments did not submit projects timeously, they were advised to return funds to the fiscus. The same approach will be followed in the 2002/2003 financial year.

- A rigorous expenditure programme was instituted on a monthly basis and often twice a month for major clients. This is known as Project Accelerated Capital Expenditure (PACE) reports, which were given to client departments. PACE is a stringent reporting and monitoring system to force proper expenditure rates on Capital Projects, and/or to detect, at an early stage, where under-expenditure occurs in order to institute corrective, remedial measures.

- By using pre-qualification tenders, a substantial improvement occurred in planning times and in the administration of the provisional bills of quantities, putting the Department in a position to track procurement at a faster rate. Such interventions ultimately led to parallel actions during the procurement phase, i.e. pre-qualification takes place during the design/documentation stage of the project.

- Delays in payment to service providers were eliminated, mainly because of the cross cutting project that was launched to track and monitor the rate at which service providers are being paid. This has allowed the Department to effect payment within 30 days as specified by PFMA, or alternatively as stipulated in contracts.

3.1.2. Planned Maintenance

Planned Maintenance entails comprehensive repair and renovations of a capital nature of State Accommodation. Unlike capital funds, these form part of NDPW maintenance funds and as such the Department has to serve the State portfolio of some 120 000 properties with R361 million. As mentioned earlier, by the end of March this year R363.3 million had been spent, approximately R2 million more than was budgeted. Over-expenditure will be funded within the global maintenance budget.

3.1.3. Leasing

- Immense strides have been taken towards improving service delivery in the leasehold and property acquisition environment. A turnaround strategy was adopted as regards the standard lease agreement pertaining to the maintenance of leased buildings, and specified requirements of the client departments. This was done to shift the responsibilities of maintaining leased buildings to the landlords rather than NDPW.

- As a strategy to curb fruitless expenditure resulting from unexpected actions of client departments, a Memorandum of Understanding between NDPW and client departments is envisaged.

- Excellent strategies were employed in re-negotiating expired leases. This resulted in substantial savings for the Department and it is envisaged that such strategies will be further enhanced and employed in the following financial year.

- To date savings to the amount of ± R28 million have been achieved.

3.1.4. Consultants Roster and Tender Contract Administration

- The Consultants Roster was implemented during 1999. To date, nominations of a total fee of R113 million have been awarded to Affirmable Professional Service Providers (APSPs), representing almost 43% of the value of projects awarded on the system.

- The Consultants Roster Policy has been revised to create more and better opportunities for the equal and fair distribution of work to the professional sector of the industry.

The main changes include:

- Extension of the Roster to include the Town Planning profession
- 51% of the number of principals of a firm must be registered with a statutory body in the built environment profession, with South African citizenship
- Extension of the Target Groupings who may receive preferential treatment
- Professional Indemnity Insurance cover is no longer a requirement for admission
- Disciplinary Procedures

- The Department has received State Tender Board approval to launch the long-awaited Services Roster. The Services Roster will be a collection of lists of firms and offices registered in a number of Service Sectors required by NDPW, e.g. financial, legal, management, etc.

- State Tender Board approval was received for Regional Sub Tender Committees to operate with full delegation as Standing Tender Committees until 31 March 2002. This is viewed as a major contributor to the commitment to accelerated service delivery.

- The waiving of guarantees for contracts below R2 million in lieu of progressive increases in retention monies, has proved to be a great success in the accelerated award of tenders.

- The Department is often required to provide a listing of Affirmable Business Enterprises (ABE) suppliers for use by contractors to secure towards participation goals in the contracts. A supplier database for the construction environment is currently being implemented.

3.1.5 Major Projects

- A Medium Security Prison in Kokstad to the value of R88 million was completed. This contract was conducted in accordance with the Targeted Procurement Specification for Structured Joint Ventures (Affirmable Partners), which endeavoured to provide the opportunity for Affirmable Joint Venture Partners to develop, access capacity and acquire business skills through the execution of contracts at Prime Contractor level. The contractor furthermore engaged several ABE sub-contractors at various stages of the construction project. The contractor far exceeded the use of ABE sub-contractors than that required under the TP2 specification.

The impact of the project itself on the local economy was demonstrated by the analysis of the contractor's report that indicated total direct remuneration for local labour is in excess of R1.5 million, and remuneration for local material in excess of R5 million.

- Other projects scheduled for the Department of Correctional Services include. The Nigel Prison, which will consist of new accommodation and the upgrading of existing accommodation to the value of R130 million.
- Upgrading of and additions to the Klerksdorp Prison to the value of R60 million.
- Another project completed during this financial year is the restoration of the Palace of Justice in Pretoria to the value of R44.7 million. This contract was a comprehensive restoration project, including the repair and restoration of all the external and internal finishing materials, the replacement and/or upgrading of all the services, and the complete re-design and replacement of the roof.
 - The building of a new Magistrate's Office in Botshabelo, to the value of R12 million, was carried out for the Department of Justice. The new Magistrate's office was one of the

first successful Strategic Projects and was completed in May last year, one month earlier than planned. The Historically Disadvantaged Contractor, which was a prime contractor, created temporary jobs for 110 local community members. The building comprises five courtrooms, 3 criminal courts, one regional court and one court for civil cases. The other facilities include a children's and family court, matrimonial room and a cash hall.

- The upgrading of the Entrance Hall of the Co-operation Building in Pretoria, which houses the Department of Home Affairs, is another significant project nearing completion. The accommodation prepared through this project is said to be one of the first of similar facilities being brought on line worldwide, where through the electronic capturing of fingerprints, photographs and existing paper documentation, the electronic manufacturing of a card type individual identity document will take place.
- The construction of a new South African Embassy in Berlin to the value of R115.2 million. It will be situated in the embassy belt of Berlin in the Tiergarten Strasse with neighbours being the Embassies of Turkey and India.
- The repairs and renovations to Chancery and Diplomatic Village, and additional new accommodation in the Diplomatic village in Kinshasa, DRC, valued at R 58 359 800 and scheduled for completion in November 2002.
- The construction of several Community Safety Centres is in the pipeline, to achieve social and economic benefit in areas of greatest needs. The concept of Community Safety Centres (CSC) has arisen in response to two government initiatives, being the National Crime Prevention Strategy and the RDP. These initiatives seek to address the severe lack of public services in many parts of our country. These Community Safety Centres will be utilised by several Departments, with the SA Police Service being the leader Department. These projects include the Khutsong CSC, at a value of R12.3 million, which was completed recently.

- Tshidilamolomo CSC, to the value of R8 million, on which construction has already started and which is scheduled for completion in May this year.

- Centane CSC, valued at R18 million and also scheduled for completion in May this year.

- Nsimbini CSC at a cost of R10 million, scheduled for completion in July this year.

- Leboeng CSC at a value of R16 million and Gala CSC at a cost of R30 million. The latter is in the tender evaluation stage and the contractors for the former have recently been appointed.

The facilities at the different community safety centres differ, but in general include cells, public service areas, consulting rooms, offices, recreational areas, bachelor flats and houses.

- Repairs, renovations and adaptations (including security measures) at Laboria House to the value of approximately R54 million.

- The building of a Tower Block Complex at the Benoni Magistrate Offices and second phase of refurbishment, to an estimated value of R48 million.

3.1.6. Ramp Achievements

Service delivery is of key importance in ensuring that priorities determined by National Government are met. These priorities relate to housing, water, sanitation, health, security, social welfare, education and poverty relief, to mention but a few. NDPW, in partnership with other National Government Departments, has been tasked with promoting the commercialisation, co-operation and efficiency of service delivery by the public sector. As such, the Department plays a crucial role in facilitating delivery by other National Government Departments through the provision and

management of accommodation and related infrastructure.

However, due to a historical lack of maintenance, many of the facilities required to ensure efficient and effective service delivery have fallen into varying degrees of disrepair. Conservatively, this backlog in the maintenance of Government facilities was estimated at R10 billion at the beginning of 2000.

Faced with the challenge of wiping out this maintenance backlog over a period of 10 years, the Department planned and implemented RAMP in 1999. This programme forms part of a five-year delivery plan launched under the banner "Mintirho Yavhulavhula" (Actions speak louder than words) in January 2000. RAMP is an initiative where private companies from the professional consulting, construction and related industries are tasked with the repair and maintenance of specific government facilities at a tendered cost over a three-year period. The Department of Correctional Services was prioritised as the client Department to launch RAMP based on the fact that this Department was experiencing problems in service delivery as a result of poor conditions in a number of its prisons. RAMP for prisons was initiated in October 1999 and includes the repair and maintenance of 33 prisons, at a total value of approximately R 1.2 billion. The total number of contracts to be awarded for these prisons is 125, of which 97 had been awarded or recommended by the end of July 2001. Of these 97 contracts 70 have been awarded to Affirmable Business Enterprises or ABE's. A similar repair and maintenance programme has been initiated for malfunctioning lifts. The programme includes seven areas and covers the repair and maintenance of 773 lifts. The project is carried out in three phases. Phase one involves a status quo report and provides a basis to appoint consultants, plan and budget for repair and maintenance contracts at each facility. The total cost of phase one constitutes 2% of the programme cost.

Phase two involves the appointment of consultants according to tender procedures. The total cost of this phase contributes 7% of the programme cost. Phase three involves construction, during which a facility with its installations and infrastructure is first repaired and then maintained for the balance of the 60 months contract period.

All the 27 involved contracts have been awarded or recommended, to a total of R66 million, and have been handed over to the various consultants and contractors during March last year.

The total estimated value of the RAMP for five years for the 773 lifts is R70 million. The original budget was R120 million.

Repair and Maintenance Programmes have also been initiated for the South African Police Service and the Department of National Defence. For the SAPS, six projects have been identified which are still in the first phase. Status quo reports have been completed for all six projects and feedback is currently awaited. The total estimated value of the Programme for three years for the six facilities is R18 million and will involve installations and equipment such as air conditioners, plumbing and drainage, vehicle hoists and cranes, motorised gates and sprinkler installations.

The following facilities are included in this programme:

- Benoni Mechanical Training Centre in Gauteng
- Tabase Police Station
- Mount Fletcher Police Station
- Ongeluksnek Border Control Post
- Elandsheight Police Station
- Avondale Police Station, all in the Eastern Cape

The RAMP for the SA National Defence Force includes 51 separate projects, which are also dealt with according to the already mentioned three phases. By the end of July this year contracts and tender documents have been initiated for 23 projects. The remaining 28 projects are still in the status quo phase.

The total estimated contract value for the 23 projects is R71.4 million. The number of military bases to be involved in these projects is 36, while the scope of the work to be done includes boilers, cold and freezer rooms, electrical security fencing, laundry equipment, wastewater works and plumbing and drainage, to mention a few.

Of the currently operating projects more than 70% of the appointments were awarded to Affirmable Business Enterprises. It is estimated that more than 8000 new job opportunities will be created in the private sector with the awarding of contract valued at R1.5 billion for contract periods ranging from 3 - 5 years.

From the total consultants appointed, 50% of the total are Affirmable Professional Service Providers.

- Policies (acquisitions, disposals, rentals/tariffs, OH&SA)
- Asset Register
- Implementation of landlord-tenant relationship
- Placement of capital funds with NDPW/SPMA be approved to ensure lifecycle of maintenance.

3.2. PRESTIGE ACCOMMODATION

Responsibilities of this function include Presidential, Ministerial and Parliamentary accommodation (residential & office), as well as the Department of Foreign Affairs.

3.2.1. Strategic Initiatives

A number of strategic initiatives have been embarked upon in the development of service delivery models that support the effective provision of accommodation and related services to both the Department of Foreign Affairs and the Department's other Prestige clients, in a manner that is customer-focused and in line with Key Account Management principles.

3.2.2. Corporate Memory

Substantial progress has been made with the development of a Corporate Memory of policies and procedures regarding the provision and maintenance of Prestige accommodation. This is an important phase of the development of Client Value propositions, as required for the next phase, being the Gap Analysis required to inform the re-engineering of the Department's organisational structure, policies and processes, that are required to give effect to the Service Level Agreements that flow from the Client Value Propositions.

3.2.3. Business Relationship

Similarly, excellent progress was made in clarifying the business relationship between this Department and the Department of Foreign Affairs, specifically with reference to the roles and responsibilities regarding the acquisition, disposal and management of State-owned properties abroad.

This issue will be finalised in the eventual, mutually accepted Client Value Proposition that is being developed for completion during 2002.

The Department has, in the interim, implemented a number of operating arrangements, pending the development of Client Value Propositions, to improve the service delivery to clients. These include ad hoc policy and procedural directives regarding matters such as inventories at Ministerial official residences, regulating access to such residences, structured condition surveys at all Prestige properties with a view to improve planned maintenance programmes and improved communication structures between the various role players in the Department that render a service to Prestige clients.

3.2.4. Projects and Programmes:

Groote Schuur Estate and Parliamentary Villages, Cape Town

This project, which comprised four contracts, included comprehensive security measures at all Ministerial residences, a central security control centre, security fencing and high-tech intruder alarm systems for the whole of the Groote Schuur Estate, as well as burglar bars and intruder alarms at all residences in the Parliamentary Villages.

New access control at Parliamentary Complex

The previous outdated access control system was replaced with a new "state-of-the-art" system that would meet the requirements of this high-profile complex.

Prestige properties in Cape Town and Pretoria

In terms of this project, for which planning has

started during this reporting period, most day-to-day facilities management functions are to be contracted-out to private service providers. This includes maintenance, cleaning services and gardening services, as well as the establishment of sophisticated centralised Help Desks.

3.3. ASSET PROCUREMENT AND OPERATING PARTNER SYSTEM (APOPS).

3.3.1. Correctional Facilities

Following the successful opening of the first privately operated prison in Mangaung, Bloemfontein on 1 July 2001, a second Maximum Security Prison at Louis Trichardt, Kutama Senthimule, was ready for an intake of 3024 prisoners during February 2002. This facility is also fully operated by the private sector according to strict contractual agreements with the Department of Correctional Services.

The Department of Public Works, through its APOPS section, managed the procurement process from its inception to delivery and post construction monitoring as an agency for DCS. A very intensive interaction between the two Departments and its advisors/consultants resulted in first class procurement documentation.

Both Public-Private-Partnership projects were the first of their kind in South Africa, but also in the southern hemisphere. Although the PPP processes existed elsewhere in the world, APOPS successfully introduced a unique procurement process designed for the local circumstances in collaboration with the local service providers and its Clients.

Both concession agreements are long term agreements of 25 years, where the private operator manage the prison for the agreed period and transfer the asset back to Government for a further decision on its destination. The concession agreement exists of substantial transfer of risk to the private sector, to be responsible for the complete design, construction, finance and operation of the facility.

The partnering with the Private Sector in such new ventures created new markets in service delivery in various levels and areas. During pre-construction, construction and operations, specific mandatory criteria for involvement of the local community and previous marginalized businesses were non-negotiable and will be monitored over the length of the contract. Building material, labour, installations, food provision, clothing, staff, amongst many others are some of the areas where the local sector has and will benefit in the long term participation of the project.

The involvement of women in management, and other levels, during construction and operations was very promising and exceptional, as the Preferential Procurement Act did not exist during the time of the procurement process. An example of the success achieved is in the day-to-day management of the prisons is 40% female, whereof 75 % is black people).

3.3.2. Office Accommodation

Besides the prison completions, APOPS was approached to deliver Head Office accommodation services through its procurement system, where the private sector is tendering to take responsibility and the risk for the office accommodation and the related services from a State Department.

APOPS invited the private sector for Requests for Proposals during July 2001 to provide office accommodation services, which included the design and construction of the accommodation asset, the financing, the facility management and certain specific services for the New Head Office for the Department of Education. The same principles on the PPP are applicable in all aspects of the procurement process.

Very innovative and competitive responses from the private sector were received for evaluation and assessment, based on output specifications. Particularly, the office space planning for 808 workstations and other design requirements according to the needs of the Department were resolved along the latest trends on utilization of office space.

For these new Head Office developments for various client departments, Government, through the Department of Public Works, entered into a special partnership agreement to house the office developments for Government along Struben Street as a processional spine to the Union Buildings, according to an old Boulevard Concept, which the Tshwane Council wanted to revive.

Further initial developments along this Boulevard started during 2001 and are in various stages of the APOPS procurement. New Head Offices for the Departments of Foreign Affairs and Environmental Affairs and Tourism are currently in the phase of compiling a feasibility study for approval by National Treasury. Each of these departments will have its own unique character and APOPS is treating those requirements carefully within the risk transferred to the private sector, its achievements in terms of value for money and within the affordability of the specific Client.

Each of these office accommodation and related services for Government Departments are developed on the same participation principles as used for the prison projects.

3.4. ASSET MANAGEMENT

3.4.1. Objectives

During this financial year this component had three major objectives, viz.

- Formulation of a government wide fixed asset management framework
- Disposal of commercial and non-commercial State owned properties to meet financial and socio-economic goals of government.
- Defining policy issues regarding the payment of municipal rates and municipal services in state owned properties.

3.4.2. Government-Wide Fixed Asset Management Framework

During the year under review, the government wide fixed asset management framework conceptualised in the past financial year and submitted to Cabinet in January 2001, gained momentum.

The main aim of putting forward this Fixed Asset Management Framework, is to provide guidance with respect to the manner in which fixed assets will be handled by government in the future, similarly to the PFMA and other effective governance initiatives. This initiative came out of a realisation that the government faces service delivery expectations, which have to be matched with an efficient use of limited resources.

Fixed assets are given a particular focus as a resource because they are scarce, often have lengthy acquisition periods, are usually very costly to manage and maintain and can be difficult to sell or to change their use. Furthermore, fixed assets occupy a prominent position as a resource that impacts significantly on the macro-economic, socio-political and physical landscape of the country.

The proposed Fixed Asset Management Framework seeks to provide guidelines for the implementation of a framework that will enable the government to ensure demonstrable linkages between service delivery and resource planning, co-ordination, from a government perspective - the Fixed Asset Management Framework will ensure that decision making by individual departments takes place government wide common framework to ensure consistency, and the Fixed Asset Management Framework will define approaches, benchmarks and monitoring of the planning, provision, maintenance and management and eventual disposal of fixed assets for the whole of government.

The Fixed Asset Management Framework is underpinned by the following principles:

- Fixed assets exist only to support delivery of current and future government services, with only a relatively few properties being held for the purposes of national, symbolic and heritage significance.
- The full costs of providing, operating and maintaining fixed assets should be reflected on the individual department's budgets, including the introduction of "user

pays" charges in State owned properties and client departments must have a certain minimum capacity to advise Head of Departments on property related activities.

- Fixed asset management within all departments and spheres of government must be guided by and reflect the whole government asset policy framework (allowing for co-ordination with parastatals).
- Ownership of fixed assets / title deed holding shall remain in a centralised entity within the National, Provincial and Local governments and will not be devolved to individual departments within government.
- The delivery of accommodation services by the Department of Public Works must be guided by service level agreements with client departments. At a later stage, optionality for engaging other service providers for specifically identified services, will be given to individual Accounting Officers and government will not compete with the private sector in Property and Asset Management service provision.

3.4.3. Commercial property disposals

The Department of Public Works, as custodian of the State's fixed assets, is faced with the challenges of disposing of redundant properties as well as converting redundant and under-utilised military bases to commercial and civilian use.

One of the key objectives defined by the department for this financial year was the assessment of properties that have no short, medium and long term strategic and other value, for disposal, either for social purposes or financial gain to the State. Commercial disposal of superfluous State-owned properties happens through an open and transparent tender process and embodies the principles of ensuring financial returns for the State, creation of commercially viable developments, enhancing the development of local communities, protection of the environment and promoting Black economic empowerment.

During the year under review, the Minister of Public Works approved the commercial disposal of 4 properties (in extent 298 hectares), with a total income of R84.1million. The following table provides a breakdown of the commercial disposal of the properties:

Property	Size (hectares)	Entity disposed to	Monetary income	Type of development
Remainder of Portion 442 of Farm Randjesfontein 405 JR, Midrand	125 ha	Top Di-Computa (Pty) Ltd	R25 million	IT Park and related development
Erf 151197, Cape Town (known as Silvermine)	30 ha	Jongilanga	R33 million	Residential
Waterkloof Heights X7, Pretoria	32 ha	Tilca infrastructure Corp (Pty) Ltd	R15.5 million	Residential
Portion 4 Et 5 of the farm Jacob's Bay no 109 and portions 5,6 Et 7 of the Kliprug, known as the former Tooth Rock weapons range	111 ha	Clear Seas Aquaculture cc	R875 000 per annum 6% escalation	Abalone farming

3.4.4. Non-commercial property disposals

Land Reform on State land under the control of NDPW
 NDPW, as a major custodian of State land, plays a significant role in support of the Department of Land Affairs, by facilitating land reform programmes on State land under its control. In the year under review, NDPW released 176 properties (totalling in extent 7 997 hectares) with an estimated market value of R24.925 million to the Department of Land Affairs for land reform purposes.

The following prominent land reform projects were concluded:

- Bethlehem Et Harrismith Redistribution Project, Free State (6 farms, in extent 1 793 ha)

- Ellison Et Steynberg Restitution Claim, Gauteng (113 agricultural holdings in Pretoria, in extent 431 ha)

- Kameelkop Restitution Claim, District of Glencoe, KwaZulu Natal (43 residential erven in Wasbank Township, in extent 57 ha)

- Peeha Restitution Claim, District of Soutpansberg, Northern Province (5 farms, in extent 5 096 ha)

- Lebanon Fruit Farm Trust Redistribution Project, Western Cape (4 farms in the District of Caledon, in extent 119 ha).

- Algeria Redistribution Project, District of Clanwilliam, Western Cape (former forestry land, in extent 443ha)

- Ndabeni Land Restitution Claim, Cape Town, Western Cape (Portion of Wingfield Military Base Et adjacent State land, in extent 54 ha)

3.4.5. Non-conventional disposal of State land

Whereas commercial disposals are normally structured on a competitive basis, with the open market value of properties acting as a guide line for such disposals, non-commercial disposals more often than not comprise the gratis release of State land to Provincial and Local Governments, as well as recognised welfare bodies, where the emphasis is placed on defined socio-economic benefits, rather than the income derived from the transaction.

In the year under review, NDPW released 19 properties (totalling in extent 600 hectares) with an estimated market value of R8.595 million to Local Authorities and Provincial Administrations, for the provision of low-cost housing and related social infrastructure.

4.1 COMMUNITY BASED PUBLIC WORKS PROGRAMME

4.1.1 Background and challenges

The financial year 2001/2002 marked another year of great achievements on the part of the Community Based Public Works Programme. It will be recalled that in 2000/2001, this programme achieved what appeared impossible then, namely, the spending of the entire budget allocated to it in that particular year. Last year's feat is particularly gratifying when one considers some of the challenges the programme faced in that period.

The challenges that the programme had to overcome last year include, inter alia, the following: -

- New teams who took long to acclimatize, with delays resulting in certain places, replaced the previous programme management teams.
- New municipalities, in the areas targeted by the CBPWP, came into being following the demarcation process for the year 2000 local elections. Many of these municipalities lacked resources and expertise capacity and as a result, found it difficult to absorb the programme.
- Emerging project managers and local contractors, supervised by inexperienced programme managers, sometimes took long to adapt.

Despite the above challenges hard work and innovation saw the programme through in the end. Some of the strategies that were employed to ensure service to the rural poor included the following: -

- Teams were dispatched to provinces where slow expenditure was realized to unlock problem areas and to ensure accelerated expenditure.
- Programme Implementing Agents were encouraged to provide for continuity over the year-end shut down period and to

encourage contractors to continue working over this period.

- Provincial Programme Managers were asked to ensure that all Programme Implementing Agents make timeous monthly claims and that no bridging of finance by Programme Implementing Agents was permitted.
- CBPWP financial managers performed a year payment reconciliation in order to ensure payment of all funds to PIA's by end 31 March 2002.
- CBPWP management provided additional payment processing capacity, where necessary, both at the department and within the provinces.
- The capacity of the District Municipalities as Programme Implementing Agents was augmented through the revision and subsequent increase of their programme management fees.
- The implementation of the 2002/2003 programme was planned well in advance in order to have a fall back position in case there were problems with expenditure on some of the 2001/2002 projects.

4.1.2. Programme outline

During the year under review the Community Based Public Works Programme consisted in district municipality programme and special projects.

District Municipality Programme – implemented across the 27 District Municipalities targeted as Programme Implementing Agents. A combination of cluster and rapid delivery projects were implemented in order to ensure that the budget is expended within the budgeted year.

PART 4 COMMUNITY BASED PUBLIC WORKS

Special projects are implemented as partnerships with other stakeholders and funders, and in 2001/2002, they included the list below; -

- Community Production Centres – concentrating on provision of the infrastructure upgrading components in co-operation with the Department of Agriculture
- Multi-Purpose Centres – in close co-operation with Government Communication and Information Service.
- Clean and Green – which empowers community people to provide a waste management service to their communities.
- HIV/AIDS Infrastructure Support Programme – a partnership with Departments of Health and of Social Development, this programme addresses infrastructure development, which is beneficial to rural communities to offset the devastation caused by HIV/AIDS. For example, upgrading of local clinics, which are in dire need of repair.
- KwaZulu Natal Cholera Response Programme – protection of springs and the building of community sanitation facilities in order to arrest the outbreak of cholera in Nongoma/ Mahlabathini district.

4.1.3. Achievements

The programme received an amount of R274 million from the Poverty Alleviation fund, which it increased by a R100 million from the Departmental budget.

This allocation resulted in the following investment in provinces:

Province	No. of district Municipalities	Special Projects	Total Budget
KwaZulu Natal	10 district municipalities		R99.8 m
Eastern Cape	6 district municipalities		R111.8 m
Mpumalanga	3 district municipalities		R31.1 m
Free State	1 district municipality		R9.3 m
North West	1 district municipality		R11.8 m
Northern Province	6 district municipalities	1 special project	R0.9 m
Western Cape		1 special project	R3.2 m
Northern Cape		1 special project	R1.5 m

Funds were committed to projects early in the financial year and implementation started in April 2001. The whole budget had been expended by 31 March 2002.

By the end of 2001/2002 the following employment achievements have been attained:

Total Employment	Women	Youth	Disabled	Sustainable jobs
25 124	10 627	10 300		527

4.1.4. Sustainability planning

Sustainability planning on all projects has been built into the planning process and no projects are approved for implementation without an adequate sustainability plan, which addresses the issues of ownership, maintenance, management and usage of the asset. In 2001/2002 a number of important steps were taken in relation to ensuring the sustainability of projects including the following:

- A R6.5 million revitalisation programme – to put unutilised projects under operation.

- A sustainability plan for projects – drafted by the CBPWP Unit itself, it outlines possible support and assistance to district municipalities and community organisations.

- A review of policy positions – in relation to asset ownership, maintenance, wage rates, savings and interests as well as start-up funding.

4.1.5. Evaluation of previous programmes

Since the alignment of the CBPWP in 1998, evaluation has become part of programme management. In the last financial year an evaluation of 1998/1999, 1999/2000 and 2000/2001 programmes was undertaken. A number of positive findings were obtained including the following:

- the CBPWP had improved the quality of life for the rural people
- the programme had indeed targeted the poor. The programme had a substantial level of integration.

4.1.6. Institutional strengthening

The CBPWP Unit continued its quest to strengthen and improve its programme management institutions. A deal in the region of R25 million, for a period of three years, was sealed with the European Union to support the CBPWP Unit in this regard. Another R4 million agreement was entered into with the Independent Development Trust. This enabled the CBPWP Unit to replace the outsourced national programme management team with an in-house team. The full expenditure of the 2001/2002 programme budget was achieved, for the first time, by an in-house team.

4.1.7. Vision for the future

In the 2002/2003 financial year, the CBPWP Unit has set itself the following goals to achieve with the participating district municipalities:

- Completion of the programme by December 2002.
- Finalisation of reconciliation on the previous programmes.

- Deepening the programme content by: -
 - enhancing sustainability plans
 - improving labour content in projects
 - improving management of contracts
 - enhancing monitoring and evaluation
 - Improve clustering of projects.

- Compliance with Treasury requirements.
- Further enhancement of the capacity to implement by:-
 - identifying new strategic partners
 - consolidate development co-operation programme with donor agencies.
 - Develop relationship with parastatals.

4.2. CONSTRUCTION INDUSTRY DEVELOPMENT PROGRAMME (CIDP)

During the year under review the legislation to establish the Construction Industry Development Board (CIDB), which was passed in November 2000, became reality with the launch of the CIDB in April 2001. The CEO was appointed in November, and processes to appoint additional executive staff members were set in motion.

The promotion of emerging contractors and women, as a component programme in the enabling strategy for construction industry development, was intensified to address skills training and other constraints faced by emerging contractors. The report on the Emerging Contractor Development Programme reflects on the highlight of the year 2001/02, progress in rolling out the programme to other agents of government, challenges and plans for the year ahead.

4.2.1. The Construction Industry Development Board (CIDB)

The most significant milestone was the launch of the board and the finalisation of the business plan. The strategic projects that are proposed for this financial year are derived from the Board's mandate to:

- Drive an integrated industry development strategy
- Provide strategic leadership to construction industry stakeholders
- Stimulate growth, reform and improvement of the construction sector for effective delivery and the industry's enhanced role in the country's economy.

As per the stipulation of the Act, the CIDB must constitute a construction industry stakeholder forum. The Forum's main objective would be informing the CIDB on matters that affect the development of the construction industry. The CIDB is now in a process to constitute the Forum with a call for nominations having been published early this year. The first meeting is scheduled for 21 June 2002.

So far nominations from the public sector have been very few. It must be stressed that the process towards developing the construction industry is a responsibility of both the public and private sectors. The public sector has a very important role to play in terms of advising the Board on significant issues impacting on the industry.

Together with the Department, the CIDB undertook a visit to Singapore to further develop a better understanding of the relationships between Government and BCA, the equivalent of the CIDB in Singapore.

4.2.2. Council for the Built Environment

Following a public nomination process, members of the Council for the Built Environment were appointed in February 2002, taking into consideration the principles of gender, race and geographical distribution. The launch and inaugural meeting of the CBE was scheduled for later in 2002

The Department will assist and support the CBE during the coming year in mobilising adequate resources to establish its operations in order to carry out its functions. The CBE will ensure proper coordination between Government and the built environment professions and proper application of policies by the different Councils. The CBE will also promote a range of new priorities and act as an appeal body for affected professionals and members of public. The process to develop a business plan is in motion and will be finalized by August 2002.

4.2.3. Built Environment Professions

Following a public nomination process, the 6 Professional Councils were appointed in July 2001. Members of the Councils have been re-established and have since commenced their work.

The new Council for Project and Construction Management was launched and the inaugural meeting held in September 2001. The Department also assisted this Council in its establishment and operationalisation with a new registrar appointed in March 2002.

4.2.4. Delays in Payment

In taking forward the challenge to reduce delayed payments by 20% in the National Department and 10% in provincial departments, a strategy was developed for implementation in pilot areas. The pilot areas chosen are:

Provincial Department: Northern Cape
Limpopo
Gauteng

National Department: Durban Regional Office
Kimberly Regional Office
Head Office

The process started with establishing a status quo in all these areas. The main purpose for the status quo was to ascertain the magnitude of the problem and use that as a basis for improvement. A status quo was established in November 2001 taking into account payments submitted to these pilot areas between the months of June and November.

The results were as follows:

	number of days to process payments	payments exceeding 30 days	annual direct cost of late payments
Provincial Departments			
Gauteng	35	40	R8 million
Limpopo	24	25	R4 million
Northern Cape	11	5	Nominal
Regional offices of NDPW			
Kimberley	10	2	Nominal ¹
Durban	21	20	Nominal
National DPW			
Pretoria	27	21	R2 million
Combined Results			
Contractors	24	15	R30 million
Consultants	35	35	R7 million

a) Appointment of an "Independent Payment Officer"

All the pilot areas have appointed people within their offices to act as independent payment officers. Functions for the IPOs include:

- Tracking payments by establishing and managing a payment register
- Tracking complaints by establishing and managing a complaints register
- Facilitating the resolution of payment complaints
- Acting as a single point of contact in the particular office regarding payment queries.

b) Improvement in Payment

status quo investigation, there has been noticeable improvement in payment periods in all regions. The following table is a comparison of payment status as at the completion of the status quo and a month later when measurements were done again.

Table 2: Progress review: Current status as of February 2002

	Average number of days to process payments		% of Payments exceeding 30 days	
	Original status	Present status	Original status	Present status
Combined Results				
Contractors	24	15	15%	12%
Consultants	35	26	35%	28%
Combined	28	20	25%	19%
Data				
Target values based on best practice guidelines				
Target values	7		<1%	

The above table shows improvement although a lot still needs to be done and more improvements are needed especially when it comes to paying consultants.

A proposal on a centralised point for the submission of complaints has been discussed with all pilot areas and received support. web site that will be linked to the NDPW web site will be developed at the beginning of the next financial year. This will be monitored and managed.

4.2.5. HIV/Aids Awareness Strategy

The Department has developed a HIV/Aids Construction Sector Strategic Plan. The intention of the strategic plan is to implement a HIV/Aids combating strategy in all Public Works projects and proposes synergistic actions across the construction sector – thus improving health and safety in the industry by reducing infection rates and managing the impacts of HIV/Aids in and by the sector. This will be achieved by modifying the Department's procurement process by introducing price able new items in tender documentation which include: condom dispensers, HIV/Aids training, counselling, voluntary testing and treatment.

The guiding principles for the prevention and management of HIV/Aids in the Construction Sector are:

- Identification, testing and implementation of a HIV/Aids combating strategy
- Encouraging voluntary HIV/STD testing on all construction sites
- Creating a non-discriminatory work environment
- Instituting counselling and referral systems for support and care
- Promoting respect of rights and obligations of individuals
- Implementation of prevention programmes

The effectiveness of these guiding principles will be tested and determined on four department pilot projects in the coming year after which the Department will develop minimum standards and best practice guidelines, and the CIDB will assist with the roll-out to the entire construction industry next year.

4.2.6. Emerging Contractor Development (ECDP)

In partnership with other government created agencies providing support to the emerging construction sector, the ECDP championed initiatives to create an environment in which the emerging contractor can play a full role in the mainstream economic activities. These initiatives include: help desk service, facilitating access to finance, mentorship support, promoting women in construction and facilitating training in both technical skills, and contracting and business management skills.

4.2.7. Registration of contractors

In the year 2001/02 we experienced a steady increase in contractors registering on the ECDP database, their numbers has increased to over 3400 compared to 3257 in the previous year. The majority of these contractors are registered in category one (small and micro contractors). This also makes the number of viable opportunities difficult and sustainability of these contractors challenging.

	Number of Contractors				Total
	Category 1	Category 2	Category 3	Not Categorized	
Bloemfontein	300	5	3	166	474
Johannesburg	142	36	8	126	312
Kimberley	164	16	1	17	198
Cape Town	381	98	41	25	545
Port Elizabeth	152	48	61	77	338
Durban	756	12	8	0	776
Pretoria	228	6	3	11	308
Nelspruit	0	0	0	209	209
Mmabatho	45	0	0	44	89
Pietersburg	0	0	0	214	214

The ECDP has embarked on a process intended focus support to genuine, resilient, viable and competitive emerging contractors capable of high quality work. The process includes tightening up the screening criteria for the new entries and introducing stricter verification measures to ensure improved quality and integrity of information on registered contractors.

4.2.8. Access to Finance

Efforts to promote access to finance by Emerging Contractors are beginning to show positive results. Within the Strategic Empowerment Programme the Department has succeeded in mobilising the support of Standard Bank and Khula on one hand and the Industrial Development Corporation (IDC) on the other hand to provide access to bridging finance for working capital and performance guarantees to all qualifying contractors awarded contracts within SPI programme. Contractors requiring financing of R1 million and less are referred to the Standard Bank and Khula, whilst those requiring more than R1 million are catered for by the IDC. This year the IDC has made available a finance facility of R20 million for the Strategic Projects Initiatives. To date projects to the value of R36 636 211 are being funded through the IDC scheme to the loan value of R6 773 462. The loans cover 10% guarantees and bridging finance between 7 – 17%. With this assistance contractors were able to satisfy their contractual requirements and pay

for their material and thus develop a track record with material suppliers. The Department is still exploring mechanisms to make this finance facility available broader than the SPLs. Further relief to the emerging contractors has been brought by the waiver of guarantees for projects up to R2 million, and by the intensified campaign to shorten payment cycles.

The success with financiers can be largely be attributed to the introduction of mentorship support to emerging contractors participating in large projects. Process to register mentorship with the Council for Project and Construction Management is underway. This standardize and formalise mentorship as a profession. We also considering inclusion of mentorship on all contracts above R 2m

4.2.9. Women in Construction

On August 9, 2001 the Minister launched the Strategic Empowerment Programme for Women. The projected outcomes of the programmes were as follows: Contracts, which are of significant, scope and size are undertaken by Women Business Enterprises.

An increase in the value and number of contracts executed by Women Businesses Enterprises.

An increase in the number of Women Businesses Enterprises able to tender on relatively large construction contracts.

At the launch 58 projects to the total value of R128 million were identified. 19 projects to the total value of R29 902 009.07 have already been awarded to women owned business enterprises. An assessment of the impact on the initiative has started. This will inform the further rollout of the programme.

Preliminary assessment indicates a slow increase in the number of women owned enterprises registered on the database.

4.2.10. Access to Training

The ECDP has played a significant role in focusing attention on lack of skills by emerging contractors, and has also committed itself to critical initiatives to assist contractors overcome these constraints.

Amongst these initiatives are the Contracting Entrepreneurial Training Programme (CET), developed with the technical support from the International Labour Organisation (ILO), inputs from the key stakeholders the Black Construction Council and Ntsika. The programme seeks to develop business and contracting management skills of emerging contractors. The ECDP training interventions also include training of contractors on procurement policies and procedures in a bid to help contractors to take better advantage of the government procurement contracts. Recognition of Prior Learning is also a critical component of the training spectrum.

Lack of formal qualification is one of the factors excluding emerging contractors from active participation.

The ECDP is identifying contractors who have had exposure in specialized trades in which emerging contractors were previously excluded. These contractors skills are assessed for possible accreditation and were necessary facilitate structured training in the areas were gaps have been identified. Increased participation of emerging contractors and women cannot be achieved through targeted procurement only. Lack of capacity and the skills gap still remain a fundamental barrier to the success of emerging contractors. Training is a critical challenge. During the year 2001/02 about 180 contractors were trained on the CET programme and 74 contractors assessed and trained, 45 in plumbing and 26 in electrical skills.

5.8.4. Staff Development

The staff of the unit is provided training both by the Director and external professional firms. The Internal Auditing staff are pursuing further studies in the form of Certified Internal Auditor, Bachelor of Accounting Science, Honours Bachelor of Accounting Science and B Tech Internal Audit.

5.8.5. Audit Committee

In turn the Audit Committee reports directly to the Accounting Officer of the Department.

5.8.5.1 Composition

The Audit Committee of the Department was composed of four external parties and one internal party. The four external members are from Commerce, Legal and Academic backgrounds, and the internal party is a member of top Management in the Department.

The committee members are as follows:

Mr B Petersen	Chairman
Prof BD van der Schyf	External
Mr P Maboea	External
Mr A Sangqu	External
Mr Z Ntsaluba	Internal

5.8.5.2 Meetings

The Committee holds at least four ordinary committee meetings per annum. Special meetings are held on requests of members, Top Management and Auditor General.

The Committee held two ordinary meeting and one special meeting during the year. The other two ordinary meetings were postponed due to the non-availability of the approved audit report of the Auditor General for the year ended 31 March 2001.

The Chairman met with the Accounting Officer twice during the year to report the activities of the committee.

PART 6 REPORT OF THE AUDIT COMMITTEE
OF THE NATIONAL DEPARTMENT OF
PUBLIC WORKS
FOR THE YEAR ENDED 31 MARCH 2002

**6.1. REPORT OF THE AUDIT COMMITTEE OF THE NATIONAL DEPARTMENT
OF PUBLIC WORKS FOR THE YEAR ENDED 31 MARCH 2002.**

The structure of the Audit Committee (the Committee) is set out in the Committee Charter. The Audit Committee Charter provides clear terms of reference for the Committee and sets out specific responsibilities as delegated by Management (of the Department) to the Committee. The Committee has been so constituted as to ensure its independence with four members out of the five member Committee coming from outside the department's establishment. The Committee meetings are held four times a year, with further special meetings as necessary. Its function is primarily to assist Management in discharging its responsibilities relative to the Public Financial Management Act, 1999 as amended.

The Committee assists Management in regard to monitoring the management and assessment of financial risks, financial control, accounting and reporting. As part of its function, the Committee coordinates and monitors the activities of the Internal Audit Directorate. Through this, the Committee is able to report on the effectiveness of the internal control systems and to assess whether the Internal Audit function is fulfilling its role effectively and efficiently.

The Committee has noted with concern

- The systemic deficiencies highlighted by the Auditor General in its audit report
- Lack of adequate explanations on the significant amounts requested in the course of the audit.

The Committee has noted with keen interest, the management's resolve in addressing the weaknesses highlighted by the Auditor General, and in this regard reaffirms its commitment to assisting the department's management in its quest for a successful and sustainable turn around in the department's financial environment.

In terms of section 3.1.12 of the Treasury Regulations (May 2002) the Committee should report on the following:

a) Effectiveness of Internal Control

We have noted the areas of concern raised by the Auditor General; with specific reference to the Information Systems control weaknesses and lack of meaningful reconciliation process in this functional area as well as concerns on the reliability of the opening balances in the department's transactions whose overall effect is the withholding of opinion by the Auditor General on the financial statements of the department for the year under review. The Committee believes that the interventions that the department's management has formulated will over time resolve the internal control weaknesses identified by the Auditor General.

b) Quality of management reports

The management reports of the department have revealed some material instances of and opportunities for fraud, corruption and inefficient work practices in the Johannesburg regional offices. The management was swift in its reaction in instituting a forensic investigation and the investigation has since been extended to the Nelspruit regional office where similar tendencies had been noted. The Committee is keenly awaiting the results of the investigation and commits itself to assisting management in its endeavours to ensure high standards of sound governance within the department.

c) Evaluation of the Annual Financial Statements

The Committee has noted the disclaimer of opinion, which in the main is attributed to possible misstatements in the department's opening balances. Despite the disclaimer by the Auditor General, the Committee has noted with appreciation acknowledgement by the Auditor General of the positive inroads the department's management continues to demonstrate towards realising a clean audit report and the Committee is confident that the historical internal control deficiencies will be resolved and that an unqualified opinion will be realised in the very near future.



B Peterson
CHAIRMAN – AUDIT COMMITTEE
DATE: 30 SEPTEMBER 2002

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF PUBLIC WORKS – FOR THE YEAR ENDED 31 MARCH 2002

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 57 to 73, for the year ended 31 March 2002, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

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

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



3. BACKGROUND

To afford the reader an opportunity to place in context the effect of the errors detected by the audit and some unresolved discrepancies revealed in disclosure, the following summary of events preceding this report is presented. This will provide the reader with the necessary background to the qualifications and the fact that this report was not submitted within the stipulated PFMA reporting deadlines:

- The audit of the 2000/01 financial year was completed and the audit report submitted to the accounting officer on 8 April 2002.
- Following a joint planning meeting between management and the Office of the Auditor-General, the execution phase of the audit for the year under review commenced on 20 May 2002.
- The financial statements were presented by the department on 31 May 2002 per the PFMA requirements.
- Material errors and discrepancies in disclosure were identified in the financial statements and the department was requested on 24 June 2002 to make the necessary changes.
- Draft management letters were issued on 22 July 2002 based on the work finalised at that date.
- The audit field work proceeded until 27 July 2002.
- At an audit steering committee meeting held on 29 July 2002 a decision was made to draft the audit report based on the financial statements submitted on 31 May 2002 but amended with agreed upon audit adjustments. This was an attempt to adhere to the PFMA reporting deadline of 31 July 2002.
- The final management letter and the draft audit report were submitted to the department on 6 August 2002 based on evidence available on 26 July 2002.
- On 13 August 2002 I made a decision, based on accounting errors and disclosure weaknesses highlighted during the audit up until 26 July 2002, to request amendments of the financial statements in order to produce the revised set of financial statements referred to in this report.
- On 26 August 2002 the last information to be disclosed on the remuneration of key management personnel and explanations of variances as disclosed in the appropriation statement was received from the department.

4. QUALIFICATION

4.1 Unresolved matters from the prior year

Various issues (suspense accounts, missing documents and differences between the reconciliation of transversal systems) that caused me to qualify the audit report of the preceding year, had still not been resolved and/or corrected by management. Those unresolved matters affecting the opening balances create uncertainty and are principally responsible for the disclaimer of my opinion.

4.2 Professional and special services – property-related operating expenditure

(a) Ownership and related expenses

The state-owned property register, which is managed on the Property Management Information System (PMIS), consists of approximately 357 000 line items, which can be grouped into 82 133 land properties. The title deed information in the state-owned property register was compared with the database of the Deeds Office. The comparison revealed that a number of the properties in the PMIS were either not reflected as state-owned property in the Deeds Office database or were reflected in the Deeds Office database as being owned by parties other than the state.

During further analysis it was also established that property-related operating expenditure (which included rates, municipal services and unplanned maintenance) had been incurred on 8 948 of these properties, as set out in the table below:

	Number of properties	Expenditure incurred
Properties owned by other parties	638	R24.7 million
Properties with no link to the Deeds Office	4 145	R74.4 million
Properties not yet registered	4 165	R70.3 million
Total	8 948	R169.4 million



The above expenditure is 11,6% of the total property-related operating expenditure. At the date of this report management was still busy following up these transactions in an attempt to confirm their validity. I acknowledge that management has already identified a number of underlying reasons and intends to quantify each during the above follow-up process.

As a result of the above, the ownership, validity and accuracy of the state-owned property, as per the PMIS, could not always be confirmed. The inadequate information technology control environment created further uncertainty with regard to the validity and accuracy of property-related operating expenditure, which is included under professional and special services in the income statement.

(b) Reconciliation between financial and business systems

The operating expenditure actually incurred on individual properties is recorded in the Financial Management System (FMS). This expenditure is supposed to be captured first in the PMIS for control purposes before payment can be effected on the FMS. However, during the year no adequate monthly reconciliation was done between the two systems. The initial electronic matching done by the audit team subsequent to year-end revealed unmatched operating expenditure transactions of R125.9 million in the FMS which did not appear in the PMIS and R78.6 million in the PMIS which did not appear in the FMS.

Management had cleared some of these transactions at the date of this report. However, the following transactions still needed to be investigated, explained and possibly corrected:

Transactions in FMS not in PMIS	R43.0 million
Transactions in PMIS not in FMS	R66.2 million

4.3 Professional and special services – construction and planned maintenance

The department did not perform an adequate reconciliation between the FMS and the Works Control System (WCS) for the year under review. The audit team performed alternative electronic matching procedures that revealed a number of unmatched transactions.

Management had cleared the bulk of these transactions at the date of this report.

However, the following transactions still needed to be investigated, explained and possibly corrected:

Transactions in FMS not in WCS	R 0.7 million
Transactions in WCS not in FMS	R 6.3 million

4.4 Control over supporting documents

According to Treasury Regulation 17.1.1 all transactions should be substantiated by authentic and verifiable supporting documentation. The following are examples of transactions that could not be verified as supporting evidence was not supplied:

- Supporting documents were not made available or, in some cases, did not include all information deemed necessary to confirm the accuracy, validity and authorisation of transactions amounting to R 7,9 million included in various main accounts of the vote.
- Receivables to the value of R 5,2 million had no supporting documentation (or reference to the original transaction) attached.
- Supporting documentation relating to fruitless expenditure to the value of R0,5 million was not received.
- Sufficient supporting documentation for some journals' debit entries amounting to R25,9 million and credit entries amounting to R1,1 million could not be submitted for audit purposes.
- Supporting documentation relating to payables (current) to the value of R8 million was not received.
- Supporting documentation relating to subsequent payments to the value of R2,7 million could not be submitted.

The department's financial records did not permit the application of adequate alternative procedures to obtain reasonable audit assurance regarding the above-mentioned limitation on scope. Management could also not provide reasons for the differences and the lack of documentation.

4.5 Leases

The amount of R15,2 million disclosed in note 30 to the financial statements is based on projections as the register of lease contracts maintained on the PMIS was not up to date. The department's systems did not permit the application of alternative procedures and the outstanding lease liabilities could also not be realistically estimated.

4.6 Transactions with other departments

In terms of the National Treasury's Guide for the Preparation of Annual Reports of Departments, a department should consolidate all general ledger accounts relating to transactions with other departments. Transactions to the amount of R76,8 million are in respect of contract payments on behalf of user departments and are not included in note 22 to the financial statements.

Paragraph 5.8.17 of the above-mentioned guide states that certificates of confirmation of receipts and payments for the fiscal year, and amounts owing by and to other departments at the reporting date, are required for audit purposes for each department with whom a department has transacted. However, the department did not obtain all these certificates. In the absence of a reconciliation I could also not verify the completeness, accuracy and validity of the balances relating to this aspect.

4.7 Suppliers' bank details

Instances were noted where the bank account numbers in the department's computer system, which were used to effect electronic fund transfers, differed from the bank account numbers per the department's source documentation. As a result I was unable to satisfy myself that customer payments amounting to at least R8,3 million had been made to valid suppliers.

4.8 Potential expenditure included in receivables

According to Treasury Regulation 17.1.2 all amounts in the suspense accounts should be followed up and reconciled on a monthly basis. The recoverability of transactions included in receivables, amounting to R91,6 million recoverable from other entities, and R79,9 million consisting substantially of expenditure incurred, is uncertain due to the age of the original transactions, supporting documentation that was not available or supporting documentation that was incomplete.

4.9 Uncleared transactions included in payables/receivables

There is an amount of R4,7 million residing in a suspense account made up of approximately R3,4 million for unallocated rental deposits and R0,9 million for recoverable revenue. It is not clear whether this amount needs to be offset against a debtor or whether it has been excluded from income. Should it be proven that it relates to income, this will result in an understatement of income and the consequent need to surrender certain funds.

At the reporting date the age analysis of debtors was also not supported by evidence.

4.10 Contingent liabilities

The disclosure of contingent liabilities in note 26 excludes any amounts paid for services in respect of properties that were not identified and included in the state-owned fixed asset register and for properties included in the state-owned fixed asset register but for which no accounts had been received.

The previous financial year's closing balance in the financial statements regarding housing loan guarantees does not agree with the opening balance in the current year's financial statements. The reason for the difference of R4,8 million is that the value of the opening balance was stated before taking into account the redeemed guarantees on register, which were not updated on PERSAL. There was also a difference of R1,5 million between the PERSAL report and the amount reflected in note 26.2 at year end.

4.11 Subsequent payments

Based on cut-off tests undertaken, the understatement of subsequent payments could not be accurately quantified or resolved at the reporting date.

5. DISCLAIMER OF AUDIT OPINION

Because of the significance of the matters referred to in paragraph 4, I do not express an opinion on the financial statements of the Department of Public Works for the financial year ended 31 March 2002.

6. EMPHASIS OF MATTER

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

6.1 Matters affecting the financial statements assets

According to section 13 of the PFMA and National Treasury Regulation 15.1.1 all money received by a government department should be deposited into the National Revenue Fund. The deposit of R1,9 million at the Corporation for Public Deposits was money received in respect of the Oberholzer Dispossession Scheme. This investment is included in other financial assets and a similar amount is included in payables which has the effect of overstating payables and understating revenue.

(b) Unauthorised, irregular and fruitless and wasteful expenditure.

Details of disciplinary steps taken and criminal proceedings instituted with regard to unauthorised, irregular and fruitless and wasteful expenditure remain unresolved at the reporting date.

6.2 Matters not affecting the financial statements

(a) Internal audit

There was no updated three-year strategic internal audit plan, incorporating the inputs of executive and senior management, to direct and guide the internal audit focus, as required in terms of the Treasury Regulations, paragraph 3.2.7(a) and (b). Partly due to this, but also due to a lack of capacity, very little internal audit work was done at regional office level where the bulk of the department's expenditure is incurred. As a result, I was not in a position to place reliance on the work of the internal audit function from an assurance perspective.

(b) Information technology control

In addition to the internal control weakness resulting in the qualification of the financial statements, a computer audit of the logical access controls and security parameter settings within the information technology (IT) environment at the department was completed in July 2002 and identified the following significant weaknesses within the IT environment:

- The department did not have a formalised and documented service level agreement with SITA which was responsible for maintaining and managing the operations of the department's three main systems, namely FMS, PMIS and WCS. As a result of this, the responsibility for the reviewing of logs for FMS, PMIS and WCS was also not clearly defined.
- No logging was maintained on certain servers.
- No formalised or documented end user computing policies had been implemented within the department.
- Weaknesses were identified in the password controls.
- Profiles defined on PMIS and WCS were inadequate for certain business functions.
- There was insufficient restriction of access to the production environment.

(c) Financial management

As reported previously, explanations provided by management did not comprehensively explain deviations between actual and budgeted expenditure reported in the notes to the appropriation statement. This was largely as a result of the department's attempt to monitor its budget by the use of Excel worksheets instead of recording details on the FMS.

The budget for the 2001 - 2002 financial year was not correctly allocated by standard item posting level. This had a direct effect on proper control and disclosure in the appropriation and income statements and notes thereto as well as on public accountability as a whole.

7. APPRECIATION

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



S A FAKIE
AUDITOR-GENERAL

31 August 2002

8.1. MANAGEMENT REPORT

8.1.1. Introduction

The Department's management takes pleasure in presenting its report for the financial year under review. The aim of the department that remained unchanged during the year under review is to provide and manage, in accordance with prescribed standards and directives, the accommodation, housing, land and infrastructure needs of national departments, to provide associated and supporting services, as well as to promote the National Public Works Programme.

8.1.2. General review of financial state of affairs

As part of the budget reform programme, the 2001 Budget took a further step towards devolving accountability for capital and maintenance expenditure to accounting officers in line with the reforms intended to advance the devolution of asset management responsibilities to accounting officers. The effect of the devolution referred to has been the reduction in the department's medium term baseline allocations. Despite the devolution of funds to client departments, the department remained responsible for acquisition, maintenance and disposal of government buildings and estates. Consequently, the department entered into arrangements for the transfer of funds by client departments on a cost recovery basis.

8.1.3. Policy decisions and Strategic issues

Over the past year, the Department has engaged in extensive strategic planning with a view to enhancing its services to the client departments. To this end, it proposes a business model that foresees the department remaining the "owner" and custodian of government buildings and estates with the acquisition, maintenance and disposal function placed on a business like footing through a trading entity in the initial stages to culminate to a fully fledged trading agency overtime. Accordingly, the Department through the trading entity or property agency will remain responsible for projects involving the acquisition, rehabilitation and maintenance of government-owned property on

behalf of client departments. Such projects will be undertaken in terms of formal service level agreements between the department and its client departments.

The envisaged service level agreements would therefore clearly specify the projects to be undertaken, envisaged completion dates and arrangements for transfer of funds between client departments and the trading entity/property agency.

These significant policy reforms require concomitant change in budgetary arrangements for capital works and accommodation provisioning. Implementation therefore will be phased in gradually to ensure streamlined budgeting arrangements that contribute towards improved service delivery over the medium term. The trading entity / property agency will be responsible for implementing multi-year projects.

These arrangements foresee departments becoming responsible for negotiating and managing accommodation leases over the medium term. Lease arrangements for both government-owned properties and privately owned properties would therefore specify:

- Rental transfers that reflect the total costs of "leasing" accommodation – that is, rental flows that include a component based on return on capital and a maintenance component
- Service delivery specifications

These arrangements will confer a greater level of responsibility on the part of departments to budget appropriately for a specified level of accommodation requirements.

On the other hand, the department will retain the responsibility for accommodation advisory services and regulation of norms and standards.

8.1.4. Spending Trends

As fully described in the Income statements and notes relating thereto the department incurred an overall over expenditure of R33.4 million during the year under review. Necessary disclosure requirements as required by the Public Finance Management Act had been complied with. In order to prevent the recurrence of over-expenditure more stringent monitoring mechanism will be instituted throughout the financial year.

8.1.5. Public entities under the control of the Department

The following public entities fall under the control of the department:

The Independent Development Trust (IDT)

The IDT is a public institution set up to support Government to meet its development goals. Established in 1990 as a grant-making institution, with seed capital of R2 billion, the IDT is listed as a Schedule 2 entity in terms of Public Finance and Management Act. Its role is to enhance Government's delivery capacity and promote economic development. To carry out its mandate, the IDT works closely with its strategic partners, ranging from communities to parastatals and tertiary institutions. The IDT is partly funded from money appropriated by Parliament for poverty relief to the National Public Works Programme.

In addition to the funds received from the department, the IDT receives funding from other government departments as well as the private sector.

The Construction Industry Development Board (CIDB)

The CIDB is a public entity established in 2002 with the following aims:

- To provide leadership to the industry in both the public and private sectors
 - To reduce duplication of efforts by national, provincial and local authority agencies in the development of delivery models, contract documentation and the implementation of strategies for empowerment and job-creation

- To improve risk management and reduce the cost to the industry by registering contractors
- To establish best practices benchmarks and standards in key areas of the industry's performance and development
 - To improve training requirements, curricula and outcomes
 - To standardise and simplify contract documentation
 - To enhance public sector capacity to manage the delivery process

An amount of R6.3 million was transferred to the Board during the year under review

8.1.6. Other organisations to whom transfer payments have been made

The following organisations received transfer payments Commonwealth War Graves and the United Nations: these amounts represent grants-in-aid for the preservation of national memorials

Parliamentary Villages Management Board: Financial assistance towards the day-to-day activities of the Board

8.1.7. Corporate Governance Arrangements

The Internal Audit function is under the control and direction of the Audit Committee. The Committee's activities are codified in its charter wherein its authority purpose and responsibilities are clearly spelt out. The Committee consists of four external members and one internal staff member. The Committee holds four ordinary meetings per annum. Special meetings are convened on request of members, management and the Auditor General. The staff of the Auditor-General's Office attends all meetings on an observer basis. In compliance with the requirements of PFMA, the department has a Risk management plan in place as well as Fraud prevention plan.

The following seven ethical principles are adopted by the department. It is expected that each employee in the service of the department reflects and upholds these principles in the execution of their functions viz:

- **Selflessness:** All employees should act and take decisions solely in the interest of the public. They should not do so in order to gain financial or other benefits for themselves, their families, or their friends.
- **Integrity:** All employees should not place themselves under any financial or any obligation to external entities that might influence them in decision-making or in the performance of their official duties.
- **Objectivity:** In carrying out official business, including making public appointments, award contracts, or recommending individuals for rewards or benefits, employees should do so only on the basis of merit.
- **Accountability:** All employees are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness:** All employees should be open and transparent in all the decisions and actions they take in the performance of their duties.
- **Honesty:** All employees must be honest in the execution of their duties and have a duty to declare any private interests relating to their official duties.
- **Leadership:** All employees should promote and support these principles by leadership and example.

8.1.8. Progress with Financial Management Improvements

The department embarked in an exercise of refining and documenting its business processes during the year under review with a view to developing a procedure manual on significant transactions. Training was carried out in all regional offices on the revised procedures. The relevant unit has further developed an Inspections methodology, which it uses to assess the level of compliance by the executing units within the department.

In addition to this, Financial and Operational reviews were carried out during the period under review with a view to instilling a level of prudent financial management within line management of the executing units as well as inculcating a sense of operational efficiency.

Approval

The annual financial statements set out on pages 57 to 73 have been approved by the Accounting Officer.



Lydia Bici
Acting Director-General
30 August 2002

PART 8 ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF PUBLIC WORKS
VOTE 30
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
FOR THE YEAR ENDED 31 MARCH 2002

	Note	2002 R'000	2001 R'000
ASSETS			
Current Assets		399 626	303 328
Unauthorised, irregular, and fruitless and wasteful expenditure	11	129 428	82 995
Cash and cash equivalents	18	105	40 047
Receivables	13	265 929	177 700
Prepayments and advances	14	4 165	2 586
Non-current assets		1 991	1 818
Other financial assets	15	1 991	1 818
Total Assets		401 617	305 146
LIABILITIES			
Current Liabilities		381 503	288 296
Voted funds to be surrendered	16	31 203	263 827
Revenue funds to be surrendered	17	6 988	4 336
Bank overdraft	18	311 132	-
Payables	19	32 181	20 133
Non-current liabilities		14 569	16 850
Payables	20	14 569	16 850
Total liabilities		396 072	305 146
EQUITY			
Local and Foreign Aid Assistance	21	5 545	-
Non-current liabilities		5 545	-
Total liabilities		401 617	305 146

P A R T 8 A N N U A L F I N A N C I A L S T A T E M E N T S

**DEPARTMENT OF PUBLIC WORKS
VOTE 30
INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)
FOR THE YEAR ENDED 31 MARCH 2002**

	Note	2002 R'000	2001 R'000
REVENUE			
Voted funds		3 671 207	4 921 994
Non Voted funds			
Sales of goods and services	1	2 031	1 189
Other receipts	2	41 875	40 299
Local and foreign aid assistance (including RDP funds)	3	5 545	
Total Revenue		<u>3 720 658</u>	<u>4 963 482</u>
EXPENDITURE			
Personnel	4	320 894	281 143
Administrative		61 426	50 684
Inventories		30 909	19 103
Equipment	5	33 769	31 502
Land and buildings	6	787 108	724 519
Professional and special services	7	2 091 510	3 096 610
Transfer payments	8	373 552	7 536
Miscellaneous	9	63	2 050
Special functions: authorised losses	10	10 635	5 727
Total Expenditure		<u>3 709 866</u>	<u>4 218 874</u>
NET SURPLUS		<u>10 791</u>	<u>744 608</u>
Add back unauthorised, irregular, fruitless and wasteful expenditure on:			
	11.1	46 433	27 926
Unauthorised expenditure		41 768	5 443
Irregular expenditure		-	5 125
Fruitless and wasteful expenditure		4 665	17 358
Net surplus for the year		<u>57 224</u>	<u>772 534</u>
ANALYSIS OF NET SURPLUS FOR THE YEAR			
Voted funds to be surrendered to Revenue Fund			
Gross funds to be surrendered	16	7 774	731 046
Revenue to be surrendered to Revenue Fund	17	43 906	41 488
Local and foreign aid assistance (including RDP Funds)			
Rolled over to the following year	21	5 545	-
Total Expenditure		<u>57 224</u>	<u>772 534</u>

P A R T 8 A N N U A L F I N A N C I A L S T A T E M E N T S

DEPARTMENT OF PUBLIC WORKS
VOTE 30
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2002

	Note	2002 R'000	2001 R'000
Cash flows from operating activities			
Net cash flow generated by operating activities	23	776 812	1 233 034
Cash required/utilised to (increase)/decrease working capital	24	(80 214)	56 859
Voted funds and Revenue funds surrendered	25	(277 316)	(440 996)
Local and foreign aid assistance (including RDP Funds)	23	5 545	-
Net cash flow available from operating activities		424 828	848 897
Cash flows from investing activities			
Purchase of equipment	23	(27 749)	(27 698)
Purchase of land and buildings	23	-	(1 445)
Professional services (Capital Expenditure)	23	(402 378)	(954 219)
Transfer payments (Capital Expenditure)	23	(357 129)	-
Proceeds from sale of equipment	23	119	23
Proceeds from sale of land and buildings	23	8 756	8 877
Net cash flows from operating and investing activities		(778 381)	(974 462)
Net increase/(decrease) in cash and cash equivalents		(353 553)	(125 565)
Cash and cash equivalents at beginning of period	18	40 047	165 612
Cash and cash equivalents at end of period	18	(311 027)	40 047

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS FOR THE YEAR ENDED 31 MARCH 2002

The financial statements have been, unless otherwise indicated, prepared in accordance with the following policies, which have been applied consistently in all material respects. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Financial Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations for National Departments and Constitutional Institutions issued in terms of the Act, as well as the Division of Revenue Act, Act 1 of 2001.

1. Basis of preparation

prepared on the cash basis of accounting except where stated otherwise. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. This basis of accounting measures financial results for a period as the difference between cash receipts and cash payments.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the adjustment estimate. Interest received is recognised upon receipt of the funds, and no accrual is made for interest receivable from the last receipt date to the end of the reporting period. Unexpended voted funds are surrendered to the National Revenue Fund.

3. Expenditure

Capital and current expenditure is recognised in the income statement when the payment is made. Interest paid is also recognised when paid and no accrual for interest is made between the payment date and the reporting date.

4. Unauthorised, irregular, fruitless and wasteful expenditure

Unauthorised expenditure means:

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

Unauthorised expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party, authorized by Parliament, or funded from future voted funds.

Irregular expenditure means expenditure, other than unauthorized expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including:

- The Public Finance Management Act, or
- The State Tender Board Act, or any regulations made in terms of this act.

Irregular expenditure is treated as expenditure in the income statement until such expenditure is either not condoned by National Treasury or the Tender Board, at which point it is treated as a current asset until it is recovered from a third party.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is treated as a current asset in the Balance sheet until such expenditure is recovered from a third party.

5. Debts written off

Debts are written off when identified as irrecoverable. No provision is made for irrecoverable amounts.

6. Assets

Physical assets (fixed assets, moveable assets and inventories) are written off in full when they are paid for and are accounted for as expenditure in the income statement.

PART 8 STATEMENT OF ACCOUNTING POLICIES

7. Receivables

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party.

8. Payables

Payables are not normally recognised under the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to the National Revenue Fund or another party.

9. Lease commitments

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as a note to the financial statement. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

10. Subsequent payments

Payments made after the accounting date that relate to goods and services received before or on the accounting date are disclosed as a note to the financial statements. These payments are not recognised in the balance sheet as a liability or as expenditure in the income statements as the financial statements are prepared on the cash basis of accounting.

11. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period that the payment is made. Short-term employee benefits, that give rise

to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a note to the financial statements and are not recognised in the income statement.

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.
Retirement benefits

The Department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department

Medical Benefits

The department provides medical benefits for certain of its employees through defined benefit plans. These benefits are funded by employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Retirement medical benefits for retired members are expensed when the payment is made to the fund.

12. Recoverable revenue

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

13. Provisions

Provisions are not normally recognised under the cash basis of accounting.

14. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting.

PART 8 ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF PUBLIC WORKS NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2002

1 Sales of goods and services

Description	2001/02 R'000	2000/01 R'000
Sale of Waste Products	8	6
Sale of Tender Documents	2 019	1 174
Sale of Building, Electrical, Mechanical and Scrap	3	9
	<u>2 031</u>	<u>1 189</u>

2 Other receipts

Description	Notes	2001/02 R'000	2000/01 R'000
Material losses recovered	2.1	442	190
Unclaimed warrant vouchers		1 240	12 486
Proceeds from sale of land and buildings		8 756	8 877
Interest received		4 916	2 942
Recoveries of rental		12 646	8 308
Fines and Forfeitures		2 590	(349)
Disallowances Previous Financial Year		10 257	6 308
Other		1 028	1 536
		<u>41 875</u>	<u>40 299</u>

2.1 Material losses recovered

Description	2001/02 R'000	2000/01 R'000
Losses Recover (100% Housing)	442	190
	<u>442</u>	<u>190</u>

3 Local and foreign aid assistance (including RDP funds)

Description	2001/02 R'000	2000/01 R'000
Received in cash		
Foreign aid assistance: RDP Funds from the European Union	5 545	-
	<u>5 545</u>	<u>-</u>

4 Personnel

Description	2001/02 R'000	2000/01 R'000
Appropriation to Executive and Legislature	1 147	1 062
Basic salary costs	221 272	187 070
Pension contributions	32 312	27 974
Medical aid contributions	16 740	14 561
Other salary related costs	49 423	50 476
	<u>320 894</u>	<u>281 143</u>
Average number of employees	4 475	4 480

5 Equipment

Description	Notes	2001/02 R'000	2000/01 R'000
Current (Rentals, maintenance and sundry)		6 020	3 804
Capital	5.1	27 749	27 698
		<u>33 769</u>	<u>31 502</u>

5.1 Capital equipment analysed as follows:

Description	2001/02 R'000	2000/01 R'000
Computer equipment	10 111	11 600
Furniture and office equipment	16 579	15 106
Other machinery and equipment	1 059	992
	<u>27 749</u>	<u>27 698</u>

PART 8 ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF PUBLIC WORKS NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2002

6 Land and Buildings

Description	2001/02 R'000	2000/01 R'000
Current expenditure	787 108	723 074
Maintenance	4 938	3 099
Leasehold improvements	6 667	8 048
Rental	775 503	711 927
Capital expenditure	-	1 445
Purchase of land	-	1 445
	<u>787 108</u>	<u>724 519</u>

7 Professional and special services

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
Auditor's remuneration	9 114	-	9 114	7 782
Contractors	139 030	402 378	541 408	500 872
Consultants and advisory services	1 532 731	-	1 532 731	2 584 136
Commissioners and committees	29	-	29	9
Computer services	8 228	-	8 228	3 811
	<u>1 689 132</u>	<u>402 378</u>	<u>2 091 510</u>	<u>3 096 610</u>

8 Transfer payments

Transferee	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
Common Wealth War Graves	8 131	-	8 131	6 457
United Nations	18	-	18	-
Parliamentary Village Management Board	1 358	-	1 358	1 079
Construction Industry Development	6 164	-	6 164	-
Skills development levy	752	-	752	-
Community Based Pubic Works Programme	-	357 129	357 129	-
	<u>16 423</u>	<u>357 129</u>	<u>373 552</u>	<u>7 536</u>

9 Miscellaneous

	Notes	2001/02 R'000	2001/02 R'000
Stabilisation fund		-	2 053
Remissions, refunds and payments made as an act of grace	9.1	7	-
Radio & TV licenses		51	6
Drivers licenses/tuition etc.		-	3
Other		5	(12)
		<u>63</u>	<u>2050</u>

9.1 Remissions, refunds and payments made as an act of grace

Nature of remissions, refunds and payments	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
Claim of negligence against department	2	-	2	-
Replacement of stolen goods: tools	5	-	5	-
	<u>7</u>	<u>-</u>	<u>7</u>	<u>-</u>

9.2 Gifts, donations and sponsorships made in kind (items expensed in previous periods - Total value not included above)

Nature of gifts, donations and sponsorships	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
Municipalities	-	1 646	1 646	11 415
Gauteng Provincial Government	-	5 438	5 438	-
Pheeha Community	-	5 000	5 000	-
Ndabeni Communal Property Trust	-	18 000	18 000	-
Other	-	960	960	-
	<u>-</u>	<u>31 044</u>	<u>31 044</u>	<u>11 415</u>

For the following gifts, donations and sponsorships made in kind - no market value can be determined as yet:

The Ellison and Steynberg Agricultural Holdings, District of Bronkhorstspuit
Erven 37, 546, 547 & 2049, Gordons Bay
Portion of the remainder of Erf 84603 (Retreat)
Lamotte Forest Village
Maasdorp Forest Village
Meerlust Forest Village
Wemmershoek Forest Village

PART 8 ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF PUBLIC WORKS NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2002

10 Special functions: Authorised losses

	Notes	2001/02 R'000	2000/01 R'000
Material losses through criminal conduct	10.1	1 028	475
Other material losses written off	10.2	7 697	3 432
Debts written off	10.3	1 910	1 820
		<u>10 635</u>	<u>5 727</u>

10.1 Material losses through criminal conduct

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
Nature of losses				
Criminal Acts (Burglary)	80	-	80	475
Criminal Acts (Fraud)	75	-	75	-
Criminal Acts (Buildings & Structures)	873	-	873	-
	<u>1 028</u>	<u>-</u>	<u>1 028</u>	<u>475</u>

10.2 Other material losses written off in income statement in current period

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
Nature of losses				
Negligence	-	-	-	19
Claims against the state	-	-	-	55
Government vehicle tools	24	-	24	39
Accidents: GG vehicles	30	-	30	67
Vis Major (Natural causes)	5 089	-	5 089	2 154
Fruitless and irregular expenditure	1 606	-	1 606	244
Unavoidable damages	948	-	948	854
	<u>7 697</u>	<u>-</u>	<u>7 697</u>	<u>3 432</u>

10.3 Debts written off

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
Nature of losses				
Irrecoverable debt, salary, military etc.	307	-	307	308
Non fulfillment of Obligation	1 603	-	1 603	1 512
	<u>1 910</u>	<u>-</u>	<u>1 910</u>	<u>1 820</u>

11 Unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure disallowed

	Notes	2001/02 R'000	2000/01 R'000
Unauthorised expenditure	11.2	41 768	-
Irregular expenditure	11.3	-	5 125
Fruitless and wasteful expenditure	11.4	30 247	25 582
Unauthorised expenditure in respect of previous years not yet approved	11.5	57 413	52 288
		<u>129 428</u>	<u>82 995</u>

11.1 Reconciliation of movement in account balance

	2001/02 R'000
Opening balance	82 995
Transfer from income statement	46 433
Closing balance	<u>129 428</u>

11.2 Unauthorised expenditure

	Disciplinary steps taken/ criminal proceedings	2001/02 R'000
Incident		
2001/02 Overspending on Programme 2		32 738
2001/02 Overspending on Losses		9 030
Closing balance		<u>41 768</u>

11.3 Irregular expenditure

	Disciplinary steps taken/ criminal proceedings	2001/02 R'000	2000/01 R'000
Incident			
Contract payments after contract expired		n/a	1 683
Non compliance to State Tender Board Regulations 2001		n/a	3 442
Non compliance to State Tender Board Regulations 2002		n/a	-
		<u>n/a</u>	<u>5 125</u>

11.4 Fruitless and wasteful expenditure

	Disciplinary steps taken/ criminal proceedings	2001/02 R'000	2000/01 R'000
Incident			
Suspense: Fruitless rent: Buildings		26 418	23 750
Suspense: Fruitless rent: Official Quarters		1 566	1 039
Suspense: Fruitless expenditure other		2 263	793
		<u>30 247</u>	<u>25 582</u>

PART 8 ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF PUBLIC WORKS NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2002

11.5 Unauthorised expenditure in respect of previous years not yet approved

	Incident	2001/02 R'000	2000/01 R'000
1997/98	Non compliance with State Tender Board	11 244	11 244
1998/99	Regulations - Ex post facto approval	5 028	5 028
1999/00	not granted	30 573	30 573
2000/01	Overspending Programme 1: Administration	10 568	5 443
		<u>57 413</u>	<u>52 288</u>

12 Irregular expenditure

12.1 Irregular expenditure not yet condoned by treasury/tender board

	Disciplinary steps taken/ criminal proceedings	2001/02 R'000
Contract payments after contract expired: 2001		1 683
Non compliance to State Tender Board Regulations 2001		3 442
Non compliance to State Tender Board Regulations 2002		1 876
		<u>7 001</u>

13 Receivables - current

	Notes	2001/02 R'000	2000/01 R'000
Amounts owing by other departments - budgeted devolution	22	84 574	-
Claims against the state	13.2	951	1 695
Government vehicle tools	13.3	180 404	176 005
		<u>265 929</u>	<u>177 700</u>

13.1 Age analysis - receivables

	2001/02 R'000	2000/01 R'000
Less than one year	147 533	-
One to two years	12 789	-
More than two years	20 587	-
Not analysed	103 859	177 700
	<u>103 859</u>	<u>177 700</u>

13.2 Staff Debtors

	2001/02 R'000	2000/01 R'000
Debtors Salary personnel debt (interest)	628	
Persal deductions	316	1 695
Suspense Private calls	7	
	<u>951</u>	<u>1 695</u>

13.3 Other debtors

	2001/02 R'000	2000/01 R'000
Rental debtors	9 472	5 658
Claims recoverable & sub-letting	16 345	23 365
Suspense accounts	154 587	146 982
	<u>180 404</u>	<u>176 005</u>

14 Prepayments and advances

Nature of prepayments/advances	2001/02 R'000	2000/01 R'000
Advances	1 323	1 414
Subsistence & Travel Claims & Advances	207	275
Deposits	2 296	558
Suspense recoverable rent dep	339	339
	<u>4 165</u>	<u>2 586</u>

15 Other financial assets

	2001/02 R'000	2000/01 R'000
Deposit at CPD	1 991	1 818
	<u>1 991</u>	<u>1 818</u>

PART 8 ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF PUBLIC WORKS NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2002

16 Voted funds to be surrendered

	Note	2001/02 R'000	2000/01 R'000
Opening balance		263 827	403 844
Transfer from income statement		7 774	731 046
Voted funds not requested		-	(467 219)
Paid during the year	25	(240 398)	(430 844)
Closing balance		<u>31 203</u>	<u>263 827</u>

17 Age analysis - receivables

		2001/02 R'000	2000/01 R'000
Amount as per income statement		43 906	41 488
Opening balance		4 336	11 464
Prior year adjustment		378	-
Transfer from income statement for revenue to be surrendered		39 192	30 024
Paid during the year	25	(36 918)	(37 152)
Closing balance		<u>6 988</u>	<u>4 336</u>

18 (Bank Overdraft)/Cash and cash equivalents

		2001/02 R'000	2000/01 R'000
Balance as per National Accounting Office		(168 630)	261 436
Add: Funds in transit		18 839	-
Add: Outstanding deposits		(128)	(186)
Sub total		(149 919)	261 250
Deduct:		(161 214)	(221 272)
Orders payable outstanding		8 734	20 611
PMG adjustment account		653	382
PMG Treasury Debits Sal/Deposits		(169 658)	(201 043)
Bank Credit Transfer (BCT)		16 525	-
		(311 132)	39 978
Advance Petty Cash		105	69
		<u>(311 027)</u>	<u>40 047</u>

19 Payables - Current

	Notes	2001/02 R'000	2000/01 R'000
Amounts owing to other departments	22	3 079	-
Advances received	19.1	6 038	1 102
Other payables	19.2	23 064	19 031
		<u>32 181</u>	<u>20 133</u>

19.1 Advances received

		2001/02 R'000	2000/01 R'000
Advance other institutios received		5 955	990
Advance government departments received		83	112
		<u>6 038</u>	<u>1 102</u>

19.2 Other payables

		2001/02 R'000	2000/01 R'000
Identify major categories but list material items			
Suspense accounts		9 921	10 661
Persal accounts		1 114	1 261
Rent raised		10 404	6 435
Credit balances in debtors		1 625	67
		<u>23 064</u>	<u>19 031</u>

20 Payables (non-current)

		2001/02 R'000	2000/01 R'000
CPD Control Account		1 990	1 819
Suspense accounts		12 579	15 031
		<u>14 569</u>	<u>16 850</u>

21 Foreign aid assistance

		2001/02 R'000	2000/01 R'000
From The European Union - Not yet utilised		5 545	-
		<u>5 545</u>	<u>-</u>

PART 8 ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF PUBLIC WORKS NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2002

22 Transactions with other departments

Name of department	Receipts	Payments	Owing by other dept. Note 12	Owing to other dept. Note 19
Agriculture	4 155	5 063	908	-
Arts Culture Science and Technology	13 945	25 581	11 636	-
Correctional Services	715 652	712 573	-	3 079
Education	4 812	18	4 829	-
Environmental Affairs	802	1 654	852	-
Foreign Affairs	981	1 624	643	-
Home Affairs	51 591	55 087	3 496	-
Independent Complaints Commission	-	15	15	-
Justice	174 679	179 075	4 396	-
Labour	17 380	46 825	28 444	-
Land Affairs	5 032	6 249	1 218	-
Minerals and Energy	-	19	19	-
National Health	2 639	4 018	1 379	-
SANDF	69 963	69 984	21	-
SAPS	147 727	173 016	25 289	-
Trade and Industry	-	249	249	-
Transport	-	-	-	-
Water Affairs	-	180	180	-
Actual 2001/02: R'000	1 209 358	1 281 050	83 574	3 079

23 Net cash flow generated by operating activities

	Notes	2001/02 R'000	2000/01 R'000
Net surplus as per Income Statement		57 224	772 534
Adjusted for items separately disclosed		772 836	974 462
Local and foreign aid assistance	2	(5 545)	-
Purchase of equipment	5.1	27 749	27 698
Purchase of land and buildings	6	-	1 445
Professional services (Capital Expenditure)	7	402 378	954 219
Transfer payments (Capital Expenditure)	8	327 129	-
Proceeds from sale of equipment		(119)	(23)
Proceeds from sale of land and buildings	2	(8 756)	(8 877)
Adjusted for non-cash items		(53 248)	(513 962)
Accrued income		(4 336)	(11 464)
Voted funds not requested		-	(467 219)
Unauthorised irregular and fruitless expenditure		(48 912)	(35 279)
Net cash flow generated by operating activities		776 812	1 233 034

24 Cash generated (utilised) to (increase)/decrease working capital

	Notes	2001/02 R'000	2000/01 R'000
(Increase)/decrease in receivables - current	12	(88 229)	49 205
(Increase)/decrease in prepayments and advances	13	(1 579)	377
(Increases) in other current assets	14	(173)	(307)
Increase/(decrease) in payables		9 767	7 584
		(80 214)	56 859

25 Voted funds and Revenue funds surrendered

	Notes	2001/02 R'000	2000/01 R'000
Voted funds surrendered during the year	16	240 398	403 844
Revenue funds surrendered during the year	17	36 918	37 152
		277 316	40 996

26 Contingent liabilities

	Nature of contingent Liability	Notes	2001/02 R'000	2000/01 R'000
Motor vehicle guarantees	Employees	26.1	1 890	2 348
Housing loan guarantees	Employees	26.2	10 348	10 022
Claims - Legal			714 039	23 255
Retention - capital projects			128 565	1 062 827
			854 843	1 098 452

PART 8 ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF PUBLIC WORKS NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2002

26.1 Motor vehicle guarantees	2001/02	2000/01
	R'000	R'000
Stannic	<u>1 890</u>	<u>2 348</u>

26.2 Housing loan guarantees

	Opening balance R'000	Guarantees issued during the financial period R'000	Guarantees released/written off during the financial year R'000	Closing balance R'000
Standard Bank	1 169	61	11	1 219
Nedbank Limited	229	77	-	307
First Rand Bank	749	74	54	769
ABSA	4 022	89	79	4 031
FBC Fidelity Bank	257	0	-	257
BOE Bank NBS Div	781	12	154	638
Saambou	1 311	26	19	1 318
Perm	1 219	163	7	1 375
Other financial institutions	285	168	20	433
	<u>10 022</u>	<u>669</u>	<u>344</u>	<u>10 348</u>

27 Subsequent payments not recognised in income statement

27.1 Listed by standard item

	2001/02
	R'000
Personnel Expenditure	114
Administrative Expenditure	540
Inventory	784
Equipment	1 871
Land and buildings	168
Professional Services	50 850
Transfer Payments	3 605
Transfer from income statement	46 433
	<u>57 932</u>

27.2 Listed by programme

	2001/02
	R'000
Programme 1	3 066
Programme 2	41 942
Programme 3	12 695
Programme 4	229
	<u>57 932</u>

28 Short term employee benefits

	2001/02
	R'000
Leave entitlement	48 114
Thirteenth cheque	17 607
Performance bonus	19 816
	<u>85 537</u>

29 Housing loan guarantees

	Current Expenditure R'000	Capital Expenditure R'000	2001/02 R'000
Approved and contracted	<u>27 177</u>	<u>2 324 985</u>	<u>2 352 162</u>
	<u>27 177</u>	<u>2 324 985</u>	<u>2 352 162</u>

PART 8 ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF PUBLIC WORKS NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2002

30 Leases

	Property R'000	Equipment R'000	Total R'000
Not later than 1 year	-	-	-
Later than 1 year and not later than 5 years	5 817 788	-	5 817 788
Later than 5 years	9 369 605	-	9 369 605
	<u>15 187 393</u>	<u>-</u>	<u>15 187 393</u>
Future finance charges	-	-	-
Present value of lease liabilities	-	-	-
	<u>15 187 393</u>	<u>-</u>	<u>15 187 393</u>

31 Key management personnel

31.1 Remuneration

Key management personnel	Number	Split	Basic salary R'000	Employer Pension R'000	Medical R'000	Total Package R'000
Total	58	60/40	<u>13 905</u>	<u>2 032</u>	<u>713</u>	<u>23 175</u>
Level 13 to 16				22 170	5 520	16 650

31.2 Other remuneration and compensation provided to key management

Key Management	Motor vehicle Allowance R'000	Other Non Pensionable Allowance R'000	Total R'000
The Minister	129	40	169
Deputy Minister	100	40	140
Director-General	150	43	193
Deputy Director-Generals	336	105	441
Other	4 498	1 411	5 909
	<u>5 213</u>	<u>1 639</u>	<u>6 852</u>

PART 8 ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF PUBLIC WORKS APPROPRIATION STATEMENT FOR YEAR ENDED 31 MARCH 2002

Programme	R'000 Adjustment Estimate 2001/02	R'000 Virement 2001/02	R'000 Amount Voted 2001/02	R'000 Expenditure 2001/02	R'000 Savings (Excess) 2001/02	%	R'000 Amount Voted 2000/01	R'000 Expenditure 2000/01
1. Administration	192 091	(10 220)	181 871	181 871	-	0%	130 492	130 492
2. Provision of Land and Accommodation	3 052 264	14 151	3 006 415	3 099 153	(32 738)	-1%	4 149 892	3 428 082
3. National Public Works Programme	416 230	(5 172)	411 058	403 285	7 773	2%	631 188	618 925
4. Auxiliaries and Associates Service	10 622	1 241	11 863	11 863	-	0%	10 422	9 302
5. Special Function: Authorised Losses	-	-	-	9 030	(9 030)	-	-	4 147
Total	3 671 207	0	3 671 207	3 705 202	(33 995)	-1%	4 921 994	4 190 948

Economic Classification Actual Expenditure	Adjustment Estimate 2001/02	Virement 2001/02	Amount Voted 2001/02	Expenditure 2001/02	Savings (Excess) 2001/02	%	Amount Voted 2000/01	Expenditure 2000/01
Current								
Personnel	332 125	(11 219)	320 906	320 894	12	0%	311 916	281 144
Transfer Payments	16 327	-	16 327	16 423	(96)	-1%	18 831	7 536
Other	2 517 030	11 219	2 528 249	2 608 378	(80 129)	-3%	3 683 579	2 918 906
Capital								
Transfer Payments	356 527	-	356 527	357 129	(602)	0%	-	-
Acquisition of capital assets	449 198	-	449 198	402 378	46 820	10%	907 668	983 362
Personnel	-	-	-	0	-	-	-	-
Total	3 671 207	-	3 671 207	3 705 202	(33 995)	-1%	4 921 994	4 190 948

Standard items - Actual Expenditure	Adjustment Estimate 2001/02	Virement 2001/02	Amount Voted 2001/02	Expenditure 2001/02	Savings (Excess) 2001/02	%	Amount Voted 2000/01	Expenditure 2000/01
Personnel Expenditure	332 125	(11 219)	320 906	320 894	12	0%	311 916	281 144
Administrative expenditure	47 403	14 356	61 759	61 426	333	1%	49 254	50 684
Inventories	19 803	11 106	30 909	30 909	0	0%	19 803	19 103
Equipment	49 944	(16 175)	33 769	33 769	0	0%	25 352	31 502
Land and buildings	1 247 918	(498 213)	749 705	782 443	(32 738)	-4%	760 966	702 036
Prof. and special services	1 600 034	491 479	2 091 513	2 091 510	3	0%	3 730 307	3 091 166
Transfer payments	372 854	8 121	380 975	373 552	7 423	2%	18 831	7 536
Miscellaneous	1 126	545	1 671	63	1 608	96%	5 565	2 050
Special Function: Auth. Losses	-	-	-	10 636	(10 636)	-	-	5 727
Total	3 671 207	-	3 671 207	3 705 202	(33 995)	-1%	4 921 994	4 190 948

DEPARTMENT OF PUBLIC WORKS
NOTES TO THE APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2002

1 EXPLANATION OF MATERIAL VARIANCES FROM AMOUNT VOTED:

	Actual 2002 R'000	Actual 2001 R'000
1.1 Per programme:		
<i>Programme 1:</i>	-	-
<i>Programme 2:</i>	(32 738)	721 810
Most contracts which were not renewed in the 2000/01 financial year were not paid for and therefore, the arrears for the buildings involved accumulated. Over-spending on Leasing is due to arrear payments made during this financial year relating to the previous year (2000/01) for the Pretoria Regional Office. Over expenditure in the leasing component due to client requests for accommodation.		
<i>Programme 3:</i>	7 773	12 263
Part of transfer payments were not spend as the Board started functioning late into the financial year		
<i>Programme 4:</i>	-	1 120
Special Functions		
<i>Losses not budgeted for:</i>	(9 030)	(4 147)
	<u>(33 995)</u>	<u>731 046</u>
1.2 Per Standard Item:		
<i>Personnel expenditure</i>	12	30 772
<i>Administrative expenditure</i>	333	(1 430)
<i>Inventories</i>	-	700
<i>Equipment</i>	-	(6 150)
<i>Land and buildings</i>	(32 738)	58 930
Over expenditure on leasing due to inadequate funding and requests from clients		
<i>Professional and special services</i>	3	639 141
<i>Transfer payments</i>	7 423	11 295
<i>Miscellaneous</i>	1 608	3 515
<i>Special Function</i>	(10 636)	(5 727)
Included in the above amount is fruitless expenditure relating to prior years authorised in the current year		
	<u>(33 995)</u>	<u>731 046</u>
2 Reconciliation of appropriation statement to income statement:		
Total revenue per income statement	3 720 658	4 963 482
Less: Voted funds not requested	-	
Less: Non-voted funds	(43 906)	(41 488)
Less: Local and foreign aid assistance (including RDP funds)	(5 545)	-
Amount voted per appropriation statement	<u>3 671 207</u>	<u>4 921 994</u>
Total expenditure per income statement	3 709 866	4 218 874
Less: Fruitless and irregular expenditure	4 665	27 926
	<u>3 714 531</u>	<u>4 246 800</u>

PART 8 ANNUAL FINANCIAL STATEMENTS

DEPARTMENT OF PUBLIC WORKS
SUMMARY OF INCOME STATEMENT OF AID ASSISTANCE RECEIVED
FOR THE YEAR ENDED 31 MARCH 2002

	Note	2001/02 R'000	2000/01 R'000
Received in cash			
Total Foreign assistance	3		
European Union		5 545	-
		<u>5 545</u>	<u>-</u>
Rolled forward			
	21	5 545	-
Total		<u>5 545</u>	<u>-</u>

DEPARTMENT OF PUBLIC WORKS
STATEMENT OF FOREIGN AID ASSISTANCE RECEIVED
AS AT 31 MARCH 2002

Source of Funds	Intended Use	Amount Received for the year ended 31 March 2002 R'000	Balance unspent as at 31 March 2002 R'000
European Union	Restructuring and Development Programme	5 545	5 545
		<u>5 545</u>	<u>5 545</u>